

**TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' report 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 auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Teco Electric & Machinery Co., Ltd. and subsidiaries (the “Group”) as at March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in Notes 4(3) and 6(7) to the consolidated financial statements, the financial statements of certain consolidated subsidiaries and investees accounted for under the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for under the equity method) of NT\$23,445,498 thousand and NT\$31,732,992 thousand, constituting 20% and 31% of consolidated total assets as of March 31, 2021 and 2020, respectively, total liabilities (including credit balance of investments accounted for under the equity method) of NT\$4,683,111 thousand and NT\$3,906,870 thousand, constituting 11% and 9% of consolidated total liabilities as of March 31, 2021 and 2020, 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\$166,478 thousand and NT\$90,074 thousand, constituting 2% and (11)% of the consolidated total comprehensive income for the three-month periods then ended, 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.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investees accounted for under the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

May 7, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

	Assets	Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1) and 8	\$ 21,565,432	19	\$ 20,397,260	19	\$ 23,759,597	23
1110	Financial assets at fair value through profit or loss - current	6(2)	127,171	-	114,185	-	162,823	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,475,573	1	1,280,081	1	914,780	1
1140	Current contract assets		1,387,116	1	1,452,202	2	1,542,135	1
1150	Notes receivable, net	6(5) and 8	929,638	1	1,172,638	1	942,396	1
1160	Notes receivable - related parties	7	8,238	-	12,264	-	9,092	-
1170	Accounts receivable, net	6(5)	8,691,789	7	8,867,397	9	8,037,643	8
1180	Accounts receivable - related parties	7	216,296	-	235,939	-	298,559	-
1200	Other receivables		273,160	-	282,185	-	538,726	1
1210	Other receivables - related parties	7	69,575	-	72,460	-	115,376	-
130X	Inventories, net	6(6)	10,319,388	9	9,627,248	9	9,832,914	10
1410	Prepayments		547,302	1	370,475	-	634,774	1
1470	Other current assets	6(1) and 8	1,633,334	1	1,908,018	2	873,576	1
11XX	Total current assets		<u>47,244,012</u>	<u>40</u>	<u>45,792,352</u>	<u>43</u>	<u>47,662,391</u>	<u>47</u>
	Total non-current assets							
1510	Financial assets at fair value through profit or loss - non-current	6(2)	3,896,867	3	3,460,272	3	2,767,075	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	28,177,645	24	18,567,933	18	13,648,482	13
1535	Non-current financial assets at amortised cost, net	6(4) and 8	435,663	-	481,530	1	409,410	-
1550	Investments accounted for under the equity method	6(7)	4,137,978	4	3,912,645	4	3,912,089	4
1600	Property, plant and equipment, net	6(8) and 8	15,722,353	14	15,912,788	15	16,269,800	16
1755	Right-of-use assets	6(9) and 8	6,670,502	6	6,752,232	6	7,017,042	7
1760	Investment property, net	6(10)	2,831,851	3	2,850,964	3	2,897,371	3
1780	Intangible assets	6(11)	5,033,828	4	5,269,715	5	5,098,123	5
1840	Deferred income tax assets	6(29)	1,370,285	1	1,365,301	1	1,352,394	1
1900	Other non-current assets	6(1)(12) and 8	1,437,639	1	1,313,339	1	989,605	1
15XX	Non-current assets		<u>69,714,611</u>	<u>60</u>	<u>59,886,719</u>	<u>57</u>	<u>54,361,391</u>	<u>53</u>
1XXX	Total assets		<u>\$ 116,958,623</u>	<u>100</u>	<u>\$ 105,679,071</u>	<u>100</u>	<u>\$ 102,023,782</u>	<u>100</u>

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13) and 8	\$ 3,189,293	3	\$ 2,816,832	3	\$ 6,083,959	6
2120	Financial liabilities at fair value through profit or loss - current	6(14)	2,547	-	-	-	1,600	-
2130	Current contract liabilities	6(23)	1,533,294	1	1,493,931	1	1,367,761	1
2150	Notes payable		346,228	-	340,672	-	246,532	-
2160	Notes payable - related parties	7	53,802	-	55,048	-	75,335	-
2170	Accounts payable		7,989,661	7	7,509,868	7	6,010,726	6
2180	Accounts payable - related parties	7						
			124,113	-	113,055	-	88,697	-
2200	Other payables	6(15)	6,936,250	6	4,902,975	5	6,087,122	6
2230	Current income tax liabilities	6(29)	602,240	1	490,113	1	606,640	1
2250	Provisions for liabilities - current		379,883	-	406,874	-	277,167	-
2280	Current lease liabilities		447,510	-	462,876	1	472,466	1
2320	Long-term liabilities, current portion	6(16)(17) and 8	295,657	-	302,331	-	3,310,836	3
2399	Other current liabilities, others		747,124	1	724,393	1	757,845	1
21XX	Total current liabilities		<u>22,647,602</u>	<u>19</u>	<u>19,618,968</u>	<u>19</u>	<u>25,386,686</u>	<u>25</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(16)	6,000,000	5	6,000,000	6	1,000,000	1
2540	Long-term borrowings	6(17) and 8	3,000,030	3	3,309,400	3	7,116,574	7
2550	Provisions for liabilities - non-current		104,922	-	132,414	-	139,448	-
2570	Deferred income tax liabilities	6(29)	2,588,696	2	2,539,962	2	2,432,736	2
2580	Non-current lease liabilities		4,384,419	4	4,423,897	4	4,599,188	5
2600	Other non-current liabilities	6(7)	2,288,899	2	2,029,198	-	1,972,929	2
25XX	Total non-current liabilities		<u>18,366,966</u>	<u>16</u>	<u>18,434,871</u>	<u>15</u>	<u>17,260,875</u>	<u>17</u>
2XXX	Total liabilities		<u>41,014,568</u>	<u>35</u>	<u>38,053,839</u>	<u>34</u>	<u>42,647,561</u>	<u>42</u>
	Equity attributable to owners of parent							
	Share capital	6(19)						
3110	Common stock		21,387,966	18	19,676,929	19	19,676,929	19
	Capital surplus	6(20)						
3200	Capital surplus		9,521,110	8	7,386,901	9	7,430,304	7
	Retained earnings	6(21)						
3310	Legal reserve		7,024,635	6	7,024,635	8	6,702,463	7
3320	Special reserve		3,640,779	3	3,640,779	3	3,640,779	4
3350	Unappropriated retained earnings		15,914,341	14	17,271,503	15	14,537,874	14
	Other equity interest	6(22)						
3400	Other equity interest		12,908,463	11	7,339,258	7	2,206,410	2
3500	Treasury stocks	6(19)	(511,710)	-	(511,710)	-	(511,710)	-
31XX	Equity attributable to owners of the parent		<u>69,885,584</u>	<u>60</u>	<u>61,828,295</u>	<u>61</u>	<u>53,683,049</u>	<u>53</u>
36XX	Non-controlling interest	6(33)	6,058,471	5	5,796,937	5	5,693,172	5
3XXX	Total equity		<u>75,944,055</u>	<u>65</u>	<u>67,625,232</u>	<u>66</u>	<u>59,376,221</u>	<u>58</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 116,958,623</u>	<u>100</u>	<u>\$ 105,679,071</u>	<u>100</u>	<u>\$ 102,023,782</u>	<u>100</u>

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

Items		Notes	Three months ended March 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(2)(9)(10)(23) and 7	\$ 11,991,051	100	\$ 10,664,930	100
5000	Operating costs	6(6)(8)(9)(18)(28) and 7	(8,801,156)	(73)	(8,017,290)	(75)
5900	Net operating margin		3,189,895	27	2,647,640	25
5910	Unrealized loss from sales		(10,262)	-	(8,801)	-
5920	Realized profit from sales		9,518	-	8,263	-
5950	Net operating margin		3,189,151	27	2,647,102	25
	Operating expenses	6(8)(9)(18)(28)				
6100	Selling expenses		(934,686)	(8)	(1,005,914)	(10)
6200	General and administrative expenses		(609,561)	(5)	(575,355)	(5)
6300	Research and development expenses		(251,687)	(2)	(253,336)	(2)
6450	Expected credit impairment gains (losses)	12(2)	2,387	-	(3,767)	-
6000	Total operating expenses		(1,793,547)	(15)	(1,838,372)	(17)
6900	Operating profit		1,395,604	12	808,730	8
	Non-operating income and expenses					
7100	Interest income	6(4)(24)	32,468	-	70,738	-
7010	Other income	6(3)(10)(25) and 7	104,792	1	90,669	1
7020	Other gains and losses	6(2)(9)(14)(26)	(174,725)	(2)	(238,062)	(2)
7050	Finance costs	6(9)(27)	(49,747)	-	(65,673)	(1)
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	123,757	1	(28,184)	-
7000	Total non-operating income and expenses		36,545	-	(170,512)	(2)
7900	Profit before income tax		1,432,149	12	638,218	6
7950	Income tax expense	6(29)	(201,282)	(2)	(99,013)	(1)
8200	Profit for the period		\$ 1,230,867	10	\$ 539,205	5

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

Items	Notes	Three months ended March 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
8311 Other comprehensive income (loss), before tax, actuarial losses on defined benefit plans	6(18)	\$ 93	-	(\$ 8,868)	-
8316 Unrealized gains and losses on valuation of investments measured at fair value through other comprehensive income	6(3)	5,932,019	50	(960,270)	(9)
8320 Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		3,829	-	(4,651)	-
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		5,935,941	50	(973,789)	(9)
Other comprehensive income that will be reclassified to profit or loss					
8361 Currency translation differences of foreign operations	6(22)	(278,089)	(2)	(424,101)	(4)
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(29)	61,867	-	21,126	-
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(216,222)	(2)	(402,975)	(4)
8300 Other comprehensive income (loss) for the period		\$ 5,719,719	48	(\$ 1,376,764)	(13)
8500 Total comprehensive income (loss) for the period		\$ 6,950,586	58	(\$ 837,559)	(8)
Profit attributable to:					
8610 Owners of the parent		\$ 1,101,644	9	\$ 446,995	4
8620 Non-controlling interest		129,223	1	92,210	1
		\$ 1,230,867	10	\$ 539,205	5
Comprehensive income (loss) attributable to:					
8710 Owners of the parent		\$ 6,671,659	56	(\$ 926,019)	(9)
8720 Non-controlling interest		278,927	2	88,460	1
		\$ 6,950,586	58	(\$ 837,559)	(8)
Earnings per share (in dollars)	6(30)				
9750 Basic earnings per share		\$ 0.53		\$ 0.23	
9850 Diluted earnings per share		\$ 0.53		\$ 0.23	

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
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

Equity attributable to owners of the parent											
		Retained earnings				Other equity interest					

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Three-months periods ended March 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,432,149	\$ 638,218
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(23)(26)	(488,480)	65,424
Expected credit impairment (gain) losses	12(2)	(2,387)	3,767
Net loss on financial liabilities at fair value through profit or loss	6(14)(26)	2,559	1,616
Inventory valuation loss	6(6)	61,226	58,775
Interest income	6(24)	(32,468)	(70,738)
Dividend income	6(25)	(6,427)	(1,015)
Interest expense	6(27)	49,747	65,673
Depreciation and amortization	6(8)(9)(10)(28)	469,440	484,803
Gain on disposal of property, plant and equipment	6(26)	(588)	(2,075)
Share of profit (loss) of associates and joint ventures accounted for under the equity method	6(7)	(123,757)	28,184
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(10,689)	(39,233)
Contract assets - current		65,086	(21,055)
Notes receivable		242,990	176,388
Notes receivable - related parties		4,026	(7,635)
Accounts receivable		178,005	737,784
Accounts receivable - related parties		19,643	(66,266)
Other receivables		9,025	(40,849)
Other receivables - related parties		2,885	(34,007)
Inventories		(753,366)	(38,104)
Prepayments		(176,827)	27,682
Other current assets		198,624	(13,017)
Changes in operating liabilities			
Contract liabilities - current		39,363	366,321
Notes payable		5,556	(38,129)
Notes payable - related parties		(1,246)	(5,841)
Accounts payable		479,793	(773,146)
Accounts payable - related parties		11,058	(39,872)
Other payables		(304,099)	(637,172)
Provisions for liabilities		(54,483)	18,026
Other current liabilities		22,731	22,242
Other non-current liabilities		260,858	(162,096)
Cash inflow generated from operations		1,599,947	704,653
Interest received	6(24)	32,468	70,738
Interest paid		(35,603)	(45,397)
Income tax paid		16,462	(28,911)
Net cash flows from operating activities		1,613,274	701,083

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	<u>Notes</u>	<u>Three-months periods ended March 31</u>	
		<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in current financial assets at fair value through other comprehensive income		\$ -	(\$ 54,059)
Decrease (increase) financial assets at fair value through profit or loss - non-current		49,588	(537,927)
Increase in financial assets at fair value through other comprehensive income-non-current	6(31)	(3,856)	(20,800)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		2,934	2,180
Decrease (increase) in non-current financial assets at amortized cost	6(4)	45,867	(32,154)
Decrease in pledged and restricted bank and time deposits	6(1) and 8	76,060	33,077
Increase in investments accounted for under the equity method		(30,694)	(5,109)
Acquisition of property, plant and equipment	6(8)(31)	(277,397)	(87,606)
Proceeds from disposal of property, plant and equipment		10,947	3,981
Increase in other non-current assets		(124,300)	(52,598)
Dividends received		6,427	1,015
Net cash flows used in investing activities		(244,424)	(750,000)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(32)	372,461	4,226,322
(Decrease) increase in long-term loans	6(32)	(316,044)	342,658
Lease liabilities paid	6(9)(32)	(144,023)	(134,743)
Acquisition of the Company's share by subsidiaries recognized as treasury shares	6(19)	-	(190,147)
Proceeds from capital increase of non-controlling interests		-	700,000
Net cash flows (used in) from financing activities		(87,606)	4,944,090
Exchange rate effect		(113,072)	(246,947)
Net increase in cash and cash equivalents		1,168,172	4,648,226
Cash and cash equivalents at beginning of period		20,397,260	19,111,371
Cash and cash equivalents at end of period		\$ 21,565,432	\$ 23,759,597

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 THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(REVIEWED, NOT AUDITED)

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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 Financial Statements and Procedures for Authorization

These consolidated financial statements were reported to the Board of Directors on May 7, 2021.

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 endorsed by FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39 and IFRS7, ‘Interest rate benchmark reform’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	April 1, 2021 (Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

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

None.

