Stock code: 1514

Allis Electric Co., Ltd. and Subsidiaries

Consolidated Financial Statements
for the Years Ended December 31, 2021 and 2020

(With Auditors' Report Thereon)

12F., No. 19-11, Sanchong Rd., Taipei TEL:(02)26553456 FAX:(02)26553388

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.

Allis Electric Co., Ltd. and Subsidiaries

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REPRESENTATION LETTER

The entities that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2021 are all the same as those included in the consolidated financial statements of Allis Electric Co., Ltd. and its subsidiaries prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates is included in the consolidated financial statements of Allis Electric Co., Ltd. and its subsidiaries. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

ALLIS ELECTRIC CO., LTD.

By

____

Herr-Yeh Sung
Chairman

March 29, 2022

Earnest & Co., CPAs.

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INDEPENDENT AUDITORS' REPORT

Allis Electric Co., Ltd.

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Allis Electric Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition

Please refer to Note 4(16) of the consolidated financial statements for the accounting policies on revenue recognition.

Because revenue is high-risk in nature and parts of goods are customized, revenue recognition was identified as one of the key audit matters.

We have obtained understanding and have verified the accounting policy and the design and implementation of internal controls with respect to revenue recognition. We checked the compliance with the accounting policy on revenue recognition by reviewing the relevant documents. For ensuring Allis Electric Group's compliance with IFRS 15, samples from the recognized revenue have been selected to test if the conditions of revenue recognition were met.

Estimated Impairment of Accounts Receivable

Please refer to Note 4(6) of the consolidated financial statements for the accounting policies on impairment of accounts receivables and Note 5 of the consolidated financial statements for uncertainty of accounting estimation and assumptions for the estimated impairment of accounts receivable.

Because of measuring expected credit losses on accounts receivable involve significant judgments and uncertainties, the estimated impairment of accounts receivables was identified as one of the key audit matters.

We evaluated the reasonableness of allowance for impairment loss by testing the aging of accounts receivables and by quantifying the potential risk of accounts receivables that were overdue at the balance sheet date. We tested the recoverability of the accounts receivables by vouching cash receipts after the balance sheet date. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Other Matter

We did not audit the financial statements of certain subsidiaries of Allis Electric Group as of and for the years ended December 31, 2021 and 2020, which were included in the accompanying consolidated financial statements, but such financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included in Allis Electric Group's consolidated financial statements for such subsidiaries, is based solely on the reports of other auditors. As of December 31, 2021 and 2020, the total assets of such subsidiaries were NT$186,379 thousand and NT$155,148 thousand, respectively, which represented 2.28% and 2.54%, respectively, of Allis Electric Group's consolidated total assets. For the year ended December 31, 2021 and 2020, the operating revenue of such subsidiaries were NT$241,832 thousand and NT$48,179 thousand,respectively, which represented 4.26% and 0.94%, respectively, of Allis Electric Group's consolidated total operating revenue. In addition, we did not audit the financial statements of certain associates of Allis Electric Group as of and for the years ended December 31, 2021 and 2020, which reflected in the consolidated financial statements using the equity of accounting, but such financial statements were audited by other auditors whose reports have been furnished to us. Thus, our opinion, insofar as it relates to the amounts included in Allis Electric Group's consolidated financial statements for such associates, is based solely on the reports of other auditors. As of December 31, 2021 and 2020, the aforementioned investments accounted for using equity method were NT$320,114 thousand and NT$298,148 thousand, respectively, which represented 3.91% and 4.87%, respectively, of Allis Electric Group's consolidated total assets. Allis Electric Group's share of comprehensive income or loss of such associates were NT$52,561 thousand and NT$44,609 thousand for the years ended December 31, 2021 and 2020, respectively, which represented 12.14% and 12.08%, respectively, of Allis Electric Group's consolidated total comprehensive income.

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

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, 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 misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Allis Electric 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 Allis Electric 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 Allis Electric Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Allis Electric Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Allis Electric Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Allis Electric 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 Allis Electric Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Min-chih Chuo and Wen-Ting Hsiang.

Earnest & Co., CPAs.
Taipei, Taiwan
Republic of China

March 29, 2022

Notice to Readers

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

For the convenience of readers, the 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.

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

			2021.12.31		2020.12.31	
	ASSETS	Notes	Amount	%	Amount	%
	CURRENT ASSETS					
1100	Cash and cash equivalents	Note 4 and 6	$ 499,304	6.10	$ 616,704	10.08
1110	Financial assets at fair value through profit or loss	Note 4 and 6	800	0.01	—	—
1120	Financial assets at fair value through other comprehensive income	Note 4 and 6	32,835	0.40	15,495	0.25
1140	Contract assets		318,776	3.89	150,479	2.46
1150	Notes receivable, net	Note 4 and 6	102,446	1.25	64,413	1.05
1160	Notes receivable from related parties	Note 7	—	—	613	0.01
1170	Accounts receivable, net	Note 4 and 6	2,975,697	36.32	1,844,548	30.14
1180	Accounts receivable from related parties	Note 6 and 7	37,752	0.46	15,735	0.26
1200	Other receivables	Note 4, 6, 7, and 8	107,751	1.32	150,523	2.46
1220	Current tax assets		70	0.00	233	0.00
1310	Inventories	Note 4 and 6	1,572,188	19.19	1,099,531	17.97
1410	Prepayments		72,334	0.88	46,280	0.76
1479	Other current assets	Note 6	352	0.01	5,144	0.08
11xx	Total current assets		5,720,305	69.83	4,009,698	65.52
	NON-CURRENT ASSETS					
1517	Financial assets at fair value through other comprehensive income	Note 4 and 6	307,501	3.75	247,813	4.05
1550	Investments accounted for using equity method	Note 4 and 6	320,114	3.91	298,148	4.87
1600	Property, plant and equipment	Note 4, 6 and 8	1,354,528	16.53	1,088,148	17.78
1755	Right-of-use assets	Note 4 and 6	8,962	0.11	11,185	0.18
1760	Investment properties	Note 4, 6 and 8	355,701	4.34	357,850	5.85
1780	Intangible assets	Note 4 and 6	14,581	0.18	30,920	0.51
1840	Deferred tax assets	Note 4 and 6	21,800	0.27	17,605	0.29
1915	Prepayments for equipment		5,719	0.07	—	—
1920	Refundable deposits		71,369	0.87	46,519	0.76
1975	Net defined benefit asset	Note 4 and 6	1,341	0.02	1,418	0.02
1980	Other receivables	Note 6	374	0.00	412	0.01
1990	Other non-current assets	Note 6	9,748	0.12	9,748	0.16
15xx	Total non-current assets		2,471,738	30.17	2,109,766	34.48
1xxx	TOTAL ASSETS		$ 8,192,043	100.00	$ 6,119,464	100.00

			2021.12.31		2020.12.31	
	LIABILITIES AND EQUITY	Notes	Amount	%	Amount	%
	CURRENT LIABILITIES					
2100	Short-term loans	Note 6	$ 1,899,344	23.19	$ 807,641	13.20
2120	Financial liabilities at fair value through profit or loss	Note 4 and 6	442	0.01	1,775	0.03
2130	Contract liabilities		251,134	3.06	204,256	3.34
2150	Notes payable		17,203	0.21	16,178	0.26
2160	Notes payable to related parties	Note 7	—	—	6,048	0.10
2170	Accounts payable		1,451,174	17.71	1,045,514	17.08
2180	Accounts payable to related parties	Note 7	172,456	2.11	85,132	1.39
2200	Other payables	Note 7	257,123	3.14	232,924	3.81
2230	Current tax liabilities	Note 4	52,387	0.64	29,521	0.48
2250	Provisions	Note 4 and 6	12,100	0.15	12,100	0.20
2255	Short-term onerous contracts provision		62	0.00	1,633	0.03
2272	Current portion of long-term loans	Note 6	5,025	0.06	—	—
2280	Lease liabilities	Note 4	4,274	0.05	4,155	0.07
2399	Other current liabilities		1,169	0.01	4,850	0.08
21xx	Total current liabilities		4,123,893	50.34	2,451,727	40.07
	NON-CURRENT LIABILITIES					
2540	Long-term loans	Note 6	216,458	2.64	65,118	1.06
2571	Deferred tax liabilities	Note 4 and 6	174,486	2.13	174,502	2.85
2580	Lease liabilities	Note 4	5,039	0.06	7,204	0.12
2640	Net defined benefit liabilities	Note 4 and 6	60,191	0.74	90,189	1.47
2645	Guarantee deposits		3,408	0.04	3,378	0.06
25xx	Total non-current liabilities		459,582	5.61	340,391	5.56
2xxx	Total liabilities		4,583,475	55.95	2,792,118	45.63
	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
3100	Share capital	Note 6	2,283,267	27.87	2,174,540	35.53
3200	Capital surplus	Note 6	71,031	0.87	68,870	1.12
	Retained earnings					
3310	Legal reserve		167,107	2.04	132,753	2.17
3320	Special reserve		451,387	5.51	452,190	7.39
3350	Unappropriated earnings		473,428	5.78	393,242	6.43
3300	Total retained earnings	Note 6	1,091,922	13.33	978,185	15.99
3400	Other equity		130,966	1.60	81,178	1.33
3500	Treasury Stock	Note 6	(41,616)	(0.51)	(41,616)	(0.68)
31xx	Total equity attributable to owners of the parent		3,535,570	43.16	3,261,157	53.29
36xx	NON-CONTROLLING INTERESTS		72,998	0.89	66,189	1.08
3xxx	Total equity		3,608,568	44.05	3,327,346	54.37
	TOTAL LIABILITIES AND EQUITY		$ 8,192,043	100.00	$ 6,119,464	100.00

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

			2021		2020	
		Notes	Amount	%	Amount	%
4000	OPERATING REVENUE	Note 4, 6 and 7	$ 5,681,629	100.00	$ 5,113,892	100.00
5000	OPERATING COST	Note 6 and 7	4,705,428	82.82	4,209,656	82.32
5900	GROSS PROFIT		976,201	17.18	904,236	17.68
5910	LESS: UNREALIZED GROSS PROFIT ON SALES		195	0.00	394	0.01
5950	NET GROSS PROFIT		976,006	17.18	903,842	17.67
	OPERATING EXPENSES					
6100	Selling and marketing expenses	Note 7	335,803	5.91	280,993	5.50
6200	General and administrative expenses		157,038	2.76	147,167	2.88
6300	Research and development expenses	Note 7	100,143	1.76	110,594	2.16
6450	Expected credit impairment loss		7,056	0.13	16,338	0.32
6000	Total operating expenses		600,040	10.56	555,092	10.86
6900	OPERATING INCOME		375,966	6.62	348,750	6.81
	NON-OPERATING INCOME AND EXPENSES					
7010	Other income	Note 6 and 7	26,327	0.46	31,635	0.62
7020	Other gains and losses	Note 6	(13,558)	(0.24)	(24,699)	(0.48)
7050	Finance costs	Note 6	(13,897)	(0.24)	(11,167)	(0.22)
7060	Share of profit of associates accounted for using equity method	Note 4 and 6	53,397	0.94	44,901	0.88
7000	Total non-operating income and expenses		52,269	0.92	40,670	0.80
7900	INCOME BEFORE INCOME TAX		428,235	7.54	389,420	7.61
7950	INCOME TAX EXPENSE	Note 4 and 6	59,827	1.05	69,275	1.35
8200	NET INCOME		368,408	6.49	320,145	6.26
	OTHER COMPREHENSIVE INCOME (LOSS)					
	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans	Note 6	10,123	0.18	(20,692)	(0.40)
8316	Unrealized gains (loss) from investments in equity instruments measured at fair value through other comprehensive income	Note 4	57,779	1.02	69,760	1.36
8321	Share of remeasurement of defined benefit plans of associates accounted for using equity method		(503)	(0.01)	(774)	(0.02)
8349	Income tax relating to items that will not be reclassified to profit or loss	Note 6	16	0.00	60	0.00
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translating foreign operation		(2,452)	(0.05)	445	0.01
8370	Share of other comprehensive income (loss) of associates accounted for using equity method		(333)	(0.01)	482	0.01
8300	Other comprehensive income, net		64,630	1.13	49,281	0.96
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 433,038	7.62	$ 369,426	7.22
8600	NET INCOME ATTRIBUTABLE TO					
8610	Owners of the parent		$ 361,521	6.37	$ 323,925	6.33
8620	Non-controlling interests		6,887	0.12	(3,780)	(0.07)
			$ 368,408	6.49	$ 320,145	6.26
8700	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
8710	Owners of the parent		$ 424,469	7.47	$ 371,819	7.27
8720	Non-controlling interests		8,569	0.15	(2,393)	(0.05)
			$ 433,038	7.62	$ 369,426	7.22
9750	EARNINGS PER SHARE	Note 6	$ 1.60		$ 1.44	

