TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

SEPTEMBER 30, 2017 AND 2016

For the convenience of readers and for information purpose only, the report of independent accountants and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language the report of independent accountants and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of TECO Electric & Machinery Co., Ltd. and subsidiaries as of September 30, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists primarily of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 4(3) to the consolidated financial statements, we did not review the financial statements of certain consolidated subsidiaries and investees accounted for under equity method, which statements reflect total assets (including investments accounted for under the equity method) of NT$31,913,282 thousand and NT$38,751,272 thousand, constituting 34% and 42% of consolidated total assets as of September 30, 2017 and 2016, respectively, total liabilities (including credit balance of investments accounted for under equity method) of NT$4,627,440 thousand and NT$6,682,425 thousand, constituting 13% and 18% of consolidated total liabilities as of September 30, 2017 and 2016, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of NT$598,504 thousand and NT$542,419 thousand, constituting 71% and 40% of the consolidated total comprehensive income for the three-month periods ended September 30, 2017 and 2016, respectively, and NT$1,210,878 thousand and NT$1,277,355 thousand, constituting 32% and 30% of the consolidated comprehensive income for the nine-month periods ended September 30, 2017 and 2016, respectively.

These amounts and the related information disclosed in Note 13 were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

Based on our reviews, except for the effect on the consolidated financial statements and related disclosures of such adjustments, if any, as might have been determined to be necessary had the financial statements of these consolidated subsidiaries and investee companies been reviewed by independent accountants as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard No. 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Wu, Yu-Lung	Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 13, 2017

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

			September 30, 2017		December 31, 2016		September 30, 2016	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1) and 8	$ 13,412,258	15	$ 13,989,826	15	$ 14,831,484	16
1110	Financial assets at fair value through profit or loss - current	6(2)	148,485	-	233,508	-	291,723	-
1125	Available-for-sale financial assets - current	6(3) and 8	900,808	1	1,384,099	2	1,505,700	2
1147	Bond investments without active markets - current	6(4)	4,167,115	5	2,830,572	3	1,383,347	2
1150	Notes receivable, net	6(5)(6) and 8	1,312,421	1	1,218,343	1	1,134,397	1
1160	Notes receivable - related parties	7	7,081	-	5,399	-	27,462	-
1170	Accounts receivable, net	6(6) and 8	9,269,493	10	10,424,905	11	9,300,341	10
1180	Accounts receivable - related parties	7	206,397	-	234,755	-	239,053	-
1190	Receivables from customers on construction contracts	6(8)	973,979	1	1,235,956	1	1,062,357	1
1200	Other receivables		458,865	1	242,304	-	373,989	-
1210	Other receivables - related parties	7	397,739	-	497,796	1	445,894	1
130X	Inventories, net	6(7) and 8	11,578,226	13	11,177,041	12	11,531,653	13
1410	Prepayments		547,917	1	471,200	1	838,209	1
1460	Non-current assets held for sale - net	6(9)	345,530	-	-	-	-	-
1470	Other current assets	6(1) and 8	1,211,504	1	1,350,606	2	1,200,867	1
11XX	**Total current assets**		44,937,818	49	45,296,310	49	44,166,476	48
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(3) and 8	12,951,778	14	11,743,617	13	12,788,267	14
1550	Investments accounted for under the equity method	6(10) and 8	3,946,880	4	3,871,299	4	3,953,173	4
1600	Property, plant and equipment, net	6(11) and 8	17,766,470	19	18,463,450	20	18,507,460	20
1760	Investment property, net	6(12)	2,996,257	3	3,073,386	3	2,483,016	3
1780	Intangible assets	6(13)(33)	5,626,537	6	5,369,790	6	5,729,181	6
1840	Deferred income tax assets	6(31)	1,218,380	1	1,194,242	1	1,296,074	1
1900	Other non-current assets	6(14) and 8	3,176,211	4	3,361,862	4	3,205,514	4
15XX	**Total non-current assets**		47,682,513	51	47,077,646	51	47,962,685	52
1XXX	**Total assets**		$ 92,620,331	100	$ 92,373,956	100	$ 92,129,161	100

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%	September 30, 2016 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(15) and 8	$ 2,318,683	3	$ 3,078,361	4	$ 2,458,825	3
2120	Financial liabilities at fair value through profit or loss - current	6(16)	77	-	-	-	10,766	-
2150	Notes payable		161,373	-	163,161	-	215,494	-
2160	Notes payable - related parties	7	1,137	-	7,611	-	8,287	-
2170	Accounts payable		7,722,949	8	7,511,353	8	6,852,351	8
2180	Accounts payable - related parties	7	118,276	-	99,117	-	102,674	-
2190	Payables to customers on construction contracts	6(8)	254,392	-	202,021	-	233,544	-
2200	Other payables	6(17)	4,663,196	5	4,998,690	6	4,501,927	5
2230	Current income tax liabilities	6(31)	886,670	1	550,441	1	690,745	1
2250	Provisions for liabilities - current		400,353	1	272,234	-	247,931	-
2300	Other current liabilities	6(19)	2,753,512	3	2,075,856	2	2,739,112	3
21XX	**Total current liabilities**		19,280,618	21	18,958,845	21	18,061,656	20
	Non-current liabilities							
2530	Corporate bonds payable	6(18)	4,000,000	4	3,000,000	3	3,000,000	3
2540	Long-term borrowings	6(19) and 8	7,022,460	8	9,428,570	10	10,347,469	11
2550	Provisions for liabilities - non-current		189,551	-	250,317	-	220,376	-
2570	Deferred income tax liabilities	6(31)	2,351,351	2	2,485,443	3	2,454,015	3
2600	Other non-current liabilities	6(10)	2,380,798	3	2,526,238	3	2,436,958	3
25XX	**Total non-current liabilities**		15,944,160	17	17,690,568	19	18,458,818	20
2XXX	**Total liabilities**		35,224,778	38	36,649,413	40	36,520,474	40
	Equity attributable to owners of parent							
	Share capital	6(21)						
3110	Common stock		20,026,929	22	20,026,929	22	20,026,929	22
	Capital surplus	6(22)						
3200	Capital surplus		7,649,136	8	7,671,889	8	7,651,388	8
	Retained earnings	6(23)(31)						
3310	Legal reserve		6,078,219	7	5,730,071	6	5,730,071	6
3320	Special reserve		3,640,779	4	3,640,779	4	3,640,779	4
3350	Unappropriated retained earnings		12,185,300	13	11,816,689	13	11,012,183	12
	Other equity interest	6(24)						
3400	Other equity interest		2,185,369	2	1,166,773	1	2,037,735	2
3500	Treasury stocks	6(21) and 8	(321,563)	-	(321,563)	-	(321,563)	-
31XX	**Equity attributable to owners of the parent**		51,444,169	56	49,731,567	54	49,777,522	54
36XX	**Non-controlling interest**	6(35)	5,951,384	6	5,992,976	6	5,831,165	6
3XXX	**Total equity**		57,395,553	62	55,724,543	60	55,608,687	60
	Commitments and contingent liabilities	9						
	Subsequent events	11						
3X2X	**Total liabilities and equity**		$ 92,620,331	100	$ 92,373,956	100	$ 92,129,161	100

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, NOT AUDITED)

			For the three-month periods ended September 30				For the nine-month periods ended September 30			
			2017		2016		2017		2016	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(25) and 7	$ 12,677,880	100	$ 12,003,706	100	$ 37,667,308	100	$ 36,496,207	100
5000	**Operating costs**	6(7)(20)(29)(30) and 7	(9,762,733)	(77)	(8,897,433)	(74)	(28,473,483)	(76)	(26,764,994)	(74)
5900	**Net operating margin**		2,915,147	23	3,106,273	26	9,193,825	24	9,731,213	26
5910	Unrealized loss from sales		(1,329)	-	(360)	-	(8,778)	-	(6,539)	-
5920	Realized profit from sales		-	-	-	-	6,625	-	5,488	-
5950	**Net operating margin**		2,913,818	23	3,105,913	26	9,191,672	24	9,730,162	26
	Operating expenses	6(20)(29)(30)								
6100	Selling expenses		(1,076,686)	(8)	(1,117,911)	(9)	(3,351,642)	(9)	(3,309,513)	(9)
6200	General and administrative expenses		(763,620)	(6)	(768,755)	(7)	(2,223,150)	(6)	(2,274,954)	(6)
6300	Research and development expenses		(322,018)	(3)	(349,497)	(3)	(957,426)	(2)	(1,056,464)	(3)
6000	**Total operating expenses**		(2,162,324)	(17)	(2,236,163)	(19)	(6,532,218)	(17)	(6,640,931)	(18)
6900	**Operating profit**		751,494	6	869,750	7	2,659,454	7	3,089,231	8
	Non-operating income and expenses									
7010	Other income	6(4)(12)(26) and 7	699,827	6	531,234	4	1,259,093	3	1,001,847	3
7020	Other gains and losses	6(2)(16)(27)	(215,456)	(2)	(140,789)	(1)	(422,233)	(1)	(188,534)	-
7050	Finance costs	6(11)(28)	(81,654)	-	(76,109)	(1)	(196,047)	-	(239,416)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for under the equity method	6(10)	41,768	-	(16,235)	-	129,483	-	15,631	-
7000	**Total non-operating income and expenses**		444,485	4	298,101	2	770,296	2	589,528	2
7900	**Profit before income tax**		1,195,979	10	1,167,851	9	3,429,750	9	3,678,759	10
7950	Income tax expense	6(31)	(248,149)	(2)	(143,201)	(1)	(632,939)	(2)	(678,184)	(2)
8200	**Profit for the period**		$ 947,830	8	$ 1,024,650	8	$ 2,796,811	7	$ 3,000,575	8

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(REVIEWED, NOT AUDITED)

			For the three-month periods ended September 30				For the nine-month periods ended September 30			
			2017		2016		2017		2016	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Other comprehensive income									
	Other comprehensive income that will not be reclassified to profit or loss									
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans		$ -	-	$ -	-	$ 2,713	-	$ 5,133	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method		-	-	-	-	-	-	(10)	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		-	-	-	-	2,713	-	5,123	-
	Other comprehensive income that will be reclassified to profit or loss									
8361	Currency translation differences of foreign operations	6(24)	289,222	2	(785,058)	(7)	(548,632)	(1)	(922,236)	(2)
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)(24)	(351,265)	(3)	1,019,525	9	1,520,179	4	2,142,131	6
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under the equity method	6(24)	(2,128)	-	(962)	-	1,724	-	(243)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified	6(31)	(34,806)	-	88,196	1	35,159	-	81,020	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(98,977)	(1)	321,701	3	1,008,430	3	1,300,672	4
8300	**Other comprehensive income (loss) for the period**		($ 98,977)	(1)	$ 321,701	3	$ 1,011,143	3	$ 1,305,795	4
8500	**Total comprehensive income for the period**		$ 848,853	7	$ 1,346,351	11	$ 3,807,954	10	$ 4,306,370	12
	Profit attributable to:									
8610	Owners of the parent		$ 849,994	7	$ 898,910	7	$ 2,476,416	6	$ 2,616,785	7
8620	Non-controlling interest		97,836	1	125,740	1	320,395	1	383,790	1
			$ 947,830	8	$ 1,024,650	8	$ 2,796,811	7	$ 3,000,575	8
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 756,101	6	$ 1,212,278	10	$ 3,497,725	9	$ 3,902,663	11
8720	Non-controlling interest		92,752	1	134,073	1	310,229	1	403,707	1
			$ 848,853	7	$ 1,346,351	11	$ 3,807,954	10	$ 4,306,370	12
	Earnings per share (in dollars)	6(32)								
9750	**Basic earnings per share**		$	0.43	$	0.45	$	1.25	$	1.32
9850	**Diluted earnings per share**		$	0.43	$	0.45	$	1.25	$	1.32

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent										
				Retained Earnings			Other Equity Interest					
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total equity
For the nine-month period ended September 30, 2016												
Balance at January 1, 2016		$ 20,026,929	$ 7,638,417	$ 5,412,342	$ 3,640,779	$ 10,310,158	$ 13,030	$ 743,950	($321,563)	$ 47,464,042	$ 3,968,462	$ 51,432,504
Appropriations of 2015 net income	6(23)											
Legal reserve		-	-	317,729	-	(317,729)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,602,154)	-	-	-	(1,602,154)	-	(1,602,154)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	12,971	-	-	-	-	-	-	12,971	-	12,971
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	1,458,996	1,458,996
Other comprehensive income (loss) for the period	6(24)	-	-	-	-	5,123	(806,953)	2,087,708	-	1,285,878	19,917	1,305,795
Profit for the period	6(23)	-	-	-	-	2,616,785	-	-	-	2,616,785	383,790	3,000,575
Balance at September 30, 2016		$ 20,026,929	$ 7,651,388	$ 5,730,071	$ 3,640,779	$ 11,012,183	($ 793,923)	$ 2,831,658	($321,563)	$ 49,777,522	$ 5,831,165	$ 55,608,687
For the nine-month period ended September 30, 2017												
Balance at January 1, 2017		$ 20,026,929	$ 7,671,889	$ 5,730,071	$ 3,640,779	$ 11,816,689	($ 1,051,753)	$ 2,218,526	($321,563)	$ 49,731,567	$ 5,992,976	$ 55,724,543
Appropriations of 2016 net income	6(23)											
Legal reserve		-	-	348,148	-	(348,148)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,762,370)	-	-	-	(1,762,370)	-	(1,762,370)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	(22,753)	-	-	-	-	-	-	(22,753)	-	(22,753)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(351,821)	(351,821)
Other comprehensive income (loss) for the period	6(24)	-	-	-	-	2,713	(491,239)	1,509,835	-	1,021,309	(10,166)	1,011,143
Profit for the period	6(23)	-	-	-	-	2,476,416	-	-	-	2,476,416	320,395	2,796,811
Balance at September 30, 2017		$ 20,026,929	$ 7,649,136	$ 6,078,219	$ 3,640,779	$ 12,185,300	($ 1,542,992)	$ 3,728,361	($321,563)	$ 51,444,169	$ 5,951,384	$ 57,395,553

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month periods ended September 30 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,429,750	$ 3,678,759
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss on financial assets at fair value through profit or loss	6(2)(27)	17,428	15,005
Net loss on financial liabilities at fair value through profit or loss	6(16)(27)	167	2,806
Provision for (reversal of allowance for) doubtful accounts	6(6)	33,538	(23,715)
Interest income	6(26)	(111,408)	(152,044)
Dividend income	6(26)	(508,256)	(525,165)
Interest expense	6(28)	196,047	239,416
Depreciation and amortization	6(11)(12)(29)	1,148,228	1,158,134
Gain on disposal of investments	6(25)(27)	(282,082)	(394,993)
Gain on disposal of property, plant and equipment	6(27)	(158,222)	(1,696)
Impairment loss	6(27)	-	90,323
Share of profit of associates and joint ventures accounted for under the equity method	6(10)	(129,483)	(15,631)
Foreign currency exchange loss of bonds payable		-	1,620
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		67,595	(40,744)
Notes receivable		(108,550)	(128,245)
Notes receivable - related parties		(1,682)	(12,519)
Accounts receivable		1,136,433	85,402
Accounts receivable - related parties		28,358	(30,544)
Receivables from customers on construction contracts		261,977	(240,512)
Other receivables		(216,561)	46,381
Other receivables - related parties		44,986	291,813
Inventories		(401,185)	223,574
Prepayments		(76,717)	(478,630)
Other current assets		85,512	20,268
Changes in operating liabilities			
Notes payable		(1,788)	101,849
Notes paypale - related parties		(6,474)	232
Accounts payable		211,596	161,572
Accounts payable - related parties		19,159	6,908
Payables to customers on construction contracts		52,371	(155,785)
Other payables		(364,567)	(366,964)
Provisions for liabilities		67,353	(18,937)
Other current liabilities		528,003	270,561
Other non-current liabilities		(154,762)	(13,675)
Cash inflow generated from operations		4,806,764	3,794,824
Interest received	6(26)	111,408	152,044
Dividends received	6(26)	640,641	668,492
Interest paid	6(28)	(196,047)	(239,416)
Income tax paid	6(31)	(419,781)	(459,033)
Net cash flows from operating activities		4,942,985	3,916,911

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month periods ended September 30 2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in available-for-sale financial assets - current		$ 453,339	($ 16,721)
Decrease in other receivables - related parties	7	55,071	-
Increase in investments in debt instruments without active market		(1,336,543)	(1,241,796)
Decrease (increase) in pledged demand and fixed deposits	8	53,590	(11,538)
Proceeds from disposal of available-for-sale financial assets - non-current		696,680	361,944
Acquisition of available-for-sale financial assets - non-current		(122,937)	(114,565)
Increase in investments accounted for under the equity method		(121,851)	(108,426)
Acquisition of property, plant and equipment	6(11)(34)	(777,045)	(538,948)
Proceeds from disposal of property, plant and equipment		214,332	31,131
Acquisition of intangible assets		(109,851)	(198,701)
Decrease (increase) in other non-current assets		185,651	(737,894)
Net cash inflow on acquisitions of subsidiaries	6(33)(34)	-	266,268
Net cash flows used in investing activities		(809,564)	(2,309,246)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans		(759,678)	(4,160,187)
(Decrease) increase in long-term loans		(2,256,457)	6,527,073
Repayment of bonds payable		-	(1,500,120)
Issuance of bonds payable	6(18)	1,000,000	-
Cash dividends paid to non-controlling interest		(265,099)	-
Cash dividends paid	6(23)	(1,762,370)	(1,602,154)
Net cash flows used in financing activities		(4,043,604)	(735,388)
Exchange rate effect		(667,385)	(959,835)
Net decrease in cash and cash equivalents		(577,568)	(87,558)
Cash and cash equivalents at beginning of period		13,989,826	14,919,042
Cash and cash equivalents at end of period		$ 13,412,258	$ 14,831,484

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars,
except as otherwise indicated)
(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

Teco Electric & Machinery Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture, installation, wholesale, retail of various types of electronic equipment, telecommunication equipment, office equipment, and home appliances.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on November 13, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments as endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

B. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Prepayment features with negative compensation (amendments to IFRS 9)	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Long-term interests in associates and joint ventures (amendments to IAS 28)	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

B. IFRIC 23, 'Uncertainty over income tax treatments'

This Interpretation clarifies when there is uncertainty over income tax treatments, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 , 'Income taxes' based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standards 34, 'Interim financial reporting' as endorsed by the FSC.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. 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.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Teco Electric & Machinery Co., Ltd.	Teco Holding USA Inc.	Holding company	100	100	100	
Teco Electric & Machinery Co., Ltd.	United View Global Investment Co., Ltd.	Holding company	100	100	100	
Teco Electric & Machinery Co., Ltd.	Tesen Electric & Machinery Co., Ltd.	Manufacturing and sales of home appliances	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Assets Management & Development Co., Ltd.	Real estate business	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electric Europe Limited	Distribution of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electric & Machinery (Pte) Ltd.	Distribution of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong Dai Co., Ltd.	Distribution of motors	92.63	92.63	92.63	Note 1
Teco Electric & Machinery Co., Ltd.	Tong Tai Jung Co., Ltd.	Expanding the distribution of motors	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electro Devices Co., Ltd.	Manufacturing and sales of step-servo motor	64.08	64.08	64.08	Note 1
Teco Electric & Machinery Co., Ltd.	Yatec Engineering Corporation	Development and maintenance of various electric appliances	64.95	64.95	64.95	Note 1
Yatec Engineering Corporation	Yatec Engineering (VN) Company Limited	Development of various electric appliances	100	-	-	Notes 1 and 6
Teco Electric & Machinery Co., Ltd.	Taian (Subic) Electric Co., Inc.	Manufacturing and sales of switches	76.7	76.7	76.7	Note 1
Teco Electric & Machinery Co., Ltd.	Taian-Etacom Technology Co., Ltd.	Manufacturing of busway and related components	84.73	84.73	84.73	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Teco Electric & Machinery Co., Ltd.	Taian (Malaysia) Electric Sdn. Bhd.	Manufacturing of switches	66.85	66.85	66.85	Note 1
Teco Electric & Machinery Co., Ltd.	Micropac Worldwide (BVI)	International trading	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	98.5	98.5	98.5	Note 1
Teco Electric & Machinery Co., Ltd.	A-Ok Technical Co., Ltd.	Repair of electric appliances	86.67	86.67	86.67	Note 1
Teco Electric & Machinery Co., Ltd.	Tecom Co., Ltd.	Manufacturing and sales of touch-tone phone system and billing box	63.52	63.52	63.52	
Teco Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd.	Import sales, leases of franking machines and mail processing and delivery	71.3	71.3	71.3	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Smart Technologies Co., Ltd.	Commissioned sales of phone cards and IC cards, and production of data storage and processing equipment	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco International Investment Co., Ltd.	Various productions, investments in securities and construction of commercial buildings	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tecnos International Consultant Co., Ltd.	Business management consulting	73.54	73.54	73.54	Note 1
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Delivery and logistics services	32.15	32.15	32.15	Note 2