(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 as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

4. Summary of Significant Accounting Policies

These consolidated financial statements adopt a simplified disclosure in accordance with the International Accounting Standard 34, "Interim financial reporting". The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. 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 Standard 34, "Interim financial reporting" as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(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) Financial assets at fair value through other comprehensive income.
 - (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:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2020.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
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.	Temico International Pte.Ltd.	Holding company	60	60	60	Note 1
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	83.53	83.53	83.53	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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
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	100	100	Note 1
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
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	98.53	98.53	98.53	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	49.01	49.01	49.01	Note 3
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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Teco Electric & Machinery Co., Ltd.	Tong-An Investment Co., Ltd.	Various investments	100	100	100	
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
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.	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	
Teco Electric & Machinery Co., Ltd.	Teco.Sun Energy Co., Ltd.	Energy technical services	60	60	60	Note 1
Century Development Corporation	Century Tech. C&M Corp.	Construction industry as well as trades and related operation and investment of materials and sandstone used in construction and machinery	100	100	100	
Century Development Corporation	United Development Corporation	Investment consultancy service for domestic and foreign industrial parks and land	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Century Development Corporation	Century Biotech Development Corp.	Investment consultancy service for domestic industrial parks and land	72	72	72	Note 7
Century Development Corporation	Century Real Estate (International) Pet. Ltd.	Investments in other areas	100	100	100	
Century Real Estate (International) Pte Ltd.	CDC Development India Private Limited	Investment consultancy service for domestic and foreign industrial parks and land	100	100	100	
Eagle Holding Co.	TECO MOTOR B.V.	Holding company	100	100	100	
TECO MOTOR B.V.	Motovario S.p.A.	Sales of motors and reducers	100	100	100	
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 GMBH	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Corp.	Sales of motors and reducers	75	75	75	
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	Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Motovario S.p.A.	Motovario Gear Solution Private Ltd.	Sales of motors and reducers	100	100	100	
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	
Temico International Pte. Ltd.	Temico India Private Limited	Sales of motors	100	100	100	Note 1
Temico International Pte. Ltd.	Temico Motor India Private Limited	Sales of motors	100	100	100	Notes 1 and 6
United View Global Investment Co., Ltd.	Great Teco Motor (Pte) Ltd.	Holding company	100	100	100	Note 1
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	
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.	Asia Electric & Machinery (Pte) Ltd.	Holding company	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
United View Global Investment Co., Ltd.	Great Teco, S.L.	Sales of motors	-	-	100	Notes 1 and 4
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 Industrial (Malaysia) Sdn. Bhd.	Teco (Vietnam) Electric & Machinery Company Ltd.	Manufacturing of motors	80	80	80	Note 1
Teco Industrial (Malaysia) Sdn. Bhd.	TYM Electric and Machinery Sdn. Bhd.	Distribution of motors	100	100	100	Notes 1 and 8
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 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
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 (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Tong Dai Co., Ltd.	AM SMART Technology CO.,LTD.	Sales of motors	80	80	80	Note 1
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.	Jie-Zheng Property Service & Management Co., Ltd.	Building management servicing	100	100	100	
Tong-An Investment Co., Ltd.	Tecocapital Investment (Samoa) Co., Ltd.	Holding company	100	100	100	
Tong-An Investment Co., Ltd.	Tecocapital Investment Co., Ltd.	Holding company	100	100	100	
Taiwan Pelican Express Co., Ltd.	Pelecanus Express Pte. Ltd.	Holding company of overseas companies	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	Note 9

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
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	Note 5
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	Note 4
Great Teco Motor (Pte) Ltd.	Wuxi Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of motors and generators	84.12	82.35	82.35	Note 10
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	87.60	87.60	87.60	
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 Industry Co., Ltd.	Manufacturing and sales of motors and components	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
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	
Teco Australia Pty. Ltd.	Ejoy Australia Holdings Pty. Ltd.	Various investments	100	100	100	
Ejoy Australia Holdings Pty. Ltd.	Ejoy Australia Pty. Ltd.	Sales of home appliances	60	60	60	
Teco Australia Pty. Ltd.	Motovario Australia Pty. Ltd.	Various investments	100	100	100	
Motovario Australia Pty. Ltd.	F C R Motion Technology Pty. Ltd.	Sales of motors and electrical appliances	100	100	100	
Teco Australia Pty. Ltd.	Teco Electric Motors Africa Pty. Ltd.	Agents and sales of motors and electrical appliances	100	100	100	
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.	Asia Innovative Technology Co., Ltd.	Research, development, manufacturing and sales of home appliances	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
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
Asia Electric & Machinery B.V. Ltd.	Teco Electric & Machinery GmbH.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Electro Devices Co., Ltd.	Wuxi TECO Electro Devices 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	
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
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	Notes 1 and 4
Tecom Global Tech Investment (B.V.I.) Limited	Wuhan Tecom Co., Ltd.	Communication network information technology development, sales and technology	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
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	Note 11
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	Note 1
Pelecanus Express Pte. Ltd.	Pelican Express (Vietnam) Co., Ltd.	Storage services	100	100	-	Notes 1 and 6
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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Information Technology Total Services Co., Ltd.	Information Technology Total Service (BVI) Co., Ltd.	Holding company	100	100	100	
Information Technology Total Services Co., Ltd.	Universal Mail Service Ltd.	Engaged in various business documents management, printing and other mail services	100	100	100	
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	
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	
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: The financial statements of the entity as of and for the three-month periods ended March 31, 2020 and 2019 were not reviewed by independent auditors as the entity did not meet the definition of a 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: For the year ended December 31, 2020, the liquidation of the company was completed.

Note 5: The non-material subsidiary - Baycom Opto-Electronics Technology Co., Ltd. ceased to be publicly traded as resolved by the shareholders on June 12, 2019, and it was approved by the Financial Supervisory Commission on June 24, 2019.

Note 6: It was a newly established subsidiary in 2020.

Note 7: Century Biotech Development Corp. increased its cash capital in March 2020. The Group did not acquire shares proportionally to its interest, and therefore, its ownership interest decreased.

Note 8: Teco Industrial (Malaysia) Sdn. Bhd. issued and granted new shares to Teco Electric & Machinery (Pte) Ltd. in order to exchange the shares of TYM Electric & Machinery Sdn. Bhd. held by Teco Electric & Machinery (Pte) Ltd. due to group reorganization in the third quarter of 2020. This share exchange has no significant effect to the Group.

Note 9: For the year ended December 31, 2020, the company was dissolved after short-form merger with Tecom Co., Ltd.

Note 10: The Group repurchased a 1.77% equity interest of Wuxi Teco Electric & Machinery Co., Ltd. as resolved by the Board of Directors in the first quarter of 2021, therefore, the Group recognised the transactions with non-controlling interest in the amount of \$8,610.

Note 11: The liquidation of the company was completed in 2021.

Consolidated 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\$23,445,498 and \$31,732,992 as of March 31, 2021 and 2020, respectively, total liabilities (including credit balance of investments accounted for under equity method) of NT\$4,683,111 and \$3,906,870 as of March 31, 2021 and 2020, 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\$166,478 and \$90,074 for the three-month periods then ended, respectively. These amounts were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

C. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
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	89.58	89.58	89.58	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 (Philippines) 3C & Appliances, Inc.	Sales of air conditioning and electrical appliances	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Teco EV Philippines Corporation	Sales of vehicles	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Teco Group Science-Technology (Hang Zhou) Co., Ltd.	Electrical machinery electric and automatic control technology development and consultation service	100	100	100	Note 1
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	Notes 1, 2 and 3
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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Tasia (Pte) Ltd.	TECO Technology & Marketing Center 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
Tong-An Investment Co., Ltd.	Eurasia Food Service Co., Ltd.	Restaurant chain	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Xianlaoman Restaurant Co., Ltd.	Restaurant chain	48.33	48.33	48.33	Notes 1 and 2
Tong-An Investment Co., Ltd.	Kogle Foods Co., Ltd. (Kogle)	Restaurant chain	46.73	46.73	46.73	Notes 1 and 2
Tong-An Investment Co., Ltd.	Le-Li Co., Ltd. (Le-Li)	Restaurant chain	49.73	49.73	49.73	Notes 1 and 2

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 has control over the personnel affairs, finance and business of the subsidiary. Thus, the Company has absolute control over the subsidiary.

Note 3: The subsidiary was dissolved during the year ended December 31, 2019 as resolved by the Board of Directors, and is in the process of liquidation after the approval the competent authority on April 14, 2020.

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(33).

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes as of March 31, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand and revolving funds	\$ 7,228	\$ 6,792	\$ 18,246
Checking accounts and demand deposits	9,388,399	8,462,322	13,091,804
Time deposits and notes issued under repurchase agreement	12,169,805	11,928,146	10,649,547
	<u>\$ 21,565,432</u>	<u>\$ 20,397,260</u>	<u>\$ 23,759,597</u>

A. The Group transacts 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 March 31, 2021, December 31, 2020 and March 31, 2020, certain bank deposits amounting to \$1,320,120, \$1,560,731 and \$407,135, respectively, were restricted due to earmarked construction projects, loans for purchasing materials and the regulation governing the management, utilization, and taxation of repatriated offshore funds reserved in special account (listed as '1470 Other current assets' and '1900 Other non-current assets').

Please refer to Note 8 for details.

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

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 19,625	\$ 19,625	\$ 63,651
Emerging stocks	-	-	12,957
Money market fund	106,549	89,548	114,768
Derivative instruments	3,410	9,722	458
	<u>129,584</u>	<u>118,895</u>	<u>191,834</u>
Valuation adjustments	(2,413)	(4,710)	(29,011)
	<u>\$ 127,171</u>	<u>\$ 114,185</u>	<u>\$ 162,823</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 895,590	\$ 900,589	\$ 902,868
Non-listed and OTC stocks	810,394	810,394	810,394
Fund beneficiary certificate	772,927	747,889	799,921
	<u>2,478,911</u>	<u>2,458,872</u>	<u>2,513,183</u>
Valuation adjustments	<u>1,417,956</u>	<u>1,001,400</u>	<u>253,892</u>
	<u>\$ 3,896,867</u>	<u>\$ 3,460,272</u>	<u>\$ 2,767,075</u>

- A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 488,480	(\$ 65,424)

- B. The non-hedging derivative instrument transactions and contract information are as follows:

	March 31, 2020			
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	December 29, 2020 ~ April 30, 2021	USD	500,000	\$ 34
SELL USD/BUY EUR	February 2, 2021 ~ November 29, 2021	USD	400,000	3,159
SELL USD/BUY USD	February 22, 2021 ~ April 21, 2021	USD	300,000	217
				<u>\$ 3,410</u>
	December 31, 2020			
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	August 17, 2020 ~ January 25, 2021	USD	500,000	\$ 1,051
SELL USD/BUY RMB	October 12, 2020 ~ January 25, 2021	USD	1,000,000	1,085
SELL USD/BUY RMB	October 30, 2020 ~ January 25, 2021	USD	500,000	437
SELL USD/BUY RMB	October 30, 2020 ~ February 25, 2021	USD	500,000	480
SELL USD/BUY RMB	November 5, 2020 ~ February 26, 2021	USD	500,000	396
SELL USD/BUY RMB	November 5, 2020 ~ February 25, 2021	USD	500,000	379
SELL USD/BUY RMB	November 6, 2020 ~ February 26, 2021	USD	500,000	375
SELL USD/BUY RMB	December 1, 2020 ~ February 26, 2021	USD	500,000	185
SELL USD/BUY RMB	December 16, 2020 ~ March 31, 2021	USD	1,000,000	218
SELL USD/BUY RMB	December 29, 2020 ~ March 31, 2021	USD	1,000,000	218
SELL USD/BUY RMB	August 17, 2020 ~ January 22, 2021	USD	500,000	1,049
SELL USD/BUY RMB	November 5, 2020 ~ January 25, 2021	USD	500,000	361

December 31, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
SELL USD/BUY RMB	November 5, 2020 ~ February 26, 2021	USD	300,000	217
SELL USD/BUY RMB	December 23, 2020 ~ March 31, 2021	USD	500,000	142
SELL USD/BUY RMB	December 23, 2020 ~ February 25, 2021	USD	500,000	110
SELL USD/BUY RMB	August 26, 2020 ~ January 29, 2021	USD	500,000	959
SELL USD/BUY RMB	October 13, 2020 ~ January 25, 2021	USD	500,000	608
SELL USD/BUY RMB	November 5, 2020 ~ February 26, 2021	USD	500,000	386
SELL USD/BUY RMB	November 5, 2020 ~ February 26, 2021	USD	500,000	379
SELL USD/BUY RMB	December 1, 2020 ~ February 26, 2021	USD	500,000	183
SELL USD/BUY RMB	December 16, 2020 ~ March 31, 2021	USD	1,000,000	231
SELL USD/BUY RMB	December 29, 2020 ~ April 30, 2021	USD	500,000	135
SELL USD/BUY RMB	November 5, 2020~ January 25, 2021	USD	200,000	138
				<u>\$ 9,722</u>
March 31, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	February 18, 2020 ~ May 22, 2020	USD	500,000	\$ 181
SELL USD/BUY RMB	February 21, 2020 ~ May 22, 2020	USD	500,000	96
SELL USD/BUY RMB	March 13, 2020 ~ June 23, 2020	USD	500,000	181
				<u>\$ 458</u>

- 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.
- D. Information relating to the price risk and fair value information of financial assets at fair value through profit or loss is provided in Note 12(2)(3).

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

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Listed and OTC stocks	\$ 1,090,985	\$ 1,090,985	\$ 1,089,277
Emerging stocks	19,672	19,672	6,672
	1,110,657	1,110,657	1,095,949
Valuation adjustments	364,916	169,424	(181,169)
	<u>\$ 1,475,573</u>	<u>\$ 1,280,081</u>	<u>\$ 914,780</u>
Non-current items:			
Listed and OTC stocks	\$ 11,802,888	\$ 7,997,598	\$ 7,985,714
Non-listed and OTC stocks	336,718	336,664	312,016
	12,139,606	8,334,262	8,297,730
Valuation adjustments	16,038,039	10,233,671	5,350,752
	<u>\$ 28,177,645</u>	<u>\$ 18,567,933</u>	<u>\$ 13,648,482</u>

- A. The Group has elected to classify Taiwan High Speed Rail's stocks that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$29,653,218, \$19,848,014 and \$14,563,262 as at March 31, 2021, December 31, 2020 and March 31, 2020, respectively.
- B. For the three-month periods ended March 31, 2021 and 2020, the Group sold stocks with fair values of \$2,934 and \$2,180, respectively, to raise the capital for operations; the cumulative gains on disposal are \$1,400 and \$249, respectively, and the realized profits were carried forward from other equity to retained earnings.
- C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>\$ 5,932,019</u>	<u>(\$ 960,270)</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ 1,400</u>	<u>\$ 249</u>
Dividend income recognised in profit or loss		
Held at end of period	\$ 1,068	\$ 1,015
Derecognised during the period	-	-
	<u>\$ 1,068</u>	<u>\$ 1,015</u>

- D. The Group additionally issued common shares amounting to 171,103,730 shares to exchange 205,332,690 shares of Walsin Lihwa Corporation's common shares. The acquisition cost was the fair value of those shares exchanged at the effective date amounting

to \$3,808,921, and the Group held a 5.98% equity interest in Walsin Lihwa Corporation after the exchange. As a result of the share exchange between the Group and Walsin Lihwa Corporation was a strategic cooperation, those shares acquiring through share exchange were designated to reclassify as financial assets at fair value through other comprehensive income.

E. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

F. Information relating to the price risk and fair value information of financial assets at fair value through other comprehensive income is provided in Note 12(2)(3).

(4) Financial assets at amortised cost

Items	March 31, 2021	December 31, 2020	March 31, 2020
Non-current items:			
Time deposits	\$ 435,663	\$ 481,530	\$ 409,410

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Interest income	\$ 2,873	\$ 1,680

B. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$435,663, \$481,530 and \$409,410, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 931,578	\$ 1,174,568	\$ 944,411
Less: Allowance for bad debts	(1,940)	(1,930)	(2,015)
	\$ 929,638	\$ 1,172,638	\$ 942,396
Accounts receivable	\$ 8,862,000	\$ 9,044,596	\$ 8,209,202
Less: Allowance for bad debts	(170,211)	(177,199)	(171,559)
	\$ 8,691,789	\$ 8,867,397	\$ 8,037,643

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

	March 31, 2021	December 31, 2020	March 31, 2020
Not past due	\$ 7,958,481	\$ 8,109,155	\$ 6,763,486
Up to 30 days	559,872	741,057	922,588
31 to 90 days	569,293	706,746	743,868
91 to 180 days	198,677	156,230	251,544
Over 180 days	335,104	326,847	298,553
	\$ 9,621,427	\$ 10,040,035	\$ 8,980,039

The above ageing analysis was based on past due date.