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

(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	Equity Attributable to Owners of Parent											
	Share Capital			Retained Earnings			Other Equity					
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Exchange differences on translating foreign operation	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Treasury Stock	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2020	207,099	$ 2,070,990	$ 67,172	$ 102,580	$ 452,994	$ 328,398	$ (11,606)	$ 63,697	$ (41,616)	$ 3,032,609	$ 67,591	$ 3,100,200
Appropriation of the 2019 earnings												
Legal reserve appropriated	—	—	—	30,173	—	(30,173)	—	—	—	—	—	—
Cash dividends-NT$0.70 per share	—	—	—	—	—	(144,969)	—	—	—	(144,969)	—	(144,969)
Stock dividends-NT$0.50 per share	10,355	103,550	—	—	—	(103,550)	—	—	—	—	—	—
Net income in 2020	—	—	—	—	—	323,925	—	—	—	323,925	(3,780)	320,145
Other comprehensive income and loss in 2020, net of income tax	—	—	—	—	—	(21,366)	596	68,664	—	47,894	1,387	49,281
Total comprehensive income in 2020	—	—	—	—	—	302,559	596	68,664	—	371,819	(2,393)	369,426
Cash dividends from subsidiaries	—	—	—	—	—	—	—	—	—	—	(242)	(242)
Cash dividends distributed to subsidiaries	—	—	1,703	—	—	—	—	—	—	1,703	1	1,704
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	40,173	—	(40,173)	—	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	—	—	—	1,232	1,232
Return of donation from owners	—	—	(5)	—	—	—	—	—	—	(5)	—	(5)
Reversal of special reserve	—	—	—	—	(804)	804	—	—	—	—	—	—
BALANCE, DECEMBER 31, 2020	217,454	2,174,540	68,870	132,753	452,190	393,242	(11,010)	92,188	(41,616)	3,261,157	66,189	3,327,346
Appropriation of the 2020 earnings												
Legal reserve appropriated	—	—	—	34,354	—	(34,354)	—	—	—	—	—	—
Cash dividends-NT$0.70 per share	—	—	—	—	—	(152,217)	—	—	—	(152,217)	—	(152,217)
Stock dividends-NT$0.50 per share	10,873	108,727	—	—	—	(108,727)	—	—	—	—	—	—
Net income in 2021	—	—	—	—	—	361,521	—	—	—	361,521	6,887	368,408
Other comprehensive income and loss in 2021, net of income tax	—	—	—	—	—	9,647	(2,797)	56,098	—	62,948	1,682	64,630
Total comprehensive income in 2021	—	—	—	—	—	371,168	(2,797)	56,098	—	424,469	8,569	433,038
Cash dividends from subsidiaries	—	—	—	—	—	—	—	—	—	—	(1,253)	(1,253)
Cash dividends distributed to subsidiaries	—	—	1,789	—	—	—	—	—	—	1,789	1	1,790
Disposal of investments in equity instruments at fair value through other comprehensive income	—	—	—	—	—	3,513	—	(3,513)	—	—	—	—
Changes in ownership interests in subsidiaries	—	—	511	—	—	—	—	—	—	511	(508)	3
Return of donation from owners	—	—	(139)	—	—	—	—	—	—	(139)	—	(139)
Reversal of special reserve	—	—	—	—	(803)	803	—	—	—	—	—	—
BALANCE, DECEMBER 31, 2021	228,327	$ 2,283,267	$ 71,031	$ 167,107	$ 451,387	$ 473,428	$ (13,807)	$ 144,773	$ (41,616)	$ 3,535,570	$ 72,998	$ 3,608,568

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

(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	$ 428,235	$ 389,420
Adjustments for		
Adjustments to reconcile profit (loss)		
Depreciation expense	45,144	44,594
Amortization expense	5,662	4,965
Expected credit impairment loss	7,056	16,338
Net loss (gain) on financial instruments at fair value through profit or loss	(1,482)	4,370
Interest expense	13,897	11,167
Interest income	(3,243)	(3,671)
Dividend income	(2,895)	(2,167)
Share of profit of associates accounted for using equity method	(53,397)	(44,901)
Net loss on disposal of property, plant and equipment	685	4
Loss on disposal of investments	692	—
Unrealized gross profit on sales	195	394
impairment loss	12,667	—
Changes in operating assets and liabilities		
Decrease (increase) in contract assets	(168,297)	85,243
Decrease (increase) in notes receivable	(38,202)	15,281
Decrease in notes receivable from related parties	613	4,481
Increase in accounts receivable	(1,143,432)	(362,548)
Decrease (increase) in accounts receivable from related parties	(22,017)	17,782
Decrease in other receivables	102,609	107,306
Decrease (increase) in inventories	(479,687)	225,887
Increase in prepayments	(26,145)	(5,955)
Decrease (increase) in other current assets	4,833	(5,145)
Increase in net defined benefit asset	(4)	(12)
Changes in financial instruments at fair value through profit or loss	(146)	(2,595)
Increase (decrease) in contract liabilities	47,500	(594)
Increase (decrease) in notes payable	1,025	(5,959)
Increase (decrease) in notes payable to related parties	(6,048)	6,048
Increase (decrease) in accounts payable	412,636	(148,877)
Increase in accounts payable to related parties	87,324	42,549
Increase in other payables	24,400	32,372
Decrease in short-term onerous contracts provision	(1,571)	(6,904)
Decrease in other current liabilities	(3,634)	(3,026)

Allis Electric Co., Ltd. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Decrease in net defined benefit liabilities	$ (19,794)	$ (23,582)
Cash inflow (outflow) generated from (used in) operations	(774,821)	392,265
Income tax paid	(40,972)	(47,969)
Net cash generated from (used in) operating activities	(815,793)	344,296
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of financial assets at fair value through profit or loss	(3,030)	—
Proceeds from disposal of financial assets at fair value through profit or loss	3,209	—
Acquisition of financial assets at fair value through other comprehensive income	(33,910)	(9,872)
Proceeds from disposal of financial assets at fair value through other comprehensive income	13,226	95,404
Acquisition of subsidiary	—	(12,163)
Acquisition of property, plant and equipment	(306,614)	(102,338)
Proceeds from disposal of property, plant and equipment	871	98
Acquisition of intangible assets	(2,638)	(2,092)
Increase in prepayments for equipment	(5,719)	—
Increase in refundable deposits	(24,850)	(4,563)
Increase in other receivables	(59,714)	—
Interest received	3,124	3,888
Cash dividend received	33,295	19,571
Net cash flows used in investing activities	(382,750)	(12,067)
CASH FLOWS FROM FINANCING ACTIVITIES：		
Increase in short-term loans	8,199,910	4,831,725
Decrease in short-term loans	(7,105,087)	(4,838,299)
Increase in long-term loans	160,250	55,653
Decrease in long-term loans	(2,249)	—
Increase (decrease) in guarantee deposits	30	(4)
Interest paid	(13,497)	(11,214)
Repayment of the principal portion of lease liabilities	(4,652)	(5,642)
Cash dividends paid	(151,682)	(143,506)
Cash capital increase	3	—
Others	(139)	(5)
Net cash flows generated from (used in) financing activities	1,082,887	(111,292)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,744)	1,548
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(117,400)	222,485
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	616,704	394,219
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 499,304	$ 616,704

The accompanying notes are an integral part of the consolidated financial statements.
(With Earnest & Co., CPAs auditors' report dated March 29, 2022)

Allis Electric Co., Ltd. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL

Allis Electric Co., Ltd. (the "Company") was incorporated in September 1968. Allis Electric Co., Ltd. and Subsidiaries (collectively referred to as the "Group" is engaged in manufacturing and selling of switchgear, transformer, electrical products, and construction and installation of electrical equipment. Please refer to Note 4(2) and 14.

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

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 29, 2022.

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

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

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

(2) The IFRSs endorsed by the FSC for application starting from 2022

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

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

(3)New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

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

(2) Basis of consolidation

a. The basis of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

b. The subsidiaries in the consolidated financial statements

Name of Subsidiaries	Principle Businesses Activities	Location	Percentage of Ownership 2021.12.31	2020.12.31
Air King Industrial Co., Ltd.	Design and installation of electrical equipment	Taipei, Taiwan	83.12%	83.12%
Ares Technology Co., Ltd.	Manufacturing of UPS	New Taipei City, Taiwan	100.00%	100.00%
Yishun Investment Co., Ltd.	Investment and holding	Taipei, Taiwan	99.94%	99.94%
Allis Communications Co., Ltd.	Manufacturing of GPS antennas	New Taipei City, Taiwan	82.64%	76.86%
Qingdao Liming Industry Co., Ltd.	Selling of electrical equipment	Qingdao, China	— (Note ①)	65.38%
Hengyuan Allis Electric Co., Ltd.	Selling of electrical equipment	Qingdao, China	65.38%	65.38%
AEC International S.r.l.	Selling of electrical equipment	Italy	100.00%	100% (Note②)
PHD Powerhouse Distributions (PTY) Ltd.	Selling of UPS	South Africa	90.00%	90.00% (Note③)

Note:

① On September 27, 2021, Qingdao Liming Industry Co., Ltd. was merged into Hengyuan Allis Electric Co., Ltd.

② The Company acquired 100% ownership of AEC International S.r.l. on September 11, 2020 and AEC International S.r.l. has been included in the consolidated financial statements since then.

③ The Company acquired 45% ownership of PHD Powerhouse Distributions (PTY) Ltd. on December 1, 2020, leading to an increase in ownership to 90% and a change in identity of the latter from associate to subsidiary, and PHD Powerhouse Distributions (PTY) Ltd. has been included in the consolidated financial statements since then.

(3) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries and associates in other countries that use currency different from the currency of the Company) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Company and non-controlling interests as appropriate).

(4) Classification of current and non-current assets and liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within twelve months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Group engages in the construction business, which has an operating cycle of over one year, the normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

(5) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash and cash equivalents are cash on hand, checking accounts, demand deposit, and short-term time deposits with original maturities less than one year.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a.Measurement categories

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

①Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in profit or loss.

②Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals to their gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

③Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable).

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For all other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from possible default events of a financial instrument within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to expected credit loss resulting from all possible default events over the expected life of a financial instrument.

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

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

c.Derecognition of financial assets

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

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

<u>Equity instruments</u>

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

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

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

Financial liabilities

a. Subsequent measurement

Financial liabilities are subsequently measured either at amortized cost using effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

The Group enters into the foreign exchange forward contracts to manage its exposure to foreign exchange rate risks.

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

(7) Inventories

Inventories consist of raw materials, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

(8) Investments accounted for using equity method

An associate is an entity over which the Group has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate as well as the distribution received. The Group also recognizes the changes in the Group's share of equity of associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments accounted for using equity method with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

(9) Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

(10)Leases

a. The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

b.The Group as lessor

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

Lease income from operating leases is recognized on a straight-line basis over the terms of the lease. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

(11) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

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

(12) Intangible assets

a. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

b. Other intangible assets

Other separately acquired intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

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

(13) Impairment of tangible and intangible assets

a. Goodwill

Goodwill is not amortized and instead is tested for impairment annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that are expected to benefit. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

b.Tangible assets and other intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

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

(14) Provisions

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

(15) Retirement benefits

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

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

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

(16) Revenue Recognition

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

a. Revenue from sale of goods

Revenue from sale of goods comes from sales of transformer, switchgear, transmission and distribution apparatus and electrical equipment. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location or shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and accounts receivables are recognized concurrently. Advance receipts received before the merchandise has been transferred are recognized as a contract liability.

b. Construction contract revenue

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

(17) Taxation

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

a. Current tax

According to the Income Tax Law of the Republic of China, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

b.Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

c. Current and deferred tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated impairment of accounts receivables

The provision for impairment of account receivables is based on assumptions about risk of default and expected loss. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

As of December 31, 2021 and 2020, the carrying amounts of accounts receivable were NT$3,103,449 thousand and NT$1,860,283 thousand, respectively.

6. SIGNIFICANT ACCOUNTS DISCLOSURES

(1) Cash and cash equivalents

	2021.12.31	2020.12.31
Petty cash and cash on hand	$ 1,792	$ 1,804
Checking accounts and demand deposits	373,696	510,836
Cash equivalents		
Time deposits with original maturities less than one year	123,816	104,064
Total	$ 499,304	$ 616,704

(2) Financial assets and liabilities at fair value through profit or loss (FVTPL)

Financial assets	2021.12.31	2020.12.31
Financial assets mandatorily classified as at FVTPL		
Convertible Bonds	$ 800	$ –

Financial liabilites	2021.12.31	2020.12.31
Financial liabilities held for trading		
Foreign exchange contracts	$ (442)	$ (1,775)

a. The Group entered into forward exchange contracts to manage exposures due to fluctuations of foreign exchange rates. These forward exchange contracts did not meet the criteria for hedge accounting. Therefore, the Group did not apply hedge accounting treatment for these forward exchange contracts.

b. Outstanding forward exchange contracts consisted of the following:

	Maturity Date	Contract Amount
2021.12.31		
Sell NTD/Buy USD	2022.01.14-2022.06.01	USD 10,818 /NTD 108,162
2020.12.31		
Sell NTD/Buy USD	2021.2.3-2021.4.15	USD 1,739 /NTD 50,624

(3) Financial assets at fair value through other comprehensive income (FVTOCI)

	2021.12.31	2020.12.31
Listed shares	$ 32,835	$ 15,495
Unlisted shares	307,501	247,813
Total	$ 340,336	$ 263,308
Current	$ 32,835	$ 15,495
Non-current	307,501	247,813
Total	$ 340,336	$ 263,308

As of December 31, 2021 and 2020, FVTOCI were not pledged as collateral for bank borrowings.

(4) Notes receivable and accounts receivable

	2021.12.31	2020.12.31
Notes receivable	$ 102,967	$ 64,765
Less: Allowance for impairment loss	(521)	(352)
Notes receivable, net	$ 102,446	$ 64,413
Accounts receivable	$ 3,080,596	$ 1,936,157
Less：Unrealized interest income	(15,015)	(8,830)
Allowance for impairment loss	(89,884)	(82,779)
Accounts receivable, net	$ 2,975,697	$ 1,844,548
Accounts receivable from related parties	$ 37,752	$ 15,735

The Group applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss allowances for all accounts receivables. The expected credit losses on accounts receivables are estimated with reference to past default experiences of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date.

All notes receivable were not past due.

The following table details the loss allowance of accounts receivables:

2021.12.31

	Not Past Due	Past Due 0-3 Months	Past Due 3-6 Months	Past Due 6-9 Months	Past Due 9-12 Months	Past Due 1-2 years	Past Due Over 2 years	Total
Gross carrying amount	$ 2,048,784	$ 647,618	$ 163,022	$ 87,750	$ 88,591	$ 38,786	$ 43,797	$ 3,118,348
Loss allowance	(35,735)	(6,452)	(1,622)	(877)	(5,120)	(1,683)	(38,395)	(89,884)
Amortized cost	$ 2,013,049	$ 641,166	$ 161,400	$ 86,873	$ 83,471	$ 37,103	$ 5,402	$ 3,028,464

2020.12.31

	Not Past Due	Past Due 0-3 Months	Past Due 3-6 Months	Past Due 6-9 Months	Past Due 9-12 Months	Past Due 1-2 years	Past Due Over 2 years	Total
Gross carrying amount	$ 1,214,411	$ 372,930	$ 111,817	$ 64,842	$ 91,462	$ 42,571	$ 53,859	$ 1,951,892
Loss allowance	(27,844)	(3,564)	(1,041)	(644)	(1,671)	(10,067)	(37,948)	(82,779)
Amortized cost	$ 1,186,567	$ 369,366	$ 110,776	$ 64,198	$ 89,791	$ 32,504	$ 15,911	$ 1,869,113

The movements of the loss allowance of notes receivable and accounts receivables were as follows:

	2021.12.31	2020.12.31
Balance, beginning of the year	$ 83,131	$ 164,563
Loss allowance recognized	7,306	16,088
Amounts written off	—	(97,523)
Effect of foreign currency exchange differences	(32)	3
Balance, end of the year	$ 90,405	$ 83,131

(5) Inventories

	2021.12.31	2020.12.31
Finished goods	$ 395,066	$ 329,300
Work-in-process	448,111	236,798
Raw materials	646,166	500,404
Inventory in transit	82,845	33,029
Inventories, net	$ 1,572,188	$ 1,099,531

For the cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020, please refer to Note 6(19).

For the years ended December 31, 2021 and 2020, write-down of inventories to net realizable value and reversal of write-down of inventories resulting from disposal of slowing-moving inventories were included in the cost of goods sold as follows:

	2021	2020
Inventory losses (reversal of write-down of inventories)	$ 22,576	$ (4,506)

As of December 31, 2021 and 2020, inventories were not pledged as collateral for bank borrowings.

(6) Other receivables, net

	2021.12.31	2020.12.31
Pledged time deposits	$ 5,033	$ —
Loan receivable	59,714	—
Restricted deposit	37,798	143,524
Others	5,580	7,661
Less：Allowance for impairment loss	—	(250)
Other receivables, net	$ 108,125	$ 150,935
Current	$ 107,751	$ 150,523
Non-current	374	412
Total	$ 108,125	$ 150,935

(7) Investments accounted for using equity method

	2021.12.31		2020.12.31	
Name of Associates	% of Ownership	Amount	% of Ownership	Amount
Nissin-Allis Electric Co., Ltd.	30.00%	$214,265	30.00%	$ 197,597
Nissin Allis Union Ion Equipment Co., Ltd.	40.00%	105,849	40.00%	100,551
AYM International Corporation	40.00%	—	40.00%	—
Intelici Corporation	29.16%	—	29.16%	—
Total		$320,114		$ 298,148

The aforementioned associates were not listed companies and immaterial to the Group.

Aggregate information of associates that are not individually material:

	2021.12.31	2020.12.31
Equity	$ 981,006	$ 911,550

	2021	2020
The Group's share of :		
Net income for the year	$ 53,397	$ 56,901
Other comprehensive income (loss)	(836)	(292)
Total comprehensive income (loss) for the year	$ 52,561	$ 56,609
Impairment loss recognized	$ —	$ 12,000

(8) Property, plant and equipment

	2021.12.31	2020.12.31
Land	$ 711,977	$ 646,993
Buildings	240,871	229,204
Machinery and equipment	61,527	67,737
Transportation equipment	9,078	8,809
Other equipment	48,546	44,302
Construction in progress	282,529	91,103
Total carrying amounts	$ 1,354,528	$ 1,088,148

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction In Progress	Total
Balance at January 1, 2021	$ 646,993	$ 609,257	$ 448,685	$ 42,945	$ 145,361	$ 91,103	$ 1,984,344
Additions	64,984	24,168	10,771	2,563	12,702	191,426	306,614
Disposals	—	(1,962)	(15,094)	(3,097)	(5,214)	—	(25,367)
Effect of foreign currency exchange differences	—	—	(1,645)	(82)	(313)	—	(2,040)
Balance at December 31, 2021	$ 711,977	$ 631,463	$ 442,717	$ 42,329	$ 152,536	$ 282,529	$ 2,263,551
Accumulated depreciation							
Balance at January 1, 2021	$ —	$ 380,053	$ 380,948	$ 34,136	$ 101,059	$ —	$ 896,196
Depreciation expense	—	12,501	16,263	1,315	8,078	—	38,157
Disposals	—	(1,962)	(14,860)	(2,138)	(4,851)	—	(23,811)
Effect of foreign currency exchange differences	—	—	(1,161)	(62)	(296)	—	(1,519)
Balance at December 31, 2021	$ —	$ 390,592	$ 381,190	$ 33,251	$ 103,990	$ —	$ 909,023
Carrying amounts at December 31, 2021	$ 711,977	$ 240,871	$ 61,527	$ 9,078	$ 48,546	$ 282,529	$ 1,354,528

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction In Progress	Total
Balance at January 1, 2020	$ 646,993	$ 606,844	$ 424,886	$ 39,776	$ 145,751	$ —	$ 1,864,250
Acquisition of subsidiary	—	—	17,837	1,229	1,986	—	21,052
Additions	—	2,413	8,399	2,476	4,078	84,972	102,338
Disposals	—	—	(2,294)	(560)	(6,494)	—	(9,348)
Transfer from prepayments for equipment	—	—	—	—	—	6,131	6,131
Effect of foreign currency exchange differences	—	—	(143)	24	40	—	(79)
Balance at December 31, 2020	$ 646,993	$ 609,257	$ 448,685	$ 42,945	$ 145,361	$ 91,103	$ 1,984,344
Accumulated depreciation							
Balance at January 1, 2020	$ —	$ 367,861	$ 356,756	$ 32,520	$ 98,301	$ —	$ 855,438
Acquisition of subsidiary	—	—	11,560	667	1,072	—	13,299
Depreciation expense	—	12,192	15,015	1,495	8,054	—	36,756
Disposals	—	—	(2,294)	(560)	(6,392)	—	(9,246)
Effect of foreign currency exchange differences	—	—	(89)	14	24	—	(51)
Balance at December 31, 2020	$ —	$ 380,053	$ 380,948	$ 34,136	$ 101,059	$ —	$ 896,196
Carrying amounts at December 31, 2020	$ 646,993	$ 229,204	$ 67,737	$ 8,809	$ 44,302	$ 91,103	$ 1,088,148

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

Buildings	3-55 years
Machinery and equipment	3-13 years
Transportation equipment	5-13 years
Other equipment	3-13 years

b. For the carrying amount of property, plant and equipment pledged as collateral for bank borrowings, please refer to Note 8.

c. For the years ended December 31, 2021, capitalized interests was NT$1,816 thousand and capitalization rate was 0.98%.

d. As of December 31, 2021 and 2020, the title of farmland with carrying amounts of NT$308 thousand were temporarily registered in the name of Herr-Yeh Sung who had signed an agreement and had pledged the land to the Company.