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Teco Electric & Machinery Co., Ltd.	Teco Technology (Vietnam) Co., Ltd.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Nanotech Co., Ltd.	Manufacturing and sales of nanotech material products	86.83	86.83	86.83	Note 1
Teco Electric & Machinery Co., Ltd.	Kuen Ling Machinery Refrigerating Co., Ltd.	Manufacturing, installation, repair, domestic and export sales and leasing of condenser, water cooling, water-cooled chiller and freezer	19.98	19.98	19.98	Note 3
Teco Electric & Machinery Co., Ltd.	Yaskawa Teco Motor Engineering Co.	Manufacturing and sales of motors	70	70	70	Note 1
Teco Electric & Machinery Co., Ltd.	Eagle Holding Co.	Holding company	100	100	100	
Teco Electric & Machinery Co., Ltd.	Century Development Corporation	Real estate and industrial park management and development	52.75	52.75	52.75	
Century Development Corporation	Century Tech. C&M Corp.	Construction industry	100	100	100	
Century Development Corporation	United Development Corporation	Investment consultancy service for domestic and foreign industrial parks and land	100	100	100	
Century Development Corporation	Century Real Estate Property Inc.	Investments in other areas	100	-	-	
Eagle Holding Co.	TECO MOTOR B.V.	Holding company	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
TECO MOTOR B.V.	Motovario S.p.A.	Sales of motors and reducers	100	100	100	Note 4
TECO MOTOR B.V.	TECO EMM S.R.L	Holding company	-	-	-	Note 4
Motovario S.p.A.	Motovario S.A (Spain)	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Ltd.	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Scandinavia A/S Danimarca	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario GMBH	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Corp.	Sales of motors and reducers	75	75	75	Note 5
Motovario S.p.A.	GR Genesis LLC	Management and development of real estate	-	-	75	Note 5
Motovario S.p.A.	Motovario S.A (France)	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Int. Trading Co. Ltd.	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Power Transmission Co. Ltd.	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Gear Solution Private Ltd.	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Gear Solutions ES, SL	Sales of motors and reducers	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Teco Holding USA Inc.	Teco Westinghouse Motor Company	Manufacturing and sales of motors and generators	100	100	100	
Teco Holding USA Inc.	Teco Westinghouse Motor Industrial Canada	Manufacturing and sales of motors and generators	100	100	100	
United View Global Investment Co., Ltd.	Great Teco Motor (Pte) Ltd.	Holding company	100	100	100	
United View Global Investment Co., Ltd.	Asia Air Tech Industrial (Pte) Ltd.	Holding company	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Australia Pty. Ltd.	Manufacturing and sales of motors and home appliances	99.99	99.99	99.99	Note 1
United View Global Investment Co., Ltd.	P.T Teco Elektro Indonesia	Manufacturing and sales of motors and home appliances	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Industrial (Malaysia) Sdn. Bhd.	Manufacturing and sales of motors	100	100	100	Note 1
United View Global Investment Co., Ltd.	Tecoson Industrial Development (Pte) Ltd.	Investment in South-East Asia and Hong Kong	100	100	100	Note 1
United View Global Investment Co., Ltd.	Asia Electric & Machinery (Pte) Ltd.	Holding company	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
United View Global Investment Co., Ltd.	Great Teco, S.L.	Sales of motors	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Electric & Machinery B.V.	Sales of motors, green power and electric control products	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Elektrik Turkey A. S.	Sales of motors and home appliances	100	100	100	Note 1
Teco Electric & Machinery (Pte) Ltd.	P.T Teco Multiguna Electro	Sales of motors in Singapore and neighbouring countries	87.5	87.5	87.5	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco (Thai) Co.	Sales of motors in Singapore and neighbouring countries	55	55	55	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco Electric & Machinery Sdn. Bhd.	Sales of motors in Singapore and neighbouring countries	100	100	100	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco (Vietnam) Electric & Machinery Company Ltd.	Manufacturing of motors	60	60	60	Note 1
Teco Electric & Machinery (Pte.) Ltd.	Teco Industrial System Private Limited	Sales of motors in India and neighbouring countries	100	100	100	Note 1
Teco Electric & Machinery (Pte.) Ltd.	Teco Electrical Industries Private Limited	Manufacturing of motors	100	100	100	Note 1
Teco Electric & Machinery (Pte) Ltd.	TYM Electric and Machinery Sdn. Bhd.	Distribution of motors	100	100	100	Note 1
Tong Dai Co., Ltd.	Top-Tower Enterprises Co., Ltd.	Sales of motors	40	40	40	Notes 1 and 3

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Teco Electro Devices Co., Ltd.	Teco Electro Devices Co., Ltd.	Trading and various investments	100	100	100	Note 1
Micropac Worldwide (BVI)	An-Tai International Investment (Singapore) Co., Ltd.	Investment holdings	100	100	100	Note 1
Teco International Investment Co., Ltd.	Tasia (Pte) Ltd.	Various investments	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Jack Property Service & Management Company	Building management servicing	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Tecocapital Investment (Samoa) Co., Ltd.	Holding company	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Tecocapital Investment Co., Ltd.	Holding company	100	100	100	Note 1
Taiwan Pelican Express Co., Ltd.	Pelecanus Express Pte. Ltd.	Holding company	100	100	100	
Teco Westinghouse Motor Company	Teco Westinghouse Motor Company S. A. de C.V.	Manufacturing and sales of motors and generators	100	100	100	
Tecom Co., Ltd.	Tecom International Investment Co., Ltd.	Investments in various undertakings	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Tecom Co., Ltd.	Baycom Opto-Electronics Technology Co., Ltd.	Manufacture of fiber optic communications products, providing a full range of fiber optical cables, interconnect, Transceiver/ Media converter, patch cord, LC connectors & adapter	51.19	51.19	51.19	
Tecom Co., Ltd.	Tecom Global Tech Investment (B.V.I.) Limited	Investments in various undertakings	100	100	100	
Tecom Co., Ltd.	Tecom Global Tech Investment Pte Limited	Investments in various undertakings	100	100	100	
Tecom Co., Ltd.	Tecom Tech Investment (B.V.I.) Limited	Investments in various undertakings	100	100	100	
Kuen Ling Machinery Refrigerating Co., Ltd.	Ching Chi International Limited	Investments in other areas	100	100	100	
Kuen Ling Machinery Refrigerating Co., Ltd.	K.A. Corp.	Commodity sales and trading business	100	100	100	
Kuen Ling Machinery Refrigerating Co., Ltd.	I Chi Industrial Co., Ltd.	General manufacturing	70	70	70	
Kuen Ling Machinery Refrigerating Co., Ltd.	Cozy Air-Conditioning Co., Ltd.	General manufacturing	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Great Teco Motor (Pte) Ltd.	Wuxi Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of motors and generators	82.35	82.35	82.35	
Great Teco Motor (Pte) Ltd.	Jiangxi Teco Electric & Machinery Co., Ltd.	Coil-wound motors and hydroelectric power	98.07	98.07	98.07	
Great Teco Motor (Pte) Ltd.	Qingdao Teco Precision Mechatronics Co., Ltd.	Manufacturing and sales of motors	85.31	85.31	85.31	
Great Teco Motor (Pte) Ltd.	Fujian Teco Precision Co., Ltd.	Manufacturing and sales of electric components	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Shanghai Teco Electric & Machinery Co., Ltd.	Agents and sales of motors and electrical appliances	100	100	100	
Great Teco Motor (Pte) Ltd.	Wuxi Teco Precision Machinery Co., Ltd.	Manufacturing and sales of motors and components	100	100	100	
Asia Air Tech Industrial (Pte) Ltd.	Teco (Dong Guang) Air Conditioning Equipment Co., Ltd.	Manufacturing and sales of air-conditioning mechanical equipment	100	100	100	Note 1
Teco Australia Pty. Ltd.	Teco (New Zealand) Limited	Manufacturing and sales of motors and home appliances	100	100	100	Note 1
Tecoson Industrial Development (Pte) Ltd.	Tecoson HK Co., Ltd.	Various investments	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Tecoson HK Co., Ltd.	Dongguan Tecoson Electric Co., Ltd	Distribution of home appliances	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Nanchang Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of air-conditioning equipment	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Xiamen Teco Technology Co., Ltd.	Distribution and research of motors and home appliances	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Asia Innovative Technology Co., Ltd.	Research, development, manufacturing and sales of home appliances	100	100	100	
Asia Electric & Machinery (Pte) Ltd.	Tianjin Teco Technology Co., Ltd.	Operations center in Central China	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Jiangxi TECO Air Conditioning Equipment Co., Ltd.	Manufacturing and sales of various air-conditioning units	100	100	100	Note 1
Teco Electric & Machinery B.V.	Teco Electric & Machinery GmbH.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Electro Devices Co., Ltd.	Wuxi TECO Precision Industry Co., Ltd.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Westinghouse Motor Company	Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	Manufacturing and sales of motors, winding and related parts	100	100	100	Note 1
An-Tai International Investment (Singapore) Co., Ltd.	Tai-An Technology (Wuxi) Co., Ltd.	Manufacturing and sales of fiber electric equipment	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
An-Tai International Investment (Singapore) Co., Ltd.	Hunan TECO Wind Energy Limited	Manufacturing, sales and technical services of 2.0 megawatt and above aerogenerator, wheel bay and other components	100	100	100	Note 1
Tecom International Investment Co., Ltd.	WondaLink Inc.	Wired communication equipment and apparatus, manufacturing of telecommunication equipment and apparatus, manufacturing of electronic parts and design of products	68.08	68.08	68.08	
Tecom International Investment Co., Ltd.	MOCET Networks Inc.	Sale of phones and peripherals	100	100	100	
Tecom Global Tech Investment (B.V.I.) Limited	Wuhan Tecom Co., Ltd.	Communication network information technology development, sales and technology services business	100	100	100	
Tecom Global Tech Investment Pte Limited	Tecom Tech (Wuxi) Co., Ltd.	R & D, manufacture of broadband access network communication system equipment, asynchronous transfer mode, IP data communication systems, mobile communication handsets, base stations, switching equipment and digital trunking system equipment, high-end routers, Gigabit switch than the above network, program-controlled switchboards; sale of products to provide technology services	100	100	100	

			Ownership (%)			
Name of Investor	Name of Subsidiary	Main Business Activities	September 30, 2017	December 31, 2016	September 30, 2016	Description
Tecom Investment (B.V.I.) Limited	Tecom Tech (Xiamen) Co., Ltd.	Flat panel displays, IT products, printed circuit board assembly, manufacture, testing and communication products and equipment, R & D reproduction	100	100	100	
Tecom Investment (B.V.I.) Limited	Beijing Tecom Innovation Technology Co., Ltd.	Wireless network communication system hardware and software, provide technical advice, technical training and technical services	100	100	100	
Tasia (Pte) Ltd.	Sankyo Co., Ltd.	Sales of home appliances	100	100	100	Note 1
Tecocapital Investment (Samoa) Co., Ltd.	Qingdao TECO Innovation Co., Ltd.	Science Park development and business operations consulting services	100	100	100	Note 1
Tecocapital Investment Co., Ltd.	Technical Information International Co., Ltd.	Development and sales of software	70	70	70	Note 1
Pelecanus Express Pte. Ltd.	Beijing Pelican Express Co., Ltd.	Storage services	100	100	100	
Ching Chi International Limited	Kuen Ling Machinery Refrigerating (Shanghai) Co., Ltd.	Manufacturing and sales of water-cooled chiller, etc.	100	100	100	
Ching Chi International Limited	Suzhou KuenYuan Refrigerating Equipment Co., Ltd.	General manufacturing	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
K.A. Corp.	Kuen Ling Machinery Refrigerating (Vietnam) Co., Ltd.	General manufacturing	100	100	100	
Teco Westinghouse Motor Company S.A. de C.V.	Teco Westinghouse Colombia S.A.S.	Manufacturing and sales of motors and generators	100	100	100	
Tai-An Technology (Wuxi) Co., Ltd.	Teco Sichuan Trading Co., Ltd.	Distribution of motors and home appliances	100	100	100	Note 1
Information Technology Total Services Co., Ltd.	Information Technology Total Service (BVI) Co., Ltd.	Holding company	100	100	100	Note 1
Information Technology Total Services Co., Ltd.	Universal Mail Service Ltd.	Engaged in various business documents management, printing and other mail services	100	100	100	Note 1
Information Technology Total Services Co., Ltd.	Unison Service Corporation	Engaged in services related to information software, data processing and electronic information supply	100	100	100	Note 1
Information Technology Total Service (BVI) Co., Ltd.	Information Technology Total Service (Hang Zhou) Co., Ltd.	Engaged in services related to information software, data processing and electronic information supply	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Information Technology Total Service (BVI) Co., Ltd.	Information Technology (Wuxi) Co., Ltd.	Engaged in services related to information software, data processing and electronic information supply	100	100	100	Note 1
Information Technology (Wuxi) Co., Ltd.	Information Technology Total Service (Xiamen) Co, Ltd.	Engaged in services related to information software, data processing and electronic information supply	100	100	100	Note 1

Note 1: The financial statements of the entity as of and for the nine-month periods ended September 30, 2017 and 2016 were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 2: The Company sold part of its ownership in Taiwan Pelican Express Co., Ltd. in August, 2012, and accordingly, its ownership fell below 50% of the voting shares of Taiwan Pelican Express Co., Ltd.. However, the Company still has control over the finance, operations and personnel affairs of Taiwan Pelican Express Co., Ltd., thus Taiwan Pelican Express Co., Ltd. continues to be included in the consolidated financial statements.

Note 3: The Company has control over the Board of Directors of the subsidiary, and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.

Note 4: The Company's subsidiary, Motovario S.p.A., merged with its holding company, TECO EMM S.R.L, and the merger was set effective on April 20, 2016. Motovario S.p.A was the surviving company, while TECO EMM S.R.L was the dissolved company. The merger process had been completed on November 7, 2016.

Note 5: The Company's subsidiary, Motovario Corp., merged with its associates, GR Genesis LLC, and the merger was set effective on December 15, 2016. Motovario Corp. was the surviving company, while GR Genesis LLC was the dissolved company.

Note 6: Newly established subsidiary in current year.

We did not review the financial statements of certain consolidated subsidiaries which statements reflect total assets of $31,913,282 and $38,751,272 as of September 30, 2017 and 2016, respectively, total liabilities of $4,627,440 and $6,682,425 as of September 30, 2017 and 2016, respectively, and comprehensive income (loss) (including the share of other comprehensive income of associates and joint ventures accounted for under equity method) of $598,504, $542,419, $1,210,878 and $1,277,355 for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

C. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	Ownership (%) December 31, 2016	Ownership (%) September 30, 2016	Description
Teco Electric & Machinery Co., Ltd.	Teco Appliance (HK) Co., Ltd.	Sales of home appliances	99.99	99.99	99.99	Note 1
Teco Electric & Machinery Co., Ltd.	Taian Electric Co., Ltd.	Manufacturing and sales of switches	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	An-Sheng Travel Co., Ltd.	Travel agency services	96	96	96	Note 1
Teco Electric & Machinery Co., Ltd.	Taian-Jaya Electric Sdn. Bhd.	Manufacturing and sales of air-conditioning equipment	95	95	95	Note 1
Teco Electric & Machinery Co., Ltd.	Teco (Philipines) 3C & Appliances, Inc.	Sales of air conditioning and electrical appliances	60	60	60	Note 1
Great Teco Motor (Pte) Ltd.	Teco Group Science-Technology (Hang Zhou) Co., Ltd.	Electrical machinery electron and automatic control technology development and consultation service	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Nanchang Dong-Huan Management & Consulting Co., Ltd.	Various investments	100	100	100	Notes 1 and 2
An-Tai International Investment Co., Ltd.	Hubbell-Taian Co., Ltd.	Import, export and sales of electric wiring devices, lighting, explosion proofing and other accessory products	49.99	49.99	49.99	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Hubbell-Taian Co., Ltd.	Hubbell-Anmex International(s) Pte. Ltd.	Distribution of electronic products	100	100	100	Note 1
Tong-An Assets Management & Development Co., Ltd.	Grey Back International Property Inc.	Real estate management and development	100	100	100	Note 1
Tasia (Pte) Ltd.	TTMC Co., Ltd.	Engaged in a variety of investment businesses	100	100	100	Note 1
Jack Property Service & Management Company	Qingdao Jie Zheng Property Service & Management Company	Property management and related services	100	100	100	Note 1

Note 1：The above subsidiaries were not included in the consolidated financial statements as their respective total assets and operating revenues did not exceed the materiality threshold of the Company's total assets and operating revenues.

Note 2：The company had been liquidated in 2015.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Details of significant non-controlling interests: Please refer to Note 6(35).

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or jointly joint arrangements exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even the Group still retains partial interest in the former foreign associate or joint arrangements entity after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangements such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation is partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Good will and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at balance sheet date.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term.

B. On a regular way purchase or sale basis, financial assets held for trading are recognized and derecognized using trade date accounting.

C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

(9) Loans and receivables

A. Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

B. Investments in debt instruments without active market

(a) Bond investments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:

i. Not designated on initial recognition as at fair value through profit or loss;

ii. Not designated on initial recognition as available-for-sale;

iii. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(b) On a regular way purchase or sale basis, investment in debt instrument without active market are recognized and derecognized using trade date accounting.

(c) Investments in debt instruments without active market held by the Group are those time deposits with a short maturity period but do not qualify as cash equivalents and they are measured at initial investment amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(e) The disappearance of an active market for that financial asset because of financial difficulties; or

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortized cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reverse by adjusting the carrying amount of asset through the use of impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reverse by adjusting the carrying amount of asset through the use of impairment allowance account.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive cash flows from the financial asset expire.

B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(12) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Construction contracts

A. IAS 11, 'Construction Contracts', defines a construction contract as a contract specifically negotiated for the construction of an asset. If the outcome of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue should be recognized by reference to the stage of completion of the contract activity, using the percentage-of-completion method of accounting, over the contract term. Contract costs are expensed as incurred. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. An expected loss where total contract costs will exceed total contract revenue on a construction contract should be recognized as an expense as soon as such loss is probable. If the outcome of a construction contract cannot be estimated reliably, contract revenue should be recognized only to the extent of contract costs incurred that it is probable will be recoverable.

B. Contract revenue should include the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.

C. The excess of the cumulative costs incurred plus recognized profits (less recognized losses) over the progress billings on each construction contract is presented as an asset within 'receivables from customers on construction contracts'. While, the excess of the progress billings over the cumulative costs incurred plus recognized profits (less recognized losses) on each construction contract is presented as a liability within 'payables to customers on construction contracts'.

(15) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(16) Investments accounted for under the equity method - associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(17) <u>Investment accounted for under the equity method-joint ventures</u>

The Group accounts for its interest in joint ventures under the equity method. Unrealized profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, all such losses shall be recognized immediately. When the Group's share of losses in joint venture equal or exceeds its interest in joint venture together with any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(18) <u>Property, plant and equipment</u>

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structure	10 ～ 50 years
Machinery and equipment	3 ～ 15 years
Transportation equipment	3 ～ 5 years
Other equipment	2 ～ 15 years
Leasehold assets	3 ～ 5 years
Leasehold improvements	3 ～ 5 years

(19) Leased assets/ operating leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognized as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(20) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 15 to 60 years.

(21) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Intangible assets except goodwill are mainly computer software, which is stated at cost and amortized on the straight-line basis over the estimated economic useful life.

(22) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill and intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(23) Borrowings

A. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(24) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(25) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(26) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(27) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(28) Financial liabilities and equity instruments

Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

(29) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(30) Provisions for other liabilities

Provisions (including product warranties, etc.) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(31) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the Group pays fixed contributions to an independent, publicly or privately administered pension fund. The Group has no further legal or constructive obligations once the contributions have been paid. The contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. The related information is disclosed accordingly.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group’s decision to terminate an employee’s employment before the normal retirement date, or an employee’s decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(32) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the inappropriate retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, and associates except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carry forward of unused tax credits resulting from equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

G. Based on the "Income Basic Tax Act", if the regular income tax is equal or more than the basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and other relevant laws. Whereas, if the regular income tax is less than basic tax, the income tax payable shall be equal to the basic tax. The difference between the regular income tax and basic tax shall not be subject to deductions of investment tax credits granted under the provisions of other laws.

H. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period and the related information is disclosed accordingly.

(33) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(34) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(35) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells various types of mechanical equipment, air-conditioning units and electronic equipment products. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(b) The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognized. The volume discounts are estimated based on the anticipated annual sales quantities.

B. Sales of services

The Group provides products repair services. Revenue from rendering services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognized only to the extent that contract costs incurred are likely to be recoverable.

C. Construction contract

If the result of a construction contract can be estimated reliably and it is probable that this contract would make a profit, contract revenue and cost should be recognized by reference to the stage of completion of the contract activity in the end of the reporting period in revenue and expense.

D. A sale agreement comprising of multiple components

A sale agreement offered by the Group might comprise of multiple components, including sale of goods and subsequent repair services, etc. If a sale agreement comprises of multiple identifiable components, the fair value of the consideration received or receivable in respect of the sale agreement shall be allocated between those components based on the relative fair value of each component. The amount of proceeds allocated to each component is recognized as revenue in profit or loss following the revenue recognition criteria applied to each component. The fair value of each component is determined by its market value when it is sold separately.

(36) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate.

(37) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquire that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquirer's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquire and the fair value of any previous equity interest in the acquire over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognized and the fair value of previously held equity interest in the acquire is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(38) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

A. Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgment. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

B. Investment property

The Group uses part of the property for its own use and part to earn rentals or for capital appreciation. When the portions cannot be sold separately, the property is classified as investment property only if the own-use portion accounts for less than 20% of the property.

(2) Critical accounting estimates and assumptions

Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand and revolving funds	$ 23,268	$ 15,129	$ 14,642
Checking accounts and demand deposits	10,376,178	9,578,663	8,607,777
Time deposits	3,012,812	4,396,034	6,209,065
	$ 13,412,258	$ 13,989,826	$ 14,831,484

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of September 30, 2017, December 31, 2016 and September 30, 2016, cash and cash equivalents amounting to $373,763, $427,353 and $425,080 as purchase loans were pledged to others as collateral (listed as「1470 Other current assets」). Please refer to Note 8.