- B. As of March 31, 2021, December 31, 2020 and March 31, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,598,020, \$10,021,308 and \$8,870,047, respectively.
- C. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$929,638, \$1,172,638 and \$942,396 and accounts receivable were \$8,691,789, \$8,867,397 and \$8,037,643, respectively.
- D. Details of the Group's notes receivable pledged to others are provided in Note 8.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

March 31, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,988,000	(\$ 180,717)	\$ 2,807,283
Work in progress	1,357,595	(9,687)	1,347,908
Finished goods	5,259,709	(487,456)	4,772,253
Inventory in transit	614,467	-	614,467
Merchandise inventories	796,875	(19,398)	777,477
	<u>\$ 11,016,646</u>	<u>(\$ 697,258)</u>	<u>\$ 10,319,388</u>
December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,804,712	(\$ 198,090)	\$ 2,606,622
Work in progress	1,170,476	(11,980)	1,158,496
Finished goods	5,211,272	(487,134)	4,724,138
Inventory in transit	547,592	-	547,592
Merchandise inventories	606,944	(16,544)	590,400
	<u>\$ 10,340,996</u>	<u>(\$ 713,748)</u>	<u>\$ 9,627,248</u>
March 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,779,793	(\$ 150,717)	\$ 2,629,076
Work in progress	1,089,204	(10,428)	1,078,776
Finished goods	5,296,225	(474,565)	4,821,660
Inventory in transit	608,113	-	608,113
Merchandise inventories	705,819	(10,530)	695,289
	<u>\$ 10,479,154</u>	<u>(\$ 646,240)</u>	<u>\$ 9,832,914</u>

- A. The cost of inventories recognized as expense for the three-month periods ended March 31, 2021 and 2020 were \$5,913,309 and \$5,436,822, respectively, including \$61,226 and \$58,775 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the three-month periods ended March 31, 2021 and 2020, respectively.
- B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates:			
1. Tung Pei Industrial Co., Ltd.	\$ 2,189,019	\$ 2,134,415	\$ 2,096,567
2. Lien Chang Electronic Enterprise Co., Ltd.	528,407	465,947	445,771
3. Others	<u>1,420,552</u>	<u>1,312,283</u>	<u>1,369,751</u>
	<u>4,137,978</u>	<u>3,912,645</u>	<u>3,912,089</u>
Less: Credit balance of investments accounted for under the equity method such as Teco Middle East Electrical & Machinery Co., Ltd. and Le-Li Co., Ltd. (shown as deductions on notes receivable-related parties, accounts receivable-related parties as well as other receivables-related parties, and other non-current liabilities)	(<u>135,774</u>)	(<u>134,617</u>)	(<u>128,063</u>)
	<u>\$ 4,002,204</u>	<u>\$ 3,778,028</u>	<u>\$ 3,784,026</u>

The share of profit/loss of associates and joint ventures accounted for under the equity method for the three-month periods ended March 31, 2021 and 2020 are as follows:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 54,605	\$ 9,746
2. Lien Chang Electronic Enterprise Co., Ltd.	59,572	5,612
3. Others	<u>9,580</u>	(<u>43,542</u>)
	<u>\$ 123,757</u>	<u>(\$ 28,184)</u>

A. Associates

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

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		March 31, 2021	December 31, 2020	March 31, 2020		
Tung Pei Industrial Co., Ltd.	R.O.C.	31.14%	31.14%	31.14%	Financial investment	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C.	33.84%	33.84%	33.84%	"	Equity method

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

Balance sheet

Tung Pei Industrial Co., Ltd.			
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 4,077,500	\$ 5,145,021	\$ 3,497,222
Non-current assets	7,115,450	7,422,413	7,209,009
Current liabilities	(2,304,122)	(3,202,946)	(2,073,825)
Non-current liabilities	(1,858,052)	(1,815,524)	(1,898,722)
Total assets	<u>\$ 7,030,776</u>	<u>\$ 7,548,964</u>	<u>\$ 6,733,684</u>
Share in associate's net assets	\$ 2,189,019	\$ 2,134,415	\$ 2,096,567
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 2,189,019</u>	<u>\$ 2,134,415</u>	<u>\$ 2,096,567</u>
Lien Chang Electronic Enterprise Co., Ltd.			
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 1,985,322	\$ 1,716,152	\$ 1,529,392
Non-current assets	493,214	581,325	604,268
Current liabilities	(814,578)	(880,136)	(766,805)
Non-current liabilities	(102,657)	(40,593)	(49,723)
Total net assets	<u>\$ 1,561,301</u>	<u>\$ 1,376,748</u>	<u>\$ 1,317,132</u>
Share in associate's net assets	\$ 528,407	\$ 465,947	\$ 445,771
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 528,407</u>	<u>\$ 465,947</u>	<u>\$ 445,771</u>

Statement of comprehensive income

Tung Pei Industrial Co., Ltd.		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue	\$ 1,301,601	\$ 1,070,351
Profit for the period from continuing operations	\$ 175,446	\$ 31,297
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	<u>\$ 175,446</u>	<u>\$ 31,297</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue	\$ 482,483	\$ 619,110
Profit for the period from continuing operations	\$ 176,018	\$ 16,582
Other comprehensive income (loss), net of tax	8,535	(15,765)
Total comprehensive income	\$ 184,553	\$ 817
Dividends received from associates	\$ -	\$ -

- (c) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarized below:

As of March 31, 2021, December 31, 2020 and March 31, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$1,420,552, \$1,312,283 and \$1,369,751, respectively.

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Profit (loss) for the period from continuing operations	\$ 9,580	(\$ 43,542)
Total comprehensive loss	\$ 9,580	(\$ 43,542)

- (d) The fair values of the Group's material associates with quoted market prices are as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
1.Lien Chang Electronic Enterprise Co., Ltd.	\$ 463,646	\$ 461,769	\$ 254,536
2.Kuen Ling Machinery Refrigerating Co., Ltd.	338,402	307,790	247,679
3.Creative Sensor Inc.	343,708	289,707	248,841
	<u>\$ 1,145,756</u>	<u>\$ 1,059,266</u>	<u>\$ 751,056</u>

- (e) The Group is the single largest shareholder of Lien Chang Electronic Enterprise Co., Ltd. with a 33.84% equity interest. The company is a listed company and its ownership is dispersed. Also, since the Group's shareholding ratio in the company is lower than 50%, which indicates that the Group has no current ability to direct the relevant activities of Lien Chang Electronic Enterprise Co., Ltd., the Group has no control, but only has significant influence, over the investee.

- B. Details on unreviewed investments accounted for under equity method are provided in Note 4(3).
- C. Details of the Group's investments accounted for under the equity method pledged to others as collateral are provided in Note 8.

(8) Property, plant and equipment

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2021</u>									
Cost	\$ 5,455,398	\$ 8,566,572	\$ 5,285,406	\$ 12,557,619	\$ 650,463	\$ 1,206,184	\$ 540,536	\$ 7,640,344	\$ 41,902,522
Accumulated depreciation and impairment	(34,697)	(4,503,591)	(2,218,143)	(10,788,960)	(608,062)	(719,570)	(449,086)	(6,667,625)	(25,989,734)
	<u>\$ 5,420,701</u>	<u>\$ 4,062,981</u>	<u>\$ 3,067,263</u>	<u>\$ 1,768,659</u>	<u>\$ 42,401</u>	<u>\$ 486,614</u>	<u>\$ 91,450</u>	<u>\$ 972,719</u>	<u>\$ 15,912,788</u>
<u>2021</u>									
Opening net book amount	\$ 5,420,701	\$ 4,062,981	\$ 3,067,263	\$ 1,768,659	\$ 42,401	\$ 486,614	\$ 91,450	\$ 972,719	\$ 15,912,788
Additions	-	3,622	-	22,076	-	2,341	35,107	92,009	155,155
Disposals	(53)	(2,074)	-	(4,149)	-	(1,267)	(2)	(2,814)	(10,359)
Reclassifications	-	-	-	(315)	315	-	-	-	-
Depreciation charge	-	(54,132)	(43,284)	(81,928)	(3,567)	(21,281)	(8,342)	(88,950)	(301,484)
Net exchange differences	(1,724)	(20,068)	-	(6,740)	-	(331)	(234)	(4,650)	(33,747)
Closing net book amount	<u>\$ 5,418,924</u>	<u>\$ 3,990,329</u>	<u>\$ 3,023,979</u>	<u>\$ 1,697,603</u>	<u>\$ 39,149</u>	<u>\$ 466,076</u>	<u>\$ 117,979</u>	<u>\$ 968,314</u>	<u>\$ 15,722,353</u>
<u>At March 31, 2021</u>									
Cost	\$ 5,453,621	\$ 8,531,011	\$ 5,285,406	\$ 12,457,802	\$ 650,778	\$ 1,201,606	\$ 575,269	\$ 7,661,725	\$ 41,817,218
Accumulated depreciation and impairment	(34,697)	(4,540,682)	(2,261,427)	(10,760,199)	(611,629)	(735,530)	(457,290)	(6,693,411)	(26,094,865)
	<u>\$ 5,418,924</u>	<u>\$ 3,990,329</u>	<u>\$ 3,023,979</u>	<u>\$ 1,697,603</u>	<u>\$ 39,149</u>	<u>\$ 466,076</u>	<u>\$ 117,979</u>	<u>\$ 968,314</u>	<u>\$ 15,722,353</u>

			Leased assets		Leased assets				
	Land	Buildings and structures	-buildings and structures	Machinery and equipment	-machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2020</u>									
Cost	\$ 5,538,032	\$ 8,606,403	\$ 5,318,033	\$ 13,141,338	\$ 662,367	\$ 1,143,954	\$ 572,091	\$ 7,640,264	\$ 42,622,482
Accumulated depreciation and impairment	(34,697)	(4,310,726)	(2,052,629)	(11,324,271)	(611,419)	(725,825)	(445,720)	(6,374,365)	(25,879,652)
	<u>\$ 5,503,335</u>	<u>\$ 4,295,677</u>	<u>\$ 3,265,404</u>	<u>\$ 1,817,067</u>	<u>\$ 50,948</u>	<u>\$ 418,129</u>	<u>\$ 126,371</u>	<u>\$ 1,265,899</u>	<u>\$ 16,742,830</u>
<u>2020</u>									
Opening net book amount	\$ 5,503,335	\$ 4,295,677	\$ 3,265,404	\$ 1,817,067	\$ 50,948	\$ 418,129	\$ 126,371	\$ 1,265,899	\$ 16,742,830
Additions	-	13,904	-	19,117	-	13,185	1,806	33,690	81,702
Disposals	- (197)	(197)	- (725)	(725)	- (841)	(841)	- (143)	(143)	(1,906)
Reclassifications	(81,002)	(50,582)	(4,149)	3,381	806	- (23,410)	(23,410)	(14,189)	(169,145)
Depreciation charge	- (53,507)	(53,507)	(43,165)	(84,466)	(3,576)	(20,899)	(8,537)	(99,089)	(313,239)
Net exchange differences	(5,089)	(41,979)	(400)	(10,071)	-	(2,450)	(1,378)	(9,075)	(70,442)
Closing net book amount	<u>\$ 5,417,244</u>	<u>\$ 4,163,316</u>	<u>\$ 3,217,690</u>	<u>\$ 1,744,303</u>	<u>\$ 48,178</u>	<u>\$ 407,124</u>	<u>\$ 94,852</u>	<u>\$ 1,177,093</u>	<u>\$ 16,269,800</u>
<u>At March 31, 2020</u>									
Cost	\$ 5,451,941	\$ 8,491,766	\$ 6,067,973	\$ 12,326,302	\$ 662,780	\$ 1,129,684	\$ 524,957	\$ 7,608,534	\$ 42,263,937
Accumulated depreciation and impairment	(34,697)	(4,328,450)	(2,850,283)	(10,581,999)	(614,602)	(722,560)	(430,105)	(6,431,441)	(25,994,137)
	<u>\$ 5,417,244</u>	<u>\$ 4,163,316</u>	<u>\$ 3,217,690</u>	<u>\$ 1,744,303</u>	<u>\$ 48,178</u>	<u>\$ 407,124</u>	<u>\$ 94,852</u>	<u>\$ 1,177,093</u>	<u>\$ 16,269,800</u>

- A. For the three-month periods ended March 31, 2021 and 2020, no borrowing cost was capitalized as part of property, plant and equipment.
- B. On July 2, 2020, the Board of Directors of the Company resolved to enter into a joint construction and development agreement with the subsidiary, Tong-An Assets Management & Development Co., Ltd., and MSIG Mingtai Insurance Company, Limited in order to restructure the building located in Zhongshan District, Taipei City which is jointly held by the Group and MSIG Mingtai Insurance Company, Limited.
- C. The Group entered into a development contract for the joint construction and allocation of housing units with Kindom Development Co., LTD. using the 16 lots located in No. 148, Hong Fu section, Xin Zhuang district, New Taipei City which were provided by the subsidiary, Tong-An Investment Co., Ltd., as resolved by the Board of Directors on March 23, 2021. Kindom Development Co., LTD. is responsible for planning and designing, dismantling the existing buildings, constructing and assuming all other expenses. The expected equity ratio is 52%~55% by reference to the appraisal report issued by real estate appraiser firm.
- D. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- E. The Company was unable to transfer the title of certain farmland to the Company's name due to legal restrictions. The land title was registered under an individual's name. Accordingly, the Company entered into an agreement with the said individual to secure the title and the first mortgage right.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 2 to 99 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but certain leased assets may not be used as security for borrowing purposes.
- 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 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 right-of-use-assets are amortized over the useful life of right of superficies of 50 years.
- C. On July 4, 2018, the Group's subsidiary, Century Biotech Development Corp., completed the registration of right of superficies and paid royalties to the Taipei City Government for acquiring land used for the construction of the Taipei City Nangang Biotechnology Industry Cluster Development BOT Project. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to the Taipei City Government unconditionally upon expiry of the right of superficies. Century Biotech Development Corp.'s prepaid rents are amortized over the useful life of right of superficies of 50 years.
- D. The Group's subsidiary, CDC Development India Private Limited, acquired the land use right from the local government agency, KIADB, for India industrial park development. The total amount remitted for the land use right was INR \$1,750,350 and acquired land ownership of certificate for 99 years.
- E. For the three-month periods ended March 31, 2021 and 2020, the additions to right-of-use assets were \$102,230 and \$16,895 and the sublease income were \$201,820 and \$188,719, respectively.
- F. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Land (including royalties)	\$ 4,774,879	\$ 4,809,179	\$ 4,925,893
Buildings	1,852,692	1,890,989	2,023,570
Machinery and equipment	24,641	30,105	36,859
Transportation equipment (Business vehicles)	<u>18,290</u>	<u>21,959</u>	<u>30,720</u>
	<u>\$ 6,670,502</u>	<u>\$ 6,752,232</u>	<u>\$ 7,017,042</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
	<u>For the three-month</u>	<u>For the three-month</u>	
	<u>period ended</u>	<u>period ended</u>	
	<u>March 31, 2021</u>	<u>March 31, 2020</u>	
Land (including royalties)	\$ 24,070	\$ 34,165	
Buildings	94,170	89,682	
Machinery and equipment	2,995	3,485	
Transportation equipment (Business vehicles)	<u>3,046</u>	<u>3,404</u>	
	<u>\$ 124,281</u>	<u>\$ 130,736</u>	

- G. Interest expenses on lease liabilities for the three-month periods ended March 31, 2021 and 2020 were \$14,144 and \$20,276 and the cash outflows were \$144,023 and \$134,743, respectively.
- H. Expenses on short-term leases and leases of low-value assets for the three-month periods ended March 31, 2021 and 2020 were \$140,932 and \$85,151; \$6,171 and \$4,916, respectively.
- I. The Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$919 and \$0 in profit from lease modification for the three-month periods ended March 31, 2021 and 2020, respectively.

