Fortune Electric Co., Ltd. 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 that are required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2021, under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard No.10 “Consolidated Financial Statements”. In addition, 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 did not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

FORTUNE ELECTRIC CO., LTD.

By

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March 23, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Fortune Electric Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Fortune Electric Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as 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 notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 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 of Fortune Electric Co., Ltd. and its subsidiaries 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 for the year ended December 31, 2021 is stated as follows:

<u>Occurrence of Revenue Recognition</u>

The Group's operating revenue, which is accounted for 31.02% of the annual operating revenue, mainly comes from single customers. Because the operating revenue from single customers has a significant impact to the financial statements of the Group, we identified the occurrence of revenue to be a key audit matter. Refer to Note 4 to the consolidated financial statements for the accounting policies and details of revenue recognition.

In respect of this key audit matter, the following procedures were performed:

1. We obtained an understanding of the design and implementation of internal controls and tested the operating effectiveness of the key controls over the occurrence of revenue recognition.

2. We selected samples from sales details, and we checked the original documents such as customer orders, sales orders, and documents signed by clients to confirm any abnormalities with regard to the occurrence of revenue.

Other Matter

We have also audited the parent company only financial statements of Fortune Electric Co., Ltd., as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion with other matter paragraph.

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 IFRS, IAS, IFRIC Interpretations and 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 misstatements, whether due to fraud or error.

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

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

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 internal control of the Group.

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 ability to continue as a going concern of the Group. 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 audits resulting in this independent auditors' report are Tza-Li Gung and Suei-Chin Lee.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2022

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

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

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of NT$ and US$)

	2021		2020
ASSETS	**NT$**	**US$ (Note 4) (Unaudited)**	**NT$**
CURRENT ASSETS			
Cash (Note 6)	$ 114,912	$ 4,151	$ 170,816
Financial assets at amortized cost - current (Notes 9 and 33)	114,777	4,147	73,528
Contract assets (Notes 23 and 25)	671,451	24,258	671,029
Notes receivable (Note 25)	72,964	2,636	117,622
Trade receivables from unrelated parties (Notes 10 and 25)	3,134,490	113,240	2,513,847
Current tax assets (Note 27)	2,070	75	9,028
Inventories, net (Note 11)	2,668,313	96,398	2,228,848
Prepayments	171,811	6,207	116,431
Non-current assets held for sale (Note 12)	381,134	13,769	511,752
Other current assets (Notes 23 and 33)	66,797	2,413	40,754
Total current assets	7,398,719	267,294	6,453,655
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income - non-current (Note 8)	316,033	11,417	44,343
Financial assets at amortized cost - non-current (Notes 9 and 33)	3,759	135	3,859
Investments accounted for using the equity method (Note 14)	2,002	73	750
Property, plant and equipment (Notes 15 and 33)	1,963,885	70,949	1,982,681
Right-of-use assets (Notes 16 and 33)	121,537	4,391	118,977
Intangible assets (Note 17)	41,266	1,491	31,214
Deferred tax assets (Note 27)	29,973	1,083	47,118
Prepayments for equipment	38,446	1,389	5,017
Refundable deposits (Note 34)	6,770	245	4,738
Total non-current assets	2,523,671	91,173	2,238,697
TOTAL	$ 9,922,390	$ 358,467	$ 8,692,352
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings (Notes 18, 29 and 33)	$ 718,384	$ 25,953	$ 229,917
Short-term bills payable (Notes 18 and 29)	549,679	19,858	239,790
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	4
Contract liabilities (Notes 23 and 25)	760,456	27,473	641,601
Notes payable	1	-	-
Trade payables to unrelated parties (Note 19)	2,030,815	73,368	2,060,705
Trade payables to related parties (Note 32)	86	3	99
Other payables (Note 20)	398,554	14,399	333,836
Current tax liabilities (Note 27)	39,829	1,439	32,311
Provisions (Note 21)	8,579	310	7,098
Liabilities directly associated with non-current assets held for sale (Note 12)	236,113	8,530	286,518
Lease liabilities - current (Notes 16, 29 and 32)	11,312	409	8,369
Other current liabilities	143,832	5,196	94,546
Total current liabilities	4,897,640	176,938	3,934,794
NON-CURRENT LIABILITIES			
Long-term borrowings (Notes 18, 29 and 33)	1,201,800	43,417	841,800
Deferred tax liabilities (Note 27)	44,512	1,608	65,761
Lease liabilities - non-current (Notes 16, 29 and 33)	111,973	4,045	111,742
Net defined benefit liabilities (Note 22)	129,401	4,675	178,859
Guarantee deposit received (Note 29)	17,327	626	12,380
Total non-current liabilities	1,505,013	54,371	1,210,542
Total liabilities	6,402,653	231,309	5,145,336
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	2,610,585	94,313	2,610,585
Capital surplus	3,484	126	1,414
Retained earnings			
Legal reserve	444,315	16,052	400,777
Special reserve	15,347	555	8,975
Unappropriated earnings	442,862	15,999	540,612
Total retained earnings	902,524	32,606	950,364
Other equity			
Exchange differences on translation of the financial statements of foreign operations	(26,619)	(962)	(24,158)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	(10,959)	(396)	8,811
Total other equity	(37,578)	(1,358)	(15,347)
Total equity attributable to owners of the Company	3,479,015	125,687	3,547,016
NON-CONTROLLING INTERESTS	40,722	1,471	-
Total equity	3,519,737	127,158	3,547,016
TOTAL	$ 9,922,390	$ 358,467	$ 8,692,352

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of NT$ and US$, Except Earnings Per Share)

	2021		2020
	NT$	US$ (Note 4) (Unaudited)	NT$
OPERATING REVENUES (Notes 25, 32 and 37)			
Sales	$ 7,480,118	$ 270,235	$ 7,319,319
Construction revenue	1,539,976	55,635	1,152,273
Total operating revenues	9,020,094	325,870	8,471,592
OPERATING COSTS (Notes 11, 22, 26 and 32)			
Cost of goods sold	6,221,075	224,750	5,997,592
Construction costs	1,392,113	50,293	1,119,950
Total operating costs	7,613,188	275,043	7,117,542
GROSS PROFIT	1,406,906	50,827	1,354,050
OPERATING EXPENSES (Notes 22, 26, 32 and 34)			
Selling and marketing expenses	655,262	23,673	560,598
General and administrative expenses	223,058	8,058	179,979
Research and development expenses	127,873	4,620	127,381
Expected credit loss	8,747	316	11,999
Total operating expenses	1,014,940	36,667	879,957
PROFIT FROM OPERATIONS	391,966	14,160	474,093
NON-OPERATING INCOME AND EXPENSES			
Interest income (Note 26)	1,347	48	392
Other income (Note 26)	37,737	1,363	27,483
Government grants	6,667	241	12,498
Other gains and losses (Note 26)	(42,651)	(1,540)	61,509
Finance costs (Notes 26 and 32)	(30,586)	(1,105)	(26,977)
Share of gain (loss) of associates and joint ventures (Note 14)	1,433	52	(378)
Total non-operating income and expenses	(26,053)	(941)	74,527
PROFIT BEFORE INCOME TAX	365,913	13,219	548,620
INCOME TAX EXPENSE (Note 27)	78,395	2,832	91,106
NET PROFIT FOR THE YEAR	287,518	10,387	457,514

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of NT$ and US$, Except Earnings Per Share)

	2021		2020
	NT$	US$ (Note 4) (Unaudited)	NT$
OTHER COMPREHENSIVE INCOME AND LOSS			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans (Note 22)	$ 2,066	$ 75	$ (27,669)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(19,770)	(714)	(10,639)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	(413)	(15)	5,533
	(18,117)	(654)	(32,775)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the financial statements of foreign operations	(2,461)	(89)	3,593
Cash flow hedges	-	-	674
	(2,461)	(89)	4,267
Total other comprehensive loss	(20,578)	(743)	(28,508)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 266,940	$ 9,644	$ 429,006
NET PROFIT ATTRIBUTABLE TO:			
Owners of the Company	$ 289,883	$ 10,472	$ 457,514
Non-controlling interests	(2,365)	(85)	-
	$ 287,518	$ 10,387	$ 457,514
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	$ 269,305	$ 9,729	$ 429,006
Non-controlling interests	(2,365)	(85)	-
	$ 266,940	$ 9,644	$ 429,006

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of NT$ and US$, Except Earnings Per Share)

	2021		2020
	NT$	US$ (Note 4) (Unaudited)	NT$
EARNINGS PER SHARE (Note 28)			
From continuing operations			
Basic	$1.11	$0.06	$1.75
Diluted	$1.11	$0.06	$1.75

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of NT$ and US$)