(9) Right-of-use assets

	2021.12.31	2020.12.31
Buildings	$ 955	$ 1,677
Transportation equipment	1,944	847
Other equipment	6,063	8,661
Total carrying amounts	$ 8,962	$ 11,185

Cost	Buildings	Transportation Equipment	Other Equipment	Total
Balance at January 1, 2021	$ 2,837	$ 4,521	$ 13,858	$ 21,216
Additions	2,016	1,695	—	3,711
Decrease	(2,076)	(3,650)	—	(5,726)
Effect of foreign currency exchange differences	—	(68)	—	(68)
Balance at December 31, 2021	$ 2,777	$ 2,498	$ 13,858	$ 19,133
Accumulated depreciation				
Balance at January 1, 2021	$ 1,160	$ 3,674	$ 5,197	$ 10,031
Depreciation expense	1,700	540	2,598	4,838
Decrease	(1,038)	(3,650)	—	(4,688)
Effect of foreign currency exchange differences	—	(10)	—	(10)
Balance at December 31, 2021	$ 1,822	$ 554	$ 7,795	$ 10,171
Carrying amounts at December 31, 2021	$ 955	$ 1,944	$ 6,063	$ 8,962

Cost	Buildings	Transportation Equipment	Other Equipment	Total
Balance at January 1, 2020	$ 2,153	$ 4,159	$ 13,858	$ 20,170
Additions	2,076	871	—	2,947
Decrease	(1,392)	(509)	—	(1,901)
Balance at December 31, 2020	$ 2,837	$ 4,521	$ 13,858	$ 21,216
Accumulated depreciation				
Balance at January 1, 2020	$ 1,278	$ 2,366	$ 2,599	$ 6,243
Depreciation expense	1,274	1,817	2,598	5,689
Decrease	(1,392)	(509)	—	(1,901)
Balance at December 31, 2020	$ 1,160	$ 3,674	$ 5,197	$ 10,031
Carrying amounts at December 31, 2020	$ 1,677	$ 847	$ 8,661	$ 11,185

(10) Investment properties

	2021.12.31	2020.12.31
Land	$ 308,269	$ 308,269
Buildings	47,432	49,581
Total carrying amounts	$ 355,701	$ 357,850

Cost	Land	Buildings	Total
Balance at January 1, 2021	$ 308,269	$ 74,077	$ 382,346
Additions	—	—	—
Balance at December 31, 2021	$ 308,269	$ 74,077	$ 382,346
Accumulated depreciation			
Balance at January 1, 2021	$ —	$ 24,496	$ 24,496
Depreciation expense	—	2,149	2,149
Balance at December 31, 2021	$ —	$ 26,645	$ 26,645
Carrying amounts at December 31, 2021	$ 308,269	$ 47,432	$ 355,701

Cost	Land	Buildings	Total
Balance at January 1, 2020	$ 308,269	$ 74,077	$ 382,346
Additions	—	—	—
Balance at December 31, 2020	$ 308,269	$ 74,077	$ 382,346
Accumulated depreciation			
Balance at January 1, 2020	$ —	$ 22,347	$ 22,347
Depreciation expense	—	2,149	2,149
Balance at December 31, 2020	$ —	$ 24,496	$ 24,496
Carrying amounts at December 31, 2020	$ 308,269	$ 49,581	$ 357,850

a. The investment properties held by the Group are depreciated on a straight-line basis over the estimated useful lives of 45 to 60 years.

b. For the carrying amount of investment properties pledged as collateral for bank borrowings, please refer to Note 8.

c. The fair values of the investment properties owned by the Group were NT$483,666 thousand and NT$488,329 thousand as of December 31, 2021 and 2020, respectively. The fair value of investment properties was measured using the comparison approach with unobservable inputs (Level 3).

(11) Intangible assets

	2021.12.31	2020.12.31
Computer software	$ 3,932	$ 3,615
Other intangible assets	10,649	14,638
Goodwill	—	12,667
Total carrying amounts	$ 14,581	$ 30,920

Cost	Computer Software	Technology Royalty	Other Intangible Assets	Goodwill	Total
Balance at January 1, 2021	$ 42,723	$ 9,054	$ 72,906	$ 12,667	$ 137,350
Additions	1,979	—	659	—	2,638
Retirements	—	(9,054)	—	—	(9,054)
Impairment loss	—	—	—	(12,667)	(12,667)
Effect of foreign currency exchange differences	—	—	(3,464)	—	(3,464)
Balance at December 31, 2021	$ 44,702	$ —	$ 70,101	$ —	$ 114,803
Accumulated amortization					
Balance at January 1, 2021	$ 39,108	$ 9,054	$ 58,268	$ —	$ 106,430
Amortization expense	1,662	—	4,000	—	5,662
Retirements	—	(9,054)	—	—	(9,054)
Effect of foreign currency exchange differences	—	—	(2,816)	—	(2,816)
Balance at December 31, 2021	$ 40,770	$ —	$ 59,452	$ —	$ 100,222
Carrying amounts at December 31, 2021	$ 3,932	$ —	$ 10,649	$ —	$ 14,581

Cost	Computer Software	Technology Royalty	Other Intangible Assets	Goodwill	Total
Balance at January 1, 2020	$ 41,147	$ 9,054	$ 35,333	$ —	$ 85,534
Acquisition of subsidiary	—	—	37,366	12,667	50,033
Additions	1,576	—	516	—	2,092
Retirements	—	—	(309)	—	(309)
Balance at December 31, 2020	$ 42,723	$ 9,054	$ 72,906	$ 12,667	$ 137,350
Accumulated amortization					
Balance at January 1, 2020	$ 37,238	$ 9,054	$ 26,940	$ —	$ 73,232
Acquisition of subsidiary	—	—	28,462	—	28,462
Amortization expense	1,870	—	3,095	—	4,965
Retirements	—	—	(229)	—	(229)
Balance at December 31, 2020	$ 39,108	$ 9,054	$ 58,268	$ —	$ 106,430
Carrying amounts at December 31, 2020	$ 3,615	$ —	$ 14,638	$ 12,667	$ 30,920

The above items of intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	2-7 years
Technology royalty	20 years
Other intangible assets	3-10 years

(12) Other assets

	2021.12.31	2020.12.31
Golf club card	$ 12,847	$ 12,847
Others	352	5,144
Less: Accumulated impairment	(3,099)	(3,099)
Total	$ 10,100	$ 14,892
Current	$ 352	$ 5,144
Non-current	9,748	9,748
Total	$ 10,100	$ 14,892

(13) Short-term loans

	2021.12.31	2020.12.31
Purchase loans	$ 48,353	$ —
Unsecured loans	992,654	324,396
Secured loans	858,337	483,245
	$ 1,899,344	$ 807,641
Annual interest rate	0%~3.00%	0.95%~3.00%

(14) Provisions

Warranty provision	2021	2020
Balance, beginning of the year	$ 12,100	$ 12,100
Provisions recognized	2,591	3,930
Utilized	(2,591)	(3,930)
Balance, end of the year	$ 12,100	$ 12,100

Provisions were estimated based on historical experience, management judgment, and any known factors that would significantly affect the warranty.

(15) Long-term loans

		2021.12.31		2020.12.31	
Bank	Loan period and repayment term	Interest (%)	Amount	Interest (%)	Amount
Taiwan Cooperative Bank	2020.10.25 ～ 2029.12.24	1.40	$ 47,000	1.40	$ 47,000
	2021.10.25 ～ 2029.12.24	1.40	103,000	—	—
Popolare di bari	2018.2.27~2026.1.31; principal is payable in monthly installments	4.75	6,793	4.75	10,335
Popolare di bari	2020.9.15~2026.9.30; principal is payable in monthly installments commencing 2022.10.30	3.00	5,905	3.00	6,918

		2021.12.31		2020.12.31	
Bank	Loan period and repayment term	Interest (%)	Amount	Interest (%)	Amount
Banco BPM	2020.7.27~2025.5.27; principal is payable in monthly installments commencing 2022.6.27	1.275	634	1.275	865
E.Sun Commercial Bank	2021.3.5~2041.3.5; principal is payable in monthly installments	1.15	58,151	—	—
Subtotal			221,483		65,118
Less: Current portion			(5,025)		—
Total			$ 216,458		$ 65,118

(16) Retirement benefit plans

a. Defined contribution plans

The Company and domestic subsidiaries adopted a pension plan under the R.O.C. Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. For employee benefit expenses under the defined contribution plan for the years ended December 31, 2021 and 2020, please refer to Note 6(23).

b. Defined benefit plans

The defined benefit plan adopted by the Company and certain domestic subsidiaries in accordance with the R.O.C. Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. Except Air King Industrial Co., Ltd. has terminated the pension contribution from 2011, the Company and Ares Technology Co., Ltd. contribute amounts equal to 8.9% and 2%, respectively, of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	2021.12.31	2020.12.31
Present value of defined benefit obligation	$ (447,669)	$ (476,502)
Fair value of plan assets	388,819	387,731
Net defined benefit liabilities	$ (58,850)	$ (88,771)
Accounted for as net defined benefit liabilities	$ (60,191)	$ (90,189)
Accounted for as net defined benefit assets	$ 1,341	$ 1,418

Movements in the present value of the defined benefit obligation were as follows:

	2021	2020
Balance, beginning of year	$ 476,502	$ 472,166
Current service cost	877	1,114
Interest expense	1,402	2,820
Remeasurement		
Actuarial loss (gain) - changes in financial assumptions	(8,076)	9,130
Actuarial loss - experience adjustments	3,725	24,479
Benefits paid	(26,761)	(33,207)
Balance, end of year	$ 447,669	$ 476,502

Movements in the fair value of the plan assets were as follows:

	2021	2020
Balance, beginning of year	$ 387,731	$ 380,493
Interest revenue	1,167	2,311
Remeasurement		
Return on plan assets (excluding amounts included in net interest expense)	5,772	12,917
Contributions from employer	20,910	16,152
Benefits paid	(26,761)	(24,142)
Balance, end of year	$ 388,819	$ 387,731

For information on the utilization of the labor pension fund assets, including the assets allocation and yield of the fund, please refer to the website of the Bureau.

The pension costs of the defined benefit plans were recognized as follows:

	2021	2020
Current service cost	$ 877	$ 1,114
Net interest expense	235	509
Total	$ 1,112	$ 1,623

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

①Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2 year time deposit with local banks.

②Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

③Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	Measurement Date	
	2021.12.31	2020.12.31
Discount rate	0.6%~0.7%	0.3%
Expected rate of salary increase	0.5%~3.0%	0.5%~3.0%

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

	2021.12.31	2020.12.31
Discount rates		
0.1 % increase	$ (2,562)	$ (3,012)
0.1 % decrease	2,592	3,048
Expected rate of salary increase		
0.1 % increase	$ 2,157	$ 2,566
0.1 % decrease	(2,135)	(2,548)

	2021.12.31	2020.12.31
The expected contributions to the plan for the next year	$21,646	$21,100
The average duration of the defined benefit obligation	5.3~8.3 years	5.8~9.1 years

(17) Equity

a. Ordinary shares

	2021.12.31	2020.12.31
Authorized share capital	$ 3,500,000	$ 2,400,000
Issued share capital	$ 2,283,267	$ 2,174,540

The par value is NT$10 dollars.

The capitalization of retained earnings of NT$108,727 thousand and issuance of 10,873 thousand shares have been approved in the stockholders' meeting on July 13, 2021. The ex-right date and stock issuance date were September 5, 2021 and September 30, 2021, respectively.

The capitalization of retained earnings of NT$103,550 thousand and issuance of 10,355 thousand shares have been approved in the stockholders' meeting on June 23, 2020. The ex-right date and stock issuance date were September 2, 2020 and September 30, 2020, respectively.

b. Capital surplus

	2021.12.31	2020.12.31
From the issuance of ordinary shares	$ 58,393	$ 58,393
From treasury stock transactions	10,415	8,626
From difference between consideration and carrying amount arising from actual acquisition or disposal of subsidiaries	610	99
From donations	1,613	1,752
	$ 71,031	$ 68,870

Under Company Act, the capital surplus arising from shares issued in excess of par (including share premium from the issuance of ordinary stock and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital once a year within a certain percentage of the Company's paid-in capital.

c. Retained Earnings and Dividend Policy

①Under the dividend policy as set forth in the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations or in the necessary situation, and then any remaining profit together with any undistributed retained earnings shall be used for distribution of dividends and bonuses to shareholders.

The Company considers its long-term financial planning, future funding requirements, interest of shareholders as well as the amount of capital surplus, retained earnings and profit forecast when determining the stock dividends or cash dividends to be paid. However, distribution of earnings shall be made preferably by way of cash dividends. Distribution of earnings may also be made by way of stock dividends, provided that the ratio for stock dividends shall not exceed 50% of the total distribution.

②Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

③Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. For any subsequent reversal of the deduction in other shareholders' equity, the appropriate amount of earnings distribution should be reversed from the net debit balance.

④ The appropriations of earnings for 2020 and 2019 approved in the shareholders' general meetings on July 13, 2021 and June 23, 2020, respectively.

The appropriations of 2020 and 2019 earnings were as follows:

	2020	2019
Legal reserve	$ 34,354	$ 30,173
Cash dividends (NT$0.7 per share for 2020 and 2019)	152,217	144,969
Stock dividends (NT$0.5 per share for 2020 and 2019)	108,727	103,550
	$ 295,298	$ 278,692

The appropriations of earnings for 2021 were proposed by the Company's board of directors on March 29, 2022 as follows:

	2021
Legal reserve	$ 37,549
Cash dividends (NT$0.75 per share)	171,245
Stock dividends (NT$0.5 per share)	114,163
	$ 322,957

The appropriations of 2021 earnings are subject to the resolution of the shareholders' meeting to be held on June 21, 2022.

d. Special reserves

	2021	2020
Balance, beginning of year	$ 452,190	$ 452,994
Reversal:		
Depreciation expense on investment properties	(803)	(804)
Balance, end of year	$ 451,387	$ 452,190

f. Non-controlling interests

	2021	2020
Balance, beginning of year	$ 66,189	$ 67,591
Attributable to non-controlling interests		
Net income (loss)	6,887	(3,780)
Exchange differences on translating foreign operation	12	331
Unrealized gains (loss) from investments in equity instruments measured at fair value through other comprehensive income	1,681	1,097
Remeasurement of defined benefit plans	(11)	(41)
Cash dividends distributed by subsidiaries	(1,253)	(242)
Cash dividends distributed to subsidiaries	1	1
Others	(508)	1,232
Balance, end of year	$ 72,998	$ 66,189

g. Treasury stock

(In thousands of shares)

	2021.12.31	2020.12.31
Shares held by the subsidiaries	2,683	2,555

The Corporation's shares held by the subsidiary, Yishun Investment Co., Ltd., are accounted for as treasury stock. As of December 31, 2021 and 2020, the book value of treasury stock were NT$41,616 thousand; the market value of treasury stock were NT$69,759 thousand and NT$66,693 thousand, respectively.

The Company's shares held by subsidiaries are regarded for as treasury stock with all shareholders' rights, except the rights to participate in the Company's capital increase in cash and right to vote.

(18) Operating revenue

	2021	2020
Revenue from sale of goods	$ 4,637,608	$ 4,134,800
Construction contract revenue	1,023,347	956,196
Other operating revenue	20,674	22,896
	$ 5,681,629	$ 5,113,892

(19) Operating cost

	2021	2020
Cost of goods sold	$ 3,797,712	$ 3,308,655
Construction contract cost	897,077	880,251
Other operating cost	10,639	20,750
	$ 4,705,428	$ 4,209,656

(20) Other income

	2021	2020
Interest income		
Bank deposits	$ 386	$ 915
Others	2,857	2,756
Rental income	13,481	13,026
Dividend Income	2,895	2,167
Others	6,708	12,771
	$ 26,327	$ 31,635

(21) Other gains and losses

	2021	2020
Net foreign exchange gain (losses)	$ 1,211	$ (17,888)
Net gain (loss) on financial instruments at fair value through profit or loss	1,482	(4,370)
Net loss on disposal of property, plant and equipment	(685)	(4)
Loss on disposals of investments	(692)	–
Depreciation on investment properties	(2,149)	(2,149)
Impairment loss	(12,667)	–
Other losses	(58)	(288)
	$ (13,558)	$ (24,699)

(22) Finance costs

	2021	2020
Interest on bank loans	$ 13,693	$ 10,904
Interest on lease liabilities	168	227
Others	36	36
	$ 13,897	$ 11,167

(23) Additional information of expenses by nature

Net income included the following items:

	2021	2020
Depreciation and amortization expense		
Depreciation on property, plant and equipment	$ 38,157	$ 36,756
Depreciation on right-of-use assets	4,838	5,689
Depreciation on investment properties	2,149	2,149
Amortization on intangible assets	5,662	4,965
Total	$ 50,806	$ 49,559

Operating expenses directly related to investment properties:

	2021	2020
Direct operating expenses of investment properties that generated rental income	$ 1,197	$ 1,190
Direct operating expenses of investment properties that did not generate rental income	9	5
Total	$ 1,206	$ 1,195
Research and development costs expensed as incurred	$ 100,143	$ 110,594

Employee benefits expense	2021	2020
Post-employment benefits (Note 6(16))		
Defined contribution plans	$ 21,646	$ 20,737
Defined benefit plans	1,112	1,623
Subtotal	22,758	22,360
Salaries and bonus expense	623,148	597,448
Insurance expense	52,836	52,805
Others	26,987	25,234
Total	$ 725,729	$ 697,847

According to Articles of Incorporation, the Company accrued employees' compensation and remuneration of directors at the rates of 4% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 201 and 2020 were as follows:

	2021	2020
Employees' compensation	$ 17,325	$ 16,128
Remuneration of directors	8,662	8,064
	$ 25,987	$ 24,192

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

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

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

(24) Income taxes

a. Income tax expense recognized in profit or loss

①Major components of income tax expense：

	2021	2020
Current tax		
In respect of the current year	$ 63,826	$ 61,523
Adjustments for prior years	219	3,773
Subtotal	64,045	65,296
Deferred tax		
Origination and reversal of temporary differences	(4,218)	3,979
Income tax expense	$ 59,827	$ 69,275

②A reconciliation of accounting profit and income tax expense was as follows:

	2021	2020
Income before tax	$ 428,235	$ 389,420
Income tax expense calculated at the statutory rate	$ 95,861	$ 76,382
Tax effect of adjusting items:		
Tax-exempt income	(1,518)	(1,035)
Investment loss	(9,395)	—
Nondeductible items in determining taxable income	255	260
Origination and reversal of temporary differences	(9,316)	(8,613)
Income tax on unappropriated earnings	—	273
Loss carryforwards	(4,274)	(255)
Investment tax credit	(7,787)	(5,489)
Adjustments for prior years	219	3,773
Current tax	64,045	65,296
Deferred tax		
Origination and reversal of temporary differences	(4,218)	2,979
Loss carryforwards	—	1,000
Subtotal	(4,218)	3,979
Income tax expense	$ 59,827	$ 69,275

③ Income tax recognized in other comprehensive income

	2021	2020
Deferred income tax expense		
Related to remeasurement of defined benefit obligation	$ 16	$ 60

The Group applied a tax rate of 20% for entities subject to the R.O.C. Income Tax Law; for other jurisdictions, the Group measures taxes by using the applicable tax rate for each individual jurisdiction.

b. Deferred tax assets

The movements of deferred tax assets were as follows:

2021

Deferred tax assets	Opening Balance	Acquisition of Subsidiary	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Effect of Foreign Currency Exchange Differences	Closing Balance
Temporary differences						
Allowance for inventory loss	$ 5,875	$ —	$ 4,391	$ —	$ —	$ 10,266
Payable for annual leave	4,606	—	(6)	—	—	4,600
Unrealized exchange losses	2,517	—	(1,539)	—	—	978
Others	4,607		1,372	—	(23)	5,956
Total	$ 17,605	$	$ 4,218	$ —	$ (23)	$ 21,800

Deferred tax liabilities	Opening Balance	Acquisition of Subsidiary	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Effect of Foreign Currency Exchange Differences	Closing Balance
Land value increment tax	$ (174,220)	$ —	$ —	$ —	$ —	$ (174,220)
Others	(282)	—	—	16	—	(266)
Total	$ (174,502)	$ —	$ —	$ 16	$ —	$ (174,486)

2020

Deferred tax assets	Opening Balance	Acquisition of Subsidiary	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Effect of Foreign Currency Exchange Differences	Closing Balance
Temporary differences						
Allowance for inventory loss	$ 9,965	$ —	$ (4,090)	$ —	$ —	$ 5,875
Payable for annual leave	4,307	—	299	—	—	4,606
Unrealized exchange losses	1,619	—	898	—	—	2,517
Others	5,293	57	(744)	—	1	4,607
Total	$ 21,184	$ 57	$ (3,637)	$ —	$ 1	$ 17,605

Deferred tax liabilities	Opening Balance	Acquisition of Subsidiary	Recognized in Profit or Loss	Recognized in Other Comprehensive Income (Loss)	Effect of Foreign Currency Exchange Differences	Closing Balance
Land value increment tax	$ (174,220)	$ —	$ —	$ —	$ —	$ (174,220)
Others	—	—	(342)	60	—	(282)
Total	$ (174,220)	$ —	$ (342)	$ 60	$ —	$ (174,502)

c. Information about loss carryforwards

As of December 31, 2021, unused loss carryforwards and expiry year were as follows:

Unused Amount		Expiry Year
$	3,997	2023
	6,590	2024
	5,773	2025
	14,081	2026
	12,545	2028
	19,152	2029
	6,061	2030
	4,193	2031
$	72,392	

d. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized

	2021.12.31		2020.12.31	
Loss carryforwards	$	72,392	$	68,200
Deductible temporary differences		70,805		80,935
Total	$	143,197	$	149,135

e. Income tax assessments

The income tax returns of the Company, Air King Industrial Co., Ltd., Allis Communications Co., Ltd., Ares Technology Co., Ltd., and Yishun Investment Co., Ltd. through 2019 have been assessed by the tax authority.

