

FORTUNE ELECTRIC CO., LTD.
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FORTUNE ELECTRIC CO., LTD.

Meeting Procedure for 2021 Annual Shareholders' Meeting

I. Call meeting to order

II. Chairman's address

III. Reported Matters

IV. Acknowledged Matters

V. Matters for Discussion

VI. Extemporaneous Motions

VII. Adjournment

FORTUNE ELECTRIC CO., LTD.
2021 Annual Shareholders' Meeting Agenda

Date: June 11, 2021, 9 a.m.

Place: 1F., No. 10, Jilin Rd., Jhongli Dist., Taoyuan City
(the Company's activity center)

I. Call meeting to order

II. Chairman's address

III. Reported Matters

1. 2020 Business Report
2. 2020 Audit Committee's Audit Report
3. 2020 Employees' and Directors' Remuneration Allocation Report
4. 2020 Cash Dividend Distribution Report

IV. Acknowledged Matters

1. 2020 Consolidated and Individual Financial Statement and Business Report
2. 2020 Earnings Distribution Proposal

V. Matters for Discussion

Lifting restrictions of non-compete prohibition of current directors' proposal.

VI. Extemporaneous Motions

VII. Adjournment

Reported Matters

1. 2020 Business Report

Consolidated operating Revenue of the year 2020 was NT\$ 8,471,592 thousand, among the products, transformers were NT\$ 4,606,691 thousand, accounting for 54.38%, distribution switchboards were NT\$ 1,291,088 thousand, accounting for 15.24%, and electrical distribution equipment were NT\$ 298,085 thousand, accounting for 3.52%, contracting revenue was NT\$ 1,152,273 thousand, accounting for 13.60%, electricity sales revenue was NT\$ 12,309 thousand, accounting for 0.15%, and others were NT\$ 1,111,146 thousand, accounting for 13.11%, net income was NT\$ 457,514 thousand, and exceeding budget is mainly due to revenue growth.

FORTUNE ELECTRIC CO., LTD. 2020 Business Report

Unit: NTD\$ 1,000

1. Revenue:

(1) Operating revenue	8,471,592
(2) Compensation income	55,296
(3) Revenue of export tax return	24,785
(4) Government subsidies	12,498
(5) Exchange net profit (loss)	3,908
(6) Revenue of settlement of claim	2,640
(7) Financial assets at fair value through loss	817
(8) Interest revenue	392
(9) Shares of subsidiaries and associates for using equity method	(378)
(10) Net loss of assets trading	(77)
(11) Other revenue	1,623
Sum of revenues	8,573,096

2. Expense:

(1) Operating revenue	7,117,542
(2) Operating expenses	879,957
(3) Interest expense	26,977
Sum of expenses	8,024,476

3. Net income before tax	548,620
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Comparison of Operation between Fiscal Years of 2019 and 2020

1. Operating revenue

Unit: NTD\$ 1,000

Item/Years	2020	2019	Increase (decrease %)
Transformer	4,606,691	4,194,400	9.83
Distribution switchboard	1,291,088	1,095,042	17.90
Contracting	1,152,273	1,011,200	13.95
Electrical distribution equipment	298,085	60,348	393.94
Electricity sales revenue	12,309	12,545	(1.88)
Others	1,111,146	803,063	38.36
Sum	8,471,592	7,176,598	18.04

2. Operating conditions

Unit: NTD\$ 1,000

Item/Years	2020	2019	Increase (decrease %)
Operating revenue	8,471,592	7,176,598	18.04
Operating costs	7,117,542	6,049,898	17.65
Operating margin	1,354,050	1,126,700	20.18
Operating expenses	879,957	795,645	10.60
Operating net profit	474,093	331,055	43.21

3. Net profit and total comprehensive income

Unit: NTD\$ 1,000

Item/Years	2020	2019	Increase (decrease %)
Income from continuing operations before income tax	548,620	501,440	9.41
Net income attributable to:			
stockholders of the parent	457,514	410,652	11.41
non-controlling interests	0	4,497	(100.00)
Net income	457,514	415,149	10.20
Other comprehensive income or loss	(28,508)	(21,122)	(34.97)
Total comprehensive income attributable to:			
stockholders of the Company	429,006	389,641	10.10
Non-controlling interests	0	4,386	(100.00)
Total comprehensive income	429,006	394,027	8.88

Chairman: Hsu, Bang-Fu

Manager: Hsu, I-Sheng,
Hsu, I-Te

Accounting Supervisor:
Chiu, Hsu-Lan

Operating Prospect

1. 2020 Operating policy

- (1) Increasing the competitiveness of core business, the staff innovated and integrated to steady and grow constantly, and the Company becomes a worldwide electric company.
- (2) Enhancing green energy and energy service, kept pace with the times to expand the business opportunity of the energy industry, and became the leader of green energy in Taiwan.
- (3) Optimizing human resource and operating constitution, molded into an excellent corporate image for the sustainable development, and became the virtual and happiest industry.

2. The Company's future strategy, influence of external competitive environment, regulatory environment and overall operating environment

In the beginning of the year 2021, following extensively started injection of COVID-19, it was expectable that the whole world can walk through the dark of the epidemic, and march toward the way of recovery. Domestic and overseas major forecasting institutions all optimistically viewed the global economic forecast, in addition, the factor of low base period, the performance of the global growth rate of the year 2021 will be apparently better than the year 2020. IMF raised the global growth rate to 5.5%, World bank's forecast was 4%, OECD forecasted that the annual growth rate achieved 4.2%, the majority of institutions deemed that following introduction and stared injections of vaccines, in addition, under the support of various countries' economic policies, investment activities of various businesses gradually initiated, it will infuse the new kinetic energy into the global economic growth, the forecasting global economic growth will be within reach. Taiwan's economic performance also kept up with the trend of global economic recovery, the majority of domestic institutions agreed on the constant growth of Taiwan's economy in 2021, the estimation of Directorate-General of Budget, Accounting and Statistics was 4.64%, Academia Sinica was 4.24%, and Taiwan Research Institute was 3.5%, etc., therein, all revealing that Taiwan's overall economy steadily grows.

FORTUNE ELECTRIC CO., LTD. has specialized in the original industry, has accumulated key technologies of professional customization for nearly fifty years, has firmly rooted, and the whole group owns five modernize plants, has the most complete domestic product lines, maximum product capacity of transformers, the highest voltage, the most certifications of Taiwan Power Company, the largest professional heavy electricity plants, and was the winner of Awards for Excellent Trading Businesses being the number one of export amount of equipment for power transmission and distribution. The Company also set a performance of domestic and overseas sales for 530kV-775MVA transformers having the highest voltage, the maximum capacity, and domestically initiated ultralow noise transformers, and

it is the first company passing 230 kV short-circuit test of KEMA, received Taiwan Excellence Award for three consecutive years, completed the building of power supply equipment and mechanical and electrical system engineering for the program of 150 MWp domestic largest solar photovoltaic plant in Tainan Yantian, had the performance of only domestic, was the only company who has the performance of power system engineering in the land area of offshore wind power, and had the heavy electricity plant of equipment manufacturing in the fan tower, and had the brilliant performance of completing energy storage system building of only domestic largest single system with battery capacity 2.964 MWh, etc. Through the remote system, intellectualized plants and financial management, last year the Company overcame the epidemic and exchange rate fluctuations, constantly delivered to America, Australia, Japan and southeast Asia region, provided instant services with no time difference for customers, satisfied customers' various demands, and reduced the relevant influences to the minimum.

The strategy of FORTUNE ELECTRIC CO., LTD. focused on power transformers, expanded toward up-end and down-end systems, provided from traditional electric equipment, strode across the fields of renewable energy, energy storage, energy management, and charging service of electric vehicles, etc. And the key factors of brand success were as follows: strong abilities, such as technology, manufacturing process, quality, delivery time, suppliers management, transport and installation, before and after services, and languages, etc., and successful linking cooperation, and it brought a huge benefit for enhanced market competitiveness, diversified development, and deepened original industry of heavy electricity.

Short-term operating objectives of this year is increasing the competitiveness of core businesses, the staff innovate and integrate to steady and grow constantly, and marching toward the objective of a worldwide electric company; enhancing green energy and services of various sources, keeping pace with the times to expand the business opportunity of the energy industry, and retaining the leading position of green energy in Taiwan; and optimizing human resource and operating constitution, molding into an excellent corporate image for the sustainable development, and becoming the virtual and happiest industry, meanwhile, carrying out the upgrade of industrial 4.0 intelligent manufacturing, included design standardization, manufacturing process optimization, purchase intellectualization, and quality optimization, etc., and ensuring the Company's competitive advantage.