	Equity Attributable to Owners of the Company												
			Retained Earnings (Note 24)				Other Equity (Notes 8 and 24)						
	Share Capital (Note 24)	Capital Surplus (Note 24)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Total	Controlling Interests	Non-controlling Interests	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	$ -	$ 3,378,905
Appropriation of 2019 earnings													
Legal reserve	-	-	40,443	-	(40,443)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(2,298)	2,298	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$1 per share	-	-	-	-	(261,058)	(261,058)	-	-	-	-	(261,058)	-	(261,058)
	-	-	40,443	(2,298)	(299,203)	(261,058)	-	-	-	-	(261,058)	-	(261,058)
Unclaimed cash dividends from shareholders	-	163	-	-	-	-	-	-	-	-	163	-	163
Net profit for the year ended December 31, 2020	-	-	-	-	457,514	457,514	-	-	-	-	457,514	-	457,514
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(22,136)	(22,136)	3,593	(10,639)	674	(6,372)	(28,508)	-	(28,508)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	435,378	435,378	3,593	(10,639)	674	(6,372)	429,006	-	429,006
BALANCE AT DECEMBER 31, 2020	2,610,585	1,414	400,777	8,975	540,612	950,364	(24,158)	8,811	-	(15,347)	3,547,016	-	3,547,016
Appropriation of 2020 earnings													
Legal reserve	-	-	43,538	-	(43,538)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	6,372	(6,372)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$1.3 per share	-	-	-	-	(339,376)	(339,376)	-	-	-	-	(339,376)	-	(339,376)
	-	-	43,538	6,372	(389,286)	(339,376)	-	-	-	-	(339,376)	-	(339,376)
Unclaimed cash dividends from shareholders	-	157	-	-	-	-	-	-	-	-	157	-	157
Changes in percentage of ownership interests in subsidiaries	-	1,913	-	-	-	-	-	-	-	-	1,913	43,087	45,000
Net profit for the year ended December 31, 2021	-	-	-	-	289,883	289,883	-	-	-	-	289,883	(2,365)	287,518
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	1,653	1,653	(2,461)	(19,770)	-	(22,231)	(20,578)	-	(20,578)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	291,536	291,536	(2,461)	(19,770)	-	(22,231)	269,305	(2,365)	266,940
BALANCE AT DECEMBER 31, 2021	$ 2,610,585	$ 3,484	$ 444,315	$ 15,347	$ 442,862	$ 902,524	$ (26,619)	$ (10,959)	$ -	$ (37,578)	$ 3,479,015	$ 40,722	$ 3,519,737
BALANCE AT DECEMBER 31, 2021 (IN U.S. DOLLARS)	$ 94,313	$ 126	$ 16,052	$ 555	$ 15,999	$ 32,606	$ (962)	$ (396)	$ -	$ (1,358)	$ 125,687	$ 1,471	$ 127,158

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of NT$ and US$)

	2021		2020
	NT$	US$ (Note 4) (Unaudited)	NT$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	$ 365,913	$ 13,219	$ 548,620
Adjustments for:			
Depreciation expense	122,609	4,430	118,783
Amortization expense	17,310	625	11,422
Expected credit loss recognized on trade receivables	8,747	316	11,999
Net loss on financial instruments at fair value through profit or loss	-	-	4
Finance costs	30,586	1,105	26,977
Interest income	(1,347)	(49)	(392)
Share of loss of associate	(1,433)	(52)	378
Loss on disposal of property, plant and equipment	1,022	37	77
(Reversal) write-down of inventories	(203)	(7)	2,268
Unrealized net gain on foreign currency exchange	(3,065)	(111)	(307)
Provisions	1,481	54	920
Gain on remeasurement of lease arrangements	(517)	(19)	-
Changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	(4)	-	(1,333)
Contract assets	(422)	(15)	(134,952)
Notes receivable	40,179	1,452	(31,904)
Trade receivables	(592,648)	(21,411)	(51,065)
Inventories	(342,534)	(12,375)	102,932
Prepayments	(52,879)	(1,910)	47,210
Other current assets	(23,127)	(836)	37,868
Contract liabilities	125,630	4,539	(294,627)
Notes payable	1	-	-
Trade payables	(105,846)	(3,824)	1,386
Trade payables to related parties	(13)	-	87
Other payables	64,116	2,316	10,881
Other current liabilities	51,810	1,872	19,072
Net defined benefit liabilities	(47,392)	(1,712)	(56,880)
Cash generated from operations	(342,026)	(12,356)	369,424
Interest received	1,342	48	392
Interest paid	(29,418)	(1,063)	(28,021)
Income tax paid	(67,852)	(2,451)	(125,718)
Net cash (used in) generated from operating activities	(437,954)	(15,822)	216,077

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FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of NT$ and US$)

	2021		2020
	NT$	US$ (Note 4) (Unaudited)	NT$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets as fair value through other comprehensive income	$ (291,460)	$ (10,529)	$ -
Purchase of financial assets at amortized cost	(41,149)	(1,486)	(71,656)
Payments for property, plant and equipment	(67,228)	(2,429)	(62,631)
Proceeds from disposal of property, plant and equipment	3,832	138	879
Increase in refundable deposits	(5,412)	(196)	(924)
Payments for intangible assets	(26,253)	(948)	(11,003)
Increase in prepayments for equipment	(49,797)	(1,799)	(18,195)
Net cash used in investing activities	(477,467)	(17,249)	(163,530)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	508,855	18,383	128,774
Proceeds from short-term bills payable	309,889	11,195	40,343
Proceeds from long-term borrowings	360,000	13,006	100,000
Proceeds from guarantee deposits received	4,947	179	8,127
Repayment of the principal portion of lease liabilities	(12,352)	(446)	(10,986)
Issue of cash dividends	(339,376)	(12,261)	(261,058)
Change in non-controlling interests	45,000	1,626	-
Unclaimed share	157	6	163
Net cash generated from financing activities	877,120	31,688	5,363
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(7,227)	(45)	8,703
NET (DECREASE) INCREASE IN CASH	(45,528)	(1,428)	66,613
CASH AT THE BEGINNING OF THE YEAR	214,509	7,532	147,896
CASH AT THE END OF THE YEAR	$ 168,981	$ 6,104	$ 214,509

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of NT$ and US$)

	December 31		
	2021		2020
	NT$	US$ (Note 4) (Unaudited)	NT$
CASH IN THE CONSOLIDATED BALANCE SHEETS	$ 114,912	$ 4,151	$ 170,816
CASH INCLUDED IN DISPOSAL GROUPS HELD FOR SALE	54,069	1,953	43,693
CASH IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS	$ 168,981	$ 6,104	$ 214,509

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

(In Thousands of U.S. Dollars)

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 switches and substation equipment.

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

For greater comparability and consistency of financial reporting, the Chinese edition of the consolidated financial statements are presented in the New Taiwan dollars since the Company's shares are listed on the TWSE.

The translation of New Taiwan dollar into U.S. dollar was included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT$27.68 and NT$28.48 to US$1.00 as of December 31, 2021 and 2020, respectively. The base rates were announced by Bank of Taiwan. Such translation should not be construed as representation that the New Taiwan dollar amounts could be converted at that rate or any other rate.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") were approved by the Company's board of directors on March 23, 2022.

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)

   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 Financial Supervisory Commission (FSC) for application starting from 2022

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

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

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

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

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

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

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

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

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

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

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

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

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 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 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 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. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Group is engaged in the business of electrical equipment works contracting services, which has an operating cycle of over one year. Thus, the normal operating cycle is applied when considering the classification of the Group’s engineering contracts - related assets and liabilities.

d. Basis of consolidation

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

See Note 13 Tables 5 and 6 for the detailed information of subsidiaries including the percentage of ownership and main business.

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, 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 not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials, work in process and finished goods 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. 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. Investments in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group’s share of the equity of associates.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group’s consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

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

Freehold land is not depreciated.

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated 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.

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.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or assets related to contract costs 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.

k. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

When a subsidiary, joint operation, joint venture, associate, or a portion of an interest in a joint venture or an associate previously classified as held for sale no longer meets the criteria to be classified as such, it is measured at the carrying amount that would have been recognized had such interests not been classified as held for sale. The consolidated financial statements for the prior periods with interests classified as held for sale are amended accordingly.

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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash, Pledged deposit receipt trade receivables at amortized cost and trade receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. 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 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 31.

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.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

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.

1) Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

2) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

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 transformers, distribution panels, low voltage switches and substation equipment. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location, FOB and on shipping 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 transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

2) Construction contract revenue

Customers control properties while they are construction in progress, and thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

o. Leasing

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

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.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

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.

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. 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.

p. 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 other income 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 become receivable.

q. 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 expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the 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 they occur. 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 plan. 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.