(25) Earnings per share

	2021		2020	
Basic earnings per share (NT$)	$	1.60	$	1.44

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

	2021		2020	
Net income for the year attributable to owners of the Company	$	361,521	$	323,925
Weighted average number of ordinary shares in computation of basic earnings per share (in thousands of shares)		225,644		225,644

Retroactive adjustments were applied to the Company's basic earnings per share for the years ended December 31, 2021 and 2020.

(26) Significant lease agreements

a. The Group as lessee

	2021	2020
Expenses relating to short-term leases	$ 21,273	$ 16,234
Total cash outflow for leases	$ 26,050	$ 22,104

b. The Group as lessor

As of December 31, 2021 and 2020, the future lease payments receivable under operating leases of investment properties were as follows:

	2021.12.31	2020.12.31
Not later than 1 year	$ 11,952	$ 12,929
1-2 years	6,495	11,753
2-3 years	5,249	6,457
3-4 years	5,354	5,249
4-5 years	5,406	5,354
Later than 5 years	11,546	18,345
Total	$ 46,002	$ 60,087

(27) Capital management

In consideration of the industry dynamics and future developments, as well as external environment factors, the Company maintains an optimal capital structure to enhance long-term shareholder value by managing its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, research and development activities, dividend payments, and other business requirements for continuing operations to reward shareholders and take into consideration the interests of other stakeholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, or repurchase shares.

(28) Financial instruments

a. Fair value of financial instruments

①The management of the Group considers that the carrying amounts of those financial instruments that are not measured at fair value approximate their fair values or their fair values cannot be reliably measured.

②Financial instruments that are measured at fair value

Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either

directly or indirectly; and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial instruments measured at fair value on a recurring basis:

	2021.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Convertible Bond	$ 800	$ —	$ —	$ 800
	$ 800	$ —	$ –	$ 800
Financial assets at FVTOCI				
Listed shares	$ 32,835	$ —	$ —	$ 32,835
Unlisted shares	—	—	307,501	307,501
Total	$ 32,835	$ —	$ 307,501	$ 340,336
Financial liabilities at FVTPL	$ —	$ 442	$ —	$ 442

	2020.12.31			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed shares	$ 15,495	$ —	$ —	$ 15,495
Unlisted shares	—	—	247,813	247,813
Total	$ 15,495	$ —	$ 247,813	$ 263,308
Financial liabilities at FVTPL	$ –	$ 1,775	$ –	$ 1,775

There were no transfers between Levels 1 and 2 for the years ended December 31, 2021 and 2020.

Reconciliation of Level 3 fair value measurements of financial instruments was as follows:

	Financial assets at FVTOCI	
	2021	2020
Balance, beginning of the year	$ 247,813	$ 270,758
Acquisition of financial assets at fair value through other comprehensive income	8,112	3,677
Disposal of financial assets at fair value through other comprehensive income	(692)	(90,195)
Accounted for unrealized gains from investments in equity instruments measured at FVTOCI	52,327	63,573
Effects of foreign currency exchange differences	(59)	—
Balance, end of the year	$ 307,501	$ 247,813

③ Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

The fair values of derivatives - foreign exchange forward contracts were determined using discounted cash flow approach. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

④ Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the market approach. The market approach refers to the comparable market transaction price and related information to estimate the fair value of the investment target. The significant unobservable inputs are discounted prices for the lack of marketability.

b. Categories of financial instruments

Financial assets	2021.12.31	2020.12.31
FVTPL	$ 800	–
FVTOCI	340,336	263,308
Amortized cost (Note)	3,794,763	2,739,700
Total	$ 4,135,899	$ 3,003,008

Financial liabilities	2021.12.31	2020.12.31
Amortized cost		
Short-term loans	$ 1,899,344	$ 807,641
Notes and accounts payable	1,640,833	1,152,872
Other payables	257,123	232,924
Current tax liabilities	52,387	29,521
Long-term loans	221,483	65,118
Lease liabilities	9,313	11,359
Guarantee deposits	3,408	3,378
FVTPL	442	1,775
	$ 4,084,333	$ 2,304,588

Note: The balances include cash and cash equivalents, notes and accounts receivable, other receivables, current tax assets, and refundable deposits.

c. Financial risk management objectives and policies

The Group's major financial risk management goal is to manage risks that relate to operating activities. These risks include currency risk, interest rate risk, credit risk and liquidity risk. In order to lower relevant financial risks, the Group identifies and assesses the risks and takes actions to manage uncertainty of the market with the objective to reduce the potentially adverse effects the market fluctuations may have on its financial performance.

The Group's important financial activities are reviewed by the board of directors in accordance with related regulations and internal controls. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

d. Market risk

The Group's activities exposed it primarily to the market risks of changes in foreign currency exchange rates and interest rates. The Group entered into forward exchange contracts to hedge portion of foreign exchange risk.

① Foreign currency risk

The Group undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose. The Group used foreign exchange forward contracts to partially offset the risk of foreign currency exposure. These foreign exchange forward contracts are intended to reduce the influence of the exchange rate fluctuations on the Group's income.

The information on assets and liabilities denominated in non-functional currency whose values would be materially affected by the exchange rate fluctuations at the end of the reporting period and sensitivity analysis were as follows (in thousands of respective foreign currencies or New Taiwan dollars):

	2021.12.31					
			Carrying Amounts	Sensitivity Analysis		
Financial assets	Foreign Currencies	Exchange Rate	(NTD)	Variations	Impact on Profit (loss)	Impact on Equity
Monetary items						
USD	$ 7,191	27.655	198,867	±10%	±19,887	±19,887
EUR	2,320	31.38	72,802	±10%	±7,280	±7,280
JPY	4,757	0.2405	1,144	±10%	±114	±114
SGD	1,073	20.48	21,975	±10%	±2,198	±2,198
ZAR	6,897	1.734	11,959	±10%	±1,196	±1,196
RMB	44,728	4.341	194,164	±10%	±19,416	±19,416
Financial liabilities						
Monetary items						
USD	4,527	27.655	125,194	±10%	∓12,519	∓12,519
JPY	6,983	0.2405	1,679	±10%	∓168	∓168
ZAR	2,005	1.734	3,477	±10%	∓348	∓348
RMB	2,271	4.341	9,858	±10%	∓986	∓986
EUR	1,207	31.38	37,876	±10%	∓3,788	∓3,788

		2020.12.31					
			Carrying Amounts	Sensitivity Analysis		
Financial assets	Foreign Currencies	Exchange Rate	(NTD)	Variations	Impact on Profit (loss)	Impact on Equity
Monetary items						
USD	$ 7,770	28.10	218,337	±10%	±21,834	±21,834
EUR	1,387	34.59	47,976	±10%	±4,798	±4,798
JPY	62	0.2725	17	±10%	±2	±2
SGD	474	21.27	10,082	±10%	±1,008	±1,008
ZAR	8,108	1.921	15,575	±10%	±1,558	±1,558
RMB	29,002	4.325	125,434	±10%	±12,543	±12,543
Financial liabilities						
Monetary items						
USD	1,205	28.10	33,861	±10%	∓3,386	∓3,386
ZAR	5,214	1.921	10,016	±10%	∓1,002	∓1,002
RMB	1,923	4.325	8,317	±10%	∓832	∓832
EUR	1,228	34.59	42,477	±10%	∓4,248	∓4,248

The sensitivity analysis included only outstanding foreign currency denominated items at the end of the reporting period under the assumption of a 10% change in foreign currency rates.

②Interest rate risk

The Group is exposed to interest rate risks related to floating rate short-term and long-term loans. The management of the Group expected no material change in interest rate; therefore, the Group did not enter into derivative financial instruments to manage the interest rate risk.

For sensitivity analysis of interest rate risk, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. If interest rates had been a quarter of a percent higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2021 and 2020 would decrease/increase by NT$4,894 thousand and NT$2,019 thousand, respectively

③ Other price risk

The Group is exposed to price risk through its investments in equity securities and convertible bonds. The management of the Group manages risk by holding different risk portfolios.

If equity and commodity prices had been 5% higher/lower, pre-tax profit for the year ended December 31, 2021 would have increased/decreased by NT$40 thousand as a result of the changes in fair value of financial assets at FVTPL, and the other comprehensive income for the years ended December 31, 2021 and 2020 would have increased/decreased by NT$17,017 thousand and NT$13,165 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

e. Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group is exposed to credit risks from operating activities, primarily accounts receivables, and from investing activities, primarily bank deposits, fixed-income investments and other financial instruments with banks. Credit risk is managed separately for business related and financial related exposures. As of the end of the reporting period, the Group's maximum credit risk exposure is equal to the carrying amount of the recognized financial assets as stated in the consolidated balance sheets.

① Business related credit risk

In order to maintain the credit quality of accounts receivables, the Group has established procedures to monitor and limit exposure to credit risk on accounts receivables. Credit evaluation is performed in the consideration of the relevant factors, such as customer's financial condition, transaction history and economic conditions. The Group grants credit to customers on the basis of the credit evaluation and collects installments to reduce credit risk.

As of December 31, 2021 and 2020, the Group's ten largest customers accounted for 79.40% and 66.81%of its total accounts receivables, respectively.

② Financial credit risk

The Group's exposure to financial credit risk which pertained to bank deposits, fixed-income investments and other financial instruments were evaluated and monitored by Group's financial department. Since the counterparties are creditworthy banks and financial institutions with good credit rating, thus, there's no significant credit risk.

f. Liquidity risk management

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2021 and 2020, the amount of unused financing facilities were NT$1,713,683 thousand and NT$2,674,353 thousand, respectively.

①Liquidity risk table for non-derivative financial liabilities

The table below summarized the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	2021.12.31		
	Less than 1 Year	More than 1 Year	Total
Non-derivative financial liabilities			
Short-term loans	$ 1,899,344	$ －	$ 1,899,344
Notes and accounts payable	1,607,975	32,858	1,640,833
Other payables	228,733	28,390	257,123
Current tax liabilities	52,387	－	52,387
Long-term loans	5,025	216,458	221,483
Lease liabilities	4,274	5,039	9,313
Guarantee deposits	－	3,408	3,408
	$ 3,797,738	$ 286,153	$ 4,083,891

	2020.12.31		
	Less than 1 Year	More than 1 Year	Total
Non-derivative financial liabilities			
Short-term loans	$ 807,641	$ －	$ 807,641
Notes and accounts payable	1,101,176	51,696	1,152,872
Other payables	209,623	23,301	232,924
Current tax liabilities	29,521	－	29,521
Long-term loans	－	65,118	65,118
Lease liabilities	4,155	7,204	11,359
Guarantee deposits	－	3,378	3,378
	$ 2,152,116	$ 150,697	$ 2,302,813

② Liquidity risk table for derivative financial liabilities

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable was not fixed, the amount disclosed was determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

	Less than 1 Year	
Derivative financial instruments	2021.12.31	2020.12.31
Gross settled foreign exchange contract		
Inflows	$ 107,721	$ 48,849
Outflows	(108,163)	(50,624)
	$ (442)	$ (1,775)

7. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, revenue and expenses between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below.