(10) Investment property

	Land	Buildings and structures	Right-of-use assets	Total
<u>At January 1, 2021</u>				
Cost	\$ 1,505,457	\$ 2,794,910	\$ 27,655	\$ 4,328,022
Accumulated depreciation and impairment	-	(1,463,829)	(13,229)	(1,477,058)
	<u>\$ 1,505,457</u>	<u>\$ 1,331,081</u>	<u>\$ 14,426</u>	<u>\$ 2,850,964</u>
<u>2021</u>				
Opening net book amount	\$ 1,505,457	\$ 1,331,081	\$ 14,426	\$ 2,850,964
Depreciation charge	-	(16,756)	(175)	(16,931)
Net exchange differences	337	(2,344)	(175)	(2,182)
Closing net book amount	<u>\$ 1,505,794</u>	<u>\$ 1,311,981</u>	<u>\$ 14,076</u>	<u>\$ 2,831,851</u>
<u>At March 31, 2021</u>				
Cost	\$ 1,505,794	\$ 2,791,545	\$ 27,286	\$ 4,324,625
Accumulated depreciation and impairment	-	(1,479,564)	(13,210)	(1,492,774)
	<u>\$ 1,505,794</u>	<u>\$ 1,311,981</u>	<u>\$ 14,076</u>	<u>\$ 2,831,851</u>

	Land	Buildings and structures	Right-of-use assets	Total
<u>At January 1, 2020</u>				
Cost	\$ 1,443,225	\$ 2,712,555	\$ -	\$ 4,155,780
Accumulated depreciation and impairment	-	(1,393,210)	-	(1,393,210)
	<u>\$ 1,443,225</u>	<u>\$ 1,319,345</u>	<u>\$ -</u>	<u>\$ 2,762,570</u>
<u>2020</u>				
Opening net book amount	\$ 1,443,225	\$ 1,319,345	\$ -	\$ 2,762,570
Reclassifications (transfers during the period)	71,413	64,837	15,330	151,580
Depreciation charge	-	(16,551)	-	(16,551)
Net exchange differences	1,499	(1,364)	(363)	(228)
Closing net book amount	<u>\$ 1,516,137</u>	<u>\$ 1,366,267</u>	<u>\$ 14,967</u>	<u>\$ 2,897,371</u>

At March 31, 2020

Cost	\$ 1,516,137	\$ 2,784,305	\$ 27,192	\$ 4,327,634
Accumulated depreciation and impairment	-	(1,418,038)	(12,225)	(1,430,263)
	<u>\$ 1,516,137</u>	<u>\$ 1,366,267</u>	<u>\$ 14,967</u>	<u>\$ 2,897,371</u>

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 March 31, 2021	For the three-month period ended March 31, 2020
Rental income from investment property	<u>\$ 45,160</u>	<u>\$ 46,336</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 14,387</u>	<u>\$ 11,211</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ -</u>	<u>\$ -</u>

B. The fair value of the investment property held by the Group as at March 31, 2021, December 31, 2020 and, March 31, 2020 were \$5,290,890, \$5,223,819 and \$4,996,199, respectively, which is categorized within Level 3 in the fair value hierarchy.

(11) Goodwill (listed as '1780 Intangible assets')

	2021	2020
<u>At January 1</u>		
Cost	\$ 5,206,760	\$ 5,039,455
Accumulated amortization and impairment	(57,527)	-
	<u>\$ 5,149,233</u>	<u>\$ 5,039,455</u>
Opening net book amount	\$ 5,149,233	\$ 5,039,455
Net exchange differences	(227,222)	(95,859)
Closing net book amount	<u>\$ 4,922,011</u>	<u>\$ 4,943,596</u>
<u>At March 31</u>		
Cost	\$ 4,979,538	\$ 4,943,596
Accumulated amortization and impairment	(57,527)	-
	<u>\$ 4,922,011</u>	<u>\$ 4,943,596</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Heavy industrial products division	<u>\$ 4,922,011</u>	<u>\$ 5,149,233</u>	<u>\$ 4,943,596</u>

On October 15, 2015, the Group acquired 100% equity and obtained control over Motovario S.p.A., which is headquartered in Italy and is primarily engaged in manufacturing and sales of power transmission equipment such as motors and gear reducers, and its subsidiaries for a cash consideration of \$3,989,850 (EUR 108,214 thousand). As of March 31, 2021, the goodwill arising from the merger amounted to \$4,896,367.

(12) Other non-current assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Prepayment for equipment	\$ 787,013	\$ 692,736	\$ 437,045
Refundable deposits	230,133	236,051	291,757
Deposits account for repatriation of capital from Taiwan's offshore companies	165,646	169,411	-
Long-term notes and accounts receivable	176,783	146,784	160,122
Deferred expenses	41,972	35,934	34,536
Other assets	36,092	32,423	66,145
	<u>\$ 1,437,639</u>	<u>\$ 1,313,339</u>	<u>\$ 989,605</u>

The Group's repatriation of offshore reinvestment income amounting to US\$6,300,000 is allowed to apply a preferential tax rate of 8% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 27, 2020.

(13) Short-term borrowings

Type of borrowings	March 31, 2021	Interest rate range	Collateral
Bank borrowings	\$ <u>3,189,293</u>	0.53%~5.00%	Notes receivable, land, buildings and structures and right-of-use assets
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings	\$ <u>2,816,832</u>	0.60%~5.00%	Notes receivable, land, buildings and structures and right-of-use assets
Type of borrowings	March 31, 2020	Interest rate range	Collateral
Bank borrowings	\$ <u>6,083,959</u>	0.63%~3.92%	Notes receivable, land, buildings and structures and right-of-use assets

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

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	\$ <u>2,547</u>	\$ <u>-</u>	\$ <u>1,600</u>

A. The Group recognized net loss of \$2,559 and \$1,616 on financial liabilities held for trading for the three-month periods ended March 31, 2021 and 2020, respectively.

B. Explanations of the transactions and contract information in respect of non-hedged derivative financial liabilities are as follows:

March 31, 2021			
Derivative instrument	Contract period	Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
SELL USD/BUY RMB	2021.01.07~2021.4.30	USD 500,000	\$ 171
SELL USD/BUY RMB	2021.01.27~2021.05.31	USD 500,000	126
SELL USD/BUY RMB	2021.01.27~2021.05.31	USD 500,000	124
SELL USD/BUY RMB	2021.02.23~2021.06.30	USD 500,000	117
SELL USD/BUY RMB	2021.03.22~2021.06.30	USD 1,000,000	65
SELL USD/BUY RMB	2021.01.07~2021.04.30	USD 500,000	169
SELL USD/BUY RMB	2021.01.07~2021.04.30	USD 500,000	160
SELL USD/BUY RMB	2021.01.27~2021.05.31	USD 500,000	122
SELL USD/BUY RMB	2021.01.27~2021.05.31	USD 500,000	120
SELL USD/BUY RMB	2021.03.22~2021.05.31	USD 500,000	65

March 31, 2021				
Derivative instrument	Contract period	Contract amount		Fair value
		(Notional principal)		
Forward foreign exchange contracts				
SELL USD/BUY RMB	2021.02.23~2021.06.30	USD	500,000	121
SELL USD/BUY RMB	2021.02.23~2021.06.30	USD	500,000	121
SELL USD/BUY RMB	2021.02.23~2021.06.30	USD	500,000	114
SELL USD/BUY RMB	2021.02.26~2021.07.30	USD	500,000	78
SELL USD/BUY RMB	2021.02.26~2021.07.30	USD	500,000	95
SELL USD/BUY RMB	2021.01.07~2021.04.30	USD	500,000	168
SELL USD/BUY RMB	2021.01.27~2021.05.25	USD	1,000,000	258
SELL USD/BUY RMB	2021.02.23~2021.06.25	USD	1,000,000	236
SELL USD/BUY RMB	2021.03.22~2021.07.26	USD	500,000	11
SELL USD/BUY RMB	2021.01.27~2021.04.30	USD	200,000	61
SELL USD/BUY RMB	2021.03.22~2021.05.28	USD	300,000	45
				\$ 2,547

March 31, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	2020.02.11~2020.04.30	USD	500,000	\$ 257
SELL USD/BUY RMB	2020.02.18~2020.05.29	USD	500,000	214
SELL USD/BUY RMB	2020.02.21~2020.05.29	USD	500,000	129
SELL USD/BUY RMB	2020.03.13~2020.06.30	USD	500,000	216
SELL USD/BUY RMB	2020.02.11~2020.04.29	USD	500,000	198
SELL USD/BUY RMB	2020.02.18~2020.05.26	USD	500,000	163
SELL USD/BUY RMB	2020.02.21~2020.05.29	USD	500,000	78
SELL USD/BUY RMB	2020.03.13~2020.06.29	USD	500,000	160
SELL USD/BUY RMB	2020.03.13~2020.06.30	USD	500,000	153
SELL USD/BUY RMB	2020.03.31~2020.04.23	USD	500,000	32
				\$ 1,600

- C. As at December 31, 2020, information on the non-hedging derivative instruments transaction is provided in Note 6(2).
- D. 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.

(15) Other payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Salary and wages payable	\$ 1,562,315	\$ 1,900,645	\$ 1,488,509
Employees' compensation payable	702,778	616,912	584,782
Dealers' bonus commission payable	259,140	200,189	216,576
Directors' and supervisors' remuneration payable	222,430	168,282	162,851
Equipment payable	74,888	197,130	69,510
Dividends payable	2,484,721	25,156	1,973,592
Others	1,629,978	1,794,661	1,591,302
	<u>\$ 6,936,250</u>	<u>\$ 4,902,975</u>	<u>\$ 6,087,122</u>

(16) Bonds payable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Issuance of bonds payable	\$ 6,000,000	\$ 6,000,000	\$ 4,000,000
Less: Current portion of bonds payable (listed as '2320 Long-term liabilities, current portion')	-	-	(3,000,000)
	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 1,000,000</u>

- 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. As of June 18, 2020, the bonds were all redeemed.
- 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.
- C. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2020 are as follows:
The Company issued \$3,000,000, 0.70% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on June 9, 2020. The bonds mature 5 years from the issue date (June 12, 2020 ~ June 12, 2025) and will be redeemed at face value at the maturity date.
- D. The terms of the second domestic unsecured ordinary corporate bonds issued by the Company in 2020 are as follows:
The Company issued \$2,000,000, 0.60% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on September 4, 2020. The bonds mature 5 years from the issue date (September 15, 2020 ~ September 15, 2025) and will be redeemed at face value at the maturity date.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2021
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 11, 2035; payable based on the agreed terms.	0.75%~1.75%	Note	\$3,295,687
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(295,657)
				<u>\$3,000,030</u>
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 11, 2035; payable based on the agreed terms.	0.50%~1.75%	Note	\$3,611,731
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(302,331)
				<u>\$3,309,400</u>
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2019
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from August 4, 2016 to March 11, 2035; payable based on the agreed terms.	0.80%~1.75%	Note	\$7,427,410
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(310,836)
				<u>\$7,116,574</u>

Note: Details of the Group's assets pledged to others as collateral for borrowings 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 March 31, 2021, December 31, 2020 and March 31, 2020, the Group has undrawn borrowing facilities of \$21,383,919, \$22,248,893 and \$22,918,781, respectively.

(18) Pensions

- A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, 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 Act. 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 sufficient 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 to cover the deficit by next March.

- (b) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2021 and 2020 were \$3,535 and \$5,878, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 is \$114,015.
- 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 Group’s mainland China 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 three-month periods ended March 31, 2021 and 2020 ranged from 13%~20%. 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 periods ended March 31, 2021 and 2020 were \$97,015 and \$95,999, respectively.

(19) Share capital

- A. As of March 31, 2021, 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 \$21,387,966 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

	2021	2020
At January 1	\$ 1,967,693	\$ 1,967,693
Issuance of common shares	171,104	-
At March 31	<u>\$ 2,138,797</u>	<u>\$ 1,967,693</u>

Note: Shares in thousands.

- B. The conversion ratio is 1 share of the Walsin Lihwa Corporation’s common share converted to 0.8333 share of the Company, and the Company additionally issued 171,103,730 shares of common shares to exchange 205,332,690 shares of Walsin Lihwa Corporation’s common shares. The effective date for the share exchange was set on January 6, 2021, and the registration for the share exchange was completed on January 14, 2021. The Company’s paid-in capital was \$21,387,966 after the conversion.
- 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. 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, also, Top-Tower Enterprises Co., Ltd acquired the Company’s shares. Furthermore, the subsidiary - Taiwan Pelican Express Co., Ltd. is a subsidiary over which the Company has substantial control, and such investment on the Company’s shares is a general investment. As of March 31, 2021, December 31, 2020 and March 31, 2020, book value of the shares of the Company held by the subsidiaries and second-tier subsidiaries were both \$511,710.

Details are as follows:

	March 31, 2021		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 32.35
An-Tai International Investment Co., Ltd.	2,826	10.37	32.35
Top-Tower Enterprises Co., Ltd.	77	9.37	32.35
Taiwan Pelican Express Co., Ltd.	7,070	26.89	32.35
	<u>29,513</u>		
	December 31, 2020		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 27.65
An-Tai International Investment Co., Ltd.	2,826	10.37	27.65
Top-Tower Enterprises Co., Ltd.	77	9.37	27.65
Taiwan Pelican Express Co., Ltd.	7,070	26.89	27.65
	<u>29,513</u>		
	March 31, 2020		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 24.10
An-Tai International Investment Co., Ltd.	2,826	10.37	24.10
Top-Tower Enterprises Co., Ltd.	77	9.37	24.10
Taiwan Pelican Express Co., Ltd.	7,070	26.89	24.10
	<u>29,513</u>		

(20) 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.

(21) 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:

- Payment of taxes and duties.
- Covering prior years' accumulated deficit, if any.
- After deducting items (a) and (b), set aside 10% of the remaining amount as legal reserve.
- Set aside a certain amount as special reserve, if any.
- 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.

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 Order No. Financial-Supervisory-Securities-Corporate-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 periods if the assets are investment property other than land. As of March 31, 2021, the amount previously set aside as special reserve on initial application of IFRSs and yet to be reversed amounted to \$3,640,779.
- E. The appropriations of the 2020 net income was proposed by the Board of Directors on March 23, 2021 while the appropriations of the 2019 net income was resolved by the stockholders on May 11, 2020 as follows:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Dividend per share		Dividend per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 349,413		\$ 322,172	
Cash dividends	2,459,616	\$ 1.15	1,948,016	\$ 0.99
(22) <u>Other equity items</u>				
	Unrealized gains on valuation	Currency translation	Total	
At January 1, 2021	\$ 10,356,934	(\$ 3,017,676)	\$ 7,339,258	
Unrealized gains and losses on financial assets:				
–Group	5,782,070	-	5,782,070	
–Associates	4,461	-	4,461	
Revaluation transferred to retained earnings	(1,400)	-	(1,400)	
Currency translation differences:				
–Group	-	(215,926)	(215,926)	
At March 31, 2021	\$ 16,142,065	(\$ 3,233,602)	\$ 12,908,463	

	Unrealized gains on valuation	Currency translation	Total
At January 1, 2020	\$ 6,247,481	(\$ 2,676,725)	\$ 3,570,756
Unrealized gains and losses on financial assets:			
–Group	(961,371)	-	(961,371)
–Associates	(4,651)	-	(4,651)
Revaluation transferred to retained earnings	(249)	-	(249)
Currency translation differences:			
–Group	-	(398,075)	(398,075)
At March 31, 2020	<u>\$ 5,281,210</u>	<u>(\$ 3,074,800)</u>	<u>\$ 2,206,410</u>

(23) Operating revenue

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue from customers	\$ 11,316,226	\$ 10,373,192
Others - rental revenue	223,444	210,742
Others - gain on financial assets at fair value through profit or loss	<u>451,381</u>	<u>80,996</u>
	<u>\$ 11,991,051</u>	<u>\$ 10,664,930</u>

A. Disaggregation of revenue from customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
	Revenue from external customer contracts	Revenue from external customer contracts
Sales of heavy industrial products	\$ 6,481,452	\$ 6,071,648
Sales of home appliances	1,277,039	1,138,749
Others	384,941	372,625
Service revenue	2,113,017	1,940,089
Construction contract	<u>1,059,777</u>	<u>850,081</u>
	<u>\$ 11,316,226</u>	<u>\$ 10,373,192</u>

B. The Group has recognized the following revenue-related contract assets and liabilities:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 274,701	\$ 292,464
(24) <u>Interest income</u>		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Interest income from bank deposits	\$ 29,595	\$ 69,058
Interest income from financial assets measured at amortised cost	2,873	1,680
	\$ 32,468	\$ 70,738
(25) <u>Other income</u>		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Rental revenue	\$ 47,563	\$ 43,534
Dividend income	6,427	1,015
Other non-operating income	50,802	46,120
	\$ 104,792	\$ 90,669
(26) <u>Other gains and losses</u>		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Gain on disposal of property, plant and equipment	\$ 588	\$ 2,075
Loss on disposal of investments	(100)	-
Gains arising from lease modifications	1	4
Gains arising from concession of lease payments	919	-
Net currency exchange loss	(7,090)	(7,910)
Gain (loss) on financial assets at fair value through profit or loss	37,099	(146,420)
Loss on financial liabilities at fair value through profit or loss	(2,559)	(1,616)
Miscellaneous disbursements	(203,583)	(84,195)
	(\$ 174,725)	(\$ 238,062)

(27) Finance costs

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Interest expense	\$ 48,917	\$ 64,729
Other finance expenses	830	944
	<u>\$ 49,747</u>	<u>\$ 65,673</u>

(28) Expenses by nature (including employee benefit expense)

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Wages and salaries	\$ 2,109,264	\$ 2,010,739
Employees' compensation and directors' remuneration	185,913	104,694
Labor and health insurance fees	253,885	243,341
Pension costs	100,550	101,877
Other personnel expenses	89,756	106,976
Depreciation charges on property, plant and equipment as well as investment property	318,415	329,790
Depreciation charges on right-of -use assets and amortization charges on intangible assets	151,025	155,013

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the three-month periods ended March 31, 2021 and 2020, employees' compensation was accrued at \$90,269 and \$34,523, respectively; while directors' remuneration was accrued at \$40,119 and \$15,345, respectively. The aforementioned amounts were recognized in salary expenses.
- C. For the year ended December 31, 2020, after considering each year's earnings, the employee benefit expenses were accrued based on past experience and ratio. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$284,575 and \$109,939, and the employees' compensation will be distributed in the form of cash. The difference of \$16,539 between employees' compensation of \$284,575 and directors' and supervisors' remuneration of \$126,478 as resolved by the Board of Directors which is mainly arising from changes in estimate of directors' remuneration and the amount recognised in the 2020 financial statements had been adjusted in the profit or loss of 2021. Information about employees' compensation and directors' 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.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Current tax:		
Current tax on profits for the period	\$ 95,665	\$ 156,386
Prior year income tax overestimation	-	(104,906)
Total current tax	95,665	51,480
Deferred tax:		
Origination and reversal of temporary differences	105,617	47,533
Total deferred tax	105,617	47,533
Income tax expense	<u>\$ 201,282</u>	<u>\$ 99,013</u>

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

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Currency translation differences	<u>(\$ 61,867)</u>	<u>(\$ 21,126)</u>

B. As of March 31, 2021, the Company and its subsidiaries' income tax returns through various years between 2017 and 2019, respectively, have been assessed and approved by the Tax Authority.