Except enhanced current market and customers, and the Company expansively invest in green energy of industrial development, arrange and construct solar energy and wind force, power plant, renewable/alternative energy, energy storage system, intelligent grid, intelligent electric meter, electric vehicles' charging equipment, and operating management, etc., new customers, new markets, new products, and service teams of professional technologies. In the part of products' research and

development, the Company also emphasizes to integrate the international trend through the aspects of renewable energy, energy saving, electric vehicles, intelligent grid, and intelligent internet of things, etc. Currently except the investments in the developments, such as offshore wind power, solar power plants, and large energy storage system, etc., the Company actively strives for large renewable energy power plants, in addition, successfully researches and develops equipment, like intelligent booster stations, and low noise transformers, etc. In the aspect of export, except the hold of America market, and positively striving for orders, also arranges the government's new southbound policy, Japan market, and the business opportunities brought from the supply chain and the value chain of and green energy at sea.

The Company, through comprehensive innovation and improvement, and the work efficiency increased by elaborated manufacturing/process, implements industrial 4.0 technique, takes account of efficiency and quality, and intellectually manages enterprise upgrade; constantly implements design and manufacturing cycle, intelligent product lines, intelligent maintenance, constructs intelligent production model to expect the optimization of production quality, and decrease poor costs. Meanwhile, the technology standard brings into KM comprehensive effects and the results of technology and development, all-around improves competitiveness, constantly drives the activities of Six Sigma production and marketing, implements ISO9001, 9002, 14000, OHSAS 18001 and manufacturing process JIT, management of TPM, CRM systems, and molds the Company's risk management culture to let the risk management actually implement in the Company's systems, and every employee's daily life and living for improving the quality, decreasing poor costs, increasing, increasing the market ratio, and increasing profits.

The Company will focus on the group's recourses, information sharing, and full utilized cooperation, brings into the group's internal and external maximum benefits, increase the competitive difference advantages of core businesses, expand domestic and export markets, and actively research and develop new products and new products met the market demand; drive life-extending and optimization of power systems, develop intelligent power monitoring systems, expansively develop green energy markets, invest in the operation of electric vehicles' charging stations, enhance automated system engineering of intelligent electric grid feeder, operate emergent recovery system and renewable energy system, strengthen energy storage and energy management system, and by means of the group's labor division, the Company vertically integrates to improve key components for decreasing costs. Meanwhile, the Company focuses on electric peripheral energy-saving and intelligent equipment, such as ultralow noise transformers, maintenance-free respirators, and amorphous energy-saving eco-transformers, etc., to maintain the Company's industrial competitive advantages, and create excellent operating results.

The Company actively invests in ESG, upholds FORTUNE ELECTRIC CO., LTD. missions of safe employees, safe customers, safe shareholders and safe society, except valued operating income, and concerns about the issues of human rights, environmental protection, health and safety, and community involvement etc., strives for corporate governance and ethical operation, expands green energy business, takes corporate social responsibility, and does its duty of environmental sustainable coexistence. The Company considers regulation compliance and corporate governance as a primary core value, ensures sustainable operation and steady growth of FORTUNE ELECTRIC CO., LTD., creates a happy work environment, implements the diversification of board of directors members, and protects shareholders' equity. In conclusion, the Company will constantly root the core strength, develop intelligent manufacturing, seize the market opportunity, and invest in ESG to practice corporate sustainability as a purpose for satisfying the expectation of FORTUNE ELECTRIC CO., LTD. from all walks of life.

2. 2020 Audit Committee's Audit Report

Audit Committee's Audit Report

Board of Directors prepared financial statements, business report, and earnings distribution proposal of the year 2020, the financial statements therein were audited by accountants Li, Tung-Feng and Kung, Tse-Li of Deloitte, Taiwan and audit report has been offered. The audit report and business report have been reviewed by Audit Committee. The preceding financial statements, business report, and earnings distribution proposal were reviewed and determined to be correct and accurate by Audit Committee members. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

For your approval.

Faithfully

2021 Annual Shareholders' Meeting of the Company

FORTUNE ELECTRIC CO., LTD.

Convener of the audit committee: Lei, Whey-Min

March 22, 2021

3. 2020 Employees' and Directors' Remuneration Allocation Report

- (1) According to Article 27 of the Company's Articles of Incorporation, when the Company has annual profits (means that deducted income before employees' and directors' remunerations from before-tax income), shall allocate more than 3% of employees' remuneration, and more than 2% of directors' remuneration.
- (2) Programed to appropriate 3.86% of employees' remuneration, the sum was NT\$ 22,357,000, and 1.40% of directors' remuneration, the sum was NT\$ 8,100,000, all paid in cash.
- (3) After proposed, it was approved by board of directors on March 22, 2021, for your approval.

4. 2020 Cash Dividend Distribution Report

- (1) The Company programed to distribute cash dividends, the sum was NT\$ 339,376,112, per share was NT\$ 1.30.
- (2) Afterwards the Company's share fluctuation influenced number of outstanding shares, the payout ratio fluctuation caused by it was programed to give the authorized chairman a free hand.
- (3) According to the distribution ratio, cash dividends shall be calculated to dollar, with amounts of less than NT\$ 1.00 unconditionally rounded down. The fractional sum of less than NT\$ 1.00, decimal point numbers shall be adjusted by descending order, and account numbers shall be adjusted in sequence, to meet the cash dividends total.
- (4) After proposed, it was approved by board of directors on March 22, 2021, for your approval.

Acknowledged Matters

ONE

Proposed by board of directors

Proposal: 2020 consolidated and individual financial statements and the business report, for your approval.

Explanation:

- (1) The Company's consolidated and individual financial statements of the year 2020 were made, together with the business report, after the approval of the audit committee, were reported to be approved by board of directors on March 22, 2021, and then reported to an annual shareholders' meeting for approval in accordance with the regulations.
- (2) The preceding book and statements, please refer to P.12-23, 24-33 of the agenda, for your approval.

Resolution:

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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020 is stated as follows:

Occurrence of Revenue Recognition

The Group's operating revenue, which is accounted for 27.94% 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, 2020 and 2019, 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, 2020, 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 Tung-Feng Lee and Tza-Li Gung.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2021

Notice to Readers

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

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

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of NT\$ and US\$)

	2020		2019
	NT\$	US\$ (Note)	NT\$
ASSETS			
CURRENT ASSETS			
Cash (Notes 4 and 6)	\$ 170,816	\$ 5,998	\$ 147,896
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	68
Financial assets at amortized cost - current (Notes 4, 10 and 36)	73,528	2,582	4,459
Contract assets (Notes 4, 24 and 26)	671,029	23,561	536,077
Notes receivable (Note 26)	117,622	4,130	85,591
Trade receivables from unrelated parties (Notes 4, 11 and 26)	2,513,847	88,267	2,702,852
Current tax assets (Notes 4 and 28)	9,028	317	8,567
Inventories, net (Notes 4 and 12)	2,228,848	78,260	2,499,361
Prepayments	116,431	4,088	172,238
Non-current assets held for sale (Notes 4 and 13)	511,752	17,969	-
Other current assets (Note 24)	40,754	1,431	79,752
Total current assets	6,453,655	226,603	6,236,861
NON-CURRENT ASSETS			
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	44,343	1,557	54,982
Financial assets at amortized cost - non-current (Notes 4, 10 and 36)	3,859	136	1,272
Investments accounted for using the equity method (Notes 4 and 15)	750	26	1,153
Property, plant and equipment (Notes 4, 16 and 36)	1,982,681	69,617	2,049,431
Right-of-use assets (Notes 4, 17, 35 and 36)	118,977	4,178	150,722
Intangible assets (Notes 4 and 18)	31,214	1,096	28,528
Deferred tax assets (Notes 4 and 28)	47,118	1,654	55,749
Prepayments for equipment	5,017	176	4,108
Refundable deposits (Note 36)	4,738	166	3,825
Total non-current assets	2,238,697	78,606	2,349,770
TOTAL	\$ 8,692,352	\$ 305,209	\$ 8,586,631
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term borrowings (Notes 19, 32 and 36)	\$ 229,917	\$ 8,073	\$ 253,312
Short-term bills payable (Notes 19 and 32)	239,790	8,420	199,447
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	4	-	1,401
Derivative financial liabilities for hedging (Notes 4 and 9)	-	-	674
Contract liabilities (Notes 4, 24 and 26)	641,601	22,528	940,926
Trade payables to unrelated parties (Note 20)	2,060,705	72,356	2,181,134
Trade payables to related parties (Note 35)	99	3	12
Other payables (Note 21)	333,836	11,722	327,425
Current tax liabilities (Notes 4 and 28)	32,311	1,135	76,050
Provisions (Notes 4 and 22)	7,098	249	6,178
Liabilities directly associated with non-current assets held for sale (Notes 4 and 13)	286,518	10,060	-
Lease liabilities - current (Notes 4, 17, 32 and 35)	8,369	294	10,127
Other current liabilities	94,546	3,320	72,950
Total current liabilities	3,934,794	138,160	4,069,636
NON-CURRENT LIABILITIES			
Long-term borrowings (Notes 19, 32 and 36)	841,800	29,558	741,800
Deferred tax liabilities (Notes 4 and 28)	65,761	2,309	64,606
Lease liabilities - non-current (Notes 4, 17, 32 and 35)	111,742	3,924	119,361
Net defined benefit liabilities (Notes 4 and 23)	178,859	6,280	208,070
Guarantee deposit received (Note 32)	12,380	434	4,253
Total non-current liabilities	1,210,542	42,505	1,138,090
Total liabilities	5,145,336	180,665	5,207,726
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Share capital	2,610,585	91,664	2,610,585
Capital surplus	1,414	50	1,251
Retained earnings			
Legal reserve	400,777	14,072	360,334
Special reserve	8,975	315	11,273
Unappropriated earnings	540,612	18,982	404,437
Total retained earnings	950,364	33,369	776,044
Other equity			
Exchange differences on translation of the financial statements of foreign operations	(24,158)	(848)	(27,751)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	8,811	309	19,450
Cash flow hedges	-	-	(674)
Total other equity	(15,347)	(539)	(8,975)
Total equity	3,547,016	124,544	3,378,905
TOTAL	\$ 8,692,352	\$ 305,209	\$ 8,586,631