(1) Names and relationships of related parties

Related Party	Relationship with the Group
Nissin-Allis Electric Co., Ltd.	Associate
Nissin Allis Union Ion Equipment Co., Ltd.	Associate
PHD Powerhouse Distributions (PTY) Ltd.	Associate (before December 1, 2020.)
Le-Min Industrial Co., Ltd.	Related party in substance
Taiwan Marine Electric Co., Ltd.	Related party in substance
Impact Power Inc.	Related party in substance
Huede Industrial Co., Ltd.	Related party in substance
Dudu Investments Co., Ltd.	Related party in substance
Herr-Yeh Sung	Key management personnel

(2) Operating revenue

Line Items	Related Parties Categories	2021	2020
Operating revenue	Associates	$ 50,098	$ 62,424
	Others	15,664	12,605
		$ 65,762	$ 75,029

(3) Purchase and factory overhead

Line Items	Related Parties Categories	2021	2020
Purchase and factory overhead	Associates	$ 228,125	$ 137,790
	Others	113,955	155,617
		$ 342,080	$ 293,407

(4) Receivables from related parties

Line Items	Related Parties Categories	2021.12.31	2020.12.31
Notes receivable from related parties	Others	$ —	$ 613
Accounts receivable from related parties	Associates	$ 33,661	$ 12,766
	Others	4,091	2,969
		$ 37,752	$ 15,735
Other receivables	Associates	$ 102	$ 69

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2021 and 2020, no impairment loss was recognized for receivables from related parties.

(5) Payable to related parties

Line Items	Related Parties Categories	2021.12.31	2020.12.31
Notes payable to related parties	Associates	$ —	$ 6,048
Accounts payable to related parties	Associates	$ 124,304	$ 39,853
	Others	48,152	45,279
		$ 172,456	$ 85,132
Other payables	Others	$ 795	$ 567

(6) Others

Line Items	Related Parties Categories	2021	2020
Selling and marketing expenses	Others	$ 643	$ 629
Research and development expenses	Others	$ 72	$ —
Other income	Associates	$ 79	$ 1,120
	Others	18	—
		$ 97	$ 1,120
		2021.12.31	2020.12.31
Contract liability	Associates	$ 315	$ —

The sales and purchase prices and payment terms to related parties were not significantly different from those to third parties. The rental collected monthly was based on those prevailing in the market.

(7) Compensation of key management personnel

	2021	2020
Short-term benefits	$ 72,139	$ 54,755
Post-employment benefits	1,127	817
	$ 73,266	$ 55,572

The compensation of key management personnel was determined by the remuneration committee based on the performance of individuals and market trends.

(8) Other

As of December 31, 2021 and 2020, the title of farmland with carrying amounts of NT$308 thousand were temporarily registered in the name of Herr-Yeh Sung who had signed an agreement and had pledged the land to the Company. Please refer to Note 6(8).

8. PLEDGED ASSETS

The following assets had been pledged or mortgaged as collateral for short-term and long-term loans, tender bonds provided on construction bidding or performance bonds:

	2021.12.31	2020.12.31
Pledged time deposits (accounted for as other receivables)	$ 5,033	$ —
Property, plant and equipment, net	844,152	801,909
Investment properties, net	348,678	350,625
Total	$ 1,197,863	$ 1,152,534

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2021, significant contingent liabilities and unrecognized commitments of the Group were as follows:

(1) The guaranteed notes issued were NT$2,172,982 thousand, including:

a. The guaranteed notes issued for bank loans were NT$1,890,000 thousand.

b. The guaranteed notes issued for sales contracts performance guarantees were NT$282,982 thousand.

(2) Information related endorsements/guarantees provided, please refer to Table 2 attached.

(3) Unused letters of credit were USD$4,064 thousand and JYP5,747 thousand.

10. SIGNIFICANT LOSS FROM DISASTERS: None.

11. SIGNIFICANT SUBSEQUENT EVENTS: None.

12. OTHERS: None.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions:

a. Financing provided to others: Please refer to Table 1 attached.

b. Endorsements/guarantees provided: Please refer to Table 2 attached.

c. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Please refer to Table 3 attached.

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

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

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

g. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 4 attached.

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

i. Trading in derivative instruments：Please refer to Note 6(2).

j. Others: Intercompany relationships and significant intercompany transactions：Please refer to Table 5 attached.

(2) Information on investees (excluding investee company in mainland China): Please refer to Table 6 attached.

(3) Information on investment in mainland China:

a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Please refer to Table 7 attached.

b. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: Please refer Table 5 attached.

(4) Information of major shareholder

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder: None.

14. SEGMENT INFORMATION

The Group uses the operating income as the measurement for the basis of performance assessment. The basis for such measurement is the same as that for the preparation of financial statements.

The reporting segments were as follows:

Switchgear segment- manufacture and sale of high and low voltage switchgear.
Transformer segment- manufacture and sale of high and low voltage transformer.
Transmission and distribution apparatus segment - manufacture and sale of transmission & distribution line apparatus.
Power and electrical equipment segment - manufacture and sale of industrial power and electrical equipment.
Engineering segment- construction and installation of electrical equipment.
Other segment –sale of GPS antennas and relay equipment.

(1) Segment revenues and results:

	Switchgear segment		Transformer segment		Transmission and distribution apparatus segment		Power and electrical equipment segment		Engineering segment		Other segment		elimination of intersegment transactions		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue from external customers	$ 1,457,654	$ 981,519	$ 619,711	$ 424,777	$ 830,414	$ 1,054,210	$ 1,302,958	$ 1,287,828	$ 959,781	$ 990,518	$ 511,111	$ 375,040	$ –	$ –	$ 5,681,629	$ 5,113,892
Inter-segment revenue	–	–	–	–	–	–	204,411	81,099	359,768	179,504	20,436	26,420	(584,615)	(287,023)	–	–
Total revenue	$ 1,457,654	$ 981,519	$619,711	$424,777	$ 830,414	$ 1,054,210	$ 1,507,369	$ 1,368,927	$ 1,319,549	$ 1,170,022	$ 531,547	$ 401,460	$ (584,615)	$ (287,023)	$ 5,681,629	$ 5,113,892
Interest expense	$ 1,695	$ 1,338	$ 1,197	$ 1,101	$ 1,795	$ 1,789	$ 6,394	$ 5,348	$ 3,147	$ 1,597	$ 567	$ 333	$ (898)	$ (339)	$ 13,897	$ 11,167
Depreciation and amortization expense	$ 10,459	$ 10,054	$ 5,939	$ 6,477	$ 7,720	$ 10,540	$ 16,722	$ 14,862	$ 4,338	$ 3,571	$ 3,479	$ 1,906	$ –	$ –	$ 48,657	$ 47,410
Segment profit or loss	$ 39,186	$ 27,127	$ 5,939	$ 17,339	$ 121,832	$ 147,317	$ 40,334	$ 54,949	$ 61,485	$ 52,723	$ 118,480	$ 50,810	$ (11,290)	$ (1,515)	$ 375,966	$ 348,750

(2) Geographical information：

	2021	2020
Revenue from external customers		
Geographical areas		
Taiwan	$ 4,987,912	$ 4,832,515
Others	693,717	281,377
Total	$ 5,681,629	$ 5,113,892

	2021.12.31	2020.12.31
Non-current assets		
Geographical areas		
Taiwan	$ 1,714,155	$ 1,480,797
Others	29,365	17,054
Total	$ 1,743,520	$ 1,497,851

Non-current assets include property, plant and equipment, right-of-use assets, investment properties, intangible assets and other non-current assets.

(3) Information about major customers:

	2021	2020
Customer A	$ 528,523	$ 605,566
Customer B	1,342,232	1,271,587
	$ 1,870,755	$ 1,877,153

Allis Electric Co., Ltd. and Subsidiaries

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

Table 1

No.	Lender	Borrower	Financial Statement Account	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limits (Note 3)
												Item	Value		
0	Allis Electric Co., Ltd.	AEC International S.r.l.	Other receivables	$ 36,400	$ 26,272 (Note 1)	$ 26,272	3.00%	Business Transaction	$ 105,098	—	$ —	None	None	$ 353,557	$ 707,114
		Zhong Mou Construction Co., Ltd.	Other receivables	$ 70,000	$ 59,714	$ 59,714	1.50%	Short-term Financing	$ —	Operating capital	$ —	None	None	$ 353,557	$ 707,114

Note 1: In preparing the consolidated financial statements, the balance has been eliminated.

Note 2: The total amount for lending to a company should not exceed 10% of the Company's net equity.

Note 3: The aggregate amount available for lending to others should not exceed 20% of the Company's net equity.

Allis Electric Co., Ltd. and Subsidiaries
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Amount Actually Drawn	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in the Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relation-ship (Note 1)										
0	Allis Electric Co., Ltd.	Nissin-Allis Electric Co., Ltd.	f	$ 1,178,523 (Note 2)	$ 65,000	$ 65,000	$ 47,156	—	1.84%	$ 1,767,785 (Note 2)	—	—	—
		Ares Technology Co., Ltd.	b		$ 125,000	$ 125,000	$ 68,000	—	3.54%		Y	—	—
		Air King Industrial Co., Ltd.	b		$ 180,400	$ 180,400	$ 133,151	—	5.10%		Y	—	—
		Zhong Mou Construction Co., Ltd.	e		$ 271,962	$ 271,962	$ 271,962	—	7.69%		—	—	—
1	Air King Industrial Co., Ltd.	Allis Electric Co., Ltd.	c	$ 450,000 (Note 3)	$ 27,766	$ 27,766	$ 27,766	—	29.45%	$ 500,000 (Note 3)	—	Y	—

Note 1: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company that the Corporation has business relationship with.

b. The Corporation owns directly or indirectly over 50% ownership of the investee company.

c. The company that owns directly or indirectly hold over 50% ownership of the Corporation.

d. In between companies that were held over 90% of voting shares directly or indirectly by an entity.

e. The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.

f. Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.

g. According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

Note2: The total amount of the guarantee provided by the Company to any individual entity should not exceed 1/3 of the Company's net equity. The total amount of guarantee should not exceed 1/2 of the Company's net equity.

Note 3:The total amount of the guarantee provided by Air King Industrial Co., Ltd. to the parent company and the other individual entities should not exceed NT$450,000 thousand and NT$50,000 thousand, respectively. The total amount of guarantee should not exceed NT$500,000 thousand.