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

Items	September 30, 2017	December 31, 2016	September 30, 2016
Current items:			
Financial assets held for trading			
Listed and OTC stocks	$ 77,087	$ 103,540	$ 140,782
Beneficiary certificates	69,674	100,553	145,054
Non-hedging derivatives	671	30,832	13,644
	147,432	234,925	299,480
Valuation adjustment of financial assets held for trading	1,053	(1,417)	(7,757)
	$ 148,485	$ 233,508	$ 291,723

A. The Group recognized net loss of ($3,192), ($7,168), ($17,428) and ($15,005) on financial assets held for trading for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	September 30, 2017			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
SELL AUD/BUY USD	Sep. 27, 2017~Oct. 3 2017	AUD	4,000,000	$ 609
SELL EUR/BUY USD	Sep. 27, 2017~Oct. 31, 2017	EUR	2,000,000	62
				$ 671

	December 31, 2016			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
BUY USD/SELL JPY	Jan. 25, 2017 ~ Feb. 27, 2017	JPY	800,000,000	$ 20,006
SELL EUR/BUY USD	Jan. 25, 2017 ~ Mar. 22, 2017	EUR	11,000,000	10,826
				$ 30,832

	September 30, 2016			
Nature	Contract period	Contract amount (Notional amount)		Fair value
Forward exchange:				
SELL EUR/BUY CAD	Oct. 4, 2016	EUR	18,000,000	$ 8,414
SELL EUR/BUY USD	Oct. 4, 2016	EUR	36,000,000	4,968
SELL AUD/BUY USD	Oct. 13, 2016	AUD	1,000,000	262
				$ 13,644

C. The Group entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

D. Due to the global financial crisis in year 2008, listed stocks amounting to $110,010 that were initially classified as 'financial assets at fair value through profit or loss' were reclassified to available-for-sale financial assets on July 1, 2008 in accordance with paragraph 50(c) of IAS 39. The relevant information is set forth below:

(a) The above reclassified assets that have not yet been disposed of are as follows:

	September 30, 2017	December 31, 2016
	Book value/Fair value	Book value/Fair value
Listed stocks	$ 3,203	$ 2,653

	September 30, 2016
	Book value/Fair value
Listed stocks	$ 2,363

(b) The changes in fair value of the above listed stocks that were recognized in profit or loss and other comprehensive income were $0 and $550, respectively, for the nine-month period ended September 30, 2017, and were $0 and ($250), respectively, for the nine-month period ended September 30, 2016. The accumulated total changes in fair value of the above listed stocks that were recognized in profit or loss and other comprehensive income before January 1, 2016 were $11,102 and ($839), respectively.

(c) If the above listed stocks had not been reclassified to available-for-sale financial assets on July 1, 2008, the gain from changes in fair value of these assets that should have been recognized in profit or loss is as follows:

	September 30, 2017	September 30, 2016
Listed stocks	$ 550	($ 250)

(3) Available-for-sale financial assets

Items	September 30, 2017	December 31, 2016	September 30, 2016
Current items:			
Listed and OTC stocks	$ 790,301	$ 1,170,834	$ 1,195,796
Emerging stocks	60,751	84,648	70,372
Beneficiary certificates	14,046	62,955	56,542
	865,098	1,318,437	1,322,710
Valuation adjustment of available-for-sale financial assets	35,710	65,662	182,990
	$ 900,808	$ 1,384,099	$ 1,505,700
Non-current items:			
Listed and OTC stocks	$ 8,740,880	$ 8,618,155	$ 3,653,184
Emerging stocks	40,377	544,366	5,644,159
Unlisted stocks	867,172	879,290	1,240,121
	9,648,429	10,041,811	10,537,464
Valuation adjustment of available-for-sale financial assets	3,303,349	1,701,806	2,250,803
	$ 12,951,778	$ 11,743,617	$ 12,788,267

A. The Group recognised ($351,265), $1,019,525, $1,520,179 and $2,142,131 in other comprehensive income for fair value change and reclassified ($24,573), $15,501, $282,082, and $304,670 from equity to profit or loss for the three–month and nine-month periods ended September 30, 2017 and 2016, respectively.

B. Cando Co., Ltd. was reorganised due to financial diffculty and was delisted from the Emerging Stock Market, thus, the stock has no quoted price in an active market. The Group has assessed the investment and recognised impairment loss of $0 and $90,323 for the three-month and nine-month periods ended September 30, 2016, respectively.

C. Details of the Group's available-for-sale financial assets pledged to others as collateral are provided in Note 8.

(4) Investments in debt instruments without active markets

Items	September 30, 2017	December 31, 2016	September 30, 2016
Current items:			
Time deposit	$ 4,167,115	$ 2,830,572	$ 1,383,347

A. The Group recognised interest income of $13,930, $5,138, $38,682 and $14,410 in profit or loss for amortised cost for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

B. Investments in debt instruments without active markets that the Group held are time deposits with the bank with a good credit rating.

C. As of September 30, 2017, December 31, 2016 and September 30, 2016, no investments in debt instruments without active markets held by the Group were pledged to others.

(5) Notes receivable

	September 30, 2017	December 31, 2016	September 30, 2016
Notes receivable	$ 1,329,527	$ 1,220,977	$ 1,136,961
Less: Allowance for bad debts	(17,106)	(2,634)	(2,564)
	$ 1,312,421	$ 1,218,343	$ 1,134,397

A. The credit quality information of the notes receivable of the Group was provided in Note 6(6).

B. Details of the Group's notes receivable pledged to others as collateral are provided in Note 8.

(6) Accounts receivable

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts receivable	$ 9,446,468	$ 10,597,495	$ 9,482,860
Less: Allowance for bad debts	(176,975)	(172,590)	(182,519)
	$ 9,269,493	$ 10,424,905	$ 9,300,341

A. The credit quality of notes receivable and accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	September 30, 2017	December 31, 2016	September 30, 2016
Group 1	$ 4,532,766	$ 4,582,222	$ 4,196,971
Group 2	1,724,249	1,535,920	1,538,590
Group 3	1,201,401	2,170,062	1,493,272
Group 4	411,742	358,732	339,684
Group 5	445,637	363,430	765,491
	$ 8,315,795	$ 9,010,366	$ 8,334,008

Group 1: Clients without substantial risk, such as government institutions and listed companies.

Group 2: Clients with extremely low risk, which have excellent reputation and prospect, as ratified by the director of credit management of the Group.

Group 3: Clients with low risk, which operate well and have had business relationships with the Group for many years with normal payment condition.

Group 4: Clients with risk at an acceptable level, where the Group shall monitor their credit condition regularly.

Group 5: Clients with fewer transactions with the Company, which have lower transaction amounts and their management shall be continuously monitored.

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 30 days	$ 1,030,504	$ 985,680	$ 709,362
31 to 90 days	578,814	827,978	540,044
91 to 180 days	201,702	277,825	371,428
Over 181 days	455,099	541,399	479,896
	$ 2,266,119	$ 2,632,882	$ 2,100,730

The above ageing analysis was based on past due date.

C. Movements on the Group's provision for impairment of accounts receivable are as follows:

(a) As of September 30, 2017, December 31, 2016 and September 30, 2016, the amounts of the Group's accounts receivable that were impaired were $194,081, $175,224 and $185,083, respectively.

(b) Movements in the provision for impairment of accounts receivable are follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 41,724	$ 133,500	$ 175,224
Provision for impairment	16,447	17,091	33,538
Write-offs during the period	(4,478)	(24,700)	(29,178)
Reclassifications	14,584	-	14,584
Effects of foreign exchange	148	(235)	(87)
At September 30	$ 68,425	$ 125,656	$ 194,081

	2016		
	Individual provision	Group provision	Total
At January 1	$ 103,264	$ 140,590	$ 243,854
(Reversal of) provision for impairment	(42,671)	18,956	(23,715)
Write-offs during the period	(25,977)	(2,275)	(28,252)
Effects of foreign exchange	708	(7,512)	(6,804)
At September 30	$ 35,324	$ 149,759	$ 185,083

D. The Group holds land, buildings, time deposits, letter of guarantee and letter of quality guarantee as collateral for accounts receivable.

E. Details of the Group’s accounts receivable pledged to others as collateral are provided in Note 8.

(7) Inventories

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,533,869	($ 306,512)	$ 2,227,357
Work in process	1,559,517	(52,122)	1,507,395
Finished goods	6,344,691	(600,962)	5,743,729
Inventory in transit	651,194	-	651,194
Merchandise inventories	1,462,378	(13,827)	1,448,551
	$ 12,551,649	($ 973,423)	$ 11,578,226

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,553,802	($ 213,993)	$ 2,339,809
Work in process	1,324,449	(53,130)	1,271,319
Finished goods	6,241,913	(576,022)	5,665,891
Inventory in transit	824,130	-	824,130
Merchandise inventories	1,089,940	(14,048)	1,075,892
	$ 12,034,234	($ 857,193)	$ 11,177,041

	September 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,659,428	($ 407,664)	$ 2,251,764
Work in process	1,571,596	(48,268)	1,523,328
Finished goods	6,333,022	(472,583)	5,860,439
Inventory in transit	615,960	-	615,960
Merchandise inventories	1,294,225	(14,063)	1,280,162
	$ 12,474,231	($ 942,578)	$ 11,531,653

A. The cost of inventories recognised as expense for the three-month and nine-month periods ended September 30, 2017 and 2016 was $7,194,058, $7,848,875, $21,382,960 and $21,165,861, respectively, including $214,927, $192,344 and $73,565 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the three-month period ended September 30, 2017 and nine-month periods ended September 30, 2017 and 2016, respectively, as well as ($18,422) which was deducted from cost of goods sold as a result of the reversal of inventory valuation loss due to subsequent sale of obsolete and slow-moving inventories for the three-month ended September 30, 2016.

B. Details of the Group's inventory pledged to others as collateral are provided in Note 8.

(8) Construction in progress

	September 30, 2017	December 31, 2016	September 30, 2016
Aggregate costs incurred plus recognised profits (less recognised losses)	$ 15,549,883	$ 13,922,103	$ 13,889,009
Less: Progress billings	(14,830,296)	(12,888,168)	(13,060,196)
Net balance sheet position for construction in progress	$ 719,587	$ 1,033,935	$ 828,813
Presented as:			
Due from customers for contract work	$ 973,979	$ 1,235,956	$ 1,062,357
Due to customers for contract work	(254,392)	(202,021)	(233,544)
	$ 719,587	$ 1,033,935	$ 828,813

As of September 30, 2017, December 31, 2016 and September 30, 2016, cumulative gain (loss) recognized under the percentage of completion method for major contracts are summarised as follows:

September 30, 2017

Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognised
Construction A	Dec. 2017	$ 2,243,988	$ 2,124,822	99%	$ 118,893
Construction B	June. 2018	1,864,762	1,774,577	71%	64,247
Construction C	Nov. 2017	1,393,987	1,224,575	99%	169,367
Construction D	Sep. 2018	1,561,532	1,511,079	98%	49,520
Construction E	Dec. 2017	1,065,297	1,029,856	99%	35,019
Construction F	Oct. 2017	1,064,122	924,244	99%	137,786
Construction G	Dec. 2017	941,452	1,536,563	96%	(595,111)
Construction H	Feb. 2018	909,734	818,761	63%	57,120
Construction I	Dec. 2017	621,282	674,470	99%	(53,188)
Construction J	Dec. 2017	611,485	619,366	97%	(7,881)
Construction K	Dec. 2017	576,381	539,260	99%	37,096

December 31, 2016

Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognised
Construction A	Dec. 2017	$ 2,242,567	$ 2,123,400	99%	$ 118,956
Construction B	June. 2018	1,864,762	1,774,577	32%	29,009
Construction C	June. 2017	1,391,992	1,226,377	99%	165,122
Construction D	Aug. 2017	1,583,585	1,532,493	91%	46,564
Construction E	June. 2017	1,064,797	1,029,356	98%	34,757
Construction F	June. 2017	1,063,130	950,529	95%	107,021
Construction G	Dec. 2017	941,452	1,536,563	96%	(595,111)
Construction H	Feb. 2018	899,714	809,743	37%	32,953
Construction I	Dec. 2017	621,282	674,470	99%	(53,188)
Construction J	June. 2017	611,485	619,366	95%	(7,881)
Construction K	May. 2017	576,381	539,262	99%	37,073

September 30, 2016					
Construction	Expected completion date	Contract price	Estimated contract cost	Percentage of completion	Cumulative gain (loss) recognised
Construction A	Dec. 2016	$ 2,242,567	$ 2,123,400	99%	$ 118,949
Construction B	June. 2018	1,864,762	1,774,577	12%	11,120
Construction C	Dec. 2016	1,359,004	1,226,377	99%	132,151
Construction D	Dec. 2016	1,575,788	1,524,918	91%	46,355
Construction E	Jun. 2017	1,064,797	1,029,356	98%	34,750
Construction F	Dec. 2016	1,063,130	950,529	95%	106,575
Construction G	Dec. 2017	941,452	1,536,563	96%	(595,111)
Construction H	Feb. 2018	899,714	809,743	30%	27,132
Construction I	Dec. 2016	621,282	674,470	99%	(53,188)
Construction J	Jun. 2017	611,485	619,366	94%	(7,881)
Construction K	Jan. 2017	576,417	539,295	99%	37,056
Construction L	Dec. 2016	565,036	523,893	98%	40,417

(9) Non-current assets classified as held for sale, net

The Company’s subsidiary, Century Development Corporation, signed a contract to sell property on September 8, 2017. As of September 30, 2017, December 31, 2016 and September 30, 2016, the assets classified as held for sale are categorised as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Property, plant and equipment			
Lands	$ 129,976	$ -	$ -
Buildings	215,554	-	-
	$ 345,530	$ -	$ -

(10)Investments accounted for under the equity method

	September 30, 2017	December 31, 2016	September 30, 2016
Associates:			
1. Tung Pei Industrial Co., Ltd.	$ 2,017,880	$ 1,965,442	$ 1,958,674
2. Creative Sensor Inc.	410,437	411,895	412,332
3. Lien Chang Electronic Enterprise Co., Ltd.	540,736	570,069	555,474
4. Others	791,085	734,089	770,529
	3,760,138	3,681,495	3,697,009
Joint Venture:			
1. Senergy Wind Power Co., Ltd.	177,678	177,253	242,609
2. Others	9,064	12,551	13,555
	186,742	189,804	256,164
	3,946,880	3,871,299	3,953,173
Less: Credit balance of long-term investments (gross amount before offset of notes receivable-related parties, accounts receivable -related parties, other receivables-related parties and other non-current liabilities)	(64,722)	(55,400)	(35,758)
	$ 3,882,158	$ 3,815,899	$ 3,917,415

The share of profit/loss of associates and joint ventures accounted for under equity method for the nine-month periods ended September 30, 2017 and 2016 are as follows:

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
1. Tung Pei Industrial Co., Ltd.	$ 55,447	($ 8,493)
2. Creative Sensor Inc.	13,022	13,872
3. Lien Chang Electronic Enterprise Co., Ltd.	3,193	7,673
4. Others	(31,214)	(25,249)
Joint Venture:		
1. Senergy Wind Power Co., Ltd.	2,129	(2,765)
2. Others	(809)	(1,273)
	$ 41,768	($ 16,235)

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
1. Tung Pei Industrial Co., Ltd.	$ 130,728	$ 54,576
2. Creative Sensor Inc.	22,223	24,812
3. Lien Chang Electronic Enterprise Co., Ltd.	5,234	18,959
4. Others	(26,664)	(73,227)
Joint Venture:		
1. Senergy Wind Power Co., Ltd.	426	(6,925)
2. Others	(2,464)	(2,564)
	$ 129,483	$ 15,631

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

		Shareholding ratio				
Company name	Principal place of business	September 30, 2017	December 31, 2016	September 30, 2016	Nature of relationship	Method of measurement
Tung Pei Industrial Co., Ltd.	R.O.C	31.14%	31.14%	31.14%	Financial investment	Equity method
Creative Sensor Inc.	R.O.C	11.50%	11.50%	11.50%	〃	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C	33.84%	33.84%	33.84%	〃	Equity method

(b) The summarised financial information of the associates that are material to the Group is shown below:

Balance sheet

	Tung Pei Industrial Co., Ltd.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 3,501,232	$ 5,541,165	$ 3,192,757
Non-current assets	6,252,157	6,113,566	6,441,014
Current liabilities	(2,140,355)	(3,153,541)	(1,545,498)
Non-current liabilities	(1,132,078)	(1,417,967)	(1,458,538)
Total assets	$ 6,480,956	$ 7,083,223	$ 6,629,735
Share in associate's net assets	$ 2,017,880	$ 1,965,442	$ 1,958,674
Goodwill	-	-	-
Carrying amount of the associate	$ 2,017,880	$ 1,965,442	$ 1,958,674

	Creative Sensor Inc.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 3,134,191	$ 3,041,354	$ 3,088,972
Non-current assets	1,448,698	1,571,398	1,606,457
Current liabilities	(1,133,163)	(1,144,944)	(1,262,042)
Non-current liabilities	(48,298)	(53,367)	(49,853)
Total net assets	$ 3,401,428	$ 3,414,441	$ 3,383,534
Share in associate's net assets	$ 410,437	$ 411,895	$ 412,332
Goodwill	-	-	-
Carrying amount of the associate	$ 410,437	$ 411,895	$ 412,332

	Lien Chang Electronic Enterprise Co., Ltd.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 1,752,512	$ 2,137,424	$ 2,000,591
Non-current assets	678,602	698,534	698,905
Current liabilities	(784,329)	(1,124,421)	(1,031,021)
Non-current liabilities	(40,991)	(30,056)	(27,197)
Total net assets	$ 1,605,794	$ 1,681,481	$ 1,641,278
Share in associate's net assets	$ 540,736	$ 570,069	$ 555,474
Goodwill	-	-	-
Carrying amount of the associate	$ 540,736	$ 570,069	$ 555,474

Statement of comprehensive income

	Tung Pei Industrial Co., Ltd.	
	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ 1,371,201	$ 1,239,898
Profit (loss) for the period from continuing operations	$ 212,098	($ 27,217)
Other comprehensive loss, net of tax	-	-
Total comprehensive income (loss)	$ 212,098	($ 27,217)
Dividends received from associates	$ -	$ -

	Tung Pei Industrial Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Revenue	$ 3,911,240	$ 3,459,761
Profit for the period from continuing operations	$ 419,877	$ 175,236
Other comprehensive loss, net of tax	-	-
Total comprehensive income	$ 419,877	$ 175,236
Dividends received from associates	$ 78,290	$ 78,290

	Creative Sensor Inc.	
	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ 1,103,343	$ 1,325,018
Profit for the period from continuing operations	$ 99,215	$ 130,194
Other comprehensive income (loss), net of tax	29,936	(73,779)
Total comprehensive income	$ 129,151	$ 56,415
Dividends received from associates	$ -	$ -

	Creative Sensor Inc.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Revenue	$ 3,033,298	$ 3,313,208
Profit for the period from continuing operations	$ 209,880	$ 219,284
Other comprehensive loss, net of tax	(19,604)	(175,220)
Total comprehensive income	$ 190,276	$ 44,064
Dividends received from associates	$ 23,352	$ 26,271

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ 552,219	$ 800,592
Profit for the period from continuing operations	$ 7,277	$ 22,670
Other comprehensive income (loss), net of tax	4,436	(26,572)
Total comprehensive income (loss)	$ 11,713	($ 3,902)
Dividends received from associates	$ -	$ -

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ 1,899,213	$ 2,295,756
Profit for the period from continuing operations	$ 13,946	$ 56,017
Other comprehensive loss, net of tax	($ 6,501)	($ 41,089)
Total comprehensive income	$ 7,445	$ 14,928
Dividends received from associates	$ 28,907	$ 10,136

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:
As of September 30, 2017, December 31, 2016 and September 30, 2016, the carrying amount of the Group's individually immaterial associates amounted to $791,085, $734,089 and $770,529, respectively.

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Loss for the period from continuing operations	($ 31,214)	($ 25,249)
Total comprehensive loss	($ 31,214)	($ 25,249)

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Loss for the period from continuing operations	($ 26,664)	($ 73,227)
Total comprehensive loss	($ 26,664)	($ 73,227)

(d) For the year ended December 31, 2016, the Group's shareholding ratio in Century Development Corporation increased to 52.75%. The Group obtained control over Century Development Corporation and accordingly, was included in the Group's consolidated financial statements.

(e) The fair value of the Group's material associates with quoted market prices is as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
1.Lien Chang Electronic Enterprise Co., Ltd.	$ 690,776	$ 531,222	$ 595,043
2.Creative Sensor Inc.	362,681	306,491	287,518
	$ 1,053,457	$ 837,713	$ 882,561

B. Joint venture

(a) The basic information of the joint venture that is material to the Group is as follows:

		Shareholding ratio				
Company name	Principal place of business	September 30, 2017	December 31, 2016	September 30, 2016	Nature of relationship	Method of measurement
Senergy Wind Power Co., Ltd.	R.O.C	50.00%	50.00%	50.00%	Joint venture	Equity method

(b) The summarised financial information of the joint venture that is material to the Group is shown below:

Balance sheet

	Senergy Wind Power Co., Ltd.		
	September 30, 2017	December 31, 2016	September 30, 2016
Cash and cash equivalents	$ 378,489	$ 233,663	$ 179,069
Other current assets	508	138,494	194,974
Current assets	378,997	372,157	374,043
Non-current assets	111,130	111,162	111,173
Total assets	490,127	483,319	485,216
Current liabilities	(5,958)	-	-
Total liabilities	(5,958)	-	-
Total net assets	$ 484,169	$ 483,319	$ 485,216
Share in joint venture's net assets	$ 177,678	$ 177,253	$ 242,609
Goodwill	-	-	-
Carrying amount of the joint venture	$ 177,678	$ 177,253	$ 242,609

Note: Including impairment losses which have been provided.