Note: The accompanying consolidated financial statements are stated in the New Taiwan dollar, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar into U.S. dollar is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT\$28.48 to US\$1.00 as of December 31, 2020, at the base rate 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.

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

(With Deloitte and Touche auditors' report dated March 22, 2021)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of NT\$ and US\$, Except Earnings Per Share)

	2020		2019
	NT\$	US\$ (Note)	NT\$
OPERATING REVENUE (Notes 4, 26 and 37)			
Sales	\$ 7,319,319	\$ 256,998	\$ 6,165,398
Construction revenue	<u>1,152,273</u>	<u>40,459</u>	<u>1,011,200</u>
Total operating revenue	<u>8,471,592</u>	<u>297,457</u>	<u>7,176,598</u>
OPERATING COSTS (Notes 4, 12, 23, 27, 35 and 37)			
Cost of goods sold	5,997,592	210,590	5,050,215
Construction costs	<u>1,119,950</u>	<u>39,324</u>	<u>999,683</u>
Total operating costs	<u>7,117,542</u>	<u>249,914</u>	<u>6,049,898</u>
GROSS PROFIT	<u>1,354,050</u>	<u>47,543</u>	<u>1,126,700</u>
OPERATING EXPENSES (Notes 23, 27, 35 and 37)			
Selling and marketing expenses	572,597	20,105	475,064
General and administrative expenses	179,979	6,319	173,924
Research and development expenses	<u>127,381</u>	<u>4,473</u>	<u>146,657</u>
Total operating expenses	<u>879,957</u>	<u>30,897</u>	<u>795,645</u>
PROFIT FROM OPERATIONS	<u>474,093</u>	<u>16,646</u>	<u>331,055</u>
NON-OPERATING INCOME AND EXPENSES			
Interest income	392	14	820
Other income (Notes 27 and 35)	27,483	965	144,053
Gain from bargain purchase - acquisition of subsidiaries (Notes 4, 15, and 30)	-	-	209,682
Government grants (Note 4)	12,498	439	9,716
Other gains and losses (Note 27)	61,509	2,159	(131,287)
Finance costs (Notes 27 and 35)	(26,977)	(947)	(33,045)
Share of loss of associates and joint ventures (Note 15)	<u>(378)</u>	<u>(13)</u>	<u>(29,554)</u>
Total non-operating income and expenses	<u>74,527</u>	<u>2,617</u>	<u>170,385</u>
PROFIT BEFORE INCOME TAX	548,620	19,263	501,440
INCOME TAX EXPENSE (Notes 4 and 28)	<u>91,106</u>	<u>3,199</u>	<u>86,291</u>
NET PROFIT FOR THE YEAR	<u>457,514</u>	<u>16,064</u>	<u>415,149</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of NT\$ and US\$, Except Earnings Per Share)

	2020		2019
	NT\$	US\$ (Note)	NT\$
OTHER COMPREHENSIVE INCOME AND LOSS			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit plans (Note 23)	\$ (27,669)	\$ (971)	\$ (29,137)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(10,639)	(374)	11,275
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	<u>5,533</u>	<u>194</u>	<u>5,828</u>
	<u>(32,775)</u>	<u>(1,151)</u>	<u>(12,034)</u>
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of the financial statements of foreign operations	3,593	126	(8,414)
Cash flow hedges (Note 9)	<u>674</u>	<u>24</u>	<u>(674)</u>
	<u>4,267</u>	<u>150</u>	<u>(9,088)</u>
Total other comprehensive loss	<u>(28,508)</u>	<u>(1,001)</u>	<u>(21,122)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 429,006</u>	<u>\$ 15,063</u>	<u>\$ 394,027</u>
NET PROFIT ATTRIBUTABLE TO:			
Owners of the Company	\$ 457,514	\$ 16,063	\$ 410,652
Non-controlling interests	<u>-</u>	<u>-</u>	<u>4,497</u>
	<u>\$ 457,514</u>	<u>\$ 16,063</u>	<u>\$ 415,149</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company	\$ 429,006	\$ 15,063	\$ 389,641
Non-controlling interests	<u>-</u>	<u>-</u>	<u>4,386</u>
	<u>\$ 429,006</u>	<u>\$ 15,063</u>	<u>\$ 394,027</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of NT\$ and US\$, Except Earnings Per Share)

	2020		2019
	NT\$	US\$ (Note)	NT\$
EARNINGS PER SHARE (Note 29)			
From continuing operations			
Basic	<u>\$1.75</u>	<u>\$0.06</u>	<u>\$1.57</u>
Diluted	<u>\$1.75</u>	<u>\$0.06</u>	<u>\$1.57</u>

Note: The accompanying consolidated financial statements are stated in the New Taiwan dollar, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar into U.S. dollar is included solely for the convenience of the readers outside the Republic of China and had been made at the rate of NT\$28.48 to US\$1.00 as of December 31, 2020, at the base rate 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.

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

(With Deloitte and Touche auditors' report dated March 22, 2021)

(Concluded)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												
	Share Capital (Note 25)	Capital Surplus (Note 25)	Retained Earnings (Notes 23, 25 and 28)				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity (Notes 4, 9 and 25)					Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Total	Controlling Interests	Non-controlling Interests	
BALANCE AT JANUARY 1, 2019	\$ 2,610,585	\$ 1,251	\$ 354,326	\$ 15,251	\$ 97,442	\$ 467,019	\$ (19,448)	\$ 8,175	\$ -	\$ (11,273)	\$ 3,067,582	\$ (4,386)	\$ 3,063,196
Appropriation of 2018 earnings													
Legal reserve	-	-	6,008	-	(6,008)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(3,978)	3,978	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT\$0.3 per share	-	-	-	-	(78,318)	(78,318)	-	-	-	-	(78,318)	-	(78,318)
	-	-	6,008	(3,978)	(80,348)	(78,318)	-	-	-	-	(78,318)	-	(78,318)
Net profit for the year ended December 31, 2019	-	-	-	-	410,652	410,652	-	-	-	-	410,652	4,497	415,149
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(23,309)	(23,983)	(8,303)	11,275	(674)	2,972	(21,011)	(111)	(21,122)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	387,343	386,669	(8,303)	11,275	(674)	2,972	389,641	4,386	394,027
BALANCE AT DECEMBER 31, 2019	2,610,585	1,251	360,334	11,273	404,437	775,370	(27,751)	19,450	(674)	(8,301)	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)	(21,462)	3,593	(10,639)	674	(7,046)	(28,508)	-	(28,508)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	435,378	436,052	3,593	(10,639)	674	(7,046)	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
BALANCE AT DECEMBER 31, 2020 (IN U.S. DOLLARS)	\$ 91,664	\$ 50	\$ 14,072	\$ 315	\$ 18,982	\$ 33,369	\$ (848)	\$ 309	\$ -	\$ (539)	\$ 124,544	\$ -	\$ 124,544

