

VII. Review of Financial Status, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$thousand

Item	Year	2020/12/31	2019/12/31	Difference		Remark
				Amount	%	
Current Assets		45,792,352	43,946,576	1,845,776	4	
Fixed Assets		15,912,788	16,742,830	(830,042)	(5)	
Intangible Assets		5,269,715	5,200,634	69,081	1	
Other Assets		38,704,216	33,204,364	5,499,852	17	
Total Assets		105,679,071	99,094,404	6,584,667	7	
Current Liabilities		19,618,968	20,293,826	(674,858)	(3)	
Non Current Liabilities		18,434,871	17,095,788	1,339,083	8	
Total Liabilities		38,053,839	37,389,614	664,225	2	
Equity attributable to owners of parent		61,828,295	56,706,504	5,121,791	9	
Capital stock		19,676,929	19,676,929	-	-	
Capital surplus		7,386,901	7,389,577	(2,676)	(0)	
Retained Earnings		27,936,917	26,390,805	1,546,112	6	
Other equity		6,827,548	3,249,193	3,578,355	110	Note 1
Non Controlling Interest		5,796,937	4,998,286	798,651	16	
Total Stockholders' Equity		67,625,232	61,704,790	5,920,442	10	

Note 1: The reason for the increase in other equity: mainly because the financial assets held by the Group measured by fair value through other comprehensive profit and loss generated unrealized value-added benefits in 2020.

7.2 Analysis of Operating Results

7.2.1 Operating Results

Unit: NT\$thousand

Item	Year	2020	2019	Difference		Remark
				Amount	%	
Sales Revenue		45,823,430	47,909,358	(2,085,928)	(4)	
Operating Costs		(35,066,082)	(36,428,606)	1,362,524	(4)	
Gross Profit		10,757,348	11,480,752	(723,404)	(6)	
Realized(Unrealized) Profit from Sales		(1,255)	897	(2,152)	(240)	Note 1
Gross Profit - Net		10,756,093	11,481,649	(725,556)	(6)	
Operating Expenses		(7,222,036)	(7,945,204)	723,168	(9)	
Operating Profit		3,534,057	3,536,445	(2,388)	0	
Non-operating Income and Gains		865,691	903,009	(37,318)	(4)	
Profit before income tax		4,399,748	4,439,454	(39,706)	(1)	
Tax Expense		(588,100)	(920,674)	332,574	(36)	Note 2
Net Income		3,811,648	3,518,780	292,868	8	
Other comprehensive income		3,791,939	2,520,910	1,271,029	50	Note 3
Total comprehensive income		7,603,587	6,039,690	1,563,897	26	Note 4

Analysis and explanation for changes:

1. Mainly due to the increase in inventory at the end of the current year, resulting in an increase in unrealized profit.
2. Mainly due to write back the overestimated income tax payable in the earlier year according to the approved tax.
3. Mainly due to the increase in the value-added benefits of financial assets measured at fair value through other comprehensive income in the current year, resulting in an increase in other comprehensive benefits.
4. Mainly due to the decrease in operating expenses, the increase in the appreciation of financial assets and the decrease in income tax expenses, therefore the comprehensive income increases this year.

7.2.2 Change in gross profit: No need of analysis since the change is less than 20%.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year (2019)

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Cash Deficit	
				Investment Plans	Financing Plans
19,111,371	5,486,845	4,200,956	20,397,260	-	-
<p>A. Analysis of change in cash flow:</p> <p>a. Operating activities: Mainly due to stable profitability and proper control of the receipt and payment schedule, so that the cash flow of operating activities increased</p> <p>b. Investing activities: Purchase of real estate, plant and equipment is the main reason for cash outflow from investment activities</p> <p>c. Financing activities: The payment of cash dividends, payment of borrowings and lease liabilities are the main causes of cash outflows from financing activities.</p> <p>B. Remedy and liquidity analysis for insufficient cash: not applicable.</p>					

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$thousand

Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Cash Deficit	
				Investment Plans	Financing Plans
20,397,260	5,988,029	4,588,202	21,649,304	-	-
<p>A. Analysis of change in cash flow in the current year:</p> <p>a. Operating activities: The impact of the new crown pneumonia epidemic has alleviated, and the export situation in Europe and the United States has improved. Revenue is expected to grow compared with 2020. It is expected that net cash inflows will remain in operating activities this year, and the inflow rate will increase slightly compared with 2020.</p> <p>b. Investing activities: In the core business segment, with the goal of energy conservation, intelligence and automation, expansion of equipment capital expenditures and industrial mergers and acquisitions, it is expected that investment activities will generate net cash outflows this year, and the outflow rate will increase compared with previous years.</p> <p>c. Financing activities: the cash dividend payment rate also increased from last year. Therefore, it is expected that this year's financing activities will generate a net cash outflow of a greater magnitude than in the past. Considering that the cash on the account is scattered among the accounts of related companies, given that cash inflow of the parent company decreases, it must be responded to through bank financing or capital increase.</p> <p>B. Remedy for Cash Deficit and Liquidity Analysis: Not Applicable</p>					

7.4 Major Capital Expenditure Items

7.4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$thousand

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure	
				2020	2021~2022
2020 Capital Expenditure – new equipment, equipment renewal and capacity expansion	Working Capital	2020/12/31	757,000	757,000	
2021 Capital Expenditure – new equipment, equipment renewal and capacity expansion	Working Capital	2021/12/31	2,025,000		2,025,000

7.4.2 Expected Benefits

After the above-mentioned capital expenditure and equipment replacement, in addition to increasing the output and production efficiency of heavy electricity, green energy, home appliances and automation & intelligent products, it will also help reduce production costs and improve product quality.

7.5 Investment Policy in Last Year, Main Causes for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

7.5.1 Equity Investment Policy

In response to economic development trend and increasing competition, both on domestic and overseas fronts, investments are mainly for vertical or horizontal integration of the company's core businesses, including electric machinery, energy engineering, and home appliances, for materialization of the corporate vision of "energy conservation, emission reduction, intelligence and automation" and strengthen digital transformation, in line with the company's long-term development plan and carefully evaluate various investment plans

7.5.2 Major reasons for profits or loss:

The investment loss recognized by the equity method of the Group in 2020 was NT\$ 14,613 thousand. Compared with that in 2019, the investment loss increased, which was mainly due to the increase in the losses of some related companies affected by the epidemic

7.5.3 Investment plan for the next year

The investment plan for the next year will continue to focus on energy conservation, emission reduction, intelligence, automation and digitalization, and expand market share and profit through global production and sales layout and digital operations. In addition, the Taipei Biotechnology Park is expected to be completed by the end of next year to build an international biotechnology park, improve

the biotechnology industry ecosystem, integrate innovative settlements, connect international market resources, and promote characteristic key industries; the Bangalore International Technology Park in India will continue this and next two years Develop the infrastructure and service center of the park, introduce biotechnology/electric vehicles/machine tools and electronics manufacturing related industries, and establish industrial clusters, combining the strengths of Taiwan and India's software and hardware to create bilateral exchanges between Taiwan and India.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A Effects of Changes in Interest Rates on Corporate Finance, and Future Response Measures

	2020	Unit: NT\$Thousand
Interest Income or Loss(1)		(41,804)
Sales Revenues(2)		45,823,430
Operating Income(3)		3,534,057
(1)/(2)		(0.09)%
(1)/(3)		(1.18)%

The Company's net interest expense for the year 2020 was NT \$ 41,804 thousand, accounting for 0.09% of annual operating income and 1.18% of operating profit, which represented an decrease from the year 2019.

Looking forward to this year, the global economy is gradually recovering from the epidemic. In order to adjust the inflationary pressure, some countries in emerging markets have begun to raise interest rates. Although the mature market countries have not entered the stage of raising interest rates, they will reach the end of this year following the steady economic recovery. The chances of raising interest rates next year will increase.

In order to reduce the impact of changes in interest rates, the company will adjust the position of New Taiwan Dollar/foreign currency borrowings in due course, or reduce interest rate risk by increasing fixed corporate bonds, etc.

B.Effects of Changes in Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

	2020	Unit: NT\$thousand
Exchange Gain or Loss(1)		(80,595)
Sales Revenues(2)		45,823,430
Operating Income(3)		3,534,057
(1)/(2)		(0.17)%
(1)/(3)		(2.28)%

The company's year 2020 exchange loss was NT\$80,595 thousand, which was mainly due to the large fluctuations of the euro (appreciation) and the U.S. dollar (depreciation) compared with functional currencies, which caused the exchange loss to increase compared with last year. Looking forward to this year, the global economy is gradually recovering from the epidemic. However, major global markets have recovered at different paces and market volatility has increased dramatically. Currency trends with the United States as a major trading country are highly variable and foreign exchange risk management challenges are high. In addition to continuously paying attention to exchange rate fluctuations, the company has implemented the following countermeasures.

- a. In addition to natural risk hedging associated with positions of assets and liabilities, the company will undertake substantial risk hedging via forward forex transactions.
 - b. The financial department will maintain close contact with the forex department of corresponding financial institutions and constantly collect information on change in exchange rate, so as to firmly grasp trend and change in international exchange rates and respond actively, in forward forex transactions and foreign exchange settlement, to offset the adverse influence of exchange-rate swings.
 - c. The financial department regularly do internal evaluation reports for hedge on net asset and liability of foreign currency, so that the management team can determine if the company do the hedge or not.
- C. The impact on company's performance resulted from inflation and counter measures

As the global economy recovers, the company's main raw materials used by the company are steel, copper, and aluminum, which will increase procurement costs. However, the rebound in global economic growth and the increase in demand for oil and mining exploration will have a positive impact on the company's business activities.

In addition, the purchase of TECO raw materials is mostly negotiated by contract. In the situation of rising prices, prices can be negotiated with suppliers. Therefore, fluctuations in material prices have no significant adverse impact on the company's profit and loss. However, the company will still carefully evaluate the price trend of base metals in the future, and formulate the most suitable procurement strategy in line with operational needs

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

- A. The company abstains from high-risk and high leveraged investments.
- B. At the end of 2020, outstanding loans extended by the company amounted to NT\$187,701 thousands.
- C. In 2020, the outstanding amount of the endorsement and guarantee extended by the company reached NT\$2,082,958 thousand, for the company's subsidiaries, affiliates, and business partners. The company has obtained the financial statements and business profile information of the endorsement guarantee company at ordinary times, analyzes its profit situation, in order to evaluate the risk of the company's endorsement guarantee, and plans the risk reduction plan in advance
- D. In 2020, the derivative products held by the company are mainly forward foreign exchange transactions. Since the counterparties of the transactions are all creditworthy international financial institutions, and the company also trades with many financial institutions to diversify risks, the contract counterparty default risk is very low, so the credit risk of the derivative commodity transactions that the company engages in is very low. In addition, the derivative products held by the company are mainly of a hedging nature, and the resulting profit and loss will offset the profit and loss of the hedging project, so the market risk is also very low. The company calculates the fair value of individual contracts based on the mid-price of the exchange rate reported by the Taiwan Bank's exchange rate
- E. The company has formulated a number of investment guidelines for cutting risk, including "Procedure for the Acquisition and Disposal of Assets," "Procedure for Lending Capital to the Others", "Procedure for the Endorsement and Guarantee," and "Procedure for the Trading and Disposal of Derivatives."

7.6.3 Future Research & Development Projects and Corresponding Budget

TECO Group's estimated R&D expenditure in 2021 is NT\$1,181,254 thousand.

In recent years, TECO has gathered the R & D strength and market experience of the company's R & D units at home and abroad, and through the cooperation of industry, education and research, has strengthened its core business and actively invested in the green energy industry. In wind power generation, solar power converters, rare earth permanent magnet motors, vehicle electric power components, robot arm transmission motors, medium voltage inverters, sensor-free feedback permanent magnet motor drives, low-torque precision servo motors, high-speed spindle motors, IE5 synchronous reluctance motor driver, high-order algorithm, Internet of Things application, etc., launched several important R & D projects.

For the operational needs in response to mid- and long-term research and development of new technologies and products, and short-term product cost-effectiveness improvement, TECO's R & D team actively seeks external resources, and operates technical consultation, cooperation, introduction, etc.

Starting from existing core technologies such as rotating electrical machine and generator design, motor drive and design, power electronic control and design, gateway technology, etc., it integrates new market needs, industrial specifications, new material applications, sensor application technologies, wireless network technology, and in the field of green energy industry technology, coordinate overall R & D strategy and technical planning

The company formulates its future R&D plan on the following bases:

- A. Grasp and analysis of industrial development, government policy, and market trend;
- B. The establishment and rooting of key technologies;
- C. Competitiveness relative to rivals in Europe, the U.S., and Japan;
- D. Global market positioning and technological integration;
- E. Grasp of R&D progress and quality.

Therefore, TECO is expected to continue or initiate the following R & D directions in 2020 in order to comply with the new European regulations in the existing product market and develop high-value-added innovative applications for existing marketing channels, while seeking specific commercialization of emerging technologies and creating new market opportunity, while seeking the specific commercialization of emerging technologies and the creation of new markets.

- (a) Development of new-generation steel shell motor
- (b) Development of series products of ultra-high power density induction motors
- (c) Development of high torque permanent magnet motor
- (d) Development of high-speed permanent magnet motor and driver products
- (e) Development of synchronous reluctance high-efficiency motor products
- (f) Development of electronic control motor technology for air conditioning
- (g) Development of digital motor products
- (h) Research and development of low energy consumption inverter refrigerator
- (i) R & D of automotive motors and drives and joint development of complete vehicles
- (j) Development of components and drives for offshore wind turbines
- (k) Research and development of four-quadrant control of medium voltage inverter and industrial network and frequency conversion switching
- (l) High-end AFE and controller product technology research and development of electronic control product series

- (m) Development of KW-level four-quadrant wind power converter
- (n) Development of high IPLV magnetic levitation centrifugal unit
- (o) HVAC air conditioning system group control energy saving solution development
- (p) HVAC air conditioning system cloud monitoring expert diagnosis system development
- (q) R & D of air-cooled modular chiller
- (r) Development of full DC inverter air-cooled box machine
- (s) Extended research and development of high-efficiency inverter commercial refrigerator series
- (t) Development of efficient and short servo motor
- (u) IE5 synchronous reluctance motor driver development
- (v) Voice technology development for meal delivery robot
- (w) Development of image recognition technology for meal delivery robots
- (x) AGV multi-vehicle management technology development
- (y) Matrix converter prototype development
- (z) Development of next-generation high-performance servo drives
- (aa) Development of multi-axis servo technology
- (bb) Development of compact DC servo products
- (cc) EtherCat thin AC servo product development
- (dd) Ultra-thin and thin AC servo product development
- (ee) Development of hardware and software for the next-generation single-axis servo drive prototype
- (ff) Adjusting characteristics and selecting functional technology development
- (gg) Development of higher order adjustment function technology
- (hh) Development of speed ripple compensation function technology
- (ii) Harmonic suppression technology development
- (jj) I / O filter development
- (kk) Matrix converter system integration
- (ll) AGV multi-vehicle control technology
- (mm) Independent follow-up technology development
- (nn) mm Wave technology development
- (oo) AGV AI technology development
- (pp) Research and development of binary extremely low temperature refrigeration system
- (qq) Evaluation of the influence of extremely low temperature environment on motor characteristics
- (rr) Industrial Internet of Things:
 - I. WiFi application system development
 - II. Application of edge computing system
- (ss) Smart mobile platform
 - I. Modularization of vehicle electromechanical system integration
 - II. Collection and analysis of vehicle sensing data

(tt) Data analysis:

- I. Development of equipment predictive maintenance technology

(uu) Visual positioning and inspection module-applied to factory automation project integration

- I. Modular design image processing system architecture
- II. Modular development of image processing functions

(vv) Development of joint modules for collaborative robots

The company’s general research institute oversees the overall R&D strategy, technology deployment and ongoing product R&D, with an eye on technological deployment and product development in short-, medium-, and long-term, including:

Term of R&D	Focus	Major R&D items
Short-term	Develop new-product application market, Enhance performance of existing products & Enhance product profitability and market share	<ol style="list-style-type: none"> 1. Research and development of high-performance servo motors and drives 2. Development of high power density motor series 3. Steel shell & cast iron shell motor product optimization 4. Research and development of commercial full DC inverter air-cooled box-type air conditioners 5. Development of Multi-Pressure Single System of High IPLV Magnetic Levitation Centrifugal Unit 6. Sinusoidal sensorless drive technology research and development 7. Servo parameter automatic adjustment technology 8. Development of T-Power 50~130 car electric power kit 9. Smart battery and battery management system development 10. Development of brake energy recharging technology 11. Research and development of vehicle verification technology for energy-saving electric vehicles 12. Development of vehicle electric power battery verification technology 13. Single-axis high-performance servo drive 14. Matrix converter technology development 15. AGV product development 16. Development of next-generation inverter prototype 17. Multi-vehicle AGV system development 18. Thin (axial) motor design 19. GaN drive technology development 20. Joint module system integration (S1/M1) 21. Smart follower car development 22. Motor drive integrated machine development 23. Magnetic bearing technology development 24. Power converter (PCS) technology research and development 25. Motor heat flow technology research and development
Mid-term	Accumulation of core technological strength & Development of new technological strength	<ol style="list-style-type: none"> 1. Research and development of medium and high voltage inverter technology 2. High-end frequency conversion technology research and development 3. Development of new generation steel shell motor products 4. High-speed permanent magnet motor and driver development 5. Development of ultra-low-speed direct-drive permanent magnet motors 6. Offshore wind turbine technology development

Term of R&D	Focus	Major R&D items
		<ul style="list-style-type: none"> 7. Development of ultra-high efficiency synchronous reluctance motor 8. Electronic control motor (ECM) product development 9. Development of motor insulation system that is resistant to high temperature and refrigerant environment 10. Digital home application technology in smart phones 11. Gateway technology of electronic control product series 12. HVAC air