3) 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.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associates, except when 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. Deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination

s. U.S. dollar amounts (unaudited)

A translation of the New Taiwan dollar (NT$) amounts into U.S. dollars in the consolidated financial statements for December 31, 2021 is included solely for the convenience of the readers and is unaudited, and has been made at the exchange rate set forth in the statistical release of the U.S. Federal Reserve Board of the United States, which was NT$28.68 to US$1.00 as of December 31, 2021. The translation should not be construed as a representation that the NT$ amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

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 Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate 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

	December 31	
	2021	**2020**
Cash on hand	$ 25	$ 27
Checking accounts and demand deposits	4,126	5,971
	$ 4,151	$ 5,998

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

	December 31	
	2021	**2020**
Bank balance	0.001%-0.200%	0.001%-0.120%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	**2020**
Financial liabilities at FVTPL - current		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ -	$ -

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2020			
Buy	NTD/USD	2021.03.02	NTD79/USD3

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness; therefore, they were not accounted for by using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	**2020**
Non-current		
Domestic investments		
Unlisted shares		
Ordinary shares - Raynergy Tek Incorporation	$ 923	$ 1,557
Ordinary shares - E-Formula Technologies, Inc.	1,093	-
Ordinary shares - Hsin He Energy Co., Ltd.	8,870	-
Ordinary shares - Synergy Co., Ltd.	531	-
	$ 11,417	$ 1,557

These investments in equity instruments are not held for trading. Instead, they are held for medium-to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	**2020**
Pledged time deposits		
Current	$ 4,147	$ 2,582
Non-current	135	136
	$ 4,282	$ 2,718

Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. TRADE RECEIVABLES

	December 31	
	2021	**2020**
Trade receivables		
At amortized cost		
Gross carrying amount	$ 114,893	$ 89,859
Less: Allowance for impairment loss	(1,653)	(1,592)
	$ 113,240	$ 88,267

The average credit period for sales of goods was 90-180 days. Impairment of trade receivables was assessed by reference to the collectability of receivables on an individual account basis, and by account aging analysis, historical experience and current financial condition of customers.

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 approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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. 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

	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 275 Days	276 to 640 Days	Over 641 Days	Total
Expected credit loss rate	0.03%	0.52%	0.00%	0.12%	1.36%	17.65%	
Gross carrying amount	$ 65,553	$ 12,991	$ 5,610	$ 10,939	$ 11,928	$ 7,872	$ 114,893
Loss allowance (Lifetime ECLs)	(19)	(68)	-	(13)	(163)	(1,390)	(1,653)
Amortized cost	$ 65,534	$ 12,923	$ 5,610	$ 10,926	$ 11,765	$ 6,482	$ 113,240

December 31, 2020

	Not Past Due	1 to 60 Days	61 to 90 Days	91 to 275 Days	276 to 640 Days	Over 641 Days	Total
Expected credit loss rate	0.00%	0.04%	0.36%	0.13%	2.75%	22.25%	
Gross carrying amount	$ 53,254	$ 10,644	$ 835	$ 11,147	$ 7,902	$ 6,077	$ 89,859
Loss allowance (Lifetime ECLs)	-	(5)	(3)	(14)	(218)	(1,352)	(1,592)
Amortized cost	$ 53,254	$ 10,639	$ 832	$ 11,133	$ 7,684	$ 4,725	$ 88,267

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 1,592	$ 1,292
Add: Net remeasurement of loss allowance	316	421
Less: Amounts written off	(301)	-
Less: Transfer to held for sale	-	(193)
Foreign exchange gains and losses	46	72
Balance at December 31	$ 1,653	$ 1,592

11. INVENTORIES

	December 31	
	2021	2020
Finished goods	$ 20,981	$ 9,780
Work in progress	59,745	57,180
Raw materials	15,672	11,300
	$ 96,398	$ 78,260

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $224,750 thousand and $209,539 thousand, respectively.

The cost of goods sold for the years ended December 31, 2021 and 2020 included write-down of inventories (reversal of write-down of inventories) of $(7) thousand and $80 thousand, respectively. Previous write-downs were reversed as a result of inventory devaluation.

12. NON-CURRENT ASSETS AS HELD FOR SALE

Non-current Assets Held for Sale

On July 24, 2020, the Company's board of directors authorized the chairman of the board to sell 100% holdings of Fortune Electric (Wuhan) Ltd. and its subsidiaries for RMB120,000 thousand, and also signed a framework agreement for the acquisition of Wuhan Zhongjia Hetai Real Estate on August 14, 2020, and the expected the settlement date will be on July 31, 2021. Based on the buyer's financial considerations and approval by the board of directors on November 9, 2020, the trading partner had changed to Zhongjia Hetai Real Estate, and the rest of the contract content remained unchanged. The disposal unit has been reclassified to disposal group held for sale, and separately been disclosed in the consolidated balance sheet; the main categories under assets and liabilities of the disposal operations were as follows:

	December 31	
	2021	2020
Cash	$ 1,953	$ 1,534
Notes receivable	162	-
Trade receivables	7,090	8,065
Inventories, net	2,273	5,700
prepayments	219	306
Property, plant and equipment	1,065	1,374
Right-of-use assets	742	750
Other	265	240
Non-current assets held for sale	$ 13,769	$ 17,969
Short-term borrowings	$ 6,131	$ 5,358
Contract liabilities	421	171
Trade payables	1,673	4,375
Other payables	269	144
Other	36	12
Liabilities directly associated with non-current assets held for sale	$ 8,530	$ 10,060

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2021	2020	Remark
Fortune Electric Co., Ltd.	Power Energy International Ltd.	Trade business, Investment Holding, Agents business	100.00	100.00	
	Fortune Electric America Inc.	Agents business	100.00	100.00	
	Fortune Electric Extra High Voltage Co., Ltd.	Transformers manufacturing, machining and trading	100.00	100.00	
	Fortune Energy Co., Ltd.	Manufacture of power generation, transmission and distribution machinery	100.00	100.00	a
	Fortune Electric Australia Pty Ltd.	Trade business	100.00	100.00	c
	Fortune Electric Value Company Limited	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	80.18	-	d
Power Energy International Ltd.	Fortune Electric (Wuhan) Ltd.	Transformers, capacitors, power distribution equipment manufacturing	100.00	100.00	b
	Wuhan Fortune Co., Ltd.	Production and sale of transformer tank, machining, mechanical and electrical products, metal surface corrosion treatment	100.00	-	e
Fortune Electric (Wuhan) Ltd.	Wuhan Fortune Trade Co., Ltd.	Trading	100.00	100.00	

Remarks:

a. The deregistration of Wuhan Huarong Co., Ltd. was completed on August 5, 2019.

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

c. The 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 was expected to be completed on July 31, 2021. Fortune Electric (Wuhan) Ltd. and its subsidiaries were classified as non-current assets held for sale and liabilities directly associated with non-current assets held for sale, which were recognized separately in the consolidated statements of balance sheets, refer to Note 12.

d. 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 trading.

e. 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, and 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 was June 30, 2021. On September 27, 2021, the Company subscribed for additional new shares of Fortune Electric Technology Co., Ltd. at a percentage different from its existing ownership percentage, reducing its controlling interest from 100% to 80.18%.

f. Wuhan Fortune Co., Ltd. was established on October 26, 2021 in Wuhan, China and Power Energy International Ltd acquired 100% ownership of Wuhan Fortune Co., Ltd. The primary business of Fortune Electric Australia Pty Ltd. is production and sale of transformer tanks, machining, mechanical and electrical products, metal surface corrosion treatment.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2021	**2020**
Associates that are not individually material		
E-Total Link	$ 73	$ 26

Aggregate Information of Associates That Are Not Individually Material

The Group, Hamadenk Co., Ltd. and other companies jointly established E-Total Link in 2017. The Group invested $45 thousand and acquired 25% ownership of E-Total Link.

	For the Year Ended December 31	
	2021	**2020**
The Group's share of:		
Net income (loss) for the year	$ 52	$ (13)
Other comprehensive income (loss)	(7)	1
Total comprehensive income (loss) for the year	$ 45	$ (14)

For the main business and products, location and registration information of the above associate, refer to Table 5.

Except for E-Total Link, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments was based on the associate's financial statements audited by auditors for the same years. Management believed there was no material impact on the financial statements of E-Total Link which had not been audited.