Statement of comprehensive income

	Senergy Wind Power Co., Ltd.	
	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ -	$ -
Depreciation and amortisation	$ -	$ -
Interest income	$ 43	$ 1,040
Interest expense	$ -	$ -
Income (loss)-net of tax	$ 4,257	($ 5,532)
Total comprehensive income (loss)	$ 4,257	($ 5,532)
Dividends received from joint venture	$ -	$ -

	Senergy Wind Power Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Revenue	$ -	$ -
Depreciation and amortisation	$ -	$ -
Interest income	$ 4,315	$ 3,423
Interest expense	$ -	$ -
Income (loss)-net of tax	$ 851	($ 13,851)
Total comprehensive income (loss)	$ 851	($ 13,851)
Dividends received from joint venture	$ -	$ -

(c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:
As of September 30, 2017, December 31, 2016 and September 30, 2016, the carrying amount of the Group's individually immaterial associates amounted to $9,064, $12,551 and $13,555, respectively.

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Loss for the period from continuing operations	($ 809)	($ 1,183)
Total comprehensive loss	($ 809)	($ 1,183)

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Loss for the period from continuing operations	($ 2,464)	($ 2,564)
Total comprehensive loss	($ 2,464)	($ 2,564)

(d) In the second quarter of 2016, the Group entered into an equity transfer agreement with Shanghai Hanbell Precise Machinery Co., Ltd. and transferred its certain equity in Qingdao Teco Century Advanced High-tech Mechatronics Co., Ltd. (Teco Century) to Shanghai Hanbell Precise Machinery Co., Ltd. After the sale of equity, the Group's shareholding ratio in Teco Century decreased to 24% and thus did not meet the definition of joint arrangements – joint ventures. However, the Group still has significant control over Teco Century, thus, it was still accounted for under equity method.

C. Details of the Group's investments accounted for under the equity method pledged to others as collateral are provided in Note 8.

(11)Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Leased assets	Leasehold improvements	Miscellaneous equipment	Rental assets	Total
At January 1, 2017									
Cost	$ 5,765,210	$ 9,547,990	$ 14,714,940	$ 1,015,168	$ 5,260,389	$ 594,998	$ 7,048,564	$ 877,983	$ 44,825,242
Accumulated depreciation and impairment	(34,697)	(4,418,938)	(12,810,915)	(691,223)	(1,502,322)	(429,246)	(5,726,156)	(748,295)	(26,361,792)
	$ 5,730,513	$ 5,129,052	$ 1,904,025	$ 323,945	$ 3,758,067	$ 165,752	$ 1,322,408	$ 129,688	$ 18,463,450
2017									
Opening net book amount	$ 5,730,513	$ 5,129,052	$ 1,904,025	$ 323,945	$ 3,758,067	$ 165,752	$ 1,322,408	$ 129,688	$ 18,463,450
Additions	-	45,950	448,469	24,914	2,754	32,241	251,790	-	806,118
Disposals	-	(29,336)	(31,878)	(683)	-	(1,099)	(3,335)	-	(66,331)
Reclassifications	(90,146)	(263,792)	(117,342)	20,688	6,139	(147)	88,317	6,788	(349,495)
Depreciation charge	-	(175,454)	(281,573)	(41,986)	(138,847)	(29,832)	(291,578)	(7,119)	(966,389)
Net exchange differences	(3,230)	(49,342)	(56,621)	(791)	-	(7,163)	(3,736)	-	(120,883)
Closing net book amount	$ 5,637,137	$ 4,657,078	$ 1,865,080	$ 326,087	$ 3,628,113	$ 159,752	$ 1,363,866	$ 129,357	$ 17,766,470
At September 30, 2017									
Cost	$ 5,671,834	$ 9,076,751	$ 14,408,134	$ 1,063,739	$ 5,269,501	$ 606,878	$ 7,615,098	$ 868,756	$ 44,580,691
Accumulated depreciation and impairment	(34,697)	(4,419,673)	(12,543,054)	(737,652)	(1,641,388)	(447,126)	(6,251,232)	(739,399)	(26,814,221)
	$ 5,637,137	$ 4,657,078	$ 1,865,080	$ 326,087	$ 3,628,113	$ 159,752	$ 1,363,866	$ 129,357	$ 17,766,470

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Leased assets	Leasehold improvements	Miscellaneous equipment	Rental assets	Total
At January 1, 2016									
Cost	$ 5,687,882	$ 9,532,510	$ 14,926,436	$ 975,871	$ 10,777	$ 579,878	$ 7,116,897	$ 887,580	$ 39,717,831
Accumulated depreciation and impairment	(34,697)	(4,300,434)	(12,931,267)	(654,054)	(10,748)	(401,304)	(5,618,437)	(748,673)	(24,699,614)
	$ 5,653,185	$ 5,232,076	$ 1,995,169	$ 321,817	$ 29	$ 178,574	$ 1,498,460	$ 138,907	$ 15,018,217
2016									
Opening net book amount	$ 5,653,185	$ 5,232,076	$ 1,995,169	$ 321,817	$ 29	$ 178,574	$ 1,498,460	$ 138,907	$ 15,018,217
Additions	-	13,208	199,639	26,023	13,198	19,315	240,040	-	511,423
Acquired from business combinations	129,976	225,524	-	-	3,922,298	67	861	-	4,278,726
Disposals	(224)	-	(28,863)	(944)	-	(736)	(3,389)	-	(34,156)
Reclassifications	-	-	(34,327)	-	-	-	28,533	5,794	-
Depreciation charge	-	(175,685)	(314,330)	(40,552)	(136,314)	(30,237)	(298,412)	(10,562)	(1,006,092)
Net exchange differences	(5,430)	(141,911)	(22,466)	(700)	-	(5,369)	(84,563)	(219)	(260,658)
Closing net book amount	$ 5,777,507	$ 5,153,212	$ 1,794,822	$ 305,644	$ 3,799,211	$ 161,614	$ 1,381,530	$ 133,920	$ 18,507,460
At September 30, 2016									
Cost	$ 5,812,205	$ 9,578,494	$ 14,284,843	$ 987,413	$ 5,255,895	$ 601,761	$ 7,540,845	$ 892,307	$ 44,953,763
Accumulated depreciation and impairment	(34,698)	(4,425,282)	(12,490,021)	(681,769)	(1,456,684)	(440,146)	(6,159,315)	(758,388)	(26,446,303)
	$ 5,777,507	$ 5,153,212	$ 1,794,822	$ 305,644	$ 3,799,211	$ 161,615	$ 1,381,530	$ 133,919	$ 18,507,460

A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Amount capitalized	$ -	$ -
Interest rate	-	-

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Amount capitalized	$ -	$ 217
Interest rate	-	0.58%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. The Group was unable to transfer the title of certain farmland to the Group's name due to legal restrictions. The land title was registered under an individual's name. Accordingly, the Group entered into an agreement with the said individual to secure the title and the first mortgage right.

(12)Investment property

	Land	Buildings and structures	Total
At January 1, 2017			
Cost	$ 1,444,572	$ 2,780,013	$ 4,224,585
Accumulated depreciation and impairment	-	(1,151,199)	(1,151,199)
	$ 1,444,572	$ 1,628,814	$ 3,073,386
2017			
Opening net book amount	$ 1,444,572	$ 1,628,814	$ 3,073,386
Depreciation charge	-	(56,158)	(56,158)
Net exchange differences	(12,179)	(8,792)	(20,971)
Closing net book amount	$ 1,432,393	$ 1,563,864	$ 2,996,257
At September 30, 2017			
Cost	$ 1,432,394	$ 2,755,679	$ 4,188,073
Accumulated depreciation and impairment	-	(1,191,816)	(1,191,816)
	$ 1,432,394	$ 1,563,863	$ 2,996,257

	Land	Buildings and structures	Total
At January 1, 2016			
Cost	$ 1,315,434	$ 2,279,384	$ 3,594,818
Accumulated depreciation and impairment	-	(1,033,374)	(1,033,374)
	$ 1,315,434	$ 1,246,010	$ 2,561,444
2016			
Opening net book amount	$ 1,315,434	$ 1,246,010	$ 2,561,444
Depreciation charge	-	(52,093)	(52,093)
Net exchange differences	(8,966)	(17,369)	(26,335)
Closing net book amount	$ 1,306,468	$ 1,176,548	$ 2,483,016
At September 30, 2016			
Cost	$ 1,306,469	$ 2,246,841	$ 3,553,310
Accumulated depreciation and impairment	-	(1,070,294)	(1,070,294)
	$ 1,306,469	$ 1,176,547	$ 2,483,016

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Rental income from investment property	$ 44,478	$ 41,311
Direct operating expenses arising from the investment property that generated rental income during the period	$ 25,920	$ 24,276
Direct operating expenses arising from the investment property that did not generate rental income during the period	$ -	$ -

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Rental income from investment property	$ 121,874	$ 116,851
Direct operating expenses arising from the investment property that generated rental income during the period	$ 78,253	$ 73,238
Direct operating expenses arising from the investment property that did not generate rental income during the period	$ -	$ -

B. The fair value of the investment property held by the Group as at September 30, 2017, December 31, 2016 and September 30, 2016 was $4,646,983, $4,239,998 and $4,218,507, respectively, which is categorized within Level 3 in the fair value hierarchy.

(13) Goodwill (listed as「1780 Intangible assets」)

	2017	2016
At January 1		
Cost	$ 5,146,709	$ 5,440,327
Accumulated amortisation and impairment	-	-
	$ 5,146,709	$ 5,440,327
Opening net book amount	$ 5,146,709	$ 5,440,327
Additions-acquired from business combinations	-	-
Net exchange differences	273,357	(179,051)
Closing net book amount	$ 5,420,066	$ 5,261,276
At September 30		
Cost	$ 5,420,066	$ 5,261,276
Accumulated amortisation and impairment	-	-
	$ 5,420,066	$ 5,261,276

Goodwill is allocated as follows to the Group's cash-generating units identified according to operating segment:

	September 30, 2017	December 31, 2016	September 30, 2016
Heavy Industrial products division	$ 5,312,267	$ 5,038,910	$ 5,153,477
Home electric appliance division	107,799	107,799	107,799
	$ 5,420,066	$ 5,146,709	$ 5,261,276

(14) Other non-current assets

	September 30, 2017	December 31, 2016	September 30, 2016
Long-term prepaid rent	$ 1,810,979	$ 1,838,485	$ 1,607,901
Prepayment for property	157,616	159,899	360,429
Prepayment for equipment	490,415	597,109	732,086
Refundable deposits	279,293	303,262	248,535
Deferred expenses	99,500	132,085	136,258
Long-term notes and accounts receivable	230,947	238,409	-
Other assets	107,461	92,613	120,305
	$ 3,176,211	$ 3,361,862	$ 3,205,514

A. The Group signed a land use right contract for the use of land. The Group recognized rental expenses of $9,221, $13,756, $26,779 and $32,323 for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

B. On January 14, 2005, the Group's subsidiary, Century Development Corporation, completed the registration of right of superficies and paid royalties to Taipei City Government for acquiring land used for construction for phase III of the Nankang Software Park. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to Taipei City Government unconditionally upon expiry of the right of superficies.

Century Development Corporation's prepaid rents are amortised over the useful life of right of superficies of 50 years.

(15)Short-term borrowings

Type of borrowings	September 30, 2017	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 758,539	0.9%~4.57%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	1,560,144	0.65%~5.58%	None
	$ 2,318,683		

Type of borrowings	December 31, 2016	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	$ 254,415	1.12%～4.56%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	2,823,946	0.88%～5.58%	None
	$ 3,078,361		

Type of borrowings	September 30, 2016	Interest rate	Collateral
Bank borrowings			
Secured borrowings	$ 544,741	1.10%～4.56%	Available-for-sale financial assets, notes receivable, accounts receivable, investments accounted for under the equity method, land, buildings, treasury stocks
Unsecured borrowings	1,914,084	0.88%～5.58%	None
	$ 2,458,825		

(16) Financial liabilities at fair value through profit or loss

Items	September 30, 2017	December 31, 2016	September 30, 2016
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	$ 77	$ -	$ 10,766

A. The Group recognized net income (loss) of $413, ($9,416), ($167) and ($2,806) on financial liabilities held for trading for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	September 30, 2017		
Financial instrument	Contract period	Contract amount (notional principal)	Fair value
Forward exchange contract			
SELL USD/BUY JPY	Sep. 27, 2017~ Oct. 3, 2017	JPY 200,000,000	($ 77)

	September 30, 2016		
Financial instrument	Contract period	Contract amount (notional principal)	Fair value
Forward exchange contract			
SELL USD/BUY EUR	Oct. 4, 2017	EUR 29,700,000	(4,005)
SELL USD/BUY TWD	Oct. 4, 2017	EUR 14,800,000	(4,694)
BUY USD/SELL JPY	Oct. 28, 2016	JPY 250,000,000	(2,067)
			($ 10,766)

As of December 31, 2016, the Group had no outstanding forward exchange contract.

C. The Group entered into forward foreign exchange contracts to sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts and foreign currency loan are not accounted for under hedge accounting.

(17) Other payables

	September 30, 2017	December 31, 2016	September 30, 2016
Payable on salary and wages	1,624,949	$ 1,839,778	$ 1,470,975
Payable on employees' compensation	626,785	592,962	617,272
Payable on dealers' bonus commission	245,018	169,932	220,470
Payable on equipment	180,506	151,433	94,479
Payable on directors' and supervisors' remuneration	118,826	154,328	125,182
Others	1,867,112	2,090,257	1,973,549
	$ 4,663,196	$ 4,998,690	$ 4,501,927

(18) Bonds payable

	September 30, 2017	December 31, 2016	September 30, 2016
Issuance of bonds payable	$ 4,000,000	$ 3,000,000	$ 3,000,000

A. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in

2015 are as follows:

The Company issued $3,000,000, 1.45% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on June 18, 2015. The bonds mature 5 years from the issue date (June 18, 2015 ~ June 18, 2020) and will be redeemed at face value at the maturity date.

B. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2017 are as follows:

The Company issued $1,000,000, 1.02% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on September 15, 2017. The bonds mature 5 years from the issue date (September 15, 2017 ~ September 15, 2022) and will be redeemed at face value at the maturity date.

(19)Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2017
Long-term bank borrowings				
Guaranteed syndicated loans	Borrowing period is from Aug. 4, 2016 to Aug. 4, 2021; principal payable semi-annually	Floating interest rate, EURIBOR plus 1.2%	None	$2,504,974
Cathay United Bank	Borrowing period is from March 16, 2011 to March 16, 2021; principal is payable every 6 months in 20 installments	1.53%	Note	1,267,258
Mizuho Bank	Borrowing period is from Oct. 15, 2017 to Oct. 15, 2019; payable at maturity	0.84%	None	499,000
HSBC Bank	Borrowing period is from Apr. 18, 2017 to Apr. 18, 2019; payable at maturity	0.86%	None	880,000
Sumitomo Mitsui Banking Corporation	Borrowing period is from Nov. 30, 2016 to Nov. 30, 2018; payable at maturity	0.94%	None	300,000
Taiwan Cooperative Bank	Borrowing period is from Jan. 26, 2015 to Jan. 26, 2035; interest is payable monthly; principal is payable monthly starting from the third year	1.32%~1.47%	Note	232,183
King's Town Bank	Borrowing period is from Aug. 21, 2017 to Feb. 21, 2010; principal is payable in three installments from Aug. 21, 2018	2.00%	Note	150,000
E.Sun Bank	Borrowing period is from June 30, 2017 to June 23, 2019; payable at maturity	1.50%	None	90,000
Taiwan Cooperative Bank	Principal is payable from Dec. 2017 to Jan 2022; in accordance with mutual agreements	1.575%~1.795%	Note	26,833
Hua Nan Commercial Bank	Borrowing period is from Sep. 30, 2017 to Sep 30, 2019; payable at maturity	1.50%	None	40,000
Chailease Finance Co., Ltd.	Principal is payable monthly from Oct. 26, 2016 to Sep. 26, 2018	2.61%	Note	16,200
Chailease Finance Co., Ltd.	Principal is payable monthly from Dec. 15, 2015 to Nov. 15, 2017	2.68%	Note	1,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2017
E.Sun Bank	Principal is payable from Jun. 27, 2016	2.27%	Note	$ 7,605
				6,015,053
Less: Current portion (listed as other current liabilities)				(992,239)
				5,022,814
Commercial papers payable				
Mega Bills Finance Corporation	Borrowing period is from Mar. 30, 2017 to Mar. 29, 2019; payable at maturity	0.60%~0.70%	None	400,000
International Bills Finance Corporation	Borrowing period is from May. 16, 2017 to May. 16, 2019; payable at maturity	0.33%~0.58%	None	500,000
China Bills Finance Corporation	Borrowing period is from Mar. 29, 2017 to Mar. 28, 2019; payable at maturity	0.36%~0.60%	None	500,000
Taiwan Finance Corporation	Borrowing period is from Jun. 23, 2017 to Jun. 22, 2019; payable at maturity	0.48%~0.85%	None	200,000
Grand Bills Finance Corporation	Borrowing period is from Mar. 27, 2017 to Mar. 26, 2019; payable at maturity	0.60%~0.78%	None	400,000
				2,000,000
Less: Discount on commercial papers payable				(354)
				1,999,646
				$ 7,022,460

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2016
Long-term bank borrowings				
Guaranteed syndicated loans	Borrowing period is from Aug. 4, 2016 to Aug. 4, 2022; principal payable semi-annually	Floating interest rate, EURIBOR plus 1.2%	None	$ 2,386,696
Cathay United Bank	Borrowing period is from Mar. 16, 2011 to Mar. 16, 2021; principal is payable every 6 months in 20 installments	1.6%~1.75%	Note	1,660,175
HSBC Bank	Borrowing period is from Apr. 15, 2016 to Apr. 15, 2018; payable at maturity	0.95%	None	1,000,000
Mizuho Bank	Borrowing period is from Oct. 15, 2016 to Oct. 15, 2018; payable at maturity	0.89%	None	1,230,000
Sumitomo Mitsui Banking Corporation	Borrowing period is from Aug. 3, 2016 to Aug. 3, 2018; payable at maturity	0.97%	None	500,000
Bank Of Taiwan	Borrowing period is from Feb. 2, 2015 to Feb. 2, 2018; payable at maturity	1.05%	None	400,000
First Commercial Bank	Borrowing period is from Dec. 23, 2016 to Dec. 23, 2018; payable at maturity	1.17%	None	261,000
Taiwan Cooperative Bank	Borrowing period is from Jan. 26, 2015 to Jan. 16, 2035; interest is payable monthly; principal is payable monthly starting from the third year	1.39%~1.46%	Note	240,000
Guaranteed syndicated loans	Borrowing period is from Feb. 6, 2017 to Feb. 6, 2018; principal is payable in three installments from Mar. 31, 2016	2.46%~2.76%	Note	180,000
Taiwan Cooperative Bank	Borrowing period is from Dec. 2017 to Jan. 2022; payable at maturity in accordance with mutual agreements	1.575%~1.795%	Note	48,587
E.Sun Bank	Principal is payable monthly from Jun. 27, 2016 to Jun. 26, 2021	2.27%	Note	9,050
Chailease Finance Co., Ltd.	Principal is payable monthly from Dec. 15, 2015 to Nov. 15, 2017	2.19%	Note	56,050
				7,971,558
Less: Current portion (listed as other current liabilities)				(842,586)
				7,128,972
Commercial papers payable				
China Bills Finance Corporation	Borrowing period is from Mar. 25, 2016 to Mar. 24, 2018; payable at maturity	0.50%	None	500,000
International Bills Finance Corporation	Borrowing period is from Apr. 28, 2016 to Apr. 28, 2018; payable at maturity	0.41%~0.62%	None	500,000
Grand Bills Finance Corporation	Borrowing period is from Mar. 21, 2016 to Mar. 20, 2018; payable at maturity	0.60%~0.81%	None	400,000
Mega Bills Finance Corporation	Borrowing period is from Mar. 30, 2016 to Mar. 29, 2018; payable at maturity	0.60%~0.73%	None	700,000
Taiwan Finance Corporation	Borrowing period is from Jun. 23 2016, to Jun. 22, 2018; payable at maturity	0.70%~0.85%	None	200,000
				2,300,000
Less: Discount on commercial papers payable				(402)
				2,299,598
				$ 9,428,570

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2016
Long-term bank borrowings				
Guaranteed syndicated loans	Borrowing period is from Aug. 4, 2016 to Aug. 4, 2022; payable semi-annually	Floating interest rate, EURIBOR plus 1.2%	None	$ 2,543,300
Cathay United Bank	Borrowing period is from Mar. 16, 2011 to Mar. 16, 2021; principal is payable every 6 months in 20 installments	1.6%~1.75%	Note	1,657,561
HSBC Bank	Borrowing period is from Apr. 15, 2016 to Apr. 15, 2018; payable at maturity	1.05%	None	1,000,000
Mizuho Bank	Borrowing period is from Oct. 5, 2015 to Oct. 5, 2017; payable at maturity	0.93%	None	1,230,000
Taishin Bank	Borrowing period is from Sep. 30, 2016 to Oct. 13, 2017; payable at maturity	1.05%	None	1,000,000
Sumitomo Mitsui Banking Corporation	Borrowing period is from Aug. 3, 2016 to Aug. 3, 2018; payable at maturity	0.98%	None	500,000
Bank Of Taiwan	Borrowing period is from Feb. 2, 2015 to Feb. 2, 2018; payable at maturity	1.05%	None	400,000
First Commercial Bank	Borrowing period is from Dec. 11, 2015 to Dec. 11, 2017; payable at maturity	1.17%	None	340,000
Taiwan Cooperative Bank	Borrowing period is from Jan. 26, 2015 to Jan. 16, 2035; interest is payable monthly; principal is payable monthly starting from the third year	1.39%~1.46%	Note	240,000
Guaranteed syndicated loans	Borrowing period is from Feb. 6, 2017 to Feb. 6, 2018; principal is payable in three installments from Mar. 31, 2016	2.46%~2.76%	Note	180,000
Taiwan Cooperative Bank	Borrowing period is from Dec. 2017 to Jan. 2022; payable at maturity in accordance with mutual agreements	1.575%~2.075%	Note	55,835
Chailease Finance Co., Ltd.	Principal is payable monthly from Oct. 26, 2016 to Sep. 26, 2018	3.61%	Note	45,000
Chailease Finance Co., Ltd.	Principal is payable monthly from Dec. 15, 2015 to Nov. 15, 2017	3.68%	Note	18,750
				9,210,446
Less: Current portion (listed as other current liabilities)				(862,594)
				8,347,852

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2016
Commercial papers payable				
China Bills Finance Corporation	Borrowing period is from Mar. 25, 2016 to Mar. 24, 2018; payable at maturity	0.50%	None	$ 500,000
International Bills Finance Corporation	Borrowing period is from Apr. 28, 2016 to Apr. 28, 2018; payable at maturity	0.47%~0.62%	None	500,000
Grand Bills Finance Corporation	Borrowing period is from Mar. 20, 2016 to Mar. 20, 2018; payable at maturity	0.61%~0.81%	None	400,000
Mega Bills Finance Corporation	Borrowing period is from Mar. 30, 2016 to Mar. 29, 2018; payable at maturity	0.64%~0.73%	None	400,000
Taiwan Finance Corporation	Borrowing period is from Jun. 23, 2016 to Jun. 22, 2018; payable at maturity	0.76%~0.85%	None	200,000
				2,000,000
Less: Discount on commercial papers payable				(383)
				1,999,617
				$ 10,347,469

Note: Details of the Group's pledged assets are provided in Note 8.