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

(With Deloitte & Touche auditors' report dated March 22, 2021)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of NT\$ and US\$)

	2020		2019
	NT\$	US\$ (Note)	NT\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax	\$ 548,620	\$ 19,263	\$ 501,440
Adjustments for:			
Depreciation expense	118,783	4,171	111,026
Amortization expense	11,422	401	9,863
Expected credit loss recognized/impairment loss reversed on trade receivables	11,999	421	16,043
Net loss on financial instruments at fair value through profit or loss	4	-	1,333
Finance costs	26,977	947	33,045
Interest income	(392)	(14)	(820)
Share of loss of associate	378	13	29,554
Loss on disposal of property, plant and equipment	77	3	109
Loss on disposal of associates	-	-	142,667
(Reversal) write-down of inventories	2,268	80	(1,167)
Unrealized net (gain) loss on foreign currency exchange	(307)	(11)	3,419
Gain on disposal of investment	-	-	(2,587)
Gain from bargain purchase	-	-	(209,682)
Changes in operating assets and liabilities			
Financial instruments at fair value through profit or loss	(1,333)	(47)	4,257
Contract assets	(134,952)	(4,739)	60,990
Notes receivable	(31,904)	(1,120)	(55,209)
Trade receivables	(51,065)	(1,793)	(502,884)
Trade receivables from related parties	-	-	2,042
Inventories	102,932	3,614	(450,461)
Prepayments	47,210	1,658	(93,201)
Other current assets	37,868	1,330	41,888
Contract liabilities	(294,627)	(10,345)	398,859
Trade payables	1,386	49	580,646
Trade payables to related parties	87	3	(34,370)
Other payables	10,881	382	156,467
Provisions	920	32	(3,656)
Other current liabilities	19,072	670	38,034
Net defined benefit liabilities	(56,880)	(1,997)	(43,842)
Cash generated from operations	369,424	12,971	733,803
Interest received	392	14	820
Interest paid	(28,021)	(984)	(34,284)
Income tax paid	(125,718)	(4,414)	(4,315)
Net cash generated from operating activities	<u>216,077</u>	<u>7,587</u>	<u>696,024</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of NT\$ and US\$)

	2020		2019
	NT\$	US\$ (Note)	NT\$
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at amortized cost	\$ (71,656)	\$ (2,516)	\$ (4,459)
Net cash inflow on acquisition of subsidiaries	-	-	167,758
Payments for property, plant and equipment	(62,631)	(2,199)	(41,873)
Proceeds from disposal of property, plant and equipment	879	31	153
(Increase) decrease in refundable deposits	(924)	(33)	3,916
Payments for intangible assets	(11,003)	(386)	(9,987)
Increase in prepayments for equipment	<u>(18,195)</u>	<u>(639)</u>	<u>(7,227)</u>
Net cash generated from (used in) investing activities	<u>(163,530)</u>	<u>(5,742)</u>	<u>108,281</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayments of) proceeds from short-term borrowings	128,774	4,522	(847,401)
Proceeds from short-term bills payable	40,343	1,416	199,447
Proceeds from long-term borrowings	100,000	3,511	-
Proceeds from guarantee deposits received	8,127	285	-
Refund of guarantee deposits received	-	-	(10,879)
Repayment of the principal portion of lease liabilities	(10,986)	(386)	(6,180)
Issue of cash dividends	(261,058)	(9,166)	(78,318)
Unclaimed cash dividends	<u>163</u>	<u>6</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>5,363</u>	<u>188</u>	<u>(743,331)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>8,703</u>	<u>306</u>	<u>(11,061)</u>
NET INCREASE IN CASH	66,613	2,339	49,913
CASH AT THE BEGINNING OF THE YEAR	<u>147,896</u>	<u>5,193</u>	<u>97,983</u>
CASH AT THE END OF THE YEAR	<u>\$ 214,509</u>	<u>\$ 7,532</u>	<u>\$ 147,896</u>

(Continued)

FORTUNE ELECTRIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of NT\$ and US\$)

	December 31		
	2020		2019
	NT\$	US\$ (Note)	NT\$
CASH IN THE CONSOLIDATED BALANCE SHEETS	\$ 170,816	\$ 5,998	\$ -
CASH INCLUDED IN DISPOSAL GROUPS HELD FOR SALE	<u>43,693</u>	<u>1,534</u>	<u>-</u>
CASH IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS	<u>\$ 214,509</u>	<u>\$ 7,532</u>	<u>\$ -</u>

Note: The accompanying consolidated financial statements are stated in the New Taiwan dollar, the currency of the country in which the Company is incorporated and operates. The translation of New Taiwan dollar into U.S. dollar is included solely for the convenience of the readers outside the Republic of China and has been made at the rate of NT\$28.48 to US\$1.00 as of December 31, 2020, at the base rate 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.

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

(With Deloitte and Touche auditors' report dated March 22, 2021)

(Concluded)

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only financial statements of Fortune Electric Co., Ltd. (the 'Company'), which comprise the parent company only balance sheets as of December 31, 2019 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of Fortune Electric Co., Ltd. as of December 31, 2020 and 2019, and its financial performance and its parent company only cash flow for years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of parent company only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant 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 parent company only financial statements of Fortune Electric Co., Ltd. for the year of 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements of Fortune Electric Co., Ltd. for the year of 2020 are stated as follows :

Occurrence of operating revenue

Among the operating revenue of Fortune Electric Co., Ltd. in 2020, the revenue from the main single customer accounted for 29.60% of the operating revenue of the whole year. As the operating revenue from the single customer had a significant impact on the financial statements of Fortune Electric Co., Ltd. this year, the revenue from the main single customer of Fortune Electric Co., Ltd. is identified as a key audit matter. Please

refer to NOTE 4 to the financial statements for the details of the information about the accounting policy for recognizing revenue.

Our key audit procedures performed in respect of the above area included the following :

1. Understand and test the design and operating effectiveness of the internal controls over revenue recognition from occurrence of operating revenue.
2. Obtain the sample of the single customer's annual sales details and perform detail item substantive tests, and inspect customer order, delivery order and customer' signed receipt and other vouching confirm whether there is any abnormal situation in the occurrence of business income.

Responsibilities of Management and those charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statement, management is responsible for assessing Fortune Electric Co., Ltd.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, (including the audit committee), are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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, will always detected 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 errors 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 Fortune Electric Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty existed related to events or conditions that may cast significant doubt on Fortune Electric Co., Ltd.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the Notes), and whether the parent company only financial statement 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 the entities or business activities within Fortune Electric Co., Ltd. to express an opinion on the parent company only 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, (including related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of Fortune Electric Co., Ltd.'s the parent company only financial statements for the year ended 2020 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.

Deloitte & Touche

CPA Li Tung Feng

CPA Kung Tse Li

Reference number of the FSC approval letter,
No. Taiwan-Financial-Securities-VI-
0930128050

Reference number of the FSC approval letter, No.
Financial-Supervisory-Securities-Auditing-
1000028068

March 22, 2021

Notices to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance, and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd

Individual Balance Sheet

As of December 31, 2020 and 2019

Unit : In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current assets				
1100	Cash (Notes 4 and 6)	\$ 130,160	2	\$ 83,511	1
1110	Financial assets at fair values through profit or loss (Notes 4 and 7)	-	-	68	-
1136	Current financial assets at amortised cost (Notes 4, 10 and 34)	28,306	-	1,315	-
1140	Contract asset (Notes 4, 22 and 24)	671,029	9	536,077	7
1150	Notes receivable (Note 24)	117,622	2	77,997	1
1170	Account receivable, net (Notes 4, 11 and 24)	2,502,071	32	2,512,594	32
1180	Accounts receivable due from related parties, net (Note 33)	5,922	-	-	-
1220	Current tax assets (Notes 4 and 26)	8,567	-	8,567	-
130X	Current inventories (Notes 4 and 12)	1,969,735	25	2,101,040	27
1410	Prepayments (Note 33)	173,811	2	489,656	6
1470	Other current assets (Notes 22, 33 and 34)	39,872	1	30,445	1
11XX	Total current assets	<u>5,647,095</u>	<u>73</u>	<u>5,841,270</u>	<u>75</u>
	Non-current assets				
1517	Non-current financial assets at fair value through other comprehensive income (Notes 4 and 8)	44,343	1	54,982	1
1535	Non-current financial assets at amortised cost (Notes 4, 10 and 34)	3,759	-	1,272	-
1550	Investments accounted for using equity method (Notes 4 and 13)	708,447	9	585,889	7
1600	Property, plant and equipment (Notes 4, 10 and 34)	1,238,263	16	1,233,572	16
1755	Right-of-use assets (Notes 4, 15 and 33)	18,638	-	26,371	-
1780	Intangible assets (Notes 4 and 16)	31,181	-	28,493	-
1840	Deferred tax assets (Notes 4 and 26)	47,118	1	50,163	1
1915	Prepayments for business facilities	4,625	-	3,892	-
1920	Guarantee deposits paid (Note 34)	4,365	-	3,403	-
15XX	Total non-current assets	<u>2,100,739</u>	<u>27</u>	<u>1,988,037</u>	<u>25</u>
1XXX	Total assets	<u>\$ 7,747,834</u>	<u>100</u>	<u>\$ 7,829,307</u>	<u>100</u>
Code	Liabilities and equity	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	Current liabilities				
2100	Current borrowings (Notes 17 and 34)	\$ 159,566	2	\$ 29,048	1
2120	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	4	-	1,401	-
2126	Financial liabilities for hedging Notes 4 and 9)	-	-	674	-
2130	Current contract liabilities (Notes 4, 22 and 24)	641,601	8	930,566	12
2170	Accounts payable (Note 18)	1,978,131	26	1,982,148	25
2180	Accounts payable to related parties (Note 33)	21,675	-	22,110	-
2200	Other payables (Note 19)	295,146	4	279,967	4
2230	Current tax liabilities (Note 4 and 26)	32,311	-	75,986	1
2250	Provisions (Notes 4 and 20)	7,098	-	6,178	-
2280	Current lease liabilities (Notes 4, 15 and 33)	6,564	-	8,360	-
2300	Other current liabilities	49,215	1	77,645	1
21XX	Total current liabilities	<u>3,191,311</u>	<u>41</u>	<u>3,414,083</u>	<u>44</u>
	Non-current liabilities				
2540	Long-term borrowings (Notes 17 and 34)	741,800	10	741,800	9
2570	Deferred tax liabilities (Notes 4 and 26)	65,761	1	63,607	1
2580	Non-current lease liabilities (Notes 4, 15 and 33)	12,673	-	18,589	-
2640	Net defined benefit liability, non-current (Notes 4 and 21)	178,859	2	208,070	3
2645	Guarantee deposits received	10,414	-	4,253	-
25XX	Total non-current liabilities	<u>1,009,507</u>	<u>13</u>	<u>1,036,319</u>	<u>13</u>
2XXX	Total liabilities	<u>4,200,818</u>	<u>54</u>	<u>4,450,402</u>	<u>57</u>
	Equity				
3110	Ordinary share	2,610,585	34	2,610,585	33
3200	Capital surplus	1,414	-	1,251	-
	Retained earnings				
3310	Legal reserve	400,777	5	360,334	5
3320	Special reserve	8,975	-	11,273	-
3350	Unappropriated retained earnings	540,612	7	404,437	5
3300	Total retained earnings	<u>950,364</u>	<u>12</u>	<u>776,044</u>	<u>10</u>
	Other equity				
3410	Exchange differences on translation of foreign financial statements	(24,158)	-	(27,751)	-
3420	Unrealized Gain or Losses on FVTOCI Financial Assets	8,811	-	19,450	-
3430	Cash flow hedge	-	-	(674)	-
3400	Other equity interest	(15,347)	-	(8,975)	-
3XXX	Total equity	<u>3,547,016</u>	<u>46</u>	<u>3,378,905</u>	<u>43</u>
	Total liabilities and equity	<u>\$ 7,747,834</u>	<u>100</u>	<u>\$ 7,829,307</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

Chairman : Hsu, Bang-Fu

Manager : Hsu, I-Sheng, Hsu, I-Te.

Accounting Supervisor : Chiu, Hsu-Lan

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd
Individual Statements of Comprehensive Income
For the years ended December 31, 2019 and 2020

Unit : In Thousands of New Taiwan Dollars, Except Earnings Per Share

Code		2020		2019	
		Amount	%	Amount	%
	Operating revenue (Notes 4, 24, 33 and 35)				
4100	Sale	\$ 6,844,206	86	\$ 5,858,785	85
4520	Construction revenue	<u>1,152,273</u>	<u>14</u>	<u>1,011,200</u>	<u>15</u>
4000	Total Operating revenue	<u>7,996,479</u>	<u>100</u>	<u>6,869,985</u>	<u>100</u>
	Operating costs (Notes 4, 12, 21, 25 and 33)				
5110	Sales costs	5,679,135	71	4,815,080	70
5520	Construction cost	<u>1,128,427</u>	<u>14</u>	<u>1,005,334</u>	<u>15</u>
5000	Operating costs	<u>6,807,562</u>	<u>85</u>	<u>5,820,414</u>	<u>85</u>
5900	Gross profit from operations	<u>1,188,917</u>	<u>15</u>	<u>1,049,571</u>	<u>15</u>
	Operating expenses (Notes 21, 25, 33 and 35)				
6100	Selling expenses	500,471	6	437,261	6
6200	Administrative expenses	144,774	2	128,823	2
6300	Research and development expense	<u>128,744</u>	<u>2</u>	<u>146,657</u>	<u>2</u>
6000	Total operating expenses	<u>773,989</u>	<u>10</u>	<u>712,741</u>	<u>10</u>
6900	Net operating income	<u>414,928</u>	<u>5</u>	<u>336,830</u>	<u>5</u>
	Non-operating income and expenses				
7100	Interest revenue (Note 25)	202	-	650	-
7190	Other income (Note 25)	27,535	-	134,653	2
7140	Gain from bargain purchase - acquisition of subsidiaries (Notes 4 and 13)	-	-	209,682	3
7190	Government grants income (Note 4)	12,498	-	9,716	-
7020	Other gains and losses (Note 25)	2,003	-	(142,503)	(2)
7050	Financial costs (Notes 25 and 33)	(16,754)	-	(20,323)	-
7070	Share of Profit (loss) of Associates & Joint Ventures Accounted for Using Equity Method (Note 13)	<u>107,792</u>	<u>2</u>	(<u>31,912</u>)	(<u>1</u>)
7000	Total non-operating income and expenses	<u>133,276</u>	<u>2</u>	<u>159,963</u>	<u>2</u>

(continued on next page)

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Code		2020		2019	
		Amount	%	Amount	%
7900	Profit before tax	\$ 548,204	7	\$ 496,793	7
7950	Tax expense (Notes 4 and 26)	<u>90,690</u>	<u>1</u>	<u>86,141</u>	<u>1</u>
8200	Profit	<u>457,514</u>	<u>6</u>	<u>410,652</u>	<u>6</u>
8310	Other comprehensive income Components of other comprehensive income that will not be reclassified to profit or loss :				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 21)	(27,669)	(1)	(29,137)	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(10,639)	-	11,275	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 26)	<u>5,533</u> (<u>32,775</u>)	<u>-</u> (<u>1</u>)	<u>5,828</u> (<u>12,034</u>)	<u>-</u> <u>-</u>
8360	Components of other comprehensive income that may be reclassified subsequently to profit or loss :				
8363	Cash flow hedge (Note 9)	674	-	(674)	-
8370	Share of Profit or Loss of Associates & Joint Ventures Accounted for Using Equity Method	<u>3,593</u> <u>4,267</u>	<u>-</u> <u>-</u>	(<u>8,303</u>) (<u>8,977</u>)	<u>-</u> <u>-</u>
8300	Total other comprehensive income	(<u>28,508</u>)	(<u>1</u>)	(<u>21,011</u>)	<u>-</u>
8500	Total comprehensive income	<u>\$ 429,006</u>	<u>5</u>	<u>\$ 389,641</u>	<u>6</u>
	Earnings per share (Note 27)				
9710	Basic	<u>\$ 1.75</u>		<u>\$ 1.57</u>	
9810	Diluted	<u>\$ 1.75</u>		<u>\$ 1.57</u>	

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

Chairman : Hsu, Bang-Fu

Manager : Hsu, I-Sheng, Hsu, I-Te

Accounting Supervisor : Chiu, Hsu-Lan

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd
Individual Statement of Changes in Equity
For the years ended December 31, 2020 and 2019