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	**2020**
Assets used by the Group	$ 70,943	$ 69,610
Assets leased under operating leases	6	7
	$ 70,949	$ 69,617

a. Assets used by the Group

	Freehold Land	Buildings	Equipment	Photovoltaic Solar Equipment	Other Equipment	Total
Cost						
Balance at January 1, 2021	$ 22,325	$ 54,838	$ 54,048	$ 5,326	$ 7,178	$ 143,715
Additions	-	224	1,231	33	941	2,429
Disposals	-	-	(149)	(215)	(99)	(463)
Transfer (Note 1)	-	-	-	-	96	96
Transfer (Note 2)	-	-	327	-	224	551
Reclassified	-	-	-	-	46	46
Effects of foreign currency exchange differences	646	1,585	1,560	154	206	4,151
Balance at December 31, 2021	$ 22,971	$ 56,647	$ 57,017	$ 5,298	$ 8,592	$ 150,525
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ 20,597	$ 47,095	$ 2,394	$ 4,019	$ 74,105
Depreciation expense	-	1,096	1,715	267	631	3,709
Disposals	-	-	(148)	(193)	(56)	(397)
Reclassified	-	-	-	-	24	24
Effects of foreign currency exchange differences	-	595	1,361	70	115	2,141
Balance at December 31, 2021	$ -	$ 22,288	$ 50,023	$ 2,538	$ 4,733	$ 79,582
Carrying amount at December 31, 2021	$ 22,971	$ 34,359	$ 6,994	$ 2,760	$ 3,859	$ 70,943
Cost						
Balance at January 1, 2020	$ 21,208	$ 53,817	$ 55,021	$ 5,060	$ 6,418	$ 141,524
Additions	-	169	1,568	-	462	2,199
Disposals	-	-	(725)	-	(34)	(759)
Transfer (Note 1)	-	-	-	-	95	95
Transfer (Note 2)	-	-	158	-	340	498
Transfers to assets leased under operating leases	-	(14)	-	-	-	(14)
Transfers to disposal group held for sale	-	(1,864)	(4,655)	-	(417)	(6,936)
Effects of foreign currency exchange differences	1,117	2,730	2,681	266	314	7,108
Balance at December 31, 2020	$ 22,325	$ 54,838	$ 54,048	$ 5,326	$ 7,178	$ 143,715
Accumulated depreciation						
Balance at January 1, 2020	$ -	$ 19,909	$ 47,573	$ 2,017	$ 3,669	$ 73,168
Depreciation expense	-	1,162	1,776	271	527	3,736
Disposals	-	-	(706)	-	(19)	(725)
Transfers to assets leased under operating leases	-	(10)	-	-	-	(10)
Transfers to disposal group held for sale	-	(1,492)	(3,752)	-	(318)	(5,562)
Effects of foreign currency exchange differences	-	1,028	2,204	106	160	3,498
Balance at December 31, 2020	$ -	$ 20,597	$ 47,095	$ 2,394	$ 4,019	$ 74,105
Carrying amount at December 31, 2020	$ 22,325	$ 34,241	$ 6,953	$ 2,932	$ 3,159	$ 69,610

Note 1: Transferred from inventories to equipment.

Note 2: Transferred from prepayments for equipment to equipment.

No impairment assessment was performed for the years ended December 31, 2021 and 2020 as there was no indication of impairment.

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

Building	
Main buildings	50-55 years
Electromechanical power equipment	3 years
Equipment	2-15 years
Photovoltaic solar equipment	8-20 years
Other equipment	3-15 years

Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 33.

b. Assets leased under operating leases

	Buildings
Cost	
Balance at January 1, 2021	$ 27
Effects of foreign currency exchange differences	1
Balance at December 31, 2021	$ 28
Accumulated depreciation	
Balance at January 1, 2021	$ 20
Depreciation expense	1
Effects of foreign currency exchange differences	1
Balance at December 31, 2021	$ 22
Carrying amount at December 31, 2021	$ 6
Cost	
Balance at January 1, 2020	$ 13
Transfers from assets used by the Group	14
Balance at December 31, 2020	$ 27
Accumulated depreciation	
Balance at January 1, 2020	$ 9
Additions	1
Transfers from assets used by the Group	10
Balance at December 31, 2020	$ 20
Carrying amount at December 31, 2020	$ 7

Operating leases relate to lease of the building with lease terms 1 year. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2021	2020
Year 1	$ -	$ -

The above items of property, plant and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives of 55 years.

Property, plant and equipment leased under operating leases and pledged as collateral for bank borrowings are set out in Note 33.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 3,634	$ 3,521
Buildings	586	443
Transportation equipment	171	214
	$ 4,391	$ 4,178

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 919	$ 56
Right-of-use assets transferred to disposal group held for sale	$ -	$ 750
Depreciation charge for right-of-use assets		
Land	$ 160	$ 155
Buildings	162	129
Transportation equipment	168	150
	$ 490	$ 434

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 409	$ 294
Non-current	$ 4,045	$ 3,294

Range of discount rates for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.24%-1.26%	1.24%-1.26%
Buildings	1.26%	1.26%
Transportation equipment	1.24%-1.26%	1.24%-1.30%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants, offices and charging station for the use of operating with lease terms of 1 to 50 years. The Group does no has bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

The Group leases land from Port of Taichung, Taiwan International Ports Corporation, Ltd. since March 20, 2014, covering a total area of 40,600 square meters. Except for the land use fee, the management fee is $2.45 per square meter according to the lease agreement. The lease payments will be adjusted each year on the basis of the changes in the wholesale price index in Taiwan, but the maximum annual adjustment is limited to 2% each year.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 486	$ 422
Expenses relating to low-value asset leases	$ 358	$ 225
Total cash outflow for leases	$ (1,345)	$ (1,088)

The Group's leases of certain assets qualify as short-term leases and certain assets 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.

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 33.

17. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2020	$ 2,435
Additions	386
Reclassifications	109
Net exchange differences	128
Balance at December 31, 2020	$ 3,058

(Continued)

	Computer Software
Accumulated depreciation	
Balance at January 1, 2020	$ 1,483
Amortization expense	401
Net exchange differences	78
Balance at December 31, 2020	$ 1,962
Carrying amount at December 31, 2020	$ 1,096
Cost	
Balance at January 1, 2021	$ 3,058
Additions	948
Reclassifications	40
Disposals	(1)
Net exchange differences	89
Balance at December 31, 2021	$ 4,134
Accumulated depreciation	
Balance at January 1, 2021	$ 1,962
Amortization expense	625
Disposals	(1)
Net exchange differences	57
Balance at December 31, 2021	$ 2,643
Carrying amount at December 31, 2021	$ 1,491

(Concluded)

The above computer software is amortized on a straight-line basis over its estimated useful life of 3 to 10 years.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 33)		
Issuance letters of credit	$ 2,150	$ 551
Unsecured borrowings		
Line of credit borrowings	17,666	3,511
Issuance letters of credit	6,137	4,011
	23,803	7,522
	$ 25,953	$ 8,073

The ranges of weighted average effective interest rate on bank loans were 0.53%-1% and 0.47%-2.15% per annum as of December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	$ 19,870	$ 8,427
Less: Unamortized discounts on bills payable	(12)	(7)
	$ 19,858	$ 8,420

Outstanding short-term bills payable were as follows:

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Dah Chung Bills	$ 3,613	$ 2	$ 3,611	1.04%	N/A
The Shanghai Commercial &Saving Bank	3,613	1	3,612	1.04%	N/A
China Bills	3,613	6	3,607	1.04%	N/A
Mega Bills	3,613	1	3,612	1.04%	N/A
Grand Bills	3,613	1	3,612	1.04%	N/A
Taiwan Cooperative Bills	1,805	1	1,804	1.02%	N/A
	$ 19,870	$ 12	$ 19,858		

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Dah Chung Bills	$ 3,160	$ 2	$ 3,158	1.03%	N/A
The Shanghai Commercial & Savings Bank	1,755	1	1,754	1.10%	N/A
Ta Ching Bills	1,756	2	1,754	1.06%	N/A
Mega Bill	1,756	2	1,754	1.10%	N/A
	$ 8,427	$ 7	$ 8,420		

c. Long-term borrowings

	December 31	
	2021	**2020**
Secured borrowings (Note 33)		
Bank of Taiwan	$ 18,064	$ 17,556
Mega International Commercial Bank	8,736	8,490
	26,800	26,046
Unsecured borrowings		
Yuanta Bank	10,838	-
Bank SinoPac	3,612	-
Hwa Nan Commercial Bank	2,167	3,512
	16,617	3,512
	$ 43,417	$ 29,558

The original term of the borrowings from Bank of Taiwan was from December 4, 2013 to April 19, 2022. In April 2021, the Company negotiated the new loan period from April 19, 2019 to May 25, 2023 with the bank. The weighted average effective interest rate of the borrowings was 1.20% per annum for the years ended December 31, 2021 and 2020.

The original term of the borrowings from Mega International Commercial Bank was from September 14, 2018 to October 23, 2021. In October 2020, the Company negotiated the new loan period from October 23, 2020 to October 23, 2023 with the bank. The weighted average effective interest rate of the borrowings was 1.275% per annum for the years ended December 31, 2021 and 2020.