A. Under the long-term contracts with certain financial institutions, the Group is required to maintain certain financial ratios and capital requirements as well as meet certain restrictions relative to significant asset acquisitions or disposals.

B. As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group has undrawn borrowing facilities of $18,499,337, $14,914,070 and $14,544,162, respectively.

(20)Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution for the deficit by next March.

(b) For the aforementioned pension plan, the Group recognized pension costs of $12,194, $19,347, $36,501 and $51,350 for the three-month and nine-month periods ended September 30, 2017 and 2016, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 are $43,320.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the nine–month periods ended September 30, 2017 and 2016 was 20%~21.5%. Other than the monthly contributions, the Group has no further obligations.

(c) Monthly contributions to an independent fund administered by the local pension managing agency are based on a certain percentage of monthly salaries and wages of the Group's other overseas subsidiaries' employees.

(d) The pension costs under the defined contribution pension plans of the Group for the three – month and nine-month periods ended September 30, 2017 and 2016 were $112,855, $113,464, $304,689 and $314,443, respectively.

(21)Share capital

A. As of September 30, 2017, the Company's authorized capital was $30,305,500, consisting of 3,030,550 thousand shares of ordinary stock, including 100 million shares reserved for employee stock options, and the paid-in capital was $20,026,929 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

For the nine–month periods ended September 30, 2017 and 2016, there was no change to the Company's outstanding ordinary shares.

B. On December 17, 1996, the Board of Directors of the Company adopted a resolution that allows certain stockholders to issue 5,540 thousand units of global depository receipts (GDRs), represented by 55,399 thousand shares of common stock. A unit of GDR represents 10 shares of common stock. After obtaining approval from SFB, these GDRs were listed on the Securities Exchange of London on March 28, 1997, with total proceeds of US$107,644,000. The issuance of GDRs was presented by issuing common shares, therefore, there is about 7% dilutive effect on the common shares' equity. The main terms and conditions of the GDRs are as follows:

(a) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of the R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(b) Redemption of the underlying common shares represented by the GDRs

When the holders of the GDRs request the Depositary to redeem the GDRs in accordance with the relevant R.O.C. regulations and the provisions in the Depositary Agreement, the Depositary may (i) deliver the underlying common shares represented by the GDRs to the GDR holders, or (ii) sell the underlying common shares represented by the GDRs in the R.O.C. stock market on behalf of the GDR holder. The payment of proceeds from such sale shall be made subject to the relevant R.O.C. laws and regulations and the provisions in the Depositary Agreement.

(c) Distribution of dividends, preemptive rights and other rights

GDR holders own the same rights as common shareholders.

(d) There were 14 thousand units of GDRs outstanding, representing 137 thousand common shares as of September 30, 2017.

(e) The Company will terminate global depository receipts (GDRs) and depository contracts to reduce administrative expenses as resolved by the Board of Directors on March 24, 2017.

C. All of the shares of the Company held by the Company's subsidiaries—Tong-An Investment

Co., Ltd. and An-Tai International Investment Co., Ltd. were acquired in or before 2000 for the purpose of general investment. After a regulation of the Company Act was amended in 2000 wherein the shares of the holding company shall not be purchased nor be accepted as a security or pledge by its subsidiary, the two subsidiaries did not acquire additional shares of the Company. In addition, Top-Tower Enterprises Co., Ltd. also held the Company's shares before the Company obtained control of Top-Tower Enterprises Co., Ltd. in August, 2013, and did not acquire additional shares of the Company again after the Company obtained its control. As of September 30, 2017, December 31, 2016 and September 30, 2016, book value of the shares of the Company held by the three subsidiaries amounted to $321,563.

Details are as follows:

	September 30, 2017		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	$ 14.92	$ 27.40
An-Tai International Investment Co., Ltd.	2,826	10.37	27.40
Top-Tower Enterprises Co., Ltd.	72	9.37	27.40
	22,438		

	December 31, 2016		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	$ 14.92	$ 27.90
An-Tai International Investment Co., Ltd.	2,826	10.37	27.90
Top-Tower Enterprises Co., Ltd.	72	9.37	27.90
	22,438		

	September 30, 2016		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	$ 14.92	$ 27.00
An-Tai International Investment Co., Ltd.	2,826	10.37	27.00
Top-Tower Enterprises Co., Ltd.	72	9.37	27.00
	22,438		

(22)Capital surplus

Pursuant to the R.O.C Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(23)Retained earnings and legal reserve

A. As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:

(a) Payment of taxes and duties.

(b) Covering prior years' accumulated deficit, if any.

(c) After deducting items (a) and (b), set aside 10% of the remaining amount as legal reserve.

(d) Set aside a certain amount as special reserve, if any.

(e) Distributing the remaining amount plus prior years' retained earnings to shareholders according to their shareholding percentage. The distribution rate is principally 80%, of which cash dividend shall account for 5% ~ 50% of the distributed amount.

(f) The Company may grant the employees of subsidiaries employee bonuses as described above if certain criteria prescribed by the Board of Directors are met.

B. The Company's dividend policy is summarized below:

The Company's operating environment is in the stable growth stage. However, investee companies are still in the growth stage. In view of the future plant expansion and investment plans, the appropriations of earnings are based on the distributable earnings and appropriate principally 80% to shareholders as dividends. Cash dividends shall account for at least 5% up to maximum of 50% of total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of the 2016 and 2015 net income as resolved by the stockholders on June 16, 2017 and 2016, respectively, were as follows:

	Years ended December 31,			
	2016		2015	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 348,148		$ 317,729	
Cash dividends	1,762,370	$ 0.88	1,602,154	$ 0.80

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6 (29).

(24)Other equity items

	Available-for-sale investment	Currency translation	Total
At January 1, 2017	$ 2,218,526	($ 1,051,753)	$ 1,166,773
Unrealised gains and losses on financial assets:			
–Group	1,508,111	-	1,508,111
–Associates	1,724	-	1,724
Currency translation differences:			
–Group	-	(491,239)	(491,239)
At September 30, 2017	$ 3,728,361	($ 1,542,992)	$ 2,185,369

	Available-for-sale investment	Currency translation	Total
At January 1, 2016	$ 743,950	$ 13,030	$ 756,980
Unrealised gains and losses on financial assets:			
–Group	2,087,951	-	2,087,951
–Associates	(243)	-	(243)
Currency translation differences:			
–Group	-	(806,953)	(806,953)
At September 30, 2016	$ 2,831,658	($ 793,923)	$ 2,037,735

(25)Operating revenue

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Sales revenue	$ 10,008,132	$ 9,915,233
Service revenue	2,021,867	1,519,498
Construction contract revenue	676,968	555,058
Net securities trading revenue	(29,087)	13,917
	$ 12,677,880	$ 12,003,706

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Sales revenue	$ 29,764,064	$ 30,435,121
Service revenue	5,458,736	4,435,676
Construction contract revenue	2,274,878	1,463,806
Net securities trading revenue	169,630	161,604
	$ 37,667,308	$ 36,496,207

(26)Other income

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Rental revenue	$ 52,114	$ 68,735
Dividend income	193,854	369,875
Interest income:		
Interest income from bank deposits	36,494	35,912
Other interest income	-	2,957
Insurance claim income	340,227	-
Other non-operating income	77,138	53,755
	$ 699,827	$ 531,234

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Rental revenue	$ 133,191	$ 147,361
Dividend income	508,256	526,165
Interest income:		
Interest income from bank deposits	111,408	146,741
Other interest income	-	5,303
Insurance claim income	340,227	-
Other non-operating income	166,011	176,277
	$ 1,259,093	$ 1,001,847

(27)Other gains and losses

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Net gain (loss) on financial liabilities at fair value through profit or loss	$ 413	($ 9,416)
Net loss on financial assets at fair value through profit or loss	(3,192)	(7,168)
Net currency exchange loss	(35,019)	(16,718)
Net gain on disposal of property, plant and equipment	168,443	4,104
Gain on disposal of investments	4,514	1,584
Fire damages	(245,888)	-
Miscellaneous disbursements	(104,727)	(113,175)
	($ 215,456)	($ 140,789)

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Net loss on financial liabilities at fair value through profit or loss	($ 167)	($ 2,806)
Net loss on financial assets at fair value through profit or loss	(17,428)	(15,005)
Net currency exchange loss	(146,170)	(13,314)
Net gain on disposal of property, plant and equipment	158,222	1,696
Gain on disposal of investments	112,452	17,229
Gain on remeasurement	-	216,160
Impairment loss on financial assets	-	(90,323)
Fire damages	(245,888)	-
Miscellaneous disbursements	(283,254)	(302,171)
	($ 422,233)	($ 188,534)

Gain on remeasurement was caused by acquiring Century Development Corporation. Due to the change in fair value of shares acquired before obtaining majority control, the Group incurred remeasurement gain. Please refer to Note 6(33).

(28)Finance costs

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Interest expense:		
Bank borrowings	$ 75,330	$ 71,916
Finance expenses	6,324	4,193
Finance costs	$ 81,654	$ 76,109

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Interest expense:		
Bank borrowings	$ 186,481	$ 228,918
Less: Capitalisation of qualifying assets	-	(217)
	186,481	228,701
Finance expenses	9,566	10,715
Finance costs	$ 196,047	$ 239,416

(29)Expenses by nature

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Employee benefit expense	$ 2,862,725	$ 2,751,209
Depreciation charges on property, plant and equipment	336,295	343,635
Amortisation charges on intangible assets	49,356	21,594
	$ 3,248,376	$ 3,116,438

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Employee benefit expense	$ 8,423,473	$ 8,178,662
Depreciation charges on property, plant and equipment	1,022,547	1,058,185
Amortisation charges on intangible assets	125,681	99,949
	$ 9,571,701	$ 9,336,796

(30)Employee benefit expense

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Wages and salaries	$ 2,207,566	$ 2,156,752
Employees' compensation and directors' and supervisors' remuneration	189,025	155,069
Labor and health insurance fees	229,475	213,271
Pension costs	125,049	125,456
Other personnel expenses	111,610	100,661
	$ 2,862,725	$ 2,751,209

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Wages and salaries	$ 6,645,207	$ 6,470,306
Employees' compensation and directors' and supervisors' remuneration	441,504	414,887
Labor and health insurance fees	677,572	634,907
Pension costs	341,190	365,793
Other personnel expenses	318,000	292,769
	$ 8,423,473	$ 8,178,662

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. For the three-month and nine-month periods ended September 30, 2017 and 2016, employees' compensation was accrued at $69,721, $87,581, $201,590 and $212,331, respectively; while directors' and supervisors' remuneration was accrued at $31,270, $38,925, $89,597, and $94,370, respectively. The aforementioned amounts were recognized in salary expenses.

C. For the nine-month periods ended September 30, 2017 and 2016, after considering each year's earnings, the employee benefit expenses were accrued based on past experience and ratio.

The employees' remuneration and directors' and supervisors' remuneration for 2016 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2016 financial statements. As of September 30, 2017, abovementioned earnings of prior year have not yet been distributed.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(31)Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Current tax:		
Current tax on profits for the period	$ 232,475	$ 175,078
Prior year income tax overestimation	-	(20,169)
Total current tax	232,475	154,909
Deferred tax:		
Origination and reversal of temporary differences	15,674	(11,708)
Income tax expense	$ 248,149	$ 143,201

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Current tax:		
Current tax on profits for the period	$ 638,013	$ 651,927
Tax on undistributed surplus earnings	131,590	120,177
Prior year income tax overestimation	(13,593)	(214,106)
Total current tax	756,010	557,998
Deferred tax:		
Origination and reversal of temporary differences	(123,071)	120,186
Income tax expense	$ 632,939	$ 678,184

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Currency translation differences	($ 34,806)	$ 88,196
	For the nine-month period ended September 30, 2017	**For the nine-month period ended September 30, 2016**
Currency translation differences	$ 35,159	$ 81,020

B. As of September 30, 2017, the Company and its subsidiaries' income tax returns through various years between 2013 and 2015, respectively, have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings:

	September 30, 2017	December 31, 2016	September 30, 2016
Earnings generated in and before 1997	$ 684,024	$ 684,024	$ 684,024
Earnings generated in and after 1998	11,501,276	11,132,665	10,328,159
	$ 12,185,300	$ 11,816,689	$ 11,012,183

D. As of September 30, 2017, December 31, 2016 and September 30, 2016, the balance of the imputation tax credit account was $842,899, $786,132 and $714,469, respectively. The creditable tax rate was 8.02% for 2016 and is estimated to be 7.57% for 2017.

(32)Earnings per share

	For the three-month period ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 849,994	1,980,255	$ 0.43
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,444	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 849,994	1,982,699	$ 0.43

	For the three-month period ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 898,910	1,980,255	$ 0.45
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	8,015	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 898,910	1,988,270	$ 0.45

	For the nine-month period ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,476,416	1,980,255	$ 1.25
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	6,966	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,476,416	1,987,221	$ 1.25

	For the nine-month period ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,616,785	1,980,255	$ 1.32
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	8,015	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,616,785	1,988,270	$ 1.32

(33)Business combinations

A. On February 5, 2016, the Group acquired 12.12% of the share capital of Century Development Corporation for $462,233. Along with 40.63% of share capital originally held, the Group collectively holds 52.75% of the share capital in Century Development Corporation and exercises control over Century Development Corporation, which is engaged in designing, developing and managing parks in Taiwan. As a result of the acquisition, the Group is expected to strengthen its ability to develop and manage real estate.

B. The following table summarises the consideration paid for Century Development Corporation and the fair values of the assets acquired and liabilities assumed at the acquisition date, as well as the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets at the acquisition date:

		February 5, 2016
Purchase consideration		
Cash	$	462,233
Fair value at the acquisition date of share capital of the company held before the business combination		1,841,807
Fair value of the non-controlling interest		1,824,817
		4,128,857
Fair value of the identifiable assets acquired and liabilities assumed		
Cash		728,501
Notes and accounts receivable		36,261
Other current assets		346,376
Property, plant and equipment		4,278,726
Other non-current assets		1,390,461
Notes and accounts payable	(	70,186)
Other current liabilities	(	506,374)
Long-term borrowings	(	1,897,782)
Other non-current liabilities	(	177,126)
Total identifiable net assets		4,128,857
Goodwill (listed as intangible assets)	$	-

C. The Group recognized a gain of $216,160 as a result of measuring at fair value its 40.63% equity interest in Century Development Corporation held before the business combination.

(34)Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the nine-month period ended September 30, 2017		For the nine-month period ended September 30, 2016	
Acquisition of property, plant and equipment	$	806,118	$	511,423
Add:				
Payables at beginning of the period		151,433		122,004
Less:				
Payables at end of the period	(	180,506)	(	94,479)
Cash paid	$	777,045	$	538,948

B. The book value of the assets and liabilities of the consolidated subsidiaries for the period is as follows:

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Cash and cash equivalents	$ -	$ 728,501
Other current assets	-	382,637
Property, plant and equipment	-	4,278,726
Other non-current assets	-	1,390,461
Other current liabilities	-	(576,560)
Other non-current liabilites	-	(2,074,908)
	$ -	$ 4,128,857
Proceeds from acquisition of subsidiaries	$ -	$ 462,233
Cash balance of subsidiaries	-	(728,501)
Net cash effect of consolidated subsidiaries	$ -	($ 266,268)

(35)Details of significant controlling interests

As of September 30, 2017, December 31, 2016 and September 30, 2016, the non-controlling interest amounted to $5,951,384, $5,992,976 and $5,831,165, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-Controlling Interest			
		September 30, 2017		December 31, 2016	
Name of subsidiary	Principal place of business	Amount	Ownership	Amount	Ownership
Tecom Co., Ltd.	R.O.C	$ 334,819	36.48%	$ 328,767	36.48%
Taiwan Pelican Express Co., Ltd.	R.O.C	1,128,483	67.85%	1,101,883	67.85%
Kuen Ling Machinery Refrigerating Co., Ltd.	R.O.C	1,032,280	80.02%	1,083,945	80.02%
Century Development Corporation	R.O.C	1,955,473	47.25%	1,935,474	47.25%

Name of subsidiary	Principal place of business	Non-Controlling Interest September 30, 2016 Amount	Ownership
Tecom Co., Ltd.	R.O.C	$ 332,727	36.48%
Taiwan Pelican Express Co., Ltd.	R.O.C	1,135,314	67.85%
Kuen Ling Machinery Refrigerating Co., Ltd.	R.O.C	1,023,771	80.02%
Century Development Corporation	R.O.C	1,902,057	47.25%

Summarised financial information of the subsidiaries:

Balance sheets

	Tecom Co., Ltd.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 1,518,442	$ 2,226,004	$ 2,054,715
Non-current assets	740,360	673,974	704,458
Current liabilities	(1,418,727)	(2,066,348)	(1,898,174)
Non-current liabilities	(248,412)	(286,116)	(294,569)
Total net assets	$ 591,663	$ 547,514	$ 566,430

	Taiwan Pelican Express Co., Ltd.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 1,859,026	$ 1,626,126	$ 1,487,028
Non-current assets	590,658	616,732	644,476
Current liabilities	(770,958)	(603,606)	(481,618)
Non-current liabilities	(15,525)	(15,253)	(11,238)
Total net assets	$ 1,663,201	$ 1,623,999	$ 1,638,648

	Kuen Ling Machinery Refrigerating Co., Ltd.		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 1,662,719	$ 1,800,946	$ 1,640,901
Non-current assets	620,228	601,271	609,986
Current liabilities	(787,802)	(832,903)	(764,063)
Non-current liabilities	(137,468)	(148,213)	(139,845)
Total net assets	$ 1,357,677	$ 1,421,101	$ 1,346,979

	Century Development Corporation		
	September 30, 2017	December 31, 2016	September 30, 2016
Current assets	$ 1,248,204	$ 990,841	$ 892,025
Non-current assets	4,820,770	5,308,707	5,359,561
Current liabilities	(623,427)	(535,338)	(620,712)
Non-current liabilities	(1,284,283)	(1,682,024)	(1,610,574)
Total net assets	$ 4,161,264	$ 4,082,186	$ 4,020,300

Statements of comprehensive income

	Tecom Co., Ltd.	
	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ 915,035	$ 878,764
(Loss) profit before income tax	(11,540)	18,311
Income tax expense	(66)	(549)
(Loss) profit for the period	(11,606)	17,762
Other comprehensive (loss) income (net of tax)	(27,887)	80,736
Total comprehensive (loss) income for the period	($ 39,493)	$ 98,498
Comprehensive income attributable to non-controlling interest	$ 37,565	$ 7,680

	Tecom Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Revenue	$ 2,464,749	$ 2,923,934
(Loss) profit before income tax	(40,309)	60,518
Income tax expense	(66)	(5,267)
(Loss) profit for the period	(40,375)	55,251
Other comprehensive income (net of tax)	97,174	159,120
Total comprehensive income for the period	$ 56,799	$ 214,371
Comprehensive income attributable to non-controlling interest	($ 1,353)	$ 25,412

	Taiwan Pelican Express Co., Ltd.	
	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ 811,861	$ 661,001
Profit before income tax	26,159	10,071
Income tax expense	(4,546)	(1,960)
Profit for the period	21,613	8,111
Other comprehensive income (loss) (net of tax)	2,053	(2,509)
Total comprehensive income for the period	$ 23,666	$ 5,602
Comprehensive income attributable to non-controlling interest	$ 14,598	$ 5,503
Dividends paid to non-controlling interests	$ 32,105	$ 42,807

	Taiwan Pelican Express Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Revenue	$ 2,240,716	$ 1,973,959
Profit before income tax	132,971	92,130
Income tax expense	(15,783)	(15,905)
Profit for the period	117,188	76,225
Other comprehensive loss (net of tax)	(35,025)	(3,906)
Total comprehensive income for the period	$ 82,163	$ 72,319
Comprehensive income attributable to non-controlling interest	$ 79,509	$ 51,716
Dividends paid to non-controlling interests	$ 32,105	$ 42,807

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ 677,832	$ 735,690
Profit before income tax	58,040	95,790
Income tax expense	(9,131)	(17,473)
Profit for the period	48,909	78,317
Other comprehensive income (loss) (net of tax)	6,126	(18,045)
Total comprehensive income for the period	$ 55,035	$ 60,272
Comprehensive income attributable to non-controlling interest	$ 82,055	$ 63,613
Dividends paid to non-controlling interests	$ 134,054	($ 109,680)