(30) Earnings per share

	For the three-month period ended March 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,101,644</u>	<u>2,097,877</u>	<u>\$ 0.53</u>

Note: The earnings per share of \$0.52 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

	For the three-month period ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 446,995</u>	<u>1,943,275</u>	<u>\$ 0.23</u>

Note: The earnings per share of \$0.23 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Acquisition of property, plant and equipment	\$ 155,155	\$ 81,702
Add:		
Payables at beginning of the period	197,130	75,414
Less:		
Payables at end of the period	(74,888)	(69,510)
Cash paid	<u>\$ 277,397</u>	<u>\$ 87,606</u>

B. Investing and financing activities with partial cash payments:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Acquisition of financial assets at fair value through other comprehensive income -non-current	\$ 3,812,777	\$ 20,800
Less:		
Conversion through issuing common shares	(3,808,921)	-
Cash paid	<u>\$ 3,856</u>	<u>\$ 20,800</u>

C. Financing activities with no cash flow effects:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Cash dividends declared	<u>\$ 2,459,616</u>	<u>\$ 1,948,016</u>

(32) Changes in liabilities from financing activities

	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2021	\$ 2,816,832	\$ 25,156	\$ 6,000,000	\$ 3,611,731	\$ 4,886,773	\$ 17,340,492
Interest expenses on lease liabilities	-	-	-	-	14,144	14,144
Recognised in right -of-use assets	-	-	-	-	102,230	102,230
Remeasurement	-	-	-	-	13,972	13,972
Changes in cash flow from financing activities	372,461	(51)	-	(316,044)	(144,023)	(87,657)
Cash dividends declared	-	2,459,616	-	-	-	2,459,616
Effect of foreign exchange	-	-	-	-	(41,167)	(41,167)
March 31, 2021	<u>\$ 3,189,293</u>	<u>\$ 2,484,721</u>	<u>\$ 6,000,000</u>	<u>\$ 3,295,687</u>	<u>\$ 4,831,929</u>	<u>\$ 19,801,630</u>
	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2020	\$ 1,857,637	\$ 25,612	\$ 4,000,000	\$ 7,084,752	\$ 5,219,092	\$ 18,187,093
Interest expenses on lease liabilities	-	-	-	-	20,276	20,276
Remeasurement	-	-	-	-	(5,172)	(5,172)
Changes in cash flow from financing activities	4,226,322	(36)	-	342,658	(134,743)	4,434,201
Cash dividends declared	-	1,948,016	-	-	-	1,948,016
Effect of foreign exchange	-	-	-	-	(27,799)	(27,799)
March 31, 2020	<u>\$ 6,083,959</u>	<u>\$ 1,973,592</u>	<u>\$ 4,000,000</u>	<u>\$ 7,427,410</u>	<u>\$ 5,071,654</u>	<u>\$ 24,556,615</u>

Note 1: Shown as 'other payables'.

Note 2: Including the portion shown as '2320 long-term liabilities, current portion'.

(33) Details of significant non-controlling interests

A. As of March 31, 2021, December 31, 2020 and March 31, 2020, the non-controlling interest amounted to \$6,058,471, \$5,796,937 and \$5,693,172, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2021		December 31, 2020	
		Amount	Ownership	Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 305,007	36.48%	\$ 297,607	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,520,343	67.85%	1,356,851	67.85%
Century Development Corporation and subsidiaries	R.O.C	2,695,838	47.25%	2,653,596	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	283,053	50.99%	270,760	50.99%

Name of subsidiary	Principal place of business	Non-controlling interest	
		March 31, 2021	
		Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 276,443	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,225,841	67.85%
Century Development Corporation and subsidiaries	R.O.C	2,703,840	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	278,702	50.99%

- B. The Group's subsidiary - Century Biotech Development Corp. increased its cash capital amounting to \$1,800,000 with the effective date set on March 31, 2020. The Group did not acquire shares proportionally to its interest. The transactions with non-controlling interest resulted in an increase in capital surplus by \$9,789 and the increase in capital contributed by non-controlling interest was \$700,000.

C. Summarized financial information of the subsidiaries:

Balance sheets

	Tecom Co., Ltd. and subsidiaries		
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 919,454	\$ 916,013	\$ 1,001,131
Non-current assets	998,532	986,877	938,661
Current liabilities	(863,073)	(863,084)	(931,200)
Non-current liabilities	(560,197)	(560,811)	(599,745)
Total net assets	<u>\$ 494,716</u>	<u>\$ 478,995</u>	<u>\$ 408,847</u>

	Taiwan Pelican Express Co., Ltd. and subsidiaries		
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 1,695,409	\$ 1,715,232	\$ 1,562,710
Non-current assets	2,298,692	2,125,175	1,995,172
Current liabilities	(863,472)	(966,119)	(798,151)
Non-current liabilities	(889,888)	(890,016)	(953,038)
Total net assets	<u>\$ 2,240,741</u>	<u>\$ 1,984,272</u>	<u>\$ 1,806,693</u>

	Century Development Corporation and subsidiaries		
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 2,051,472	\$ 2,140,653	\$ 2,450,129
Non-current assets	7,910,499	7,799,434	7,757,027
Current liabilities	(698,883)	(737,816)	(856,998)
Non-current liabilities	(2,872,991)	(2,892,825)	(2,938,175)
Total net assets	<u>\$ 6,390,097</u>	<u>\$ 6,309,446</u>	<u>\$ 6,411,983</u>

	Information Technology Total Services Co., Ltd. and subsidiaries		
	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 869,323	\$ 680,547	\$ 632,200
Non-current assets	309,403	263,195	295,757
Current liabilities	(598,642)	(399,604)	(365,136)
Non-current liabilities	(24,860)	(13,118)	(21,056)
Total net assets	<u>\$ 555,224</u>	<u>\$ 531,020</u>	<u>\$ 541,765</u>

Statements of comprehensive income

Tecom Co., Ltd. and subsidiaries		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue	\$ 247,163	\$ 251,103
Profit (loss) before income tax	6,452	(27,580)
Income tax expense	(1,566)	-
Profit (loss) for the period	4,886	(27,580)
Other comprehensive income (loss) (net of tax)	10,836	(177,038)
Total comprehensive income (loss) for the period	\$ 15,722	(\$ 204,618)
Comprehensive income attributable to non-controlling interest	\$ 929	\$ 10,361
Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue	\$ 1,048,305	\$ 967,253
Profit before income tax	76,453	67,522
Income tax expense	(15,259)	(12,978)
Profit for the period	61,194	54,544
Other comprehensive income (net of tax)	195,275	22,899
Total comprehensive income for the period	\$ 256,469	\$ 77,443
Comprehensive income attributable to non-controlling interest	\$ 49,315	\$ 37,656

Century Development Corporation and subsidiaries		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue	\$ 201,403	\$ 223,053
Profit before income tax	100,441	84,954
Income tax expense	(20,225)	(18,115)
Profit for the period	80,216	66,839
Other comprehensive income (loss) (net of tax)	435	(30,861)
Total comprehensive income for the period	<u>\$ 80,651</u>	<u>\$ 35,978</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 41,862</u>	<u>\$ 36,572</u>
Information Technology Total Services Co., Ltd. and subsidiaries		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Revenue	\$ 498,102	\$ 426,673
Profit before income tax	30,243	24,058
Income tax expense	(5,957)	(3,703)
Profit for the period	24,286	20,355
Other comprehensive income (loss) (net of tax)	68	(74)
Total comprehensive income for the period	<u>\$ 24,354</u>	<u>\$ 20,281</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 12,253</u>	<u>\$ 10,133</u>

Statements of cash flows

	Tecom Co., Ltd. and subsidiaries	
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Net cash (used in) provided by operating activities	(\$ 2,505)	\$ 9,906
Net cash used in investing activities	(24,250)	(23,430)
Net cash used in financing activities	(2,306)	(30,166)
Decrease in cash and cash equivalents	(29,061)	(43,690)
Cash and cash equivalents, beginning of period	95,778	191,761
Cash and cash equivalents, end of period	<u>\$ 66,717</u>	<u>\$ 148,071</u>
Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Net cash provided by operating activities	\$ 109,573	\$ 75,282
Net cash used in investing activities	(10,857)	(208,224)
Net cash used in financing activities	(39,012)	(36,574)
Effect of exchange rates on cash and cash equivalents	34	(31)
Increase (decrease) in cash and cash equivalents	59,738	(169,547)
Cash and cash equivalents, beginning of period	899,305	1,056,827
Cash and cash equivalents, end of period	<u>\$ 959,043</u>	<u>\$ 887,280</u>

Century Development Corporation and subsidiaries			
For the three-month period ended March 31, 2021		For the three-month period ended March 31, 2020	
Net cash provided by operating activities	\$ 263,894	\$ 164,378	
Net cash used in investing activities	(104,403)	(36,329)	
Net cash (used in) provided by financing activities	(121,450)	1,390,125	
Effect of exchange rates on cash and cash equivalents	5,129	(4,803)	
Increase in cash and cash equivalents	43,170	1,513,371	
Cash and cash equivalents, beginning of period	230,836	555,324	
Cash and cash equivalents, end of period	<u>\$ 274,006</u>	<u>\$ 2,068,695</u>	

Information Technology Total Services Co., Ltd. and subsidiaries			
For the three-month period ended March 31, 2021		For the three-month period ended March 31, 2020	
Net cash provided by operating activities	\$ 119,158	\$ 262,444	
Net cash (used in) provided by investing activities	(30,139)	10,658	
Net cash used in financing activities	(1,662)	(182,151)	
Effect of exchange rates on cash and cash equivalents	(88)	(100)	
Increase in cash and cash equivalents	87,269	90,851	
Cash and cash equivalents, beginning of period	85,874	70,474	
Cash and cash equivalents, end of period	<u>\$ 173,143</u>	<u>\$ 161,325</u>	

7. Related Party Transactions

(1) Names of related parties and relationship with the Group

Names of related parties	Relationship with the Group	Names of related parties	Relationship with the Group
Teco Middle East Electrical & Machinery Co., Ltd. (TME)	Associates	Xianlaoman Food Services Co., Ltd. (Xianlaoman)	Associates
Teco (PHILIPPINES) 3C & Appliances, Inc. (Teco 3C)	"	Teco Group Science Technology (Han Zou) Co., Ltd. (Teco Group)	"
Taian-Jaya Electric Sdn. Bhd. (Taian-Jaya)	"	Shanghai Tungpei Enterprise Co., Ltd. (Shanghai Tungpei)	"
Hubbell-Taian Co., Ltd. (Hubbell) (Note 1)	"	Greyback International Property, Inc. (Greyback)	"
An-Sheng Travel Co., Ltd. (An-Sheng)	"	ABC Cooking Studio Taiwan Co., Ltd.	"
Le-Li Co., Ltd. (Le-Li)	"	Qingdao Teco Century Advanced HighTech Mechatronics Co., Ltd. (Teco Century)	"
Lien Chang Electronic Enterprise Co., Ltd. (Lien Chang)	"	Teco EV Philippines Corporation (Teco EV)	"
Tung Pei Industrial Co., Ltd. (Tung Pei)	"	Fujio Food System Taiwan Co., Ltd. (Fujio Food)	"
Taian Electric Co., Ltd. (Taian Electric)	"	Foremost International Food & Beverage Co., Ltd. (Foremost Food)	"
Royal Host Taiwan Co., Ltd. (Royal Host)	"	Teco Technology & Marketing Center Co., Ltd. (TTMC)	"
Taisan Electric Co., Ltd. (Taisan Electric)	"	An-shin Food Service Co., Ltd. (An-shin)	Other related parties
Tension Envelope Taiwan Co., Ltd. (Tension)	"	Teco Image System Co., Ltd. (Teco Image)	"
Creative Sensor Inc. (Creative Senso)	"	Ming Full Ltd. (Ming Full)	"
Kogle Foods Co., Ltd. (Kogle)	"	Taiwan Art & Business Interdisciplinary Foundation (Taiwan Art)	"
TG Teco Vacuum Insulated Glass (TG Teco Vacuum Insulated Glass)	"	Xia Men An-Shin Food Management Co., Ltd. (Xia Men An-Shin)	"
Teco-Motech Co., Ltd. (Teco-Motech)	"	Teco Technology Foundation (Teco Found)	"
Kuen Ling Co., Ltd. (Kuen Ling)	"	Koryo Electronics Co., Ltd. (Koryo)	"
Shanghai Xiangseng Mechanical and Electrical Trading Co., Ltd. (Shanghai Xiangseng)	"	YUBAN & COMPANY	"
Hunan TECO Wind Energy Limited (Hunan TECO) (Note 2)	"	An-Hui Information Technology., Ltd. (An-Hui Technology)	"

Note 1: The investee was dissolved on April 14, 2020.

Note 2: The investee has been liquidated in 2020.

(2) Significant related party transactions

A. Operating revenue:

	For the three-month period ended March 31, 2021	For the three-month period ended March 31, 2020
Sales of goods and services:		
Associates	\$ 100,149	\$ 107,142
Other related parties	80,188	87,119
	<u>\$ 180,337</u>	<u>\$ 194,261</u>

The Group sells commodities and services to related parties based on mutually 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 March 31, 2021	For the three-month period ended March 31, 2020
Purchases of goods:		
Associates	\$ 47,764	\$ 78,190
Other related parties	10,134	35
	<u>\$ 57,898</u>	<u>\$ 78,225</u>

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:

	March 31, 2021	December 31, 2020	March 31, 2020
Receivables from related parties:			
Associates	\$ 166,794	\$ 192,528	\$ 258,092
Other related parties	57,740	55,675	60,476
Less: Reclassified to other receivables	-	-	(10,917)
	<u>224,534</u>	<u>248,203</u>	<u>307,651</u>
Other receivables - transfer of accounts receivable that were past due			
Associates	-	-	10,917
Other receivables - others			
Associates			
TTMC	39,508	50,924	51,424
Le-Li	15,016	15,413	-
Others	10,055	3,061	47,486
Other related parties	4,996	3,062	5,549
	<u>69,575</u>	<u>72,460</u>	<u>104,459</u>
	<u>69,575</u>	<u>72,460</u>	<u>115,376</u>
	<u>\$ 294,109</u>	<u>\$ 320,663</u>	<u>\$ 423,027</u>

(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 amounted to \$10,917 as of March 31, 2020. 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:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Payables to related parties:			
Associates	\$ 170,012	\$ 163,755	\$ 164,032
Other related parties	<u>7,903</u>	<u>4,348</u>	<u>-</u>
	<u>\$ 177,915</u>	<u>\$ 168,103</u>	<u>\$ 164,032</u>

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. Rent income

	<u>For the three-month period ended March 31, 2021</u>	<u>For the three-month period ended March 31, 2020</u>
Associates	\$ 6,644	\$ 7,852
Other related parties	<u>6,683</u>	<u>6,521</u>
	<u>\$ 13,327</u>	<u>\$ 14,373</u>

The Group leases offices from the related parties. Rent was determined based on rental terms by reference to market prices and collected within the mutually agreed terms.