The original term of the borrowings from Yuanta Bank was from March 29, 2019 to March 29, 2021. In June 2021, the Company negotiated the new loan period from May 5, 2021 to May 20, 2024 with the bank. The weighted average effective interest rate of the borrowings was 1.15% per annum for the year ended December 31, 2021.

The original term of the borrowings from Bank of SinoPac was from December 20, 2021 to September 30, 2023. The weighted average effective interest rate of the borrowings was 1.10% per annum for the year ended December 31, 2021.

The period of the borrowings from Hwa Nan Commercial Bank is from June 8, 2020 to June 8, 2023, and the weighted average effective interest rate of the borrowings was 1.30% per annum for the years ended December 31, 2021 and 2020. The Company redeemed $1,345 thousands debt payments during 2021.

19. TRADE PAYABLES

	December 31	
	2021	**2020**
Operating	$ 73,368	$ 72,356

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

20. OTHER PAYABLES

	December 31	
	2021	2020
Accrued payroll	$ 4,602	$ 5,531
Export payable	2,527	1,628
Payable for compensation of employees and remuneration of directors	876	1,069
Design fees payable	1,384	966
Commission payable	808	232
Interest payable	53	33
Others	4,149	2,263
	$ 14,399	$ 11,722

21. PROVISIONS

	December 31	
	2021	2020
Warranties	$ 114	$ -
Onerous contracts	196	249
	$ 310	$ 249

a. 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 contracts for the sale of goods.

b. The provision for onerous contracts represents the present value of the future payments that the Group was presently obligated to make under non-cancellable onerous operating contracts less revenue expected to be earned on the contracts.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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 Group's subsidiaries in the United States, Australia and China are members of state-managed retirement benefit plans operated by the local governments. The subsidiaries are 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 plans is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 10% 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.

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	$ 16,579	$ 15,974
Fair value of plan assets	(11,904)	(9,694)
Net defined benefit liabilities	$ 4,675	$ 6,280

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2020	$ 14,515	$ (7,575)	$ 6,940
Current service cost	189	-	189
Net interest expense (income)	105	(56)	49
Recognized in profit or loss	294	(56)	238
Remeasurement			
Return on plan assets	-	(263)	(263)
Actuarial loss - changes in demographic assumptions	587	-	587
Actuarial loss - experience adjustments	647	-	647
Recognized in other comprehensive income	1,234	(263)	971
Contributions from the employer	-	(2,235)	(2,235)
Benefits paid	(834)	834	-
Effects of foreign currency exchange differences	765	(399)	366
Balance at December 31, 2020	$ 15,974	$ (9,694)	$ 6,280

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	$ 15,974	$ (9,694)	$ 6,280
Current service cost	171	-	171
Net interest expense (income)	48	(30)	18
Recognized in profit or loss	219	(30)	189
Remeasurement			
Return on plan assets	-	(149)	(149)
Actuarial loss - changes in demographic assumptions	(81)	-	(81)
Actuarial loss - experience adjustments	155	-	155
Recognized in other comprehensive income	74	(149)	(75)
Contributions from the employer	-	(1,901)	(1,901)
Benefits paid	(150)	150	-
Effects of foreign currency exchange differences	462	(280)	182
Balance at December 31, 2021	$ 16,579	$ (11,904)	$ 4,675

(Concluded)

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
Operating costs	$ 134	$ 166
Selling and marketing expenses	28	34
General and administrative expenses	17	24
Research and development expenses	10	14
	$ 189	$ 238

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 corporate 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	0.60%	0.30%
Expected return rate of plan assets	0.30%	0.30%
Expected rate of salary increase	1.50%	1.50%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	$ (356)	$ (371)
0.25% decrease	$ 368	$ 384
Expected rate of salary increase		
0.25% increase	$ 355	$ 370
0.25% decrease	$ (345)	$ (360)

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
The expected contributions to the plan for the next year	$ 877	$ 711
The average duration of the defined benefit obligation	8.78 years	9.5 years

23. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current and non-current classification of the Group’s assets and liabilities relating to the construction business was based on its operating cycle. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities are as follows:

	December 31, 2021		
	Within 1 Year	More Than 1 Year	Total
Assets			
Refundable deposits (included in other current assets)	$ 15	$ -	$ 15
Contract assets	$ 23,755	$ 503	$ 24,258
Liabilities			
Contract liabilities	$ 9,856	$ 754	$ 10,610

	December 31, 2020		
	Within 1 Year	More Than 1 Year	Total
Assets			
Refundable deposits (included in other current assets)	$ 45	$ 2	$ 47
Contract assets	$ 21,027	$ 2,534	$ 23,561
Liabilities			
Contract liabilities	$ 7,821	$ 1,807	$ 9,628

24. EQUITY

a. Share capital - ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	275,000	275,000
Shares authorized	$ 99,350	$ 96,559
Number of shares issued and fully paid (in thousands)	261,059	261,059
Shares issued	$ 94,313	$ 91,664

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Treasury share transactions	$ 37	$ 36
Unclaimed cash dividends	20	14
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	69	-
	$ 126	$ 50

1) 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, subject to a limit within a certain percentage of the Company’s capital surplus per year.

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposal or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

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 distribution of dividends and bonuses to shareholders. The board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 26(6).

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit, the board of directors is authorized to adopt a special resolution, the legal reserve that has exceeded 25% of the Company's paid-in capital and all or part of the capital reserve that complies with the Company Act may be transferred to capital or distributed in cash. A report of such distribution should be submitted in the shareholders' meeting.

Items referred to under Rule No. 1090150022, issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019, which have been approved in the shareholders' meetings on June 13, 2021 and June 12, 2020, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	**2019**
Legal reserve	$ 1,573	$ 1,420
Special reserve	$ 158	$ (81)
Cash dividends	$ 12,261	$ 12,261
Cash dividends per share	$ 0.05	$ 0.05

The appropriations of earnings for 2021 has been proposed by the Company's board of directors on March 22, 2021, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 1,053
Special reserve	$ 803
Cash dividends	$ 9,431
Cash dividends per share (NT$)	$ 1

The above appropriation for cash dividends had been resolved by the shareholders in their meeting to be held on June 15, 2022.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (848)	$ (926)
Recognized for the year		
Exchange differences on translation of the financial statements of foreign operations	(114)	78
Balance at December 31	$ (962)	$ (848)

2) Unrealized valuation gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 309	$ 649
Recognized for the year		
Unrealized gain - equity instruments	(705)	(340)
Balance at December 31	$ (396)	$ 309

3) Gain (loss) on hedging instruments - cash flow hedges

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ -	$ (22)
Recognized for the year		
Gain (loss) on changes in the fair value of hedging instruments		
Foreign currency risk - foreign exchange forward contracts	-	22
Balance at December 31	$ -	$ -

e. Noncontrolling interests

	For the Year Ended December 31, 2021
Balance at January	$ -
Noncontrolling interests arising from acquisition of subsidiaries	1,556
Share in loss for the year	(85)
Balance at December 31	$ 1,471

25. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods		
Transformers	$ 166,249	$ 161,752
Distribution panels	46,848	45,333
Distribution equipment	14,920	10,466
Sale of power	442	432
Others	41,776	39,015
Construction contracts	55,635	40,459
	$ 325,870	$ 297,457

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable	$ 2,636	$ 4,130	$ 3,005
Trade receivables (Note 10)	$113,240	$ 88,267	$ 94,904
Contract assets			
Retentions receivable	$ 2,703	$ 11,213	$ 4,403
Amounts due from customers for construction contracts	21,555	12,348	14,420
	$ 24,258	$ 23,561	$ 18,823
Contract liabilities			
Retentions payable	$ 9,995	$ 8,126	$ 20,019
Amounts due to customers for construction contracts	615	1,502	641
Advance receipts	16,863	12,900	12,379
	$ 27,473	$ 22,528	$ 33,039

The Group applies the same risk characteristics as the trade receivables for the same types of contracts. Refer to Note 10 for the details.

b. Disaggregation of revenue

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

26. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 18	$ 10
Others	30	4
	$ 48	$ 14

b. Other income

	For the Year Ended December 31	
	2021	2020
Export tax rebate income	$ 1,098	$ 870
Operating lease rental income	2	2
Claims income	263	93
	$ 1,363	$ 965

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Compensation income	$ -	$ 1,942
Net foreign exchange gains (losses)	647	137
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	-	28
Gain on remeasurement of lease arrangements	19	-
Loss on disposal of property, plant and equipment	(37)	(3)
Others	(2,169)	55
	$ (1,540)	$ 2,159