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Revenue	$ 1,881,991	$ 1,796,684
Profit before income tax	161,242	186,630
Income tax expense	(35,784)	(35,899)
Profit for the period	125,458	150,731
Other comprehensive loss (net of tax)	(17,354)	(42,665)
Total comprehensive income for the period	$ 108,104	$ 108,066
Comprehensive income attributable to non-controlling interest	$ 82,155	$ 121,241
Dividends paid to non-controlling interests	$ 134,054	$ 109,680

	Century Development Corporation	
	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Revenue	$ 234,199	$ 229,795
Profit before income tax	75,520	71,007
Income tax expense	(12,083)	(10,696)
Profit for the period	63,437	60,311
Other comprehensive income (net of tax)	454	-
Total comprehensive income for the period	$ 63,891	$ 60,311
Comprehensive income attributable to non-controlling interest	$ 34,646	$ 28,124

	Century Development Corporation	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Revenue	$ 638,911	$ 604,730
Profit before income tax	230,591	232,242
Income tax expense	(36,705)	(33,041)
Profit for the period	193,886	199,201
Other comprehensive loss (net of tax)	(7,640)	(4,981)
Total comprehensive income for the period	$ 186,246	$ 194,220
Comprehensive income attributable to non-controlling interest	$ 103,649	$ 105,214
Dividends paid to non-controlling interests	$ 76,447	$ 61,637

Statements of cash flows

	Tecom Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Net cash provided by (used in) operating activities	$ 477,502	($ 11,338)
Net cash provided by investing activities	63,432	117,342
Net cash used in financing activities	(432,136)	(70,582)
Increase in cash and cash equivalents	108,798	35,422
Cash and cash equivalents, beginning of period	275,120	265,875
Cash and cash equivalents, end of period	$ 383,918	$ 301,297

	Taiwan Pelican Express Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Net cash provided by operating activities	$ 104,958	$ 109,566
Net cash provided by (used in) investing activities	13,308	(44,309)
Net cash used in financing activities	(42,688)	(56,855)
Effect of exchange rates on cash and cash equivalents	(202)	(384)
Increase in cash and cash equivalents	75,376	8,018
Cash and cash equivalents, beginning of period	1,048,669	1,005,884
Cash and cash equivalents, end of period	$ 1,124,045	$ 1,013,902

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Net cash provided by operating activities	$ 103,150	$ 168,241
Net cash used in investing activities	(43,192)	(22,959)
Net cash used in financing activities	(144,407)	(120,622)
Effect of exchange rates on cash and cash equivalents	(24,068)	(15,323)
(Decrease) increase in cash and cash equivalents	(108,517)	9,337
Cash and cash equivalents, beginning of period	403,075	302,505
Cash and cash equivalents, end of period	$ 294,558	$ 311,842

	Century Development Corporation	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Net cash provided by operating activities	$ 419,556	$ 304,326
Net cash provided by investing activities	27,899	2,024
Net cash used in financing activities	(505,753)	(480,801)
Effect of exchange rates on cash and cash equivalents	191	-
Decrease in cash and cash equivalents	(58,107)	(174,451)
Cash and cash equivalents, beginning of period	622,617	667,526
Cash and cash equivalents, end of period	$ 564,510	$ 493,075

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Teco Middle East Electrical & Machinery Co., Ltd. (TME)	Associates
Teco (PHILIPPINES) 3C & Appliances, Inc (Teco 3C)	〃
Jiangxi Teco - Lead PM Generator (Jiangxi Teco - Lead)	〃
Taian-Jaya Electric Sdn. Bhd. (Taian-Jaya)	〃
Nanchang Dong-Huan Management & Consulting Co., Ltd. (Nanchang Dong-Huan)(Note 1)	〃
Hubbell-Taian Co., Ltd. (Hubbell)	〃
An-Sheng Travel Co., Ltd. (An-Sheng)	〃
Le-Li Co., Ltd. (Le-Li)	〃
Lien Chang Electronic Enterprise Co., Ltd. (Lien Chang)	〃
Tung Pei Industrial Co., Ltd. (Tung Pei)	〃
Taian Electric Co., Ltd. (Taian Electric)	〃
Royal Host Taiwan Co., Ltd. (Royal Host)	〃
Taisan Electric Co.,Ltd. (Taisan Electric)	〃
Tension Envelope Taiwan Co., Ltd. (Tension)	〃
Creative Sensor Inc. (Creative Senso)	〃
Kogle Foods Co., Ltd. (Kogle)	〃
TG Teco Vacuum Insulated Glass (TG Teco Vacuum Insulated Glass)	〃
TA Associates International Pte Ltd. (TA Assotiates)	〃
Teco-Motech Co., Ltd. (Teco-Motech)	〃

Names of related parties	Relationship with the Group
Nano Bit Tech Co., Ltd. (Nano Bit)	Associates (Note 2)
Shanghai Xiangseng Mechanical and Electrical Trading Co., Ltd. (Shanghai Xiangseng)	Associates
Xianlaoman Food Services Co., Ltd. (Xianlaoman)	〃
Teco Group Science Techology (Han Zou) Co., Ltd. (Teco Group)	〃
Shanghai Tungpei Enterprise Co., Ltd. (Shanghai Tungpei)	〃
Greyback Internatiomal Property, Inc. (Greyback)	〃
ABC Cooking Studio Taiwan Co., Ltd.	〃
Qingdao Teco Century Advanced High Tech Mechatronics Co., Ltd. (Teco Century)	〃
Senergy Wind Power Co., Ltd. (Senergy Wind Power)	〃
Ropali-Teco Corporation (ROTECO)	〃
Fujio Food System Taiwan Co., Ltd. (Fujio Food)	〃
Foremost International Food & Beverage Co., Ltd. (Foremost Food)	〃
Teco Technology & Marketing Center Co., Ltd. (TTMC)	〃
An-shin Food Service Co., Ltd. (An-shin)	Other related parties
Teco Image System Co., Ltd. (Teco Image)	〃
Ming Full Ltd. (Ming Food)	〃
Taiwan Art & Bussiness Inyerdisplinary Fundation (Taiwan Art)	〃
Xia Men An-Shin Food Management Co., Ltd. (Xia Men An-Shin)	〃
Teco Technology Foundation (Teco Found)	〃

Note 1: For the year ended December 31, 2016, this company resolved to dissolve and the liquidation has not yet been completed.

Note 2: The Group lost its significant control over the investee as a result of stock disposals during the second quarter of 2017. Since then, the investee became a non-related party.

(2) Significant related party transactions

A. Operating revenue:

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Sales of goods and services:		
Associates	$ 136,735	$ 147,746
Other related parties	109,535	46,070
	$ 246,270	$ 193,816

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Sales of goods and services:		
Associates	$ 344,557	$ 324,743
Other related parties	221,021	97,758
	$ 565,578	$ 422,501

The Group sells commodities and services to related parties based on mutual agreed selling price and terms as there is no similar transaction to be compared with.

B. Purchases of goods:

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Purchases of goods:		
Associates	$ 50,150	$ 32,719
Other related parties	3	-
	$ 50,153	$ 32,719

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Purchases of goods:		
Associates	$ 123,227	$ 93,929
Other related parties	59	-
	$ 123,286	$ 93,929

The purchase terms, including pricing and payments, were based on mutual agreement and have no similar transaction to be compared with.

C. Receivables from related parties:

	September 30, 2017		December 31, 2016		September 30, 2016	
Receivables from related parties:						
Associates	$	150,727	$	227,425	$	246,912
Other related parties		68,360		29,524		26,032
Less: Recorded as other receivables	(	5,609)	(	16,795)	(	6,429)
		213,478		240,154		266,515
Other receivables - transfer of accounts receivable that were past due						
Associates		5,609		16,795		6,429
Other receivables - others						
Associates						
Le-Li Co., Ltd.	$	12,126	$	9,872	$	434,856
Others		373,789		468,798		-
Other related parties		6,215		2,331		4,609
		392,130		481,001		439,465
		397,739		497,796		445,894
	$	611,217	$	737,950	$	712,409

(a) The receivables from related parties arise mainly from sale transactions. The receivables are due 30 to 90 days after the date of sale, unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

(b) The aforementioned accounts receivable that were past due were $5,609, $16,795 and $6,429 as of September 30, 2017, December 31, 2016 and September 30, 2016, respectively. The ageing of the past due accounts receivable is beyond 90 days.

(c) The other receivables arise mainly from other receivables for rental.

D. Payables to related parties:

	September 30, 2017		December 31, 2016		September 30, 2016	
Payables to related parties:						
Associates	$	118,574	$	105,889	$	109,906
Other related parties		839		839		1,055
	$	119,413	$	106,728	$	110,961

The payables to related parties arise mainly from purchase transactions and are due 180 days after the date of purchase. The payables bear no interest.

E. Loans to related parties:

(a) Receivables from related parties (listed as「 1210 other receivables-related parties 」)

	September 30, 2017		December 31, 2016		September 30, 2016	
Associates						
Le-Li Co., Ltd.	$	-	$	-	$	216,500
Teco Century		-		55,071		55,071
	$	-	$	55,071	$	271,571

(b) Interest income

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Associates		
Le-Li Co., Ltd.	$ -	$ 803
Qingdao Century	-	964
	$ -	$ 1,767

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Associates		
Le-Li Co., Ltd.	$ -	$ 2,412
Qingdao Century	-	2,891
	$ -	$ 5,303

The loans to associates are payable monthly over 2 years and carry interest at 1.3%~2.5% per annum for the three-month and nine-month periods ended September 30, 2016.

F. Endorsements and guarantees provided to related parties:

	September 30, 2017	December 31, 2016	September 30, 2016
Associates	$ 41,971	$ 171,198	$ 162,142

(3) Key management compensation

	For the three-month period ended September 30, 2017	For the three-month period ended September 30, 2016
Salaries and other short-term employee benefits	$ 107,051	$ 69,244
Post-employment benefits	3,130	714
	$ 110,181	$ 69,958

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Salaries and other short-term employee benefits	$ 358,732	$ 335,828
Post-employment benefits	4,964	2,530
	$ 363,696	$ 338,358

8. PLEDGED ASSETS

Pledged asset	Book value September 30, 2017	December 31, 2016	Purpose
Available-for-sale financial assets - current			
Innolux Corporation	$ -	$ 12,126	Commercial papers payable and short-term borrowings
Notes receivable	30,635	41,723	Short-term borrowings
Accounts receivable	-	723,141	Merchandise loans
Inventories	-	650,121	〃
Other current assets			
Demand deposits	94,625	79,945	Short-term borrowings , deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, and tariff guarantee
Time deposits	19,484	11,293	Merchandise loans, long-term and short-term borrowings, engineering guarantees, customs security deposit, warranty margin and exercise guarantee for construction
Cash and bank deposits	259,654	336,115	Engineering bond, tariff guarantee, seizure guarantee, long guarantee and quality assurance for product sales
Current assets classified as held for sale	345,530	-	Long-term and short-term borrowings
Available-for-sale financial assets - non-current			
Teco Image System Co., Ltd.	19,200	15,900	Short-term borrowings and commercial papers payable
Far Eastone Telecommunications Co., Ltd.	217,800	217,500	〃
Innolux Corporation	30,780	25,233	Long-term borrowings
Baycom Opto-Electronics Technology Co., Ltd.	153,454	128,485	〃
Taiwan High Speed Rail Corporation	390,952	298,486	〃
Investments accounted for under the equity method			
Creative Sensor Inc.	138,248	116,830	Short-term borrowings
Century Development Corporation	109,281	88,585	〃
Baycom Opto-Electronics Technology Co., Ltd.	153,454	-	〃
Property, plant, and equipment			
Land	119,378	243,537	Long-term borrowings , short-term borrowings
Buildings and structures	3,912,963	4,210,332	〃
Other non-current assets			
Refundable deposits	55,084	82,597	Exercise guarantee or warranty for construction and exercise guarantee for tender
Long-term prepaid rent	971,303	991,502	Short-term borrowings, long-term borrowings and endorsements and guarantees to others
Treasury stock	247,091	247,091	Short-term borrowings
	$ 7,268,916	$ 8,520,542	

Pledged asset	Book value September 30, 2016		Purpose
Available-for-sale financial assets - current			
Innolux Corporation	$	11,081	Commercial papers payable and short-term borrowings
Notes receivable		27,246	Short-term borrowings
Accounts receivable		609,413	〃
Inventories		606,506	〃
Other current assets			
Demand deposits		73,879	Short-term borrowings, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, and tariff guarantee
Time deposits		11,137	Merchandise loans, long-term and short-term borrowings, engineering guarantees, customs security deposit, warranty margin and exercise guarantee for construction
Cash and bank deposits		340,064	Engineering bond, tariff guarantee, seizure guarantee, long guarantee and quality assurance for product sales
Available-for-sale financial assets - non-current			
Teco Image System Co., Ltd.		14,160	Short-term borrowings and commercial papers payable
Far Eastone Telecommunications Co., Ltd.		222,000	〃
Innolux Corporation		23,058	Long-term borrowings
Baycom Opto-Electronics Technology Co., Ltd.		124,457	〃
Taiwan High Speed Rail Corporation		326,064	〃
Investments accounted for under the equity method			
Creative Sensor Inc.		109,597	Short-term borrowings
Century Development		88,585	〃
Property, plant, and equipment			
Land		243,537	Long-term borrowings, short-term borrowings
Buildings and structures		4,308,311	〃
Other non-current assets			
Refundable deposits		74,961	Exercise guarantee or warranty for construction and exercise guarantee for tender
Long-term prepaid rent		997,535	Short-term borrowings, long-term borrowings and endorsements and guarantees to others
Treasury stock		247,091	Short-term borrowings
	$	8,458,682	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

The Group's subsidiary, Taiwan Pelican Express Co., Ltd., was sued based on the allegation that it should take joint liability with the plaintiff on the damage compensation due to a delivery man who had a car accident while the delivery man was on duty. On October 17, 2016, the first instance of Taiwan Taipei District Court made a civil judgement, 103 Chung-Su-Tze No. 831, whereby Taiwan Pelican Express Co., Ltd. shall take joint liability on compensation amounting to $4,781 plus the interest amounting to $717. Taiwan Pelican Express Co., Ltd. had appointed a lawyer to file an appeal with the second circuit, and has assessed and recognised the related losses based on the opinion of the appointed lawyer.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Property, plant and equipment	$ 239,994	$ 191,261	$ 372,924

B. Operating lease commitments

The Company leases offices, factory and warehouse under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than one year	$ 477,018	$ 436,331	$ 443,513
Later than one year but not later than five years	1,241,563	943,534	1,017,743
Later than five years	2,540,210	3,146,031	2,653,808
	$ 4,258,791	$ 4,525,896	$ 4,115,064

C. As of September 30, 2017, the outstanding usance L/C used for acquiring raw materials and equipment was $563,484.

10. SIGNIFICANT DISASTER LOSS

On July 16, 2017, a fire occurred at a plant of the subsidiary, Tong-An Assets Management & Development Co., Ltd., in Guanyin Dist., Taoyuan City, which caused damages on certain plant, equipment and inventories. The estimated total losses of damaged assets amounted to $245,888, and have been recognised in other gains and losses for the nine months ended September 30, 2017. The Group has full insurance on aforementioned damaged assets, however, the Group is still in the process of negotiating the compensation with insurance company.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

The Group's objectives when managing capital are based on the industrial scale, considering industrial future growth and product development, and setting appropriate market share, as well as plan of corresponding capital expenditure, calculation of operating capital needed for financial operations, and considering operating profit and cash inflows arising from product competitiveness, to determine appropriate capital structure.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, bond investments without active markets, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, bonds payable and long-term borrowings) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(16)).

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward foreign exchange contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Group uses forward exchange contracts / forward exchange traded derivatives transactions that hedge the recognized foreign asset or liability due to exchange rate fluctuations.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

		September 30, 2017					
					Sensitivity Analysis		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	$ 97,411	30.2600	$ 2,947,648	1%	$ 29,476	-
EUR:USD	EUR	7,294	1.1814	260,776	1%	2,608	-
EUR:NTD	EUR	15,209	35.7500	543,713	1%	5,437	-
USD:RMB	USD	53,547	6.6489	1,620,331	1%	16,203	-
USD:SGD	USD	6,225	1.3570	188,381	1%	1,884	-
JPY:NTD	JPY	1,397,464	0.2691	376,057	1%	3,761	-
RMB:NTD	RMB	68,852	4.5511	313,351	1%	3,134	-
USD:MYR	USD	3,029	4.2075	91,645	1%	916	-
MYR:SGD	MYR	13,497	0.3225	97,071	1%	971	-
AUD:NTD	AUD	8,894	23.7050	210,827	1%	2,108	-
USD:AUD	USD	6,113	1.2765	184,990	1%	1,850	-
Non-monetary items							
USD:NTD	USD	608,163	30.2600	18,403,012			
EUR:NTD	EUR	115,568	35.7500	4,131,556			
SGD:NTD	SGD	140,958	22.3000	3,143,363			
VND:NTD	VND	124,342,495	0.0013	161,645			
MYR:NTD	MYR	17,261	7.1920	124,141			
Financial liabilities							
Monetary items							
USD:NTD	USD	61,959	30.2600	1,874,877	1%	18,749	-
USD:RMB	USD	9,271	6.6489	280,543	1%	2,805	-
USD:SGD	USD	7,771	1.3570	235,154	1%	2,352	-
USD:VND	USD	2,059	23,276.9231	62,305	1%	623	-
USD:AUD	USD	3,917	1.2765	118,522	1%	1,185	-
EUR:NTD	EUR	5,882	35.7500	210,291	1%	2,103	-
JPY:NTD	JPY	395,526	0.2691	106,436	1%	1,064	-

		December 31, 2016					
					Sensitivity Analysis		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	$ 131,796	32.2500	$ 4,250,425	1%	$ 42,504	$ -
EUR:USD	EUR	7,615	1.0512	258,151	1%	2,582	-
EUR:NTD	EUR	34,844	33.9000	1,181,201	1%	11,812	-
USD:RMB	USD	53,804	6.9851	1,735,170	1%	17,352	-
USD:SGD	USD	20,048	1.4468	646,542	1%	6,465	-
CAD:USD	CAD	4,572	0.7414	109,316	1%	1,093	-
JPY:NTD	JPY	1,252,894	0.2756	345,297	1%	3,453	-
RMB:NTD	RMB	61,547	4.6170	284,163	1%	2,842	-
USD:MYR	USD	2,775	4.4712	89,505	1%	895	-
MYR:SGD	MYR	14,590	0.3236	105,236	1%	1,052	-
USD:EUR	USD	339	0.9513	10,928	1%	109	-
Non-monetary items							
USD:NTD	USD	587,761	32.2500	18,955,277			
EUR:NTD	EUR	114,067	33.9000	3,866,855			
SGD:NTD	SGD	131,571	22.2900	2,932,708			
VND:NTD	VND	124,202,143	0.0014	173,883			
MYR:NTD	MYR	16,332	7.2128	117,796			
Financial liabilities							
Monetary items							
USD:NTD	USD	87,278	32.2500	2,796,990	1%	27,970	-
USD:RMB	USD	17,401	6.9851	561,191	1%	5,612	-
USD:SGD	USD	6,679	1.4468	215,403	1%	2,154	-
USD:VND	USD	3,948	23,035.7143	127,316	1%	1,273	-

		September 30, 2016					
					Sensitivity Analysis		
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
Financial assets							
Monetary items							
USD:NTD	USD	$ 61,380	31.3600	$ 1,924,889	1%	$ 19,249	$ -
EUR:USD	EUR	15,183	1.1186	532,614	1%	5,326	-
EUR:NTD	EUR	35,721	35.0800	1,253,095	1%	12,531	-
USD:RMB	USD	56,760	6.6823	1,779,989	1%	17,800	-
USD:SGD	USD	19,492	1.3653	611,279	1%	6,113	-
CAD:USD	CAD	8,110	0.7589	193,020	1%	1,930	
JPY:NTD	JPY	1,336,044	0.3109	415,376	1%	4,154	-
RMB:NTD	RMB	50,952	4.6930	239,117	1%	2,391	-
USD:MYR	USD	4,121	4.1437	129,224	1%	1,292	-
MYR:SGD	MYR	15,830	0.3295	119,808	1%	1,198	-
USD:EUR	USD	27	0.8940	849	1%	8	
Non-monetary items							
USD:NTD	USD	594,609	31.3600	18,646,929			
EUR:NTD	EUR	110,809	35.0800	3,887,173			
SGD:NTD	SGD	130,220	22.9700	2,991,154			
VND:NTD	VND	12,586,429	0.0014	175,821			
MYR:NTD	MYR	16,344	7.5682	123,693			
Financial liabilities							
Monetary items							
USD:NTD	USD	40,726	31.3600	1,277,180	1%	12,772	-
USD:RMB	USD	6,100	6.6823	191,288	1%	1,913	-
USD:SGD	USD	6,099	1.3653	191,271	1%	1,913	-
USD:VND	USD	3,369	22,400.0000	105,651	1%	1,057	-

v. Total exchange loss including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2017 and 2016 amounted to $35,019, $16,718, $146,170 and $13,314, respectively.

Price risk

i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2017 and 2016 would have increased/decreased by $7,391 and $13,904, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $692,629 and $714,698 as a result of gains/losses on equity securities classified as available-for-sale, respectively.

Interest rate risk

i. The Group's interest rate risk arises from long-term and short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is floating rate. During the nine-month periods ended September 30, 2017 and 2016, the Group's borrowings at variable rates were denominated in the NTD, USD and RMB.

ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

iii. At September 30, 2017 and 2016, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2017 and 2016 would have been $16,055 and $21,273 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

iv. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a better credit rating are accepted.

v. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

vi. The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6(6).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

September 30, 2017	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 2,318,683	$ -	$ -	$ -	$ -
Notes payable	162,510	-	-	-	-
Accounts payable	7,841,225	-	-	-	-
Other payables	4,663,196	-	-	-	-
Bonds payable	-	-	-	4,000,000	-
Long-term borrowings (including current portion)	4,658,671	965,877	928,304	1,294,697	171,159

December 31, 2016	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 3,078,361	$ -	$ -	$ -	$ -
Notes payable	170,772	-	-	-	-
Accounts payable	7,610,470	-	-	-	-
Other payables	4,998,690	-	-	-	-
Bonds payable	-	-	-	3,000,000	-
Long-term borrowings (including current portion)	6,535,764	917,069	789,327	1,866,071	167,528

Non-derivative financial liabilities:

September 30, 2016	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 2,458,825	$ -	$ -	$ -	$ -
Notes payable	223,781	-	-	-	-
Accounts payable	6,955,025	-	-	-	-
Other payables	4,501,927	-	-	-	-
Bonds payable (including current portion)	-	-	-	3,000,000	-
Long-term borrowings (including current portion)	7,234,081	1,100,483	912,600	1,789,887	178,325

iii. As of September 30, 2017, December 31, 2016 and September 30, 2016, the derivative financial liabilities which were executed by the Group were all due within one year.

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(12).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and others is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in derivative instruments is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2017, December 31, 2016 and September 30, 2016 is as follows:

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 147,814	$ 671	$ -	$ 148,485
Available-for-sale financial assets				
Equity securities	12,671,281	-	1,181,305	13,852,586
	$ 12,819,095	$ 671	$ 1,181,305	$ 14,001,071
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 77	$ -	$ 77

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 202,676	$ -	$ -	$ 202,676
Forward exchange contracts	-	30,832	-	30,832
Available-for-sale financial assets				
Equity securities	11,877,610	-	1,250,106	13,127,716
	$ 12,080,286	$ 30,832	$ 1,250,106	$ 13,361,224

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 278,079	$ -	$ -	$ 278,079
Forward exchange contracts	-	13,644	-	13,644
Available-for-sale financial assets				
Equity securities	12,719,973	-	1,573,994	14,293,967
	$ 12,998,052	$ 13,644	$ 1,573,994	$ 14,585,690
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 10,766	$ -	$ 10,766

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(e) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the nine-month periods ended September 30, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments as at September 30, 2017 and 2016.

	Non-derivative equity	
	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Beginning balance	$ 1,250,106	$ 1,662,626
Gain and loss recognised in other comprehensive income (Note)	(53,383)	(127,928)
Acquired during the period	26,824	52,764
Sold during the period	(42,242)	(13,468)
Impairment loss	-	-
Ending balance	$ 1,181,305	$ 1,573,994

Note: Recorded as unrealized valuation gain or loss on available-for-sale financial assets.

G. Finance and Accounting Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement.

	Fair value at September 30, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 1,181,305	Market comparable companies	Price to earnings ratio multiple	1.13~3.42	The higher the multiple and control premium, the higher the fair value
Private equity fund			Discount for lack of marketability	15%~20%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 1,250,106	Market comparable companies	Price to earnings ratio multiple	0.94~2.30	The higher the multiple and control premium, the higher the fair value
Private equity fund			Discount for lack of marketability	15%~20%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at September 30, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	$ 1,573,994	Market comparable companies	Price to earnings ratio multiple	1.51~2.53	The higher the multiple and control premium, the higher the fair value
Private equity fund			Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

	September 30, 2017					
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	$ -	$ -	$ 59,065	($ 59,065)

	December 31, 2016					
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	$ -	$ -	$ 62,505	($ 62,505)

	September 30, 2016					
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	$ -	$ -	$ 78,700	($ 78,700)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative financial instruments undertaken during the reporting periods ended: Please refer to Notes 6(2) and 6(16).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third party, transactions with the investee companies in Mainland Area: Please refer to table 9.

14. SEGMENT FINANCIAL INFORMATION

(1) General information

The Group operates and makes decisions on the basis of products and service line, which the Group uses to identify reportable segments.

The Group's reportable segments include motor division and the home appliance division. The motor division primarily engages in the manufacturing and sales of motors and generators. The home appliance division primarily engages in the manufacturing, installation, sales and service of home appliances.

(2) Segment performance

The Group uses the operating income as the basis for segment performance assessment. The operating income excludes non-recurring expenditures, unrealized gain or loss on financial instruments, interest income and interest expense.

(3) Financial information by industry

The segment information of the reportable segments provided to the chief operating decision-maker for the nine-month periods ended September 30, 2017 and 2016 is as follows:

	For the nine-month period ended September 30, 2017				
	Heavy industrial products division	Home electric appliance division	Others	Adjustment and elimination	Total
Operating revenues					
Operating revenues from external customers	$ 23,261,317	$ 6,432,657	$ 7,973,334	$ -	$ 37,667,308
Operating revenues from internal segments	12,826,975	2,699,684	857,245	(16,383,904)	-
Total operating revenues	$ 36,088,292	$ 9,132,341	$ 8,830,579	($ 16,383,904)	$ 37,667,308
Segment profits and losses	$ 1,772,644	$ 118,638	$ 768,172	$ -	$ 2,659,454
Segment profits and losses including:					
Depreciation and amortization	$ 666,954	$ 151,310	$ 329,964	$ -	$ 1,148,228
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
Segment assets					
Identifiable assets	$ 38,975,031	$ 5,900,816	$ 18,844,309	($ 7,845,529)	$ 55,874,627
Capital expenditures	$ 632,219	$ 89,535	$ 84,364	$ -	$ 806,118
Segment liabilities	$ 15,433,422	$ 3,459,129	$ 7,188,139	($ 8,427,392)	$ 17,653,298

	For the nine-month period ended September 30, 2016				
	Heavy industrial products division	Home electric appliance division	Others	Adjustment and elimination	Total
Operating revenues					
Operating revenues from external customers	$ 22,125,198	$ 6,314,632	$ 8,056,377	$ -	$ 36,496,207
Operating revenues from internal segments	11,083,548	2,971,562	627,827	(14,682,937)	-
Total operating revenues	$ 33,208,746	$ 9,286,194	$ 8,684,204	($ 14,682,937)	$ 36,496,207
Segment profits and losses	$ 2,510,289	$ 174,301	$ 404,641	$ -	$ 3,089,231
Segment profits and losses including:					
Depreciation and amortization	$ 660,997	$ 163,910	$ 333,227	$ -	$ 1,158,134
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
Segment assets					
Identifiable assets	$ 37,629,198	$ 6,253,562	$ 19,749,028	($ 7,552,395)	$ 56,079,393
Capital expenditures	$ 381,563	$ 49,749	$ 80,111	$ -	$ 511,423
Segment liabilities	$ 14,466,501	$ 3,877,570	$ 6,350,196	($ 7,998,208)	$ 16,696,059

(4) Reconciliation for segment profit (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the nine-month periods ended September 30, 2017 and 2016 is provided as follows:

	For the nine-month period ended September 30, 2017	For the nine-month period ended September 30, 2016
Adjusted operating income of reportable segments	$ 1,891,282	$ 2,684,590
Adjusted operating income of other operating segments	768,172	404,641
Total segments	2,659,454	3,089,231
Interest income	111,408	152,044
Unrealized loss on financial instruments	(17,595)	(17,811)
Financial cost	(196,047)	(239,416)
Associates' and joint ventures' profit and loss accounted for under the equity method	129,483	15,631
Impairment loss	-	(90,323)
Others	743,047	769,403
Income before income tax	$ 3,429,750	$ 3,678,759

The total assets amount reported to the chief operating decision-maker is measured in a manner consistent with that in the financial statements.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Loans to others

For the nine-month period ended September 30, 2017

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine-month period ended September 30, 2017	Balance at September 30, 2017 (Note 12)	Actual amount drawn down	Interest rate (%)	Nature of loans	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	TECO ELECTRIC & MACHINERY CO., LTD.	Xiamen An-Tai	Other receivables	Yes	$ 93,557	$ 75,450	$ 60,520	2.3	Short-term financing	$ -	For operating capital	$ -	-	$ -	$ 1,543,325	5,144,417	Note 2
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	〃	〃	150,127	135,941	135,941	3.5	Short-term financing	-	For operating capital	-	-	-	1,543,325	5,144,417	Note 2
1	U.V.G.	Teco Netherlands	〃	〃	251,230	250,250	250,250	1.54	Short-term financing	-	For operating capital	-	-	-	453,144	755,241	Note 3
1	U.V.G.	Teco Century	〃	〃	55,071	-	-	1.25	Short-term financing	-	For operating capital	-	-	-	453,144	755,241	Note 3
2	Tai-An Wuxi	Fujian Teco	〃	〃	11,543	11,378	11,378	3.91	Short-term financing	-	For operating capital	-	-	-	67,333	134,667	Note 4
3	Teco Westinghouse	TWMM	〃	〃	66,726	66,726	46,298	2~4.36	Short-term financing	-	For operating capital	-	-	-	694,131	1,388,262	Note 5
3	Teco Westinghouse	TECO ELECTRIC & MACHINERY CO., LTD.	〃	〃	304,200	302,600	302,600	1.1	Short-term financing	-	For operating capital	-	-	-	694,131	1,388,262	Note 5
4	Tong-An Assets	TECO ELECTRIC & MACHINERY CO., LTD.	〃	〃	280,000	280,000	280,000	1.05	Short-term financing	-	For operating capital	-	-	-	532,027	532,027	Note 6
5	Motovario S.p.A.	GEAR SOLUTIONS ES	〃	〃	160,967	160,339	160,339	2.75~3	Short-term financing	-	For operating capital	-	-	-	206,138	412,277	Note 7
6	Baycom	Tecom	〃	〃	55,000	46,000	46,000	2.13	Short-term financing	-	Repayments of debt	-	-	-	47,543	95,086	Note 8
7	Tecom Co., Ltd.	Tecom	Other receivables	Yes	25,000	-	-	2.15	Short-term financing	-	Repayment of debt	-	-	-	25,287	50,574	Note 9
8	Kuen Ling	Kuen Ling (Vietnam)	〃	〃	38,640	36,252	6,042	2.94	Short-term financing	-	For operating capital	-	-	-	126,016	504,064	Note 10
8	Kuen Ling	K.A. Corp.	〃	〃	32,230	30,210	-	-	Short-term financing	-	For operating capital	-	-	-	126,016	504,064	Note 10
9	Kuen Ling (Suzhou)	Kuen Ling (Shanghai)	〃	〃	39,571	36,359	-	-	Short-term financing	-	For operating capital	-	-	-	52,629	105,259	Note 11

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: In accordance with the Company's policy, limit on total loans shall not exceed 10% of the Company's net assets based on the latest financial statements (September 30, 2017), and limit on loans to a single party shall not exceed 3% of the Company's net assets based on the latest financial statements (September 30, 2017).

Note 3: In accordance with U.V.G.' s policy, limit on total loans shall not exceed 10% of U.V.G.' s net assets based on the latest financial statements (September 30, 2017), and limit on loans to a single party shall not exceed 6% of U.V.G.' s net assets based on the latest financial statements (September 30, 2017).

Note 4: In accordance with Tai-An Wuxi' s policy, limit on total loans shall not exceed 10% of Tai-An Wuxi' s net assets based on the latest financial statements (September 30, 2017), and limit on loans to a single party shall not exceed 5% of Tai- An Wuxi' s net assets based on the latest financial statements (September30, 2017).

Note 5: In accordance with Teco Westinghouse' s policy, limit on total loans shall not exceed 20% of Teco Westinghouse' s net assets based on the latest financial statements (September 30, 2017), and limit on loans to a single party shall not 10% of Teco Westinghouse' s net assets based on the latest financial statements (September 30, 2017).

Note 6: In accordance with Tong-An Assets' policy, limit on total loans shall not exceed 10% of Tong-An Assets' net assets based on the latest audited financial statement (September 30, 2017), and limit on loans to a single party shall not exceed 10% of Tong-An Assets' net assets based on the latest audited financial statement (September 30, 2017).

Note 7: In accordance with Motovario S.p.A.' s policy, limit on total loans shall not exceed 10% of Motovario S.p.A.' s net assets based on the latest financial statements (September 30, 2017), and limit on loans to a single party shall not exceed 5% of Motovario S.p.A.' s net assets based on the latest financial statements (September 30, 2017).

Note 8：According to the policy of the Tecom subsidiaries, limit on loans to Baycom is 20% of the granting company's net assets based on the latest audited financial statements (September 30, 2017);limit on loans to a single party is 10% of the granting company's net assets based on the latest audited financial statements (September 30, 2017).

Note 9：The ceiling on total loans to others of Tecom International Investment Co., Ltd. is 20% of the Group’s net assets; the limit on loans granted to a single party is 10% of the Company's net assets. And for companies that have transactions with Tecom International Investment Co., Ltd. and other companies that were approved by the Board of Directors, the ceiling on loans granted to these companies is 5% of the net assets of financial statement on September 30, 2017, and is limited to 40% of the borrower's net assets.

Note 10:The ceiling on total loans to others of Kuen Ling Machinery Refrigerating Co., Ltd. is 40% of the Group’s net assets; for companies have business relationship with the Group, the limit to a single party is the amount of business transactions between the creditor and borrower in the current year. And the limit on loans to a single party for short-term financing is limited to 10% of the borrower's net assets of financial statement on September 30, 2017.

Note 11: The ceiling on total loans to Kuen Ling Machinery Refrigerating Co., Ltd. is 40% of the net assets of financial statement on September 30, 2017. The limit on loans to a related parties for short-term financing is limited to 20% of the borrower's net assets.

Note 12: The credit line approved by the Board of Directors.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the nine-month period ended September 30, 2017

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor （Note 2）	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2017	Outstanding endorsement/ guarantee amount at September 30, 2017	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco International	1	$ 10,288,834	$ 100,000	$ 100,000	$ 100,000	-	0.19	$ 30,866,501	Y	N	N	Note 3
0	〃	GD TECO	1	10,288,834	100,000	100,000	100,000	$ -	0.19	30,866,501	Y	N	N	〃
0	〃	Motorvario	1	10,288,834	2,942,980	2,931,500	2,931,500	-	5.70	30,866,501	Y	N	N	〃
0	〃	Others	1、2、4	10,288,834	115,048	105,933	105,933	-	0.21	30,866,501	Y	N	N	〃
1	Teco Westinghouse	TWMM	1	694,131	52,166	32,793	32,793	-	0.47	1,388,262	Y	N	N	Note 4
2	Teco Australia	Ejoy Australia	1	262,761	-	-	-	-	0.00	788,651	Y	N	N	Note 5
2	Teco Australia	MOS Burger Australia Pty Ltd.	1	262,761	1,384	-	-	-	0.00	788,651	Y	N	N	〃
3	Tong-an Investment	TG Teco Vacuum Insulated Glass Corp.	4	119,226	119,226	-	-	-	0.00	200,000	N	N	N	Note 6
4	Motovario S.p.A.	TECNOFIB SRL	3	824,553	1,363	817	817	-	0.02	2,510,658	N	N	N	Note 7
5	Kuen Ling	Kuen Ling (Shanghai)	2	362,371	45,825	45,600	-	-	3.78	483,161	Y	N	Y	Note 8

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following five categories:

(1) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(2) The endorser/guarantor parent company directly or indirectly through its subsidiaries owns more than 50% voting shares of the endorsed/guaranteed company.

(3) Having business relationship.

(4) Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(5) An investee accounted for under the equity method.

Note 3: In accordance with the Company's policy, the total guarantee amount shall not exceed 60% of Company's net assets based on the latest financial statements (September 30, 2017), and the guarantee to a single party shall not exceed 20% of the Company's net assets.

Note 4: In accordance with the Teco Westinghouse's policy, the total guarantee amount shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (September 30, 2017), and the guarantee to a single party shall not exceed 10% of Teco Westinghouse's net assets.

Note 5: In accordance with the Teco Australia's policy, the total guarantee amount shall not exceed 60% of Teco Australia's net assets based on the latest financial statements (September 30, 2017), and the guarantee to a single party shall not exceed 20% of Teco Australia's net assets.

Note 6: In accordance with Tong-An Investment' s policy, the total guarantee amount shall not exceed $200 million, and the guarantee to a single party shall not exceed $50 million.
If due to special needs, the guarantee amount exceeds the limit, stockholders' resolution is required.

Note 7: In accordance with Motovario S.p.A.' s policy, the total guarantee amount shall not exceed 60% of Motovario S.p.A.' s net assets based on the latest financial statements (September 30, 2017), and the guarantee to a single party shall not exceed 20% of Motovario S.p.A.'s net assets.

Note 8: The limit of provision of endorsements and guarantees to Kuen Ling Machinery Refrigerating Co., Ltd. and total amount to others are 40% of the net assets of the Group. The limit on endorsements and guarantees for any single entity is 30% of the Company’s net assets.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

For the nine-month period ended September 30, 2017

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2017				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TECO ELECTRIC & MACHINERY CO., LTD.	Stock 1	None	Note 1	10,084	$ 151,265	0.08	$ 151,265	
	Stock 2	〃	〃	9,610	135,984	0.10	135,984	
	Stock 3	The Company is a supervisor of the investee	〃	11,527	268,589	1.96	268,589	
	Stock 4	The Company is a director of the investee	〃	190,061	4,580,460	3.38	4,580,460	
	Stock 5	None	〃	47,839	415,241	1.98	415,241	
	Stock 6	〃	〃	2,710	27,778	0.06	27,778	
	Stock 7	The Company is a director of the investee	〃	32,980	308,552	10.99	308,552	
	Stock 8	None	〃	7,500	314,775	5.00	314,775	
	Fund 1	〃	〃	-	115,401	-	115,401	
	Stock 9	The Company is a director of the investee	〃	5,098	100,740	15.66	100,740	
	Stock 10,etc.	None	〃	-	271,792	-	271,792	
Teco International	Stock 11	The Company is a director of the investee	〃	6,377	102,033	5.67	102,033	
	Stock 12,etc.	〃	〃	16,348	287,577	-	287,577	
	Stock 13,etc.	〃	Note 3	2,553	185,198	-	185,198	
	Stock 10,etc.	〃	Note 2	315	15,215	-	15,215	
Tong-an Investment	Stock 14	An investee company accounted by the Company using equity method	Note 1	19,540	535,397	0.98	535,397	
	Stock 11	Related party in substance	〃	9,197	147,144	8.17	147,144	
	Stock 15,etc.	〃	〃	33,083	351,838	-	351,838	
	Stock 16	None	〃	9,332	677,500	0.29	677,500	
	Stock 17	〃	〃	1,645	178,483	0.05	178,483	
	Stock 18	The Company is a director of the investee	〃	15,470	3,326,050	10.89	3,326,050	
	Stock 19	None	〃	554	117,984	2.24	117,984	
	Stock 10,etc.	〃	Note 2	1,199	63,747	-	63,747	
	Stock 20, etc.	〃	Note 3	10,817	639,908	-	639,908	
	Fund 2, etc.	〃	〃	922	14,494	-	14,494	
	Fund 3	〃	Note 1	1,462	46,164	-	46,164	
U.V.G	Stock 21, etc.	〃	〃	118	9,635	-	9,635	
An-Tai International	Stock 14	An investee company accounted by the Company using equity method	〃	2,826	77,425	0.14	77,425	
	Stock 11	Related party in substance	〃	1,270	20,322	1.13	20,322	
	Stock 15	〃	〃	2,756	228,446	8.51	228,446	
	Stock 22	None	〃	195	8,693	-	8,693	
	Stock 23, etc.	〃	Note 3	341	26,780	-	26,780	
Jack Property	Fund 4, etc.	〃	Note 2	4,136	52,123	-	52,123	
Teco Electro	Stock 11	Related party in substance	Note 1	200	3,203	0.18	3,203	
Information Technology Total Service	Stock 24, etc.	None	〃	3,269	32,053	-	32,053	
Teco Singapore	Stock 18	〃	〃	304	65,274	0.21	65,274	
Taiwan Pelican express	Stock 18, etc.	〃	〃	1,284	98,685	-	98,685	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2017 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Teco Australia	Stock 18	None	Note 1	460	$ 98,986	0.32	$ 98,986	
Teco Nanotech	Stock 11	Related party in substance	〃	81	1,288	0.07	1,288	
	Fund 5	None	Note 2	62	10,978	-	10,978	
Sankyo	Stock 25	〃	Note 3	68	7,557	-	7,557	
Yatec	Fund 6 and Fund 7	〃	Note 2	282	3,747	-	3,747	
Kuen Ling	Stock 26	〃	Note 1	1,000	-	9.00	-	
	Stock 27	〃	〃	158	4,039	15.00	4,039	
	Stock 28	〃	〃	-	5,720	18.00	5,720	
Tecom	Stock 2	〃	〃	2,175	30,780	0.02	30,780	
	Stock 4	The Company is a corporate director of the investee	〃	16,222	390,952	0.29	390,952	
Tecom International	Stock 29	None	Note 3	3,354	34,377	1.68	34,377	
	Stock 30,etc.	〃	Note 1	370	767	-	767	
	Fund 8	〃	Note 2	-	2,003	-	2,003	
Top-Tower	Stock 14	An investee company accounted by the Company using equity method	Note 3	72	2,116	-	2,116	
	Stock 31, etc.	None	〃	3	51	-	51	

Note 1: Available-for-sale financial assets - non-current.

Note 2: Financial assets at fair value through profit or loss - current.