Unit : In Thousands of New Taiwan Dollars, Except Earnings Per Share

							Other equity interest (Notes 4, 9 and 23)					
							Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on assets at fair value through other comprehensive income				
		Ordinary share	Capital surplus	Retained earnings (Notes 21, 23 and 26)					Cash flow hedge	Total	Total Equity	
Code		(Note 23)	(Note 23)	Legal Reserve	Special reserve	Unappropriated Retained Earnings			Total			
A1	Balance, January 1, 2019	\$ 2,610,585	\$ 1,251	\$ 354,326	\$ 15,251	\$ 97,442	\$ 467,019	(\$ 19,448)	\$ 8,175	\$ -	(\$ 11,273)	\$ 3,067,582
B1	Appropriations of 2018 earnings											
B3	Legal reserve appropriated	-	-	6,008	-	(6,008)	-	-	-	-	-	-
B5	Special reserve appropriated	-	-	-	(3,978)	3,978	-	-	-	-	-	-
	Cash dividends—NT \$ 0.30/per share	-	-	-	-	(78,318)	(78,318)	-	-	-	-	(78,318)
		-	-	6,008	(3,978)	(80,348)	(78,318)	-	-	-	-	(78,318)
D1	Net profit for 2019	-	-	-	-	410,652	410,652	-	-	-	-	410,652
D3	Other comprehensive income(loss) for 2019 after tax	-	-	-	-	(23,309)	(23,309)	(8,303)	11,275	(674)	2,298	(21,011)
D5	Total comprehensive income(loss) for 2019	-	-	-	-	387,343	387,343	(8,303)	11,275	(674)	2,298	389,641
Z1	Balance, December 31, 2019	2,610,585	1,251	360,334	11,273	404,437	776,044	(27,751)	19,450	(674)	(8,975)	3,378,905
B1	Appropriation of 2019 earnings											
B3	Legal reserve appropriated	-	-	40,443	-	(40,443)	-	-	-	-	-	-
B5	Special reserve appropriated	-	-	-	(2,298)	2,298	-	-	-	-	-	-
	Cash dividends—NT \$ 1/per share	-	-	-	-	(261,058)	(261,058)	-	-	-	-	(261,058)
		-	-	40,443	(2,298)	(299,203)	(261,058)	-	-	-	-	(261,058)
C17	Unclaimed cash dividends	-	163	-	-	-	-	-	-	-	-	163
D1	Net profit for 2020	-	-	-	-	457,514	457,514	-	-	-	-	457,514
D3	Other comprehensive income(loss) for 2020	-	-	-	-	(22,136)	(22,136)	3,593	(10,639)	674	(6,372)	(28,508)
D5	Total comprehensive income(loss) for 2020	-	-	-	-	435,378	435,378	3,593	(10,639)	674	(6,372)	429,006
Z1	Balance, 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

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

Chairman : Hsu, Bang-Fu Manager : Hsu, I-Sheng, Hsu, I-Te Accounting Supervisor : Chiu, Hsu-Lan

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Fortune Electric Co., Ltd

Individual Statements of Cash Flows

For the year ended December 31, 2020 and 2019

Unit : In Thousands of New Taiwan Dollars

Code		2020	2019
	Cash flows from operating activities		
A00010	Profit before tax	\$ 548,204	\$ 496,793
A20010	Adjustments to reconcile profit (loss) :		
A20100	Depreciation expense	73,285	69,640
A20200	Amortization expense	11,422	9,862
A20300	Expected credit loss	11,999	16,043
A20400	Net loss (gain) on financial assets or liabilities at fair value through profit or loss	4	1,333
A20900	Financial cost	16,754	20,323
A21200	Interest income	(202)	(650)
A22400	Share of loss (profit) of Associates & Joint Ventures Accounted for Using Equity Method	(107,792)	31,912
A22500	Loss (gain) on disposal of property, plant and equipment	77	109
A23200	loss on disposal of associates	-	142,667
A23800	(Gain)Loss on inventory valuation	2,268	(1,167)
A29900	Gain recognized in bargain purchase transaction	-	(209,682)
A30000	Changes in operating assets and liabilities, net		
A31110	Financial instruments at fair value through profit or loss	(1,333)	4,257
A31125	Contract asset	(134,952)	60,990
A31130	Notes receivable	(39,625)	(47,615)
A31150	Accounts receivable	(1,476)	(630,108)
A31160	Receivables from related parties	(5,922)	8,164
A31200	Inventories	126,345	(265,278)
A31230	Accounts payable	315,845	(443,483)
A31240	Other current assets	(9,427)	77,690
A32125	Contract liability	(288,965)	397,781
A32150	Accounts payable	(4,017)	520,427
A32160	Payables to related parties	(435)	(16,187)
A32180	Other payable	16,065	150,648
A32200	Provision for liabilities	920	(3,656)
A32230	Other current liabilities	(28,430)	45,218
A32240	Net defined benefit liability	(56,880)	(43,842)
A33000	Cash generated from operations	443,732	392,189

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(continued)

Code		2020	2019
A33100	Interest received	\$ 202	\$ 650
A33300	Interest paid	(17,640)	(21,608)
A33500	Income tax paid	(123,633)	(4,123)
AAAA	Net cash flows from operating activities	<u>302,661</u>	<u>367,108</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortised cost	(29,478)	(1,315)
B02200	Investments accounted for using equity method	(11,173)	-
B02700	Acquisition of property, plant and equipment	(54,445)	(35,272)
B02800	Proceeds from disposal of property, plant and equipment	879	-
B03800	Decrease (increase) in refundable deposits	(962)	252
B04500	Acquisition of intangible assets	(11,003)	(9,987)
B07100	Increase in prepayments for business facilities	(16,862)	(7,227)
BBBB	Net cash flows from investing activities	<u>(123,044)</u>	<u>(53,549)</u>
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term loans	130,518	(184,701)
C03000	Guarantee deposit received	6,161	-
C03100	Refund of guarantee deposits received	-	(10,879)
C04500	Cash dividends paid	(261,058)	(78,318)
C04020	Payments of lease liabilities	(8,752)	(4,526)
C09900	Unclaimed cash dividends	163	-
CCCC	Net cash flows from financing activities	<u>(132,968)</u>	<u>(278,424)</u>
EEEE	Net increase in cash	46,649	35,135
E00100	Cash at beginning of period	<u>83,511</u>	<u>48,376</u>
E00200	Cash at end of period	<u>\$ 130,160</u>	<u>\$ 83,511</u>

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

Chairman : Hsu, Bang-Fu

Manager : Hsu, I-Sheng, Hsu, I-Te

Accounting Supervisor : Chiu, Hsu-Lan

TWO

Proposed by board of directors

Proposal: 2020 earnings distribution proposal, for your approval.

Explanation:

- (1) The Company's pre-tax net profit of the year 2020 was NT\$ 457,513,546, and 2020 earnings distribution statement was made as follows:

FORTUNE ELECTRIC CO., LTD.
2020 Earnings Distribution Statement

Unit: NTD

Item	Amount	
	Subtotal	Total
Beginning undistributed earnings	105,233,163	
Actuarial gain/loss through retained earnings	(22,135,200)	
Adjusted undistributed earnings		83,097,963
Add: 2020 pre-tax net profit	457,513,546	
Deduct: 10% designated legal reserve	43,537,835	
Deduct: according to the law, designated special reserve	6,371,758	
Distributable earnings		490,701,916
Appropriated items:		
Cash dividend to shareholders (per share NT\$ 1.30)	339,376,112	
Unappropriated retained earnings		151,325,804

Chairman: Hsu, Bang-Fu

Manager: Hsu, I-Sheng,
Hsu, I-Te

Accounting Supervisor:
Chiu, Hsu-Lan

- (2) For your approval.

Resolution:

Matters for Discussion

Proposed by board of directors

Proposal: lifting restrictions of non-compete prohibition of current directors, for your resolution.

Explanation:

- (1) According to paragraph 1, Article 209 of the Company Act, “a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”, when the Company’s current directors have competitive acts mentioned in paragraph 1, Article 209 of the Company Act, under the premise that the Company’s profits were not impaired, it shall be reported to a shareholders’ meeting for approval to lift the restriction of non-compete prohibition.
- (2) The director list of lifting non-compete prohibition and the relevant contents are as follows:

Title	Name	Company	Main operating scopes of the company
Director	Hsu, I-Te	Hsin Ho Energy Development Co., Ltd. Director representative	CC01010 power generation, power transmission, power distribution machinery manufacturing, E601010 electrical installation industry, D101060 self-usage power generation equipment utilizing renewable energy industry, H201010 general investment industry, IG03010 energy technical services, ZZ99999 except licensing business, all business items that are not prohibited or restricted by law.