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank overdrafts and loans	$ 1,003	$ 860
Interest on lease liabilities	56	55
Other finance costs	46	32
	$ 1,105	$ 947

e. Depreciation, amortization and employee benefits expense

	2021			2020		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefit expenses						
Salary	$ 17,463	$ 11,387	$ 28,850	$ 17,535	$ 10,413	$ 27,948
Labor insurance	1,695	764	2,459	1,447	662	2,109
Retirement expenses						
Defined contribution plans	649	329	978	586	287	873
Defined benefit plans	134	55	189	166	72	238
Remuneration of directors	-	640	640	-	748	748
	$ 19,941	$ 13,175	$ 33,116	$ 19,734	$ 12,182	$ 31,916
Depreciation expense	$ 3,662	$ 768	$ 4,430	$ 3,438	$ 733	$ 4,171
Amortization expense	$ 231	$ 394	$ 625	$ 110	$ 291	$ 401

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on March 23, 2022 and March 22, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	4.97%	3.86%
Remuneration of directors	1.22%	1.40%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 704	$ 785
Remuneration of directors	172	284

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

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gain	$ 1,079	$ 1,581
Foreign exchange loss	(432)	(1,444)
Net gain	$ 647	$ 137

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	$ 3,074	$ 2,812
Adjustments for prior periods	(79)	10
	2,995	2,822
Deferred tax		
In respect of the current year	(333)	383
Adjustments for prior periods	170	(6)
	(163)	377
Income tax expense recognized in profit or loss	$ 2,832	$ 3,199

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

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 13,219	$ 19,263
Income tax expense calculated at the statutory rate	$ 2,753	$ 3,864
Nondeductible expenses in determining taxable income	(57)	(680)
Income tax on unappropriated earnings	273	185
Using investment credits	(165)	(174)
Effect of different tax rates of appropriations of foreign earnings in other tax law	(305)	
Unrecognized deductible temporary differences	317	-
Unrecognized loss carryforwards	(75)	-
Adjustments to prior years' tax	91	4
Income tax expense recognized in profit or loss	$ 2,832	$ 3,199

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current period		
Remeasurement of defined benefit plans	$ (15)	$ 194
Total income tax recognized in other comprehensive income	$ (15)	$ 194

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ 75	$ 317
Current tax liabilities		
Income tax payable	$ 1,439	$ 1,135

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 Compre-hensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Defined benefit plans	$ 1,256	$ (342)	$ (15)	$ 36	$ 935
Inventory write-downs	17	(1)	-	-	16
Allowance for impaired receivables	131	(70)	-	4	65
Deferred revenue	170	(170)	-	5	5
Unrealized exchange loss	17	(18)	-	1	-
Others	63	(3)	-	2	62
	$ 1,654	$ (604)	$ (15)	$ 48	$ 1,083
Deferred tax liabilities					
Land value increment tax	$ 1,426	$ -	$ -	$ 42	$ 1,468
Share of profit of subsidiaries	883	(770)	-	25	138
Others	-	3	-	(1)	2
	$ 2,309	$ (767)	$ -	$ 66	$ 1,608

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Transfer to Disposal Group Held For Sale	Exchange Differences	Closing Balance
Deferred tax assets						
Right-of-use assets	$ 3	$ (3)	$ -	$ -	$ -	$ -
Defined benefit plans	1,388	(399)	194	-	73	1,256
Inventory write-downs	142	16	-	(149)	8	17
Allowance for impaired receivables	84	90	-	(47)	4	131
Deferred revenue	162	-	-	-	8	170
Unrealized exchange loss	31	(15)	-	-	1	17
Others	50	10	-	-	3	63
	$ 1,860	$ (301)	$ 194	$ (196)	$ 97	$ 1,654
Deferred tax liabilities						
Land value increment tax	$ 1,355	$ -	$ -	$ -	$ 71	$ 1,426
Share of profit of subsidiaries	767	(76)	-	-	192	883
Others	33	-	-	(35)	2	-
	$ 2,155	$ (76)	$ -	$ (35)	$ 265	$ 2,309

e. Income tax assessments

The Company’s tax returns through 2018 have been assessed by the tax authorities.

The tax of Fortune High Voltage Company returns through 2019 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Profit for the period attributable to owners of the Company	$ 10,472	$ 16,064

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	261,059	261,059
Effect of potentially dilutive ordinary shares:		
Compensation of employees	626	692
Weighted average number of ordinary shares used in the computation of diluted earnings per share	261,685	261,571

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

29. EQUITY TRANSACTION WITH NON-CONTROLLING INTERESTS

On September 27, 2021, the Group subscribed for additional new shares of Fortune Electric Value Company Limited at a percentage different from its existing ownership percentage, and reduced its continuing interest from 100% to 80.18%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Fortune Electric Value Company Limited
Consideration received	$ 4,335
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(4,404)
Differences recognized from equity transactions	$ (69)
Capital surplus - changes in percentage of ownership interests in subsidiaries	$ (69)

30. CAPITAL MANAGEMENT

The Group’s capital management strategy is to maintain adequate capital to be able to operate according to the industrial scale and support the industry’s future growth and development prospects of the Group’s business; to set the appropriate market share; and make a plan of the required capacity and the requirement of the plant and equipment to achieve production and the corresponding capital expenditure. The Group calculates the required working capital and cash for the long-term development of the required asset size of the Group, and makes overall planning according to the industry characteristics.

The Group’s management regularly reviews the capital structure, and considers the costs and risks of different capital structure. In general, the Group adopted a prudent risk management strategy.

31. FINANCIAL INSTRUMENTS

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020 approximate their fair values.

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

Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	$ -	$ 10,886	$ 531	$ 11,417

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	$ -	$ 1,557	$ -	$ 1,557
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ -	$ -

There were no transfers between Level 1 and Level 2 in the current and prior period.

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL		
Financial assets at amortized cost (1)	$ 133,774	$ 110,877
Financial assets at FVTOCI		
Equity instruments	11,417	1,557
Financial liabilities		
Amortized cost (2)	185,696	140,444

1) The balances include financial assets at amortized cost, which comprise cash, notes receivable and trade receivables, and refundable deposits. The balances include the asset balance of the disposal group held for sales.

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade payables to related parties, trade and other payables, and guarantee deposits received. The balance include the liabilities balance of the disposal group held for sales.

d. Financial risk management objectives and policies

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

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

a) Foreign currency risk

The Group manages exchange rate risk by using appropriate hedging tools. The Group does not trade financial instruments for speculative purposes. Foreign currency risk management strategy is to regularly review the net position of assets and liabilities in foreign currencies and manage accordingly. The choice of the tools to manage exchange rate risk takes into consideration the costs and duration of the hedge, exchange contract is used to manage risks.

The carrying amounts of the Group's nonfunctional-currency-denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 35.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the USD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity assuming the New Taiwan dollar weakened (strengthened) 1% against the USD.

	USD Impact	
	For the Year Ended December 31	
	2021	**2020**
Profit or loss (Note)	$ 161	$ 127

Note: This was mainly attributable to the exposure outstanding on bank balances, receivables, payables and borrowings in USD, which were not hedged at the end of the reporting period.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the 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 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**
Fair value interest rate risk		
Financial assets	$ 942	$ 1,237
Financial liabilities	32,599	17,199
Cash flow interest rate risk		
Financial assets	7,348	3,649
Financial liabilities	61,084	33,069

<u>Sensitivity analysis</u>

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 assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities 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 have increased/decreased by $497 thousand and $294 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank cash and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group does not actively trade these investments.

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2021 and 2020 would have increased/decreased by $114 thousand and $16 thousand, respectively, as a result of the changes in fair value of financial assets at FVOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the 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 impairment losses are made for irrecoverable amounts. In this regard, the management believes that the Group’s credit risk was significantly reduced.

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.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the Group had available unutilized overdraft and bank loan facilities of approximately $224,980 thousand and $225,196 thousand, respectively.

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

The following table details the Group’s remaining contractual maturities for its non-derivative financial liabilities with agreed 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 included 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 floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2021

	Weighted Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
Non-derivative financial liabilities						
Non-interest bearing liabilities		$ 24,009	$ 66,473	$ 19,762	$ 1,779	$ -
Lease liabilities		40	79	343	965	4,103
Variable interest rate liabilities	1.31	3,616	4,555	15,765	44,254	-
Fixed interest rate liabilities	0.97	19,881	2,106	6,170	-	-
		$ 47,546	$ 73,213	$ 42,040	$ 46,998	$ 4,103

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 462	$ 965	$ 532	$ 532	$ 532	$ 2,507

December 31, 2020

	Weighted Average Effective Interest Rate (%)	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	Over 5 Years
Non-derivative financial liabilities						
Non-interest bearing liabilities		$ 11,919	$ 62,993	$ 27,945	$ 1,807	$ -
Lease liabilities		33	66	246	866	4,091
Variable interest rate liabilities	1.31	-	-	5,410	29,685	-
Fixed interest rate liabilities	0.16	12,467	990	3,040	-	-
		$ 24,419	$ 64,049	$ 36,641	$ 32,358	$ 4,091

Additional information about the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 345	$ 866	$ 517	$ 517	$ 517	$ 2,540

Bank loans with a repayment on demand clause were included in the “on demand or less than 1 month” time band in the above maturity analysis. As of December 31, 2021 and 2020, the aggregate undiscounted principal amounts of these bank loans amounted to $23,491 thousand and $12,467 thousand, respectively.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following table details the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

December 31, 2020

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
Net settled				
Foreign exchange forward contracts	$ -	$ -	$ -	$ -

32. 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. The Company is the ultimate parent of the Group. In addition to those disclosed elsewhere in other notes, summary of transactions between the Group and other related parties are disclosed below.

a. Related party name and the relationship

Related Party Name	Relationship With The Group
E-Total Link	Associates
Hua Cheng Investment Co., Ltd.	Others

b. Sale of goods

	For the Year Ended December 31	
Related Party Category/Name	**2021**	**2020**
Associates	$ 2	$ -

c. Purchase of goods

	For the Year Ended December 31	
Related Party Category/Name	**2021**	**2020**
Associates	$ 93	$ 101

The purchase price and payment terms are the same as those of unrelated parties.