Note 3: Available-for-sale financial assets - current.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2017

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	$ 1,870,792	15%	30 days	Note	Note	($ 3,768)	-	
	Kuen Ling	〃	〃	198,679	2%	〃	〃	〃	(180,072)	(4%)	
	Tai-An Wuxi	An indirect investee accounted for under the equity method	〃	337,812	3%	〃	〃	〃	(35,017)	(1%)	
	Wuxi Teco	〃	〃	1,109,041	9%	〃	〃	〃	(776,405)	(17%)	
	Qing Dao Teco	〃	〃	374,859	3%	〃	〃	〃	(118,706)	(3%)	
	Teco Malaysia	〃	〃	298,802	2%	〃	〃	〃	(67,482)	(1%)	
	Taian Subic	〃	〃	129,163	1%	〃	〃	〃	(55,155)	(1%)	
	Taisan Electric	An investee accounted for under the equity method	Sales	(159,244)	(1%)	90 days	〃	〃	25,643	1%	
	Teco Singapore	〃	〃	(570,456)	(4%)	〃	〃	〃	96,343	2%	
	Tong Dai	〃	〃	(678,528)	(4%)	〃	〃	〃	224,203	6%	
	Tong Tai Jung	〃	〃	(552,289)	(3%)	〃	〃	〃	195,414	5%	
	E-Joy Electronics	〃	〃	(141,753)	(1%)	〃	〃	〃	27,452	1%	
	Tecom	〃	〃	(137,874)	(1%)	〃	〃	〃	108,227	3%	
	Top-Tower	An indirect investee accounted for under the equity method	〃	(236,522)	(1%)	〃	〃	〃	77,990	2%	
	Teco Westinghouse	〃	〃	(2,681,795)	(17%)	〃	〃	〃	674,051	17%	
	Teco Westinghouse Canada	〃	〃	(546,255)	(3%)	〃	〃	〃	114,243	3%	
	Teco Australia	〃	〃	(802,419)	(5%)	〃	〃	〃	197,455	5%	
	Teco Netherlands	〃	〃	(204,832)	(1%)	〃	〃	〃	133,508	3%	

Note: Comparable with other types of transactions, trading conditions are handled in accordance with the agreement of the conditions.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2017

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2017	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	An investee accounted for under the equity method	$ 224,203	4.13	$ -	-	$ 100,640	
〃	Tong Tai Jung	〃	195,554	4.27	-	-	70,528	
〃	Tecom	〃	108,556	3.28	-	-	515	
〃	Teco Westinghouse	An indirect investee accounted for under the equity method	674,082	6.12	-	-	31	
〃	QingDao Teco	〃	168,135	0.02	-	-	84,100	
〃	Teco Australia	〃	197,961	5.17	-	-	-	
〃	Sankyo	〃	242,626	0.49	186,393	In the process of collection	2,390	
〃	Teco Netherlands	〃	432,797	0.59	299,289	〃	-	
〃	Teco Westinghouse Canada	〃	114,243	7.49	-	-	-	
Kuen Ling	TECO ELECTRIC & MACHINERY CO., LTD.	An investee accounted for under the equity method	180,072	0.05	-	-	180,072	
Teco Westinghouse	〃	〃	302,600	-	-	-	-	
Wuxi Teco	〃	An indirect investee accounted for under the equity method	776,405	0.05	-	-	138,550	
QingDao Teco	〃	〃	118,706	0.02	-	-	84,100	
Tong-An Assets	〃	〃	280,000	-	-	-	-	
U.V.G.	Teco Netherlands	〃	250,250	0.59	-	-	-	
Motovario S.p.A.	GEAR SOLUTIONS ES	〃	160,329	-	-	-	-	Total amount was $19,200

TECO ELECTRIC & MACHINERY CO., LTD AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco westinghouse	(1)	Accounts receivable and other receivables	$ 674,082	Because there is no transaction in same type which can be compared with, it is based on the condition and the period of both side’s agreement.	1%
0	〃	Tong Dai	〃	Notes receivable and accounts receivable	224,203	〃	-
0	〃	Tong Tai Jung	〃	Notes receivable, accounts receivable and other receivables	195,554	〃	-
0	〃	QingDao Teco	〃	Accounts receivable and other receivables	168,135	〃	-
0	〃	Teco Australia	〃	〃	197,961	〃	-
0	〃	Teco Netherlands	〃	〃	432,797	〃	-
0	〃	Sankyo	〃	〃	242,626	〃	-
0	〃	Tecom	〃	〃	108,556	〃	-
0	〃	Teco Westinghouse Canada	〃	Accounts receivable	114,243	〃	-
1	Kuen Ling	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Notes receivable and accounts receivable	180,072	〃	-
2	Wuxi Teco	〃	〃	Accounts receivable	776,405	〃	1%
3	QingDao Teco	〃	〃	〃	118,706	〃	-
4	Teco westinghouse	〃	〃	Other receivables	302,600	〃	-
5	Tong-An Assets	〃	〃	〃	280,000	〃	-
6	U.V.G	Teco Netherlands	(3)	〃	250,250	〃	-
7	Motovario S.p.A.	GEAR SOLUTIONS ES	〃	〃	160,339	〃	-
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco westinghouse	(1)	Sales	2,681,795	〃	7%
0	〃	Taisan Electric	〃	〃	159,244	〃	-
0	〃	Teco westinghouse Canada	〃	〃	546,255	〃	1%
0	〃	Teco Singapore	〃	〃	570,456	〃	2%
0	〃	Tong Dai	〃	〃	678,528	〃	2%
0	〃	Top-Tower	〃	〃	236,522	〃	1%
0	〃	Tong Tai Jung	〃	〃	552,289	〃	1%
0	〃	Teco Australia	〃	〃	802,419	〃	2%
0	〃	Teco Netherlands	〃	〃	204,832	〃	1%
0	〃	E-Joy Electronics	〃	〃	141,753	〃	-
0	〃	Tecom	〃	〃	137,874	〃	-
8	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	〃	1,870,792	〃	5%
1	Kuen Ling	〃	〃	〃	198,679	〃	1%
9	Tai-An Wuxi	〃	〃	〃	337,812	〃	1%
2	Wuxi Teco	〃	〃	〃	1,109,041	〃	3%
3	QingDao Teco	〃	〃	〃	374,859	〃	1%
10	Teco Malaysia	〃	〃	〃	298,802	〃	1%
11	Taian Subic	〃	〃	〃	129,163	〃	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.
Note 2: Relationship with the transaction company:
(1) The parent company to the subsidiary.
(2) The subsidiary to the parent company.
(3)The subsidiary to another subsidiary.
Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investees

For the nine-month period ended September 30, 2017

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at September 30, 2017: Number of shares	Shares held as at September 30, 2017: Ownership (%)	Shares held as at September 30, 2017: Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	$ 12,293	$ 12,293	39,145,044	31.14	$ 2,017,880	$ 419,877	$ 130,728	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	631,410	631,410	400,602,050	63.52	191,555	(39,022)	(24,466)	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	55,003,366	100	1,133,334	79,932	80,106	None
	Teco Holdings and its subsidiaries	U.S.A	Manufacturing and distribution of motors and generators, and investment and trading in USA	726,428	726,428	1,680	100	9,181,269	235,972	229,438	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90	3,143,362	289,028	235,224	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	434,148,995	99.60	8,464,384	349,104	347,708	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	128,496	128,496	15,386,949	62.57	242,469	28,494	18,111	None
	UVG and its subsidiaries	Cayman Islands	Manufacturing and distribution of the Company's motor products and home appliances, and investment holdings	8,505,434	8,505,434	195,416,844	100	7,548,720	(90,917)	(91,465)	None
	Information Technology Total Service	Taiwan	E-business service, mailing and data management	121,232	121,232	12,123,248	60.62	158,981	37,179	22,538	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100	207,947	10,960	6,277	None
	Lien Chang	Taiwan	Manufacturing of color flybacks transformers, mono flyback transformers and mono deflection yokes	117,744	117,744	37,542,159	33.84	540,736	16,102	5,234	None

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at September 30, 2017: Number of shares	Shares held as at September 30, 2017: Ownership (%)	Shares held as at September 30, 2017: Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	$ 22,444	$ 22,444	5,290,800	92.63	$ 251,636	$ 60,503	$ 56,041	None
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	264,111	264,111	13,772,799	100	161,645	128	192	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95	129,304	(3,408)	(2,188)	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	388,423,711	100	5,320,267	129,795	129,795	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70	157,329	4,235	3,325	None
	Micropac (BVI) and its subsidiaries	British Virgin Islands	Manufacturing and distribution of optical fiber apparatus and international trading	454,923	454,923	14,883,591	100	1,509,881	7,681	8,303	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	91,243,692	28.67	1,311,962	189,366	49,016	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	23,941,302	100	527,619	36,407	36,407	None
	Pelican	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27	420,242	117,188	29,610	None
	Kuen Ling	Taiwan	Manufacturing, installation, repair, domestic and export sales and leasing of condenser, water cooling, watercooled chiller and freezer	296,003	296,003	15,218,642	19.98	325,395	124,661	24,913	None
	Senergy Wind Power	Taiwan	Manufacturing machinery for electricity generation, transmission and distribution	249,990	249,990	24,999,000	50	177,668	851	426	None
	Taian-Etacom Technology Co., Ltd.	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73	130,461	15,423	13,068	None
	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100	4,131,539	100,309	100,309	None
Eagle Holding Co.	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100	4,131,539	100,309	100,309	None
TECO MOTOR B.V.	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100	4,131,539	100,309	100,309	Note
Tung Pei	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings and establishment of overseas distribution channel	646,343	646,343	23,031,065	100	1,405,265	55,861	55,861	None
Tecom	Tecom International	Taiwan	Investment holdings	100,000	100,000	12,000,000	100	252,871	8,199	8,199	None

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at September 30, 2017: Number of shares	Shares held as at September 30, 2017: Ownership (%)	Shares held as at September 30, 2017: Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2017	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2017	Footnote
Tecom	Baycom	Taiwan	Manufacturing and sales of optical telecom products	$ 359,656	$ 359,656	9,619,819	28.64	$ 125,887	$ 11,755	$ 3,366	None
Tong-An Investments	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	87,464	87,464	7,913,300	6.23	211,851	209,880	11,853	None
Tong-An Investments	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	41,926,117	13.17	635,816	189,366	25,261	None
	Pelican	Taiwan	Logistics and distribution services	54,874	54,874	6,474,468	6.78	115,172	117,188	7,948	None
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	11,720,000	100	129,262	7,375	7,235	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,354	84.97	689,323	61,773	40,142	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03	122,502	61,773	7,101	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	98,170	98,170	10,000,000	100	141,841	(5,928)	(5,928)	None
	Jack Property Serrice & Management Company	Taiwan	Building management servicing	13,750	13,750	1,512,500	50	66,774	34,730	17,365	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	3,407,600	51.60	60,958	9,337	4,818	None
	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11	10,726	1,537	463	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	30,070	-	1,000,000	100	30,235	(25)	(25)	None
Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100	108,759	14,460	14,329	None
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	19,290,419	6.06	248,708	189,366	11,476	None
Teco International	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	52,560	52,560	4,326,447	3.41	115,826	209,880	6,480	None
Kuen Ling	CHING CHI INTERNATIONAL LIMITED	British Virgin Islands	Investment holdings	201,467	201,467	6,200,000	83	452,258	(1,559)	(504)	None
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	184,893	184,893	14,845,922	4.85	199,060	189,366	9,052	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the nine-month period ended September 30, 2017

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month peiod ended September 30, 2017: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine-month peiod ended September 30, 2017	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the nine-month peiod ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
Teco (Dong Guan)	Manufacturing and sales of air conditioners mechanical equipment	$ 268,799	Note 2	$ 188,139	$ -	$ -	$ 188,139	$ 1,113	100	$ 1,113	$ 154,919	$ -	Note 17
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	(43,831)	82.35	(36,095)	1,635,112	-	Note 16
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 12	205,551	-	-	205,551	19,379	100	19,379	1,327,008	-	Note 17
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	873	100	873	(9,111)	-	Note 17
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	(53,181)	98.07	(52,155)	1,545,192	-	Note 16
QingDao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	-	-	1,648,510	(26,416)	87.60	(23,140)	380,914	-	Note 16、21
Xiamen Teco	Sales of motors and home appliances	20,590	Note 3	20,590	-	-	20,590	(680)	100	(680)	27,211	-	Note 17
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors. Plant rentals and related real estate management	678,681	Note 3	467,577	-	-	467,577	(10,709)	100	(10,709)	280,388	-	Note 16
Teco Han Zou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	(3,202)	100	(3,202)	23,776	-	Note 17
Nanchang Dong-Huan	Business management consulting	3,222	Note 1	3,222	-	-	3,222	-	100	-	1,155	-	Note 20
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	(15,025)	24	(3,622)	35,675	-	Note 17
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	(3,574)	100	(3,574)	105,584	-	Note 17
Ecolectric International	Distribution of air conditioner	24,004	Note 2	-	-	-	-	(3,884)	39.90	(1,550)	12,037	-	Note 17
Teco (Tianjin) Innovation	Central China area Operation center	15,990	Note 3	15,990	-	-	15,990	403	100	403	15,088	-	Note 17
Teco (Jiang Xi)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	9,623	100	9,623	125,940	-	Note 17

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month peiod ended September 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine-month peiod ended September 30, 2017	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the nine-month peiod ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Teco Sichuan Trading	Sales of home appliances	$ 26,522	Note 12	$ -	$ -	$ -	$ -	$ 1,244	100	$ 1,244	$ 6,180	$ -	Note 17
Jiangxi Teco-Lead	Manufacturing and sales of wind generator	141,079	Note 1	62,865	-	-	62,865	(45)	45	(20)	3,560	-	Note 17
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 14	59,444	-	-	59,444	(274)	100	(274)	33,689	-	Note 17
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	23,829	13,332	100	13,332	(16,453)	-	Note 16
Hunan TECO Wind Energy Limited	Manufacturing, sales and technical services of 2.0 megawatt and above aerogenerator, wheel bay and other components	240,818	Note 12	240,818	-	-	240,818	(11,786)	100	(11,724)	169,586	-	Note 17
Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 13	-	-	-	-	1,855	100	1,855	120,012	-	Note 17
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 15	-	-	-	-	(44,889)	100	(44,889)	879,728	-	Note 16
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	26,422	(4,949)	100.00	(4,949)	(917)	-	Note 16
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	1,152,070	Note 5	24,746	-	-	24,746	-	2.16	-	-	-	Note 18,19
Kuen Ling (Shanghai)	Manufacturing and sales of air conditioning mechanical equipment	181,713	Note 6	116,068	-	-	116,068	3,512	100	3,512	245,682	43,219	Note 16
Kuen Yuan (Suzhou)	General manufacturing business	255,456	Note 6	58,649	-	-	58,649	(3,961)	100	(3,961)	263,147	-	Note 16
Firm Precision Industrial (Shanghai)	Manufacturing and sales of metal carton	31,764	Note 6	11,157	-	-	11,157	(45,866)	9	-	245	-	None
Suzhou Firm Precision Industrial	Manufacturing and sales of metal carton	255,459	Note 6	21,173	-	-	21,173	14,623	9	-	10,431	-	None
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 7	6,950	-	-	6,950	1,077	100	1,077	4,887	-	Note 16
Tecom Tech (Wuxi)	R & D, manufacture of broadband access network communication system equipment; sale of products to provide technology services	485,455	Note 8	485,455	-	-	485,455	(86)	100	(86)	3,081	-	Note 16

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month peiod ended September 30, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine-month peiod ended September 30, 2017	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognised by the Company for the nine-month peiod ended September 30, 2017	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Tecom Tech Investment (BVI)	Flat panel displays, IT products, printed circuit board assembly, manufacture, testing and communication products and equipment R & D reproduction	$ 34,990	Note 9	$ 34,990	-	-	$ 34,990	($ 92)	100	($ 92)	$ 3,150	-	Note 16
Beijing Tecom Innovation Technology Co., Ltd.	Intelligent home systems and spare parts of the Internet of things, wholesale, import and export of goods and technology import and export, import and export agency, to provide technical advice, technical training and technical services	14,566	Note 9	14,566	-	-	14,566	233	100	233	(7,010)	-	Note 16
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	10,167	Note 10	10,167	-	-	10,167	1,124	100	1,124	17,754	-	Note 17
Information Technology Total Service (Hang Zhou)	ERP building, system maintenance and purchases of information appliance	2,257	Note 10	2,257	-	-	2,257	(65)	100	(65)	(27)	-	Note 17
Information Technology Total Service (Xiamen)	ERP building, system maintenance and purchases of information appliance	1,000	Note 10	-	-	-	-	(299)	100	(299)	2,297	-	Note 17
Wuxi TECO Precision Industry Co. Ltd.	R&D, manufacturing and sales of motors and provide products sales skills	115,125	Note 11	86,101	-	-	86,101	12,783	100	12,783	107,504	43,266	Note 17

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Great Teco Motor (Pte) Ltd. and then invest in Mainland China.
Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Asia Air Tech Industrial (Pte) Ltd. and then invest in Mainland China.
Note 3: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Asia Electric & Machinery (Pte) Ltd. and then invest in Mainland China.
Note 4: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Pelecanus Express Pte. Ltd., and then invest in Mainland China.
Note 5: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Asian Crown International Co., Ltd., Fortune Kingdom Corporation and Hong Kong Fubon Multimedia Technology Co., Ltd. and then invest in Mainland China.
Note 6: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Ching Chi International Limited and Full Ocean Trading Limited and then invest in Mainland China.
Note 7: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Tecom Global Tech Investment (B.V.I) Limited and then invest in Mainland China.
Note 8: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Tecom Global Tech Investment Pte Limited and then invest in Mainland China.
Note 9: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Tecom Investment (B.V.I) Limited and then invest in Mainland China.
Note 10: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Information Technology Total Service (BVI) Co., Ltd. and then invest in Mainland China.
Note 11: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Teco Electro Devices Co., Ltd. and then invest in Mainland China.
Note 12: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Micropac Worldwide (B.V.I) and An-Tai International Investment (Singapore) Co.,Ltd and then invest in Mainland China.
Note 13: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Teco Holding USA Inc. and Teco Westinghouse Motor Company and then invest in Mainland China.
Note 14: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invested through Tecocapital Investment (Samoa) Co., Ltd. and then invest in Mainland China.
Note 15: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Great Teco Motor (Pte) Ltd., Teco Australia Pty. Ltd. and Teco Electric & Machinery (Pte) Ltd. and then invest in Mainland China.
Note 16: The amount recognised was based on the financial statements that were reviewed by R.O.C. parent company's CPA firm.
Note 17: The amount recognised was based on the unreviewed financial statements.
Note 18: Available-for-sale financial assets - non-current.
Note 19: As of September 30, 2017, accumulated impairment of $24,746 was accrued.
Note 20: The company had been liquidated in 2016.
Note 21: The investee company, Suzhou Teco was merged with Qingdao Teco as resolved by the Board of Directors, and Suzhou Teco was the dissolved company. Under the merger, Qingdao Teco will be the surviving company..

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TECO Electric & Machinery Co., Ltd.	$ 6,487,880	$ 8,713,487	$ 34,437,332
Taiwan Pelican Express Co., Ltd.	51,168	51,168	997,921
Kuen Ling Machinery Refrigerating Co., Ltd.	207,047	375,448	814,606
Tecom Co., Ltd.	541,961	754,000	354,998
Information Technology Total Services Co., Ltd.	12,424	12,424	157,357
Teco Electro Devices Co., Ltd.	86,101	104,259	232,754

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreigin currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the transaction dates.

Note 2: The amount disclosed was based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 3: Tecom completed the investment in Mainland China in the third quarter of 2010 and the ceiling on investments was $1,760,251 which was calculated based on Tecom's net assets of $2,933,752 in the third quarter of 2010.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2017

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at September 30, 2017	%	Balance at September 30, 2017	Purpose	Maximum balance during the nine-month period ended September 30, 2017	Balance at September 30, 2017	Interest rate	Interest during the nine-month period ended September 30, 2017	Others
Wuxi Teco	$ 28,988	-	$ -	-	$ 13,120	-	$ -	-	$ -	$ -	-	$ -	
Taian (Wuxi)	68,916	-	-	-	20,281	1%	-	-	-	-	-	-	
Jiangxi Teco	13,525	-	-	-	7,219	-	-	-	-	-	-	-	
QingDao Teco	1,447	-	-	-	1,816	-	-	-	150,127	135,941	3.50%	3,005	
Xiamen An-Tai	-	-	-	-	-	-	-	-	93,557	75,450	2.30%	1,443	
Shanghai Teco	592	-	-	-	-	-	-	-	-	-	-	-	
Xiamen Teco	12	-	-	-	-	-	-	-	-	-	-	-	
Teco (Jiang Xi)	235	-	-	-	38	-	-	-	-	-	-	-	
Kuan Ling (Shanghai)	3,237	-	-	-	267	-	-	-	-	-	-	-	
Wuxi Teco Precision	5,955	-	-	-	1,605	-	-	-	-	-	-	-	
Wuxi Teco	(1,109,041)	(9%)	-	-	(776,405)	(17%)	-	-	-	-	-	-	
Taian (Wuxi)	(337,812)	(3%)	-	-	(35,017)	(1%)	-	-	-	-	-	-	
Jiangxi Teco	(59,548)	-	-	-	(21,824)	-	-	-	-	-	-	-	
QingDao Teco	(374,859)	(3%)	-	-	(118,706)	(3%)	-	-	-	-	-	-	
Xiamen An-Tai	(6,345)	-	-	-	(37)	-	-	-	-	-	-	-	
Teco (Jang Xi)	(24,148)	-	-	-	(6,324)	-	-	-	-	-	-	-	
Hunan TECO Wind Energy Limited	(6,321)	-	-	-	(1,109)	-	-	-	-	-	-	-	
Kuen Ling (Suzhou)	(15,619)	(1%)	-	-	(2,901)	(1%)	-	-	-	-	-	-	
Kuen Ling (Shanghai)	(5,377)	-	-	-	(1,104)	-	-	-	-	-	-	-	