F. Endorsements and guarantees provided to related parties:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Associates	<u>\$ 167</u>	<u>\$ 175</u>	<u>\$ 471</u>

(3) Key management compensation

	<u>For the three-month period ended March 31, 2021</u>	<u>For the three-month period ended March 31, 2020</u>
Salaries and other short-term employee benefits	\$ 118,856	\$ 121,642
Post-employment benefits	<u>2,292</u>	<u>2,292</u>
	<u>\$ 121,148</u>	<u>\$ 123,934</u>

8. Pledged Assets

Pledged asset	March 31, 2021	December 31, 2020	Purpose
Notes receivable	\$ 25,417	\$ 80,554	Short-term borrowings and deposits for acceptance bill
Other current assets			
Demand deposits	174,967	251,525	Short-term borrowings, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, tariff guarantees, merchandise loans and seizure guarantee
Demand deposits	744,504	905,290	Earmarked construction projects
Time deposits	235,003	234,505	Engineering bond, merchandise loans, tariff guarantees, long-term and short-term borrowings, engineering guarantees, customs security deposit, warranty margin, exercise guarantee for construction and quality assurance for product sales
Financial assets at fair value through other comprehensive income - non-current			
Taiwan High Speed Rail Corporation	424,575	427,950	Long-term borrowings
Non-current financial assets at amortised cost	160,000	160,000	Performance guarantee
Property, plant, and equipment			
Land	75,800	101,247	Long-term borrowings, short-term borrowings
Buildings and structures	10,896	3,078,259	"
Machinery and equipment	158,400	158,400	"
Right-of-use assets	788,589	3,032,127	"
Other non-current assets			
Refundable deposits	91,153	87,451	Exercise guarantee or warranty for construction and exercise guarantee for tender
Time deposits	165,646	169,411	Restricted by the legislation on the returning capital
	<u>\$ 3,054,950</u>	<u>\$ 8,686,719</u>	

Pledged asset	March 31, 2020	Purpose
Notes receivable	\$ 248,165	Short-term borrowings, merchandise loans and deposits for acceptance bill
Other current assets		
Demand deposits	142,456	Short-term borrowings, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, tariff guarantee, merchandise loans and seizure guarantee
Time deposits	264,679	Engineering bond, merchandise loans, tariff guarantees, long-term and short-term borrowings, engineering guarantees, customs security deposit, warranty margin, exercise guarantee for construction and quality assurance for product sales
Financial assets at fair value through other comprehensive income - non-current		
Taiwan High Speed Rail Corporation	388,125	Long-term borrowings
Non-current financial assets at amortised cost	160,000	Performance guarantee
Property, plant, and equipment	83,342	Long-term borrowings, short-term borrowings
Land		
Buildings and structures	3,201,159	"
Right-of-use assets	891,062	"
Other non-current assets		
Refundable deposits	90,131	Exercise guarantee or warranty for construction and exercise guarantee for tender
	<u>\$ 5,469,119</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

The Company won the bid to contract New eID project from the Central Engraving and Printing Plant in the amount of \$3,289,928 for the year ended December 31, 2020. On January 27, 2021, the Company received the notification from the Central Engraving and Printing Plant for discontinuing the project due to the Ministry of the Interior's tentative postponement of New eID project. The Company is currently discussing the countermeasures for those purchased equipment, material and the receivables of those delivered ID cards.

(2) Commitments

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Property, plant and equipment	\$ 3,413,636	\$ 3,308,110	\$ 1,910,170
Intangible assets	1,617	1,521	-
	<u>\$ 3,415,253</u>	<u>\$ 3,309,631</u>	<u>\$ 1,910,170</u>

B. As of March 31, 2021, the outstanding unance L/C used for acquiring raw materials and equipment was \$322,566.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On April 12, 2022, the Managing Director of the Board of the Company resolved to participate in the capital increase of ZEPT Inc., and the Company expected to acquire 7,805,555 shares, equivalent to 25% of total equity interest, and the total investment amounted to \$58,542.

12. Others

(1) Capital 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. Financial instruments by category

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 4,024,038</u>	<u>\$ 3,574,457</u>	<u>\$ 2,929,898</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 29,653,218</u>	<u>\$ 19,848,014</u>	<u>\$ 14,563,262</u>
Financial assets at amortised cost /Loans and receivables			
Cash and cash equivalents	\$ 21,565,432	\$ 20,397,260	\$ 23,759,597
Financial assets at amortised cost	435,663	481,530	409,410
Notes receivable	937,876	1,184,902	951,488
Accounts receivable	8,908,085	9,103,336	8,336,202
Other receivables	342,735	354,645	654,102
Guarantee deposits paid and restricted bank deposits	<u>1,550,253</u>	<u>1,796,782</u>	<u>698,892</u>
	<u>\$ 33,740,044</u>	<u>\$ 33,318,455</u>	<u>\$ 34,809,691</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	<u>\$ 2,547</u>	<u>\$ -</u>	<u>\$ 1,600</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 3,189,293	\$ 2,816,832	\$ 6,083,959
Notes payable	400,030	395,720	321,867
Accounts payable	8,113,774	7,622,923	6,099,423
Other payables	6,936,250	4,902,975	6,087,122
Lease liabilities	4,831,929	4,886,773	5,071,654
Bonds payable (including current portion)	6,000,000	6,000,000	4,000,000
Long-term borrowings (including current portion)	<u>3,295,687</u>	<u>3,611,731</u>	<u>7,427,410</u>
	<u>\$ 32,766,963</u>	<u>\$ 30,236,954</u>	<u>\$ 35,091,435</u>

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. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (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) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and 6(14).

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 the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (14).
- 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:

March 31, 2021

			Sensitivity Analysis								
			Foreign currency amount				Effect on profit		Effect on other		
			(In thousands)	Exchange rate	Book value (NTD)	Degree of variation	or loss		comprehensive income		
(Foreign currency: functional currency)											
Financial assets											
Monetary items											
USD:NTD	USD	\$	101,502	28.5350	\$	2,896,360	1%	\$	28,964	\$	-
EUR:NTD	EUR		5,366	33.4800		179,654	1%		1,797		-
USD:RMB	USD		34,267	6.5688		977,809	1%		9,778		-
JPY:NTD	JPY		874,838	0.2577		225,446	1%		2,254		-
RMB:NTD	RMB		65,465	4.3440		284,380	1%		2,844		-
AUD:NTD	AUD		9,189	21.7100		199,493	1%		1,995		-
USD:SGD	USD		7,120	1.3454		203,169	1%		2,032		-
USD:EUR	USD		7,268	0.8523		207,392	1%		2,074		-
EUR:USD	EUR		14,016	1.3748		549,848	1%		5,498		-
RMB:USD	RMB		23,877	0.1522		103,722	1%		1,037		-
USD:MYR	USD		6,103	4.1500		174,149	1%		1,741		-
Non-monetary items											
USD:NTD	USD		706,377	28.5350		20,156,478					
EUR:NTD	EUR		128,949	33.4800		4,317,198					
SGD:NTD	SGD		162,906	21.2100		3,455,235					
VND:NTD	VND		234,060,833	0.0012		280,873					
MYR:NTD	MYR		7,791	6.8759		53,570					
Financial liabilities											
Monetary items											
USD:NTD	USD		39,291	28.5350		1,121,169	1%		11,212		-
USD:RMB	USD		3,866	6.5688		110,316	1%		1,103		-
USD:VND	USD		3,971	23,779.1667		113,312	1%		1,133		-
USD:MYR	USD		6,161	4.1500		175,804	1%		1,758		-
USD:SGD	USD		3,512	1.3454		100,215	1%		1,002		-
EUR:NTD	EUR		3,350	33.4800		112,158	1%		1,122		-
JPY:NTD	JPY		733,825	0.2577		189,107	1%		1,891		-

December 31, 2020

					Sensitivity Analysis						
Foreign currency amount					Effect on profit			Effect on other			
(In thousands)					Exchange rate	Book value (NTD)	Degree of variation	or loss	comprehensive income		
(Foreign currency: functional currency)											
<u>Financial assets</u>											
<u>Monetary items</u>											
USD:NTD	USD	\$	97,365	28.4800	\$	2,772,955	1%	\$	27,730	\$	-
EUR:NTD	EUR		5,268	35.0200		184,485	1%		1,845		-
USD:RMB	USD		34,861	6.5067		992,841	1%		9,928		-
JPY:NTD	JPY		892,012	0.2763		246,463	1%		2,465		-
RMB:NTD	RMB		71,509	4.3770		312,995	1%		3,130		-
AUD:NTD	AUD		7,881	21.9500		172,988	1%		1,730		-
CAD:USD	CAD		4,742	0.7848		105,984	1%		1,060		-
USD:SGD	USD		9,474	1.3210		269,820	1%		2,698		-
USD:EUR	USD		10,877	0.8132		309,777	1%		3,098		-
EUR:USD	EUR		14,016	1.3659		545,222	1%		5,452		-
RMB:USD	RMB		29,839	0.1537		130,605	1%		1,306		-
<u>Non-monetary items</u>											
USD:NTD	USD		698,202	28.4800		19,884,800					
EUR:NTD	EUR		126,739	35.0200		4,438,791					
SGD:NTD	SGD		156,534	21.5600		3,374,873					
VND:NTD	VND		252,236,667	0.0012		302,684					
MYR:NTD	MYR		7,595	6.9934		53,117					
<u>Financial liabilities</u>											
<u>Monetary items</u>											
USD:NTD	USD		40,159	28.4800		1,143,728	1%		11,437		-
USD:RMB	USD		5,649	6.5067		160,884	1%		1,609		-
USD:VND	USD		3,552	23,733.3333		101,161	1%		1,012		-
USD:AUD	USD		4,590	1.2975		130,723	1%		1,307		-
USD:MYR	USD		4,926	4.0724		140,292	1%		1,403		-
USD:SGD	USD		4,117	1.3210		117,252	1%		1,173		-

March 31, 2020									
Foreign currency amount (In thousands)					Sensitivity Analysis				
					Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)									
<u>Financial assets</u>									
<u>Monetary items</u>									
USD:NTD	USD	\$	106,687	30.2250	\$	3,224,615	1%	\$ 32,246	\$ -
EUR:NTD	EUR		13,086	33.2400		434,979	1%	4,350	-
USD:RMB	USD		34,430	7.1034		1,040,647	1%	10,406	-
JPY:NTD	JPY		983,621	0.2788		274,234	1%	2,742	-
RMB:NTD	RMB		96,566	4.2550		410,888	1%	4,109	-
USD:MYR	USD		26,761	4.2898		808,851	1%	8,089	-
AUD:NTD	AUD		5,910	18.6350		110,133	1%	1,101	-
CAD:USD	CAD		7,077	0.7050		150,811	1%	1,508	-
<u>Non-monetary items</u>									
USD:NTD	USD		649,492	30.2250		19,630,897			
EUR:NTD	EUR		126,855	33.2400		4,216,647			
SGD:NTD	SGD		156,479	21.2300		3,322,053			
VND:NTD	VND	221,101,538		0.0013		287,432			
MYR:NTD	MYR		14,309	7.0458		100,820			
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD:NTD	USD		54,298	30.2250		1,641,157	1%	16,412	-
USD:RMB	USD		4,733	33.2400		143,055	1%	1,431	-

- 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 periods ended March 31, 2021 and 2020 amounted to \$7,090 and \$7,910, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. 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 shares and open-end funds issued by domestic companies. 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 three-month periods ended March 31, 2021 and 2020 would have increased/decreased by \$201,042 and \$146,472, 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 \$1,482,661 and \$728,163, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain at least 30% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. For the three-month periods ended March 31, 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in NTD, USD and RMB.
- ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. As at March 31, 2021 and 2020, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2021 and 2020 would have been \$3,242 and \$6,756 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. 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. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing 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 utilisation of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been

- a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, whereby the default occurs when the contract payments are past due over 90 days.
 - v. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit rating of customer and credit risk on trade. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
 - vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
 - vii. The Group uses the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As of March 31, 2021, December 31, 2020 and March 31, 2020, the loss rate methodology is as follows:

March 31, 2021			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 7,973,929	(\$ 15,448)
Up to 30 days	0%~2%	563,550	(3,678)
31 to 90 days	1%~20%	583,756	(14,463)
91 to 180 days	1%~100%	212,796	(14,119)
Over 180 days	1%~100%	459,547	(124,443)
		<u>\$ 9,793,578</u>	<u>(\$ 172,151)</u>
December 31, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 8,117,924	(\$ 8,769)
Up to 30 days	0%~2%	743,190	(2,133)
31 to 90 days	1%~20%	725,701	(18,955)
91 to 180 days	1%~100%	175,419	(19,189)
Over 180 days	1%~100%	456,930	(130,083)
		<u>\$ 10,219,164</u>	<u>(\$ 179,129)</u>
March 31, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 6,766,023	(\$ 2,537)
Up to 30 days	0%~2%	926,762	(4,174)
31 to 90 days	1%~20%	770,320	(26,452)
91 to 180 days	1%~100%	264,973	(13,429)
Over 180 days	1%~100%	425,535	(126,982)
		<u>\$ 9,153,613</u>	<u>(\$ 173,574)</u>

March 31, 2021			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 30,630	(\$ 30,630)
Group A	0%~5%	5,020,695	(10,864)
Group B	0%~10%	2,241,563	(3,504)
Group C	1%~20%	1,186,548	(26,270)
Group D	1%~40%	393,095	(13,276)
Group E	1%~100%	921,047	(87,607)
		<u>\$ 9,793,578</u>	<u>(\$ 172,151)</u>
December 31, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 30,636	(\$ 30,636)
Group A	0%~5%	5,802,450	(13,247)
Group B	0%~10%	1,935,919	(922)
Group C	1%~20%	1,293,175	(20,736)
Group D	1%~40%	383,106	(22,865)
Group E	1%~100%	773,878	(90,723)
		<u>\$ 10,219,164</u>	<u>(\$ 179,129)</u>
March 31, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 34,230	(\$ 34,230)
Group A	0%~5%	4,894,952	(18,177)
Group B	0%~10%	1,687,847	(3,331)
Group C	1%~20%	1,156,200	(17,110)
Group D	1%~40%	402,887	(15,338)
Group E	1%~100%	977,497	(85,388)
		<u>\$ 9,153,613</u>	<u>(\$ 173,574)</u>

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for notes receivable and accounts receivable are as follows:

	2021
	Notes receivable and accounts receivable
At January 1	\$ 179,129
Provision for impairment	98
Write-offs during the period	(6,383)
Effect of foreign exchange	(693)
At March 31	<u>\$ 172,151</u>

	2020
	Notes receivable and accounts receivable
At January 1	\$ 166,426
Provision for impairment	9,408
Write-offs during the period	(1,460)
Effect of foreign exchange	(800)
At March 31	<u>\$ 173,574</u>

(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. As of March 31, 2021, December 31, 2020 and March 31, 2020, the undrawn credit amounts are \$21,383,979, \$22,248,893 and \$22,166,270, respectively.
- iii. 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:

<u>March 31, 2021</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,189,293	\$ -	\$ -	\$ -	\$ -
Notes payable	400,030	-	-	-	-
Accounts payable	8,113,774	-	-	-	-
Lease liabilities	484,454	421,119	329,653	483,065	4,345,450
Other payables	6,936,250	-	-	-	-
Bonds payable	-	1,000,000	-	5,000,000	-
Long-term borrowings (including current portion)	1,351,016	599,331	315,865	968,042	74,001

Non-derivative financial liabilities:

<u>December 31, 2020</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,816,832	\$ -	\$ -	\$ -	\$ -
Notes payable	395,720	-	-	-	-
Accounts payable	7,622,923	-	-	-	-
Lease liabilities	488,165	430,594	351,703	469,000	4,411,961
Other payables	4,902,975	-	-	-	-
Bonds payable	-	1,000,000	-	5,000,000	-
Long-term borrowings (including current portion)	1,487,943	618,241	324,751	1,113,978	76,056

Non-derivative financial liabilities:

<u>March 31, 2020</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 6,083,959	\$ -	\$ -	\$ -	\$ -
Notes payable	321,867	-	-	-	-
Accounts payable	6,099,423	-	-	-	-
Lease liabilities	498,749	439,190	392,708	460,399	4,630,137
Other payables	6,087,122	-	-	-	-
Bonds payable					
(including current portion)	3,000,000	-	1,000,000	-	-
Long-term borrowings					
(including current portion)	5,286,804	229,870	585,905	1,227,473	109,912

iv. As of March 31, 2021, December 31, 2020 and March 31, 2020, the derivative financial liabilities which were executed by the Group were all due within one year.