Resolution:

Extemporaneous Motions

Adjournment

Appendix 1

FORTUNE ELECTRIC CO., LTD.

Articles of Incorporation

Chapter 1. General Provision

Article 1: The Company organized in accordance with the Company Act, named “華城電機股份有限公司” and the English name is “FORTUNE ELECTRIC CO., LTD”.

Article 2: The Company’s operating business is as follow:

- (1) CC01010 power generation, power transmission, power distribution machinery manufacturing
- (2) CC01080 electronic component manufacturing
- (3) CC01990 other electrical engineering and electronic machinery equipment manufacturing
- (4) E601010 electrical installation industry
- (5) E603040 firefighting equipment construction
- (6) E603050 automatic control equipment engineering
- (7) EZ05010 instrument and meters installation engineering.
- (8) F113020 wholesale of household appliance
- (9) F114030 wholesale of motor vehicle parts and supplies
- (10) F213010 retail sale of electrical appliances
- (11) F214030 retail sale of motor vehicle parts and supplies
- (12) F401010 international trade
- (13) IG03010 energy technical services
- (14) CE01021 weights and measuring instruments manufacturing
- (15) E501011 tap water pipelines contractors
- (16) E602011 refrigeration and air conditioning engineering
- (17) CB01010 machinery equipment manufacturing
- (18) CB01030 pollution controlling equipment manufacturing
- (19) CD01030 automobile and parts manufacturing
- (20) CD01040 motor vehicles and parts manufacturing
- (21) E502010 fuel catheter installation engineering
- (22) E599010 piping engineering
- (23) E601020 electric appliance installation
- (24) E603010 cable installation engineering
- (25) E603080 traffic signs installation engineering
- (26) E603090 lighting equipment construction
- (27) E604010 machinery installation
- (28) E605010 computer equipment installation

- (29) E701030 controlled telecommunications radio-frequency devices installation engineering
- (30) EZ15010 warming and cooling maintenance construction
- (31) I103060 management consulting
- (32) I301010 information services
- (33) IF01010 fire safety equipment inspection and repair
- (34) E606010 power consuming equipment inspecting and maintenance
- (35) J101050 environmental testing services
- (36) J101060 wastewater (sewage) treatment
- (37) F213110 retail sale of batteries
- (38) F214010 retail sale of motor vehicles
- (39) F214020 retail sale of motorcycles
- (40) G202010 parking area operators
- (41) ZZ99999 except licensing business, all business items that are not prohibited or restricted by law.

Article 2-1: The Company may make guarantees for other companies, reinvest in other business, and the Company's total investment may exceed 40% of paid-in capital.

Article 3: The Company established the head office in Taoyuan City, shall establish branches in other proper places, and its establishment and dissolution shall be approved by the resolution of board of directors when it's necessary.

Article 4: The Company's announcement methods shall be implemented in accordance with Article 28 of the Company Act.

Chapter 2. Shares

Article 5: The Company's total capital was set as NT\$ 2.75 billion, separated into 275 million common stocks, the price per share was NT\$ 10, and were issued by authorized board of directors in several times.

Taiwan Depository & Clearing Corporation may request to consolidating exchange large denomination securities.

Article 5-1: According to Article 56-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers and Article 10-1 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies, the Company is required to obtain the consent of at least two-third of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares, may issue employee stock warrants to transfer to employees with lower than the closing price of the Company's stocks as of the issuing date, and lower than the average price of actual buy-back.

Article 6: The Company may be exempted from printing any share certificate for the shares issued, but shall be registered in Taiwan Depository & Clearing Corporation.

Article 7: Affairs related to stocks, such as transfer of share ownership, grant, creation of rights, pledge, reporting of loss, inheritance, grant and reporting of specimen chop loss, change or address change, etc., shall be handled by the Company's shareholders in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies and other related regulations, unless otherwise provided by law or securities regulations.

Article 8: Deleted.

Article 9: The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the Company for distribution of dividends, bonus or other benefits.

Chapter 3. Shareholders' meeting

Article 10: Shareholders' meeting shall be of two kinds: a regular shareholders' meeting and a special shareholders' meeting, the regular shareholders' meeting, a regular shareholders' meeting one time every year, within six months after close of each fiscal year, and the special shareholders' meeting shall be convened in accordance with the regulations when it's necessary.

Article 11: The Company's shareholders have one voting right each shareholding, but they have no voting right in accordance with restrictions or Article 179-2 of the Company Act and related regulations.

Article 12: If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the managing directors to act as chair; a shareholders' meeting convened by a party with the power to convene that is not the board of directors, the meeting shall be chaired by him/her/it, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 13: A resolution approved by a shareholders' meeting, unless otherwise provided by the Company Act, shall be adopted by a majority of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company.

The Company's shareholders may exercise voting rights by means of electronic transmission, and related matters shall be handled in accordance with the law and regulations.

Chapter 4. Board of Directors and Audit Committee

Article 14: The Company may organize the board of directors with 5-13 directors who shall be elected by the shareholders' meeting from among the persons with disposing capacity, and the term of office of a director shall not exceed three years, but he/she may be eligible for re-election.

The board of directors shall have at least three independent directors among board of directors members, and shall not be less than one-fifth of the director seats.

A candidate nomination system shall be adopted, independent directors shall be elected and appointed by board of directors from the director candidates list, and shall be handled in accordance with Article 192-1 of the Company Act.

The total number of shares of the Company's registered share certificates held by all directors, shall be met the standard of Regulations of Securities Authority.

Article 14-1: Remunerations of chairman, vice chairman and directors, according to his/her participation degree and dedicated value, shall be approved by authorized board of directors in accordance with the general level of the same industry.

The Company may purchase a liability insurance for the Company's directors approved by the resolution of board of directors.

Article 15: Board of directors was organized by directors, adopted by a majority vote at a meeting of the board of directors attended by over two-third of the directors, a chairman shall be elected from among the directors. The chairman represents the Company externally, and as the business needs, a vice chairman may be elected among directors by the same way.

Article 16: The duties and powers of the board of directors are as follows:

- (1) Approval of business plans.
- (2) Preparation of important chapters and contracts.
- (3) Established and dissolution of branches.
- (4) Drawing up budgets and final accounts.
- (5) Appointment and removal of executive staff.
- (6) Other regulation matters provided by the Company Act and the Article of Incorporation.

Article 17: If a shareholders meeting is convened by the chairman, and the chairman shall be the chair of the meeting. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairman shall appoint one of the managing directors to act as chair; where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

Article 17-1: A meeting of board of directors shall be convened one time each quarter, in calling a meeting of the board of directors, a notice stating causes shall be given to each director no later than 7 days prior to the scheduled meeting date; but in the case of emergency, a meeting of the board of directors may be convened at any time. The notice of convening a meeting of board of directors shall be made in forms of writing, fax or E-mail, etc.

Article 18: A resolution approved by a shareholders' meeting, unless otherwise provided by the Company Act, shall be adopted by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the Company.

In case a meeting of the board of directors is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 19: In case a director is unable to attend a meeting of board of directors in person for any cause, he/she/it shall can designate one director to represent, but a director may accept the appointment to act as the proxy of one other director only.

Article 20: The Company may establish an audit committee in accordance with Article 14-4 of Securities and Exchange Act, and the audit committee shall be composed of all independent directors, one of the independent directors shall be a convener, and at least one person shall have specialties of accountant or finance. The audit committee shall replace the duties of a supervisor from the established date of the audit committee, and shall invalidate a supervisor at the same time.

Chapter 5. (Deleted)

Article 20-1: Deleted.
Article 21: Deleted.
Article 22: Deleted.

Chapter 6. Managerial Officer

Article 23: The Company may have a general manager and a chief executive officer, and shall uphold a policy of a resolution of board of directors, and comprehensive management of the Company's all businesses adopted by a majority of the total number of directors of the Company to appoint and removal separately.

Article 24: The Company may have several managerial officers, and shall be reported to be approved by a majority of the total number of directors of the Company for his/her appointment and removal.

Chapter 7. Accounting

Article 25: The Company's fiscal year is from January 1 to December 31.