Allis Electric Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Table 3

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Allis Electric Co., Ltd.	Stocks of FIC Global, Inc.	—	Financial assets at fair value through other comprehensive income-current	1,273	96	—	96	
	Stocks of Taiwan High Speed Rail Corporation	—	Financial assets at fair value through other comprehensive income-current	4,000	119	—	119	
	Stocks of Pacific Electric Wire and Cable Co., Ltd.	—	Financial assets at fair value through profit or loss- noncurrent	585	—	—	—	
	Stocks of Prodisc Technology Inc.	—	Financial assets at fair value through profit or loss- noncurrent	47,632	—	—	—	
	Stocks of Yuquan Technology Inc.	—	Financial assets at fair value through profit or loss- noncurrent	35,150	—	—	—	
	Stocks of Uni-Circuit Inc.	—	Financial assets at fair value through profit or loss- noncurrent	30,000	—	—	—	
	Stocks of Le-Min Industrial Co., Ltd.	Related party in substance	Financial assets at fair value through other comprehensive income-noncurrent	1,948,072	36,624	19.68%	36,624	
	Stocks of Arch Meter Corporation	—	Financial assets at fair value through other comprehensive income-noncurrent	1,548,000	28,174	4.29%	28,174	
	Stocks of Tangeng Advanced Vehicles Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	8,251,225	170,883	15.48%	170,883	
	Stocks of Leadtang Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	1,000,000	10,970	12.50%	10,970	
	Stocks of ProMOS Technologies Inc.	—	Financial assets at fair value through other comprehensive income-noncurrent	133,366	2,003	0.30%	2,003	
	Stocks of Advantage International Green Energy Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	—	1,183	1.00%	1,183	

Allis Electric Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Yishun Investment Co., Ltd.	Convertible bonds of Evergreen Marine Co., (Taiwan) Ltd.	—	Financial assets at fair value through profit or loss-current	5,000	800	—	800	
	Stocks of Allis Electric Co., Ltd.	Parent company	Financial assets at fair value through other comprehensive income-current	2,684,645	69,801	1.18%	69,801	Note1
	Stocks of Taiwan Cement Corporation	—	Financial assets at fair value through other comprehensive income-current	10,000	480	—	480	
	Stocks of DaChan Greatwall Corporation	—	Financial assets at fair value through other comprehensive income-current	11,084	592	—	592	
	Stocks of Hong Tai Corporation	—	Financial assets at fair value through other comprehensive income-current	20,000	538	—	538	
	Stocks of China Steel Corporation	—	Financial assets at fair value through other comprehensive income-current	20,000	707	—	707	
	Stocks of United Microelectronics Corporation.	—	Financial assets at fair value through other comprehensive income-current	40,000	2,600	—	2,600	
	Stocks of Yageo Corporation	—	Financial assets at fair value through other comprehensive income-current	2,000	959	—	959	
	Stocks of Taiwan Semiconductor Manufacturing Company Limited	—	Financial assets at fair value through other comprehensive income-current	10,000	6,150	—	6,150	
	Stocks of United Integrated Services Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	5,000	908	—	908	
	Stocks of Celxpert Energy Corporation	—	Financial assets at fair value through other comprehensive income-current	10,000	427	—	427	
	Stocks of Vanguard International Semiconductor Co.	—	Financial assets at fair value through other comprehensive income-current	2,000	316	—	316	

Note 1: In preparing the consolidated financial statements, the balance has been eliminated.

Allis Electric Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Yishun Investment Co., Ltd.	Stocks of Sigurd Microelectronics Corp.	—	Financial assets at fair value through other comprehensive income-current	30,000	1,764	—	1,764	
	Stocks of Sheng Yu Steel Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	10,000	331	—	331	
	Stocks of Tsrc Corporation	—	Financial assets at fair value through other comprehensive income-current	10,000	404	—	404	
	Stocks of IKKA Holdings (Cayman) Limited	—	Financial assets at fair value through other comprehensive income-current	10,000	1,155	—	1,155	
	Stocks of Lite-on Technology Corp.	—	Financial assets at fair value through other comprehensive income- current	10,000	638	—	638	
	Stocks of Macronix International Co., Ltd.	—	Financial assets at fair value through other comprehensive income- current	40,000	1,688	—	1,688	
	Stocks of Giga-byte Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income- current	8,000	1,244	—	1,244	
	Stocks of King Yuan Electronics Co., Ltd.	—	Financial assets at fair value through other comprehensive income- current	10,000	448	—	448	
	Stocks of Elan Microelectronics Corp.	—	Financial assets at fair value through other comprehensive income- current	20,000	3,400	—	3,400	
	Stocks of Evergreen Marine Corp. (Taiwan) Ltd.	—	Financial assets at fair value through other comprehensive income- current	10,000	1,425	—	1,425	
	Stocks of Fubon Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income- current	11,000	839	—	839	
	Stocks of Cathay Financial Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income- current	5,000	313	—	313	
	Stocks of Xintec Inc.	—	Financial assets at fair value through other comprehensive income- current	10,000	1,430	—	1,430	

Allis Electric Co., Ltd. and Subsidiaries
MARKETABLE SECURITIES HELD
(Excluding Investment in Subsidiaries, Associates and Joint Controlled Entities)
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
Yishun Investment Co., Ltd.	Stocks of ASE Technology Holding Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	15,000	1,597	—	1,597	
	Stocks of Sercomm Corp.	—	Financial assets at fair value through other comprehensive income-current	15,000	1,135	—	1,135	
	Stocks of Sonix Technology Co., Ltd.	—	Financial assets at fair value through other comprehensive income-current	5,000	460	—	460	
	Stocks of Hannstar Display Corp.	—	Financial assets at fair value through other comprehensive income-current	10,000	181	—	181	
	Stocks of Career Technology (MFG.) Co., Ltd.	—	Financial assets at fair value through other comprehensive income- current	10,000	265	—	265	
	Stocks of Chung-hsin Electric & Machinery Mfg. Corp.	—	Financial assets at fair value through other comprehensive income- current	5,000	226	—	226	
	Stocks of Watron Technology Corp.	—	Financial assets at fair value through other comprehensive income- noncurrent	822,400	46,095	15.23%	46,095	
Ares Technology Co., Ltd.	Stocks of Watron Technology Corp.	—	Financial assets at fair value through other comprehensive income- noncurrent	206,400	11,569	3.82%	11,569	

Allis Electric Co., Ltd. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Table 4

Seller/Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Allis Electric Co., Ltd.	AEC International S.r.l.	Subsidiary	Sale	$ (105,098)	1.85%	210 days	—	—	$ 75,878	2.44%	Note
Allis Electric Co., Ltd.	Air King Industrial Co., Ltd.	Subsidiary	Purchase	$ 281,200	5.93%	115 days	—	—	$ (129,843)	(8.00%)	Note
Allis Electric Co., Ltd.	Nissin-Allis Electric Co., Ltd.	Associate	Purchase	$ 228,125	4.81%	115 days	—	—	$ (119,957)	(7.31%)	—

Note : In preparing the consolidated financial statements, the transaction and balance have been eliminated.

Allis Electric Co., Ltd. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Table 5

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Consolidated Total Revenues or Assets
0	Allis Electric Co., Ltd.	Air King Industrial Co., Ltd.	a	Revenue from sale of goods	18,330	(Note 2)	0.32%
				Purchase	2,691		0.05%
				Construction contract cost	278,508		4.90%
				Accounts receivable	922		0.01%
				Other receivables	57		0.00%
				Construction in progress	74,677		0.91%
				Accounts payable	129,843		1.58%
				Other payables	3,921		0.05%
		Ares Technology Co., Ltd.	a	Revenue from sale of goods	1,577	(Note 2)	0.03%
				Purchase	76,630		1.35%
				Selling and marketing expenses	27		0.00%
				Rental income	154		0.00%
				Accounts payable	32,312		0.39%
		Allis Communications Co., Ltd.	a	Purchase	750	(Note 2)	0.01%
				Accounts payable	80		0.00%
		Hengyuan Allis Electric Co., Ltd.	a	Revenue from sale of goods	15,395	(Note 2)	0.27%
				Purchase	144		0.00%
				Factory overhead	13		0.00%
				Accounts payable	13		0.00%
				Other payables	2		0.00%
		PHD Powerhouse Distributions (PTY) Ltd.	a	Revenue from sale of goods	20,894	(Note 2)	0.37%
				Accounts receivable	23,276		0.28%

Allis Electric Co., Ltd. and Subsidiaries
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms	% to Consolidated Total Revenues or Assets
0	Allis Electric Co., Ltd.	AEC International S.r.l.	a	Revenue from sale of goods	105,098	(Note 2)	1.85%
				Purchase	186		0.00%
				Interest income	898		0.02%
				Other receivables	26,272		0.32%
				Accounts receivable	75,878		0.93%
				Accounts payable	177		0.00%
		Yishun Investment Co., Ltd.	a	Rental income	27	(Note 2)	0.00%
1	Air King Industrial Co., Ltd.	Yishun Investment Co., Ltd.	b	Rental income	9	(Note 2)	0.00%
2	Yishun Investment CO., LTD.	Ares Technology Co., Ltd.	b	Operating revenue	432	(Note 2)	0.01%

Note 1: The relationships with the related parties are:

a. Parent company to its subsidiaries.

b. Subsidiaries to subsidiaries.

Note 2: The prices and payment terms were not significantly different from those to third parties.

Note 3: In preparing the consolidated financial statements, the transaction and balance have been eliminated.

Allis Electric Co., Ltd. and Subsidiaries
INFORMATION ON INVESTEES (EXCLUDING INVESTEE COMPANY IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Table 6

Investor Company	Investee Company	Location	Principle Businesses Activities	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Shares	%	Carrying Amount			
Allis Electric Co., Ltd.	Air King Industrial Co., Ltd.	Taipei, Taiwan	Design and installation of electrical equipment	$ 28,458	$ 28,458	4,114,275	83.12%	$ 70,307	$ 33,742	$ 19,992	Note 2
	Nissin-Allis Electric Co., Ltd.	Taoyuan, Taiwan	Manufacturing of SF6 capacitor and GIS	90,000	90,000	9,000,000	30.00%	214,265	106,993	32,098	—
	Ares Technology Co., Ltd.	New Taipei City, Taiwan	Manufacturing of UPS	75,560	75,560	6,800,000	100.00%	64,081	1,533	1,533	Note 2
	Allis Communications Co., Ltd.	New Taipei City, Taiwan	Manufacturing of GPS antennas	86,909	85,410	4,958,380	82.64%	57,178	110	86	Note 2
	Yishun Investment CO., LTD.	Taipei, Taiwan	Investment and holding	179,900	179,900	17,990,000	99.94%	135,613	2,286	497	Note 1 and 2
	Nissin Allis Union Ion Equipment Co., Ltd.	Hsinchu, Taiwan	Manufacturing of mechanical equipment and electronic parts	30,000	30,000	4,000,000	40.00%	105,849	53,248	21,299	—
	AYM International Corporation	Guam, U.S.	Construction and sale of power and electrical equipment	5,942	5,942	2,000	40.00%	—	—	—	—
	PHD Powerhouse Distributions (PTY) Ltd.	South Africa	Selling of UPS	40,974	40,974	90	90.00%	7,937	1,835	(11,016)	Note 2
	AEC International S.r.l.	Italy	Selling of electrical equipment	62,771	62,771	300,000	100.00%	4,879	2,866	2,866	Note 2
	Intelicis Corporation	Santa Clara, U.S.	Developing of radio frequency products	49,301	49,301	1,875,500	29.16%	—	—	—	—

Note 1: The Company's shares held by the subsidiary are recorded as treasury stock, and its dividends received from the Company are excluded from share of profit (loss).
Note 2: In preparing the consolidated financial statements, the amount and balance have been eliminated.

Allis Electric Co., Ltd.
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Table 7

Investee Company	Principle Businesses Activities	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Share of Profit (Loss) (Note)	Carrying Amount as of December 31, 2021 (Note)	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
Hengyuan Allis Electric Co., Ltd.	Selling of electrical equipment	USD 3,400	Direct investment	$ 67,781 (USD2,121)	$ –	$ –	$ 67,781 (USD2,121)	$ 7,562	65.38%	$ 4,944	$ 86,041	$ –

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
		Net equity∗60%
$ 106,207 (USD3,266)	$ 206,102(USD 6,411)	2,121,342

Note: The amount and balance were recognized based on the financial statements certificated by the CPA of the parent company in Taiwan and have been eliminated in preparing the consolidated financial statements.