(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(10).

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 is as follows:

<u>March 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 2,891,865	\$ -	\$ 1,128,980	\$ 4,020,845
Non-hedging derivatives	-	3,193	-	3,193
Financial assets at fair value through other comprehensive income				
Equity securities	<u>29,416,527</u>	<u>-</u>	<u>236,691</u>	<u>29,653,218</u>
	<u>\$ 32,308,392</u>	<u>\$ 3,193</u>	<u>\$ 1,365,671</u>	<u>\$ 33,677,256</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 2,547</u>	<u>\$ -</u>	<u>\$ 2,547</u>

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 2,466,216	\$ -	\$1,098,519	\$ 3,564,735
Non-hedging derivatives	-	9,722	-	9,722
Financial assets at fair value through other comprehensive income				
Equity securities	<u>19,614,727</u>	<u>-</u>	<u>233,287</u>	<u>19,848,014</u>
	<u>\$ 22,080,943</u>	<u>\$ 9,722</u>	<u>\$1,331,806</u>	<u>\$23,422,471</u>
<u>March 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,923,293	\$ -	\$1,006,147	\$ 2,929,440
Non-hedging derivatives	-	458	-	458
Financial assets at fair value through other comprehensive income				
Equity securities	<u>14,358,759</u>	<u>-</u>	<u>204,503</u>	<u>14,563,262</u>
	<u>\$ 16,282,052</u>	<u>\$ 458</u>	<u>\$1,210,650</u>	<u>\$17,493,160</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 1,600</u>

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:

	<u>Listed shares</u>	<u>Open-end fund</u>
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 three-month periods ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2021 and 2020:

	Non-derivative equity	
	For three-month period ended March 31, 2021	For three-month period ended March 31, 2020
Beginning balance	\$ 1,331,806	\$ 1,247,785
Gains and losses recognized in profit or loss	5,422 (	17,616)
Gain and loss recognized in other comprehensive income	3,002 (	18,859)
Acquired during the period	25,441	-
Sold during the period	- (	660)
Ending balance	<u>\$ 1,365,671</u>	<u>\$ 1,210,650</u>

- 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 March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,365,671	Market comparable companies	Price to earnings ratio multiple	1.50~5.91	The higher the multiple, 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, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,331,806	Market comparable companies	Price to earnings ratio multiple	1.31~5.03	The higher the multiple, 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 March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,210,650	Market comparable companies	Price to earnings ratio multiple	0.80~4.69	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	10%~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:

March 31, 2021						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ 56,449	(\$ 56,449)	\$ 11,835	(\$ 11,835)
December 31, 2020						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ 54,926	(\$ 54,926)	\$ 11,664	(\$ 11,664)
March 31, 2020						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ 50,307	(\$ 50,307)	\$ 10,225	(\$ 10,225)

(4) Other matter

The Group operates internationally. Due to the Covid-19 outbreak in the beginning of 2020, certain subsidiaries stopped or reduced their operation in order to meet the anti-epidemic strategy of the local governments, although some subsidiaries have been returning to work starting from the second quarter of 2020. In the first quarter of 2021, certain operating activities will still be affected by the epidemic, resulting in a decline in customer orders or postponement of deliveries. However, there was no significant effect to the Group's entire business and finance based on the Group's assessment.

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 periods (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 Note 6(2)(14).
- 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.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%: Please refer to table 10.

14. Segment 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 three-month periods ended March 31, 2021 and 2020 is as follows:

	For the three-month period ended March 31, 2021				
	Heavy industrial products division	Home appliances division	Others	Adjustment and elimination	Total
<u>Operating revenues</u>					
Operating revenues from external customers	\$ 7,606,828	\$ 1,408,169	\$ 2,976,054	\$ -	\$ 11,991,051
Operating revenues from internal segments	4,239,905	809,629	259,508	(5,309,042)	-
Total operating revenues	<u>\$ 11,846,733</u>	<u>\$ 2,217,798</u>	<u>\$ 3,235,562</u>	<u>(\$ 5,309,542)</u>	<u>\$ 11,990,551</u>
Segment profits and losses	<u>\$ 711,470</u>	<u>\$ 1,435</u>	<u>\$ 682,699</u>	<u>\$ -</u>	<u>\$ 1,395,604</u>
Segment profits and losses including:					
Depreciation and amortization	<u>\$ 273,755</u>	<u>\$ 46,577</u>	<u>\$ 149,108</u>	<u>\$ -</u>	<u>\$ 469,440</u>
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
<u>Segment assets</u>					
Identifiable assets	<u>\$ 35,536,540</u>	<u>\$ 3,917,388</u>	<u>\$ 22,614,651</u>	<u>(\$ 6,296,570)</u>	<u>\$ 55,772,009</u>
Capital expenditures	<u>\$ 128,241</u>	<u>\$ 7,828</u>	<u>\$ 19,086</u>	<u>\$ -</u>	<u>\$ 155,155</u>
<u>Segment liabilities</u>	<u>\$ 17,140,402</u>	<u>\$ 2,105,261</u>	<u>\$ 12,375,986</u>	<u>(\$ 6,285,545)</u>	<u>\$ 25,336,104</u>

	For the three-month period ended March 31, 2020				
	Heavy industrial products division	Home appliance division	Others	Adjustment and elimination	Total
<u>Operating revenues</u>					
Operating revenues from external customers	\$ 6,997,052	\$ 1,205,402	\$ 2,462,476	\$ -	\$ 10,664,930
Operating revenues from internal segments	<u>3,764,074</u>	<u>702,572</u>	<u>228,291</u>	<u>(4,694,937)</u>	<u>-</u>
Total operating revenues	<u>\$ 10,761,126</u>	<u>\$ 1,907,974</u>	<u>\$ 2,690,767</u>	<u>(\$ 4,694,937)</u>	<u>\$ 10,664,930</u>
Segment profits and losses	<u>\$ 557,398</u>	<u>\$ 30,824</u>	<u>\$ 220,508</u>	<u>\$ -</u>	<u>\$ 808,730</u>
Segment profits and losses including:					
Depreciation and amortization	<u>\$ 292,778</u>	<u>\$ 48,089</u>	<u>\$ 143,936</u>	<u>\$ -</u>	<u>\$ 484,803</u>
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
<u>Segment assets</u>					
Identifiable assets	<u>\$ 35,847,057</u>	<u>\$ 3,809,204</u>	<u>\$ 21,744,318</u>	<u>(\$ 6,569,168)</u>	<u>\$ 54,831,411</u>
Capital expenditures	<u>\$ 66,600</u>	<u>\$ 3,306</u>	<u>\$ 11,796</u>	<u>\$ -</u>	<u>\$ 81,702</u>
<u>Segment liabilities</u>	<u>\$ 15,825,565</u>	<u>\$ 1,949,345</u>	<u>\$ 10,885,671</u>	<u>(\$ 6,565,364)</u>	<u>\$ 22,095,217</u>

(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 three-month periods ended March 31, 2021 and 2020 is provided as follows:

	For three-month period ended March 31, 2021	For three-month period ended March 31, 2020
Adjusted operating income of reportable segments	\$ 712,905	\$ 588,222
Adjusted operating income of other operating segments	682,699	220,508
Interest income	32,468	70,738
Gains (losses) on financial instruments	34,540 (	148,036)
Financial cost	(49,747) (	65,673)
Associates' and joint ventures' profit and loss accounted for under the equity method	123,757 (	28,184)
Gains on disposals of property, plant and equipment	588	2,075
Others	(105,061) (	1,432)
Income before income tax	<u>\$ 1,432,149</u>	<u>\$ 638,218</u>

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 three-month period ended March 31, 2021

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 three- month period ended March 31, 2021	Balance at March 31, 2021 (Note 8)	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		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	TECO ELECTRIC & MACHINERY CO., LTD.	Xiamen An-Tai	Other receivables	Yes	\$ 57,070	\$ 28,535	\$ 5,707	2.76%	Short-term financing	\$ -	For operating capital	\$ -	-	\$ -	\$ 2,096,568	\$ 6,988,559	Note 2
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	"	"	130,950	78,192	78,192	3.50%	Short-term financing	-	For operating capital	-	-	-	2,096,568	6,988,559	Note 2
1	U.V.G.	Teco Netherlands	"	"	245,140	234,360	234,360	-	Short-term financing	-	For operating capital	-	-	-	485,757	809,594	Note 3
2	Teco Westinghouse	TWMM	"	"	62,777	62,777	-	1.52%	Short-term financing	-	For operating capital	-	-	-	809,425	1,618,849	Note 4
3	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	241,638	231,012	231,012	1.00%	Short-term financing	-	For operating capital	-	-	-	284,993	474,989	Note 5
4	Wuxi TECO Precision Industry Co. Ltd.	QingDao Teco	"	"	78,192	78,192	-	3.50%	Short-term financing	-	For operating capital	-	-	-	80,156	80,156	Note 6

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 (March 31, 2021), and limit on loans to a single party shall not exceed 3% of the Company's net assets based on the latest financial statements (March 31, 2021).

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 (March 31, 2021), 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 (March 31, 2021).

Note 4: 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 (March 31, 2021), and limit on loans to a single party shall not 10% of Teco Westinghouse's net assets based on the latest financial statements (March 31, 2021).

Note 5: In accordance with Great Teco Motor (PTE) Ltd.' policy, limit on total loans shall not exceed 10% of Great Teco Motor (PTE) Ltd.' net assets based on the latest audited financial statement (March 31, 2021), and limit on loans to a single party shall not exceed 6% of Great Teco Motor (PTE) Ltd.' net assets based on the latest audited financial statement (March 31, 2021).

Note 6: In accordance with Wuxi TECO Precision Industry Co. Ltd.'s policy, limit on total loans shall not exceed 10% of Wuxi TECO Precision Industry Co. Ltd.'s net assets based on the latest financial statements (March 31, 2021), and limit on loans to a single party shall not exceed 10% of Wuxi TECO Precision Industry Co. Ltd.'s net assets based on the latest financial statements (March 31, 2021).

Note 7: 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 three-month period ended March 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2021	Outstanding endorsement/ guarantee amount at March 31, 2021	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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco International	(4)	\$ 13,977,117	\$ 100,000	\$ 100,000	\$ -	\$ -	0.14	\$ 41,931,350	Y	N	N	Note 3
0	TECO ELECTRIC & MACHINERY CO., LTD.	An-Tai International	(4)	\$ 13,977,117	\$ 110,000	\$ 110,000	-	-	0.16	\$ 41,931,350	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	Sankyo Co., Ltd	(4)	13,977,117	145,601	145,601	10,308	-	0.21	41,931,350	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	Motovario	(4)	13,977,117	1,610,920	1,448,010	1,448,010	-	2.07	41,931,350	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	(2)	13,977,117	216,448	-	-	-	-	41,931,350	Y	N	Y	"
1	Teco Westinghouse	TWMM	(4)	809,425	21,193	9,262	9,262	-	0.11	1,618,849	Y	N	N	Note 4
2	Motovario S.p.A.	TECNOFIB SRL	(1)	850,587	175	167	167	-	-	2,551,760	N	N	N	Note 5
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	419,097	211,291	186,806	62,269	-	4.46	838,195	Y	N	N	Note 6

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2021	Outstanding endorsement/ guarantee amount at March 31, 2021	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
		Company name	Relationship with the endorser/ guarantor (Note 2)											
4	Tong-An Assets	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	\$ 530,726	\$ 140,105	\$ 140,105	\$ 46,702	-	2.64	\$ 1,061,452	N	N	N	Note 7
5	Tong-An Investment	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	150,934	140,105	140,105	46,702	-	0.65	200,000	N	N	N	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 seven categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

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 (March 31, 2021), and the guarantee to a single party shall not exceed 20% of the Company's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

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 (March 31, 2021), and the guarantee to a single party shall not exceed 10% of Teco Westinghouse's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 5: 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 (March 31, 2021), and the guarantee to a single party shall not exceed 20% of Motovario S.p.A.'s net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 6: In accordance with Century Development's policy, the total guarantee amount shall not exceed 20% of Century Development's net assets based on the latest financial statements (March 31, 2021), and the guarantee to a single party shall not exceed 10% of Century Development's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 7: In accordance with Tong-An Asset's policy, the total guarantee amount shall not exceed 20% of Tong-An Asset's net assets based on the latest financial statements (March 31, 2021), and the guarantee to a single party shall not exceed 10% of Tong-An Asset's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 8: In accordance with Tong-An Investment Co., Ltd.'s policy, the total guarantee amount shall not exceed NT\$200 million, and the guarantee to a single party shall not exceed NT\$50 million. If due to special needs, the guarantee amount exceeds the limit, stockholders' resolution is required.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

March 31, 2021

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 March 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TECO ELECTRIC & MACHINERY CO., LTD.	Stock 1	None	Note 1	205,333	\$ 3,901,321	5.98	\$ 3,901,321	
	Stock 2	The Company is a director of the investee	"	190,061	5,977,405	3.38	5,977,405	
	Stock 3	None	"	9,610	202,775	0.10	202,775	
	Stock 4	The Company is a director of the investee	"	5,098	83,100	13.42	83,100	
	Stock 5, etc.	None	"	19,055	8,963	-	8,963	
	Stock 6	"	Note 4	4,060	203,828	0.03	203,828	
	Stock 7	The Company is a director of the investee	"	11,527	447,841	1.96	447,841	
	Stock 8	None	"	47,839	334,872	1.58	334,872	
	Stock 9	"	"	341	3,259	0.01	3,259	
	Stock 10	The Company is a director of the investee	"	32,980	308,552	10.99	308,552	
	Stock 11	None	"	7,500	314,775	5.00	314,775	
	Stock 12, etc.	"	"	22,578	272,893	-	272,893	
	Fund 1	"	"	-	249,105	-	249,105	
	Fund 2	"	"	-	93,129	-	93,129	
Teco International	Stock 13	The Company is a director of the investee	Note 1	169	167,310	0.12	167,310	
	Stock 14	None	"	3,177	167,765	0.67	167,765	
	Stock 15, etc.	The Company is a director of the investee	"	12,887	242,973	-	242,973	
	Stock 16, etc.	None	Note 3	3,947	271,506	-	271,506	
	Stock 17	"	Note 2	32	2,214	-	2,214	
Tong-An Investment	Stock 18	An investee company accounted for under the equity method by the Company	Note 1	19,540	632,121	0.91	632,121	
	Stock 15	Related party in substance	"	9,197	117,715	8.17	117,715	
	Stock 19	None	"	8,692	557,154	0.27	557,154	
	Stock 20	"	"	1,285	126,187	0.04	126,187	
	Stock 13	The Company is a director of the investee	"	14,050	13,909,500	10.03	13,909,500	
	Stock 21	None	"	800	231,200	0.38	231,200	
	Stock 22, etc.	"	"	31,304	468,599	-	468,599	
	Stock 23, etc.	"	Note 2	179	12,445	-	12,445	
	Stock 16	"	Note 3	1,076	104,695	0.67	104,695	
	Stock 24, etc.	"	"	13,535	920,438	-	920,438	
	Stock 13	The Company is a director of the investee	Note 4	965	955,350	-	955,350	
	Fund 3	None	"	50,000	682,000	-	682,000	
	Fund 4	"	"	-	31,263	-	31,263	
	Stock 25	"	Note 1	118	7,403	-	7,403	
	Stock 18	An investee company accounted for under the equity method by the Company	"	2,826	91,413	0.13	91,413	
U.V.G An-Tai International	Stock 15	Related party in substance	"	1,270	16,258	1.13	16,258	
	Stock 26	"	"	2,756	192,346	8.51	192,346	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
An-Tai International	Stock 27	None	Note 1	195	\$ 11,487	-	\$ 11,487	
	Stock 17	"	Note 2	5	346	-	346	
	Stock 16, etc.	None	Note 3	1,537	133,749	-	133,749	
Jie-Zheng Property	Fund 5, etc.	"	Note 2	-	44,552	-	44,552	
Teco Electro	Stock 15	Related party in substance	Note 1	200	2,563	0.18	2,563	
Information Technology Total Service	Stock 27, etc.	None	"	3,269	30,229	-	30,229	
Teco Singapore	Stock 13, etc.	"	"	304	280,782	-	280,782	
Taiwan Pelican Express	Stock 18	An investee company accounted for under the equity method by the Company	"	7,070	228,714	0.33	228,714	
	Stock 13	None	"	459	454,410	0.32	454,410	
Teco Australia	Stock 13	"	"	460	456,625	0.33	456,625	
Sankyo	Stock 28	"	"	68	7,833	-	7,833	
Tecom and its subsidiaries	Stock 3	"	"	2,175	45,898	0.02	45,898	
	Stock 2	The Company is a corporate director of the investee	"	16,222	510,184	0.29	510,184	
	Stock 5, etc.	None	"	1,202	767	-	767	
	Stock 29	"	Note 3	3,354	45,109	1.69	45,109	
	Fund 6, etc.	"	Note 2	5,802	64,204	-	64,204	
Top-Tower	Stock 18	An investee company accounted for under the equity method by the Company	Note 3	77	2,498	-	2,498	
	Stock 30, etc.	None	"	3	75	-	75	

Note 1: Financial assets at fair value through other comprehensive income-non-current.