Article 26: At the close of the Company's fiscal year, the board of directors shall prepare the following statements and records and shall forward the same for approval:

- (1) The business report.
- (2) The financial statements.
- (3) The surplus earning distribution or loss off-setting proposals.

The preceding regulations shall be handled by the audit committee in accordance with the rules of audit committee from the establishment date of audit committee.

Article 27: When the Company has an amount of profit (the term "an amount of profit" means pre-tax benefits deducted the benefits before employees' and directors' remuneration), shall allocate not less than 3% as employees' remuneration, not more than 2% as directors' remuneration. However, the company's accumulated losses (including adjusted unappropriated earnings) shall have been covered.

Employees' remuneration mentioned in the preceding paragraph may be distributed in the form of shares or in cash, and directors' remuneration may be distributed in cash only.

The preceding two paragraphs shall be handled by the resolution of board of directors, and shall be reported to the shareholders' meeting.

When the Company implements employees' remuneration, employee treasury stocks, employee subscription warrants, employee off-take of new shares, and employee stock option certificates, etc., for the payment objects, shall include the control met certain conditions or employees from the subsidiaries.

Article 27-1: When the Company's total budget has after-tax net profit (included adjusted undistributed earnings), the accumulated losses shall have been reserved the accumulated amount in advance, allocated 10% as a legal reserve in accordance with the regulations, but when the accumulated legal reserve achieved the Company's total paid-in capital, this shall not apply. Then appropriated or reversal special reset special reserve in accordance with the decrees or the regulations of the competent authority. Earnings hereafter, together with beginning retained earnings, the earnings distribution proposal shall be programed by board of directors, and reported to a shareholders' meeting for a resolution of shareholders' dividends distribution.

Board of directors shall be authorized by directors attended by two-thirds of the directors of the company, and a resolution by a majority of attended directors, the Company's all or part of distribution of dividends and bonus shall

be distributed in cash, and reported to a shareholders' meeting.

The Company's dividend policy, was along with the current and future development plan, considered the investment environment, capital needs and domestic and overseas competition situations, and to take the factors into account, like shareholder's equity, etc., the appropriation of distributable earnings of each year, shall not be less than 60% of distributed shareholders' dividends, distributed shareholders' dividends shall be paid in cash or in form of stocks, and cash dividend ratio shall not be less than 25% of total distributed dividends therein as restrictions.

Article 27-2: When the Company has no deficit, board of directors shall be authorized by two-third or more of attended directors, adopted by a majority of the directors at a meeting, legal reserve (the part of more than 25% of paid-up capital) and all or part of capital reserve in accordance with the Company Act shall be paid in cash, and reported to a shareholders' meeting.

Chapter 8. Supplemental Provisions

Article 28: The Company's organizational regulations and the handling rules may be prescribed separately.

Article 29: Unsettled affairs of the Articles of Incorporation shall be handled in accordance with the Company Act.

Article 30: The Articles of Incorporation was drawn up on August 4, 1969.

The 1st amendment was made on December 31, 1974.

The 2nd amendment was made on July 27, 1979.

The 3rd amendment was made on December 28, 1979.

The 4th amendment was made on September 26, 1982.

The 5th amendment was made on January 5, 1984.

The 6th amendment was made on February 6, 1985.

The 7th amendment was made on November 10, 1986.

The 8th amendment was made on July 13, 1987.

The 9th amendment was made on June 27, 1988.

The 10th amendment was made on November 16, 1989.

The 11th amendment was made on April 20, 1991.

The 12th amendment was made on August 20, 1991.

The 13th amendment was made on June 25, 1992.

The 14th amendment was made on October 12, 1992.

The 15th amendment was made on May 12, 1993.

The 16th amendment was made on May 24, 1994.

The 17th amendment was made on May 28, 1996.

The 18th amendment was made on May 20, 1997.

The 19th amendment was made on May 7, 1998.

The 20th amendment was made on May 24, 2000.

The 21st amendment was made on June 22, 2001.

The 22nd amendment was made on June 26, 2002.

The 23rd amendment was made on June 23, 2003.

The 24th amendment was made on June 28, 2005.

The 25th amendment was made on June 15, 2006.

The 26th amendment was made on June 27, 2007.

The 27th amendment was made on June 19, 2008.

The 28th amendment was made on June 10, 2009.

The 29th amendment was made on June 10, 2011.
The 30th amendment was made on February 17, 2012.
The 31st amendment was made on June 23, 2014.
The 32nd amendment was made on June 13, 2016.
The 33rd amendment was made on June 14, 2017.
The 34th amendment was made on June 13, 2019.
The 35th amendment was made on June 12, 2020.

FORTUNE ELECTRIC CO., LTD.
Rules of Procedure for Shareholders Meetings

Approved by the regular shareholders' meeting on June 15, 2015

- Article 1: The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity. Shareholders and their proxies (collectively, "shareholders") shall attend shareholders' meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.
- Article 2: The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act. When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 3: The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 4: If a shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman. When the chairman is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairman shall act in place of the chairman; if there is no vice chairman or the vice chairman also is on leave or for any reason unable to exercise the powers of the vice chairman, the chairman shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting, when there are two or more such convening parties, they shall mutually select a chair from among themselves.
- Article 5: The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders' meeting, and shall retain it for at least one year.
- Article 6: If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors, the meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. After the meeting was adjourned, a new chair shall not be elected by shareholders to continue a meeting at the original address or other place. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the board of directors shall elect a new chair by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 7: Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name, the order in which shareholders speak will be set by the chair. A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed he/she has not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor, the chair shall stop any violation.

Article 8: Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

Article 9: After an attending shareholder has spoken, the chair may respond in person or designate relevant personnel to respond.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 10: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company.

Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 11: When a meeting is in progress, the chair may announce a break based on time considerations.

Article 12: A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under paragraph 2, Article 179 of the Company Act.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

With respect to resolutions of shareholders meetings, the number of shares held by

a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 13: The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word “Proctor.”

Article 14: A shareholder (or a proxy) shall obey the related instruction of maintaining order from the chair, the proctors (or security personnel). When a person disrupts the shareholders’ meeting, and shall be excluded by the chair or the proctors (or security personnel).

Article 15: Unsettled affairs of the Articles of Incorporation shall be handled in accordance with the Company Act, Securities and Exchange Act and related decrees.

Article 16: These Rules shall take effect after having been submitted to and approved by a shareholders’ meeting. Subsequent amendments thereto shall be effected in the same manner.

Appendix 3

FORTUNE ELECTRIC CO., LTD. Directors' Shareholding Statement

Title	Name	Appointment date	End of term	Shareholding number as elected		Shareholding number registered in the shareholders roster on the book closure date	
				Shares	Ratio (%)	Shares	Ratio (%)
Chairman	Hsu, Bang-Fu	June 12, 2020	June 11, 2023	19,631,986	7.52	19,030,782	7.29
Vice chairman	Hsu, Shou-Hsiung	June 12, 2020	June 11, 2023	23,047,720	8.83	22,903,419	8.77
Director	Shu, Yi-Cheun	June 12, 2020	June 11, 2023	1,057,892	0.41	1,057,892	0.41
Director	Hsu, I-Sheng	June 12, 2020	June 11, 2023	2,804,169	1.07	2,948,470	1.13
Director	Hsu, TED	June 12, 2020	June 11, 2023	1,751,455	0.67	2,953,863	1.13
Director	Weng, Jen-Pei	June 12, 2020	June 11, 2023	751,468	0.29	751,468	0.29
Independent director	Hu, Len-Kuo	June 12, 2020	June 11, 2023	0	0.00	0	0.00
Independent director	Lei, Whey-Min	June 12, 2020	June 11, 2023	0	0.00	0	0.00
Independent director	Liao, Chih-Hsiang	June 12, 2020	June 11, 2023	0	0.00	0	0.00
Sum of directors				49,044,690	18.79	49,645,894	19.02

1. The Company's paid-in capital was 261,058,548 shares on June 12, 2020, paid-in capital on April 13, 2021 was 261,058,548 shares.
2. The sum of all shareholders' legal shareholding was 12,000,000 shares, according to Article 2 of Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, "if a public company has elected two or more independent directors, the share ownership figures calculated at the rates for all directors and supervisors other than the independent directors and shall be decreased by 20 percent". The Company has set up an audit committee, and the shareholding of supervisors shall not apply.
3. Shareholding number registered in shareholders' roster until book closure date (April 13, 2021) is as above, and met the number standard in accordance with Article 26 of Securities and Exchange Act.