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

Line Items	Related Party Category/Name	December 31 2021	December 31 2020
Accounts payable	Associates	$ 3	$ 3

The outstanding trade payables from related parties are unsecured.

e. Lease arrangements - Group is lessee

Line Item	Related Party Category/Name	December 31 2021	December 31 2020
Lease liabilities - current	Other related party	$ 6	$ 6

Related Party Category/Name	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Cost of goods sold - manufacturing expense		
Other related party	$ 1	$ 1
Operating expense		
Other related party	5	4

f. Lease arrangements - Group is lessor

Lease arrangements - Group is lessor under operating leases

The Group leases out office to its associate - Hua Cheng Investment Co., Ltd. under operating leases with lease terms of 1 year. The rent is determined by referring to the market price, and the Company receive the fixed lease payment monthly according to the lease agreement. As of December 31, 2021 and 2020, the balance of operating lease receivables was $0 thousand and $2 thousand. Lease income recognized for the years ended December 31, 2021 and 2020 was both $2 thousand.

g. Compensation of key management personnel

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term employee benefits	$ 2,205	$ 2,365
Termination benefits	77	75
	$ 2,282	$ 2,440

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bid bonds of sales, performance bonds and bank borrowings:

	December 31	
	2021	**2020**
Refundable deposits (current portion is included in other current assets)	$ 849	$ 482
Pledged deposits (classified as financial assets at amortized cost)	942	1,237
Property, plant and equipment	33,808	33,800
Right-of-use assets (classified as disposal held for sale on)	742	750
	$ 36,341	$ 36,269

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2021 were as follows:

a. As of December 31, 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to $4,798 thousand, ￥59,128 thousand, €558 thousand and Kr1,309 thousand and Fr163 thousand.

b. As of December 31, 2021, promissory note of $50,343 thousand was made for bank financing, endorsements and the investee company’s sales performance guarantee.

c. The Company signed a technical cooperation agreement with Meidensha, a Japanese firm, effective term from July 2017 to July 2022. According to the contract, the Company will design, produce and sell goods in the Republic of China. The Company cannot export the products covered by the technical cooperation agreement without prior written consent from Meidensha. The Company had paid ￥2 thousand for the cooperation, and agreed to pay 3% of net sales as technical remuneration on the Company’s production and marketing fee was $56 thousand and $27 thousand for the year ended December 31, 2021, which was included in operating expenses.

d. The Company signed a design and developed technical service agreement for transformer optimizing with Fortune Electric (Wuhan) Co., Ltd., with effective term from July 2020 to December 2020. According to the contract, Fortune Electric (Wuhan) Co., Ltd. agreed to provide the Company technical services and training project report, and necessary technical direction. The remuneration paid was $48 thousand for the year ended December 31, 2020, which was included in operating expenses.

e. The Ministry of Economic Affairs offered government grant for establishing solar power system at the land subsidence in Pingtung County and Morakot disaster area. Regarding the solar energy project, Taiwan Power Company has signed a purchase and sale of electricity contract with the Company. The contract stated that Taiwan Power Company will purchase electricity from the Company for 20 years based on the ground-based solar power purchase rates announced by the Ministry of Economic Affairs. The power selling revenue for the years ended December 31, 2021 and 2020 was $442 thousand and $432 thousand, respectively. The rent of the land used for solar power plant is based on 9.7%, 11.5%, 12.3% of the sales of electricity for the first to tenth years, eleventh to fifteenth years, and sixteenth to twentieth years, respectively.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount (NTD)
Financial assets			
Monetary items			
USD	$ 25,596	27.6800 (USD:NTD)	$ 708,498
USD	146	6.3720 (USD:RMB)	4
			$ 708,502
Financial liabilities			
Monetary items			
USD	9,427	27.6800 (USD:NTD)	$ 260,939
USD	560	6.3270 (USD:RMB)	1,550
			$ 262,489

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount (NTD)
Financial assets			
Monetary items			
USD	$ 17,182	28.4800 (USD:NTD)	$ 489,343
USD	2,486	6.5067 (USD:RMB)	70,801
			$ 560,144
Financial liabilities			
Monetary items			
USD	6,834	28.4800 (USD:NTD)	$ 194,632
USD	147	6.5067 (USD:RMB)	4,187
			$ 198,819

The Group is mainly exposed to the USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant (realized and unrealized) foreign exchange gains were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
NTD	1 (NTD:NTD)	$ 600	1 (NTD:NTD)	$ 49
RMB	4.3526 (RMB:NTD)	47	4.3506 (RMB:NTD)	88
		$ 647		$ 137

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (Table 1)

3) Marketable securities held at the end of the year (excluding investment in subsidiaries, associates and joint ventures). (Table 2)

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

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

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

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

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

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (Table 7)

11) Information on investees. (Table 5)

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, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Tables 1, 5-6)

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

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

   c) The amount of property transactions and the amount of the resultant gains or losses.

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

   e) The highest balance, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving 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 8)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods and services delivered or provided. The Group has disclosed its electrical department and turnkey department as its reporting segments. The electrical department manufactures, processes and trades transformers, distributors, low pressure switches and substation equipment; and the turnkey department mainly engages in engineering contracts.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue for the Year Ended December 31		Segment Profit for the Year Ended December 31	
	2021	2020	2021	2020
Electrical department	$ 270,235	$ 256,998	$ 17,317	$ 21,830
Construction department	55,635	40,459	4,901	1,135
Segment revenues	$ 325,870	$ 297,457	22,218	22,965
Government grant			241	439
Other income			1,363	965
Interest income			48	14
Share of the loss of associate			52	(13)
Other gains and losses			(1,540)	2,159
Finance costs			(1,105)	(947)
General and administrative expense			(8,058)	(6,319)
Profit before tax			$ 13,219	$ 19,263

Segment revenues reported above represent revenues generated from external customers. There were no inter-segment sales during the years ended December 31, 2021 and 2020.

Segment profit represented the profit before tax earned by each segment without allocation of government grant, other income, interest income, gain from bargain purchase, share of the loss of associates, other gains and losses, finance costs, general and administrative expense and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

The Group's measure of assets and liabilities was not provided to the chief operating decision maker. Therefore, no assets and liabilities were presented under operating segments.

c. Other segment information

	Depreciation and Amortization	
	2021	**2020**
Electrical department	$ 5,055	$ 4,572

d. Revenue from major products and services

For the analysis of the Group's revenue from continuing operations from its major products and services, refer to Note 25.

e. Information about major customers

Included in the total revenues of electrical and turnkey departments of $325,870 thousand and $297,458 thousand in 2021 and 2020, respectively.

Single customer contributed 10% or more the Group's revenue as follows:

	For the Year Ended December 31	
	2021	**2020**
Customer A	$ 101,109	$ 83,099
Customer B	46,698	Note
Customer C	Note	32,696

Note: The revenue of the customer had not reached 10% or more to the Group's revenue.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	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	Fortune Electric Co., Ltd.	Fortune Electric (Wuhan) Co., Ltd.	Subsidiary	$ 62,843	$ 130,000	$ 6,800	$ 550 ¥ 400	$ -	5.41	$ 75,412	Y	N	Y	
		Fortune Electric Extra High Voltage Co., Ltd.	Subsidiary	62,843	41,546	39,740	34,026	-	31.64	75,412	Y	N	N	

Note 1: The limit on the total maximum endorsement for each guaranteed party is equal to 50% of the Company’s net equity: $125,687 x 50% = $62,843

Note 2: The maximum limit is equal to 60% of the Company’s net equity: $125,687 x 60% = $75,412

TABLE 2

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Fortune Electric Co., Ltd.	<u>Shares</u>							
	Raynergy Tek Incorporation	-	Financial assets at fair value through other comprehensive income	3,031	$ 923	8.05	$ 923	
	ProMOSTech Co., Ltd.	-	Financial assets at fair value through other comprehensive income	26	-	0.06	-	
	E-Formula Technologies Inc.	-	Financial assets at fair value through other comprehensive income	25,275	1,093	15.00	1,093	
	Hsin He Energy Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,200	8,870	5.52	8,870	
	Synergy Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,471	531	14.71	531	

Note: The information of investments in subsidiaries and associates is provided in Tables 5 and 6.

TABLE 3

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF 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/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Fortune Electric Co., Ltd.	Fortune Electric Extra High Voltage Co., Ltd.	Subsidiaries	Purchases	$ 17,925	10.29	90 days	$ -	-	Accounts payable $ 5,120	6.91	-

TABLE 4

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM 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)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Fortune Electric Extra High Voltage Co., Ltd.	Fortune Electric Co., Ltd.	Subsidiaries	$ 5,120	-	$ -		$ 4,814	$ -

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of U.S. 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 Profits (Loss) (Note 1)	Note
				December 31, 2021	December 31, 2020	Shares (Thousand)	%	Carrying Value			
Fortune Electric Co., Ltd.	Power Energy International Ltd.	2nd Floor, Building B, SNPF Plaza, Savalalo, Apia, Samoa	Trading, investment holding, agent business	$ 5,075	$ 4,443	3,800	100	$ 2,804	$ (2,720)	$ (2,720)	Investee is a subsidiary (Note 2)
	Fortune Electric America Inc.	23133 Hawthorne Blvd. Suite 200 Torrance, CA 90505	Business agents	107	104	1	100	665	128	128	Investee is a subsidiary
	Fortune Electric Extra High Voltage Co., Ltd.	No. 500, Nanheng 1st Rd, Wuqi District, Taichung City 435, Taiwan	Transformers manufacturing, machining and trading	20,405	10,831	141,200	100	17,607	11,608	11,608	Investee is a subsidiary
	E-Total Link	Shin Osaka SONE Building No. 1204, Nish-Nakajima 7-chome No. 29, Yodogawa-ku, Osaka Prefecture	Transformers manufacturing, machining and trading	50	49	100	25	73	207	52	Associate
	Fortune Electric Co., Ltd.	10F, No. 368, Sec. 1, Fusing S. Rd., Da'an District., Taipei City 106, Taiwan	Manufacture of power generation transmission and distribution machinery	36	35	100	100	29	(2)	(2)	Investee is a subsidiary
	Fortune Electric Australia Pty, Ltd.	Level 7, 60, York Street, Sydney NSW 2000, Australia	Trading,	368	357	500	100	396	32	32	Investee is a subsidiary
	Fortune Electric Value Company Limited	14F., No. 191, Fuxing N. Rd., Songshan District., Taipei City	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	6,575	-	18,200	80.18	5,950	(780)	(694)	Investee is a subsidiary (Note 3)
Power Energy International Ltd.	Fortune Electric (Wuhan) Ltd.	Wuhan, China	Transformers, capacitors, power distribution equipment manufacturing	6,500	6,500	-	100	5,239	(2,798)	(2,798)	Investee is a subsidiary
	Wuhan Fortune Co., Ltd.	Wuhan, China	Transformers, capacitors, power distribution equipment manufacturing	500	-	-	100	604	95	95	Investee is a subsidiary (Note 4)
Fortune Electric (Wuhan) Ltd.	Wuhan Fortune Trade Co., Ltd.	Wuhan, China	Trading,	RMB 500 thousand	RMB 500 thousand	-	100	RMB 1,572 Thousand	RMB 560 thousand	RMB 560 thousand	Investee is a subsidiary

Note 1: Except for E-Total Link, net asset values were based on audited financial statements of the investees and calculated at the investor's shareholding proportion.

Note 2: The shareholder meeting of Power Energy International Ltd. approved appropriations of cash dividends of $3,057 thousands for 2021.

Note 3: On June 30, 2021, Fortune Electric Value Company Limited became a subsidiary and the Group's percentage of ownership was 100%; as a result, Fortune Electric Value Company Limited was included in the Group since then.

Note 4: On November 26, 2021, Wuhan Fortune Co., Ltd. was established as a subsidiary and the Group's percentage of ownership was 100%; as a result, Wuhan Fortune Co., Ltd. was included in the Group since then.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 3)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021 (Note 3)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 3)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outward	Inward							
Fortune Electric (Wuhan) Ltd.	Transformers, capacitors, power distribution equipment manufacturing	$ 6,500	Indirect	$ 6,000	$ -	$ -	$ (6,000)	$ (2,799)	100	$ (2,799)	$ (5,239)	$ -	
Wuhan Fortune Electric Ltd.	Transformers, capacitors, power distribution equipment manufacturing	500	Indirect	-	500	-	(500)	95	100	95	604	-	

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by Investment Commission, MOEA
$6,500	$6,000	$75,412

Note 1: Net asset values were based on audited financial statements of the investees and calculated at the investor’s shareholding proportion.

Note 2: The investment income/loss was recognized based on the average exchange rate from January 1, 2021 to December 31, 2021; the other accounts were all based on prevailing exchange rate as of December 31, 2021.

Note 3: The difference between the accumulated investment of $6,000 thousand from Taiwan and the paid-in capital balance of $6,500 thousand of Fortune Electric (Wuhan) Ltd. was due to the direct investment of $500 thousand by Power Energy International Ltd., which is 100% owned by the Company.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of U.S. Dollars, Unless Stated Otherwise)

No	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms	% to Total Sales or Assets
0	Fortune Electric Co., Ltd.	Fortune Electric (Wuhan) Co., Ltd.	a	Accounts receivable	$ 113	With non-related parties	0.03
		Fortune Electric (Wuhan) Co., Ltd.	a	Sales	119	With non-related parties	0.04
		Fortune Electric America Inc.	a	Accounts receivable	1,384	With non-related parties	0.39
		Fortune Electric America Inc.	a	Operating expenses	1,808	Under arm’s length terms	0.55
		Fortune Electric America Inc.	a	Other payable	100	With non-related parties	0.03
		Fortune Electric America Inc.	a	Sales	1,384	With non-related parties	0.42
		Fortune Electric Extra High Voltage Co., Ltd.	a	Purchases	17,485	With non-related parties	5.50
		Fortune Electric Extra High Voltage Co., Ltd.	a	Prepaid expense	2,191	With non-related parties	0.61
		Fortune Electric Extra High Voltage Co., Ltd.	a	Accounts payable	5,120	With non-related parties	1.43
		Fortune Electric Extra High Voltage Co., Ltd.	a	Sales	19	With non-related parties	0.01
		Wuhan Fortune Trade Co., Ltd.	a	Purchases	634	With non-related parties	0.19
		Wuhan Fortune Co., Ltd.	a	Prepaid expense	32	With non-related parties	0.01
		Wuhan Fortune Co., Ltd.	a	Accounts payable	38	With non-related parties	0.01
		Wuhan Fortune Co., Ltd.	a	Purchases	403	With non-related parties	0.12
		Fortune Electric Value Company Limited	a	Accounts receivable	610	With non-related parties	0.17
		Fortune Electric Value Company Limited	a	Sales	325	With non-related parties	0.10
		Fortune Electric Value Company Limited	a	Purchases	728	With non-related parties	0.22
		Fortune Electric Value Company Limited	a	Accounts payable	758	With non-related parties	0.21
		Fortune Electric Value Company Limited	a	Other receivable	45	With non-related parties	0.01
		Fortune Electric Australia Pty, Ltd.	a	Sales	693	With non-related parties	0.21
	Fortune Electric Extra High Voltage Co., Ltd.	Fortune Electric America Inc.	b	Accounts receivable	2,293	With non-related parties	0.64
		Fortune Electric America Inc.	b	Sales	2,289	With non-related parties	0.70
		Wuhan Fortune Co., Ltd.	b	Prepaid expense	19	With non-related parties	0.01
	Fortune Electric Value Company Limited	Wuhan Fortune Trade Co., Ltd.	b	Purchases	287	With non-related parties	0.09
		Wuhan Fortune Co., Ltd.	b	Purchases	169	With non-related parties	0.05

Note 1: The types of relationship between the transaction parties are as follows:

a. The Company to the subsidiary.
c. The subsidiary to another subsidiary.

Note 2: The listed amounts above were eliminated upon consolidation.

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hsu, Shou-Syong	23,898,936	9.15
Hua Cheng Investment Co., Ltd.	22,903,419	8.77
Hsu, Bang-Fu	18,600,366	7.12
Chen, Yan-Fen	13,080,805	5.01

Note 1: 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 preference 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.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.