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

Note 3: Financial assets at fair value through other comprehensive income-current.

Note 4: Financial assets at fair value through profit or loss - non-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 three-month period ended March 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	\$ 691,879	18%	30 days	Note	Note	\$ -	-	
	Wuxi Teco	An indirect investee accounted for under the equity method	"	241,877	6%	"	"	"	(346,085)	(8%)	
	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	143,633	4%	"	"	"	(14,389)	-	
	Tai-An Wuxi	"	"	129,164	3%	"	"	"	(102,217)	(2%)	
	QingDao Teco	"	"	102,015	3%	"	"	"	(79,258)	(2%)	
	Tong Dai	An investee accounted for under the equity method	Sales	(441,751)	(9%)	90 days	"	"	402,020	10%	
	Teco Singapore	"	"	(117,974)	(2%)	"	"	"	49,016	1%	
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(583,905)	(12%)	"	"	"	387,994	9%	
	Teco Australia	"	"	(299,095)	(6%)	"	"	"	216,010	5%	
	Teco Westinghouse Canada	"	"	(149,014)	(3%)	"	"	"	89,826	2%	

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
March 31, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	An investee accounted for under the equity method	\$ 402,834	4.62	\$ -	-	\$ -	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	388,547	7.65	-	-	-	
"	Sankyo	"	225,283	1.01	143,025	In the process of collection	28	
"	Teco Australia	"	216,029	4.71	-	-	36	
"	QingDao Teco	"	192,363	-	-	-	-	
"	Motovario S. P. A.	"	133,399	1.62	-	-	10,304	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	An investee accounted for under the equity method	346,085	2.66	-	-	13,149	
Tai-An Wuxi U.V.G.	"	"	102,217	4.93	-	-	10,244	
	Teco Netherlands	An investee company accounted for under the equity method	234,360	-	-	-	-	
Great Teco Motor (PTE) Ltd.	"	Fellow subsidiary	231,012	-	-	-	-	Total amount was \$15,845

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the three-month period ended March 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 402,834	Because there is no transaction in same type which can be compared with, it is based on the condition and the period specified in the agreement.	-
0	"	Teco Westinghouse	"	Accounts receivable and other receivables	388,547	"	-
0	"	Sankyo	"	"	225,283	"	-
0	"	Teco Australia	"	"	216,029	"	-
0	"	QingDao Teco	"	"	192,363	"	-
0	"	Motovario S. P. A.	"	"	133,399	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Accounts receivable	346,085	"	-
2	Tai-An Wuxi	"	"	"	102,217	"	-
3	U.V.G	Teco Netherlands	(3)	Other receivables	234,360	"	-
4	Great Teco Motor (PTE) Ltd.	"	"	"	231,012	"	-
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	583,905	"	5%
0	"	Tong Dai	"	"	441,751	"	4%
0	"	Teco Australia	"	"	299,095	"	2%
0	"	Teco Westinghouse Canada	"	"	149,014	"	1%
0	"	Teco Singapore	"	"	117,974	"	1%

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the three-month period ended March 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
5	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Sales	\$ 691,879	Because there is no transaction in same type which can be compared with, it is based on the condition and the period specified in the agreement.	6%
1	Wuxi Teco	"	"	"	241,877	"	2%
6	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	143,633	"	1%
2	Tai-An Wuxi	"	"	"	129,164	"	1%
7	QingDao Teco	"	"	"	102,015	"	1%

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 three-month period ended March 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2021	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	\$ 12,293	\$ 12,293	39,145,044	31.14%	\$ 2,189,019	\$ 175,446	\$ 54,605	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	60,090,307	63.52%	143,964	4,886	756	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	69,894,485	100%	1,481,548	11,235	11,266	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%	10,515,056	36,152	36,345	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90%	3,455,235	18,093	10,902	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	508,860,935	99.60%	20,814,065	477,311	453,020	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	82,335	82,335	10,770,864	62.57%	210,153	11,503	7,209	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%	8,092,647	66,503	67,700	None
	ITTS	Taiwan	E-business service, mailing and data management	116,346	116,346	11,467,248	41.97%	233,020	24,286	10,130	None
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100%	225,499	13,857	11,734	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%	528,407	176,018	59,572	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2021	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
TECO ELECTRIC & MACHINERY	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	\$ 22,444	\$ 22,444	6,615,234	83.53%	\$ 363,421	\$ 18,815	\$ 15,761	None
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	382,286	382,286	-	-	280,873	1,491	1,476	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95%	143,217	2,364	1,536	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	395,415,338	100%	5,307,258	19,795	19,795	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70%	178,429	4,282	3,212	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%	1,345,152	10,931	12,741	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67%	1,312,279	80,216	21,597	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	33,253,581	100%	568,534	4,461	1,211	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27%	337,388	61,194	15,462	None
	Kuen Ling	Taiwan	Manufacturing, installation, repair, domestic and export sales and leasing of condenser, water cooling, watercooled chiller and freezer	186,605	186,605	11,131,642	14.62%	302,196	27,550	4,556	None
Taian-Etacom	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73%	139,021	4,824	4,088	None	
Eagle Holding Co.		Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100%	4,317,198	62,033	62,033	None
Eagle Holding Co. TECO MOTOR B.V.	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100%	4,317,198	62,033	62,033	None
	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100%	4,317,198	62,033	62,033	None
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%	1,784,739	68,582	68,582	None
Tecom	Baycom	Taiwan	Manufacturing and sales of optical telecom products	431,258	431,258	14,700,741	43.76%	193,417	6,263	2,741	None
Tong-An Investment	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	87,464	87,464	7,913,279	6.23%	210,638	37,518	2,337	None
	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18%	646,791	80,216	11,002	None

Table 7, Page 2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2021	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Tong-An Investment	Taiwan Pelican Express	Taiwan	Logistics and distribution services	\$ 54,874	\$ 54,874	6,474,468	6.78%	\$ 139,052	\$ 61,194	\$ 4,481	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	504,272	312	59	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	218,736 (	5,410) (	726)	None
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	12,553,526	100%	159,284	26,617	26,617	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,354	84.97%	858,856	174,917	149,859	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03%	151,317	174,917	26,508	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	168,170	168,170	10,000,000	100%	(113,685) (	2,419) (	2,111)	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50%	76,066	7,965	3,998	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	5,016,880	51.60%	72,987	3,680	1,899	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,460	771,460	77,160,000	30.86%	756,509	312	96	None
	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11%	9,745 (	63) (	19)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40%	290,501 (	5,410) (	2,164)	None
Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100%	175,550	17,373	11,503	None
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	21,264,873	6.06%	2,540	80,216	49	None
Teco International	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	52,560	52,560	4,326,447	3.41%	131,867	37,518	1,279	None
Kuen Ling	CHING CHI INTERNATIONAL LIMITED	British Virgin Islands	Investing in other areas	201,467	201,467	6,200,000	83%	441,097 (	14,440) (	11,985)	None
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	184,893	184,893	17,013,593	4.85%	203,287	80,216	4,047	None

Table 7, Page 3

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss)	Investment income	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value	(loss) recognized		
									for the three-month period ended March 31, 2021	by the	
									Company for the three-month period ended March 31, 2021		
Tong-An Assets	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	\$ 514,270	\$ 514,270	51,427,000	20.57%	\$ 504,322	\$ 312	\$ 109	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	218,012	(5,410)	(1,450)	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the three-month period ended March 31, 2021

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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee for the three-month period ended March 31, 2021	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the three- month period ended March 31, 2021	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	March 31, 2021	March 31, 2021			March 31, 2021	March 31, 2021		
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ -	\$ -	\$ 188,139	(\$ 2,618)	100%	(\$ 2,618)	\$ 128,545	\$ -	Note 15
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	36,086	84.12%	30,356	1,647,391	-	Note 14
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 10	205,551	-	-	205,551	10,928	100%	10,928	1,195,817	46,363	Note 15
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	(64)	100%	(64)	(27,531)	-	Note 15
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	17,584	98.07%	17,245	1,519,864	-	Note 14
QingDao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	-	-	1,648,510	(6,196)	87.60%	(5,427)	367,122	-	Note 14
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors.	678,681	Note 3	467,577	-	-	467,577	(412)	100%	(412)	271,457	-	Note 14
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	(2,687)	100%	(3,368)	33,124	-	Note 15
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	768	24%	143	27,694	-	Note 15
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	(2,255)	100%	(2,255)	52,198	-	Note 15
Ecoelectric International	Distribution of air conditioner	24,004	Note 2	-	-	-	-	(2,959)	39.90%	(1,180)	(10,570)	-	Note 15
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	(1,274)	100%	(1,274)	121,418	-	Note 15
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 12	59,444	-	-	59,444	152	100%	152	39,502	-	Note 15

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, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	Net income of investee for the three-month period ended March 31, 2021	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the three- month period ended March 31, 2021	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
Shanghai Teco	Sales of home appliances	\$ 23,829	Note 1	\$ 23,829	\$ -	\$ -	\$ 23,829	\$ 26,472	100%	\$ 26,472	\$ 202,169	\$ -	Note 14
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 10	240,818	-	-	240,818	-	100%	-	-	-	Note 20
Jiangxi TECO Westinghouse Motor Coil Co.,Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 11	-	-	-	-	1,052	100%	1,052	116,745	-	Note 15
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 13	-	-	-	-	4,122	100%	4,122	801,558	-	Note 15
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	26,422	-	100%	-	-	-	Note 19
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	338,829	Note 5	24,746	-	-	24,746	-	1.63%	-	-	-	Notes 16 and 17
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 6	6,950	-	-	6,950	579	100%	109	(1,491)	-	Note 14
Tecom Tech (Wuxi)	R & D, manufacture of broadband access network communication system equipment; sale of products to provide technology services	485,455	Note 7	485,455	-	-	485,455	(102)	100%	(102)	-	-	Note 18
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	10,167	Note 8	10,167	-	-	10,167	2,522	100%	2,522	28,970	-	Note 14
Information Technology Total Service (Xiamen)	ERP building, system maintenance and purchases of information appliance	4,421	Note 8	-	-	-	-	(182)	100%	(182)	(334)	-	Note 14

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,	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of March 31,	Net income of investee for the three-month period ended March 31, 2021	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the three- month period ended March 31, 2021	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnote
				2021	Remitted to Mainland China	Remitted back to Taiwan	2021			March 31, 2021	March 31, 2021	March 31, 2021	
Wuxi TECO Electro Devices Co. Ltd.	R&D, manufacturing and sales of motors and provide products sales skills	\$ 115,125	Note 9	\$ 86,101	\$ -	\$ -	\$ 86,101	\$ 17,354	100%	\$ 17,354	\$ 175,920	\$ 43,266	Note 15

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. 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 Tecom Global Tech Investment (B.V.I) 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 Pte 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 Information Technology Total Service (BVI) Co., Ltd. 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 Teco Electro Devices Co., Ltd. and then invest in Mainland China.

Note 10: 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. then invest in Mainland China.

Note 11: 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 12: 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 13: 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 14: The amount recognized was based on the financial statements that were reviewed by R.O.C. parent company's CPA firm.

Note 15: The amount recognized was based on the financial statements that were reviewed by the other CPA firm.

Note 16: Financial assets at fair value through other comprehensive income.

Note 17: As of March 31, 2021, accumulated impairment of \$24,746 was accrued.

Note 18: The liquidation and dissolution were completed in 2021.

Note 19: The company was dissolved in 2021, but the liquidation of the company has not been completed.

Note 20: The liquidation and dissolution were completed in 2020.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021	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	\$ 8,750,356	\$ 45,566,433
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,344,445
Tecom Co., Ltd.	492,405	683,980	296,830
Information Technology Total Services Co., Ltd.	10,167	10,167	333,135
Teco Electro Devices Co., Ltd.	86,101	104,259	201,618

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign 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 balance sheet.

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 three-month period ended March 31, 2021

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
	Amount	%	Amount	%	Balance at March 31, 2021	%	Balance at March 31, 2021	Purpose	Maximum balance during the three-month period ended March 31, 2021	Balance at March 31, 2021	Interest rate	Interest during the three-month period ended March 31, 2021	Others
Wuxi Teco	\$ 2,354	-	\$ -	-	\$ 2,455	-	\$ -	-	\$ -	\$ -	-	\$ -	-
Taian (Wuxi)	6,618	-	-	-	6,814	-	-	-	-	-	-	-	-
Jiangxi Teco	10,338	-	-	-	11,061	-	-	-	-	-	-	-	-
QingDao Teco	90	-	-	-	429	-	-	-	130,950	78,192	3.50%	680	-
Xiamen An-Tai	-	-	-	-	-	-	-	-	57,070	28,535	2.76%	67	-
Shanghai Teco	530	-	-	-	484	-	-	-	-	-	-	-	-
Wuxi Teco Precision	3,513	-	-	-	3,514	-	-	-	-	-	-	-	-
Wuxi Teco	(241,877)	(6%)	-	-	346,085	(8%)	-	-	-	-	-	-	-
Taian (Wuxi)	(129,164)	(3%)	-	-	102,217	(2%)	-	-	-	-	-	-	-
QingDao Teco	(102,015)	(3%)	-	-	79,258	(2%)	-	-	-	-	-	-	-
Jiangxi Teco	(25,202)	(1%)	-	-	40,922	(1%)	-	-	-	-	-	-	-
Xiamen An-Tai	(1,050)	-	-	-	-	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	(3,672)	-	-	-	2,496	-	-	-	-	-	-	-	-
Wuxi Teco Precision	(1,148)	-	-	-	2,158	-	-	-	-	-	-	-	-

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Major shareholders information

March 31, 2021

Table 10

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
PJ Asset Management Co., Ltd	373,237,991	17.45%
Walsin Lihwa Corporation	211,779,730	9.90%
Jia-Yuan Investment Co., Ltd	135,653,000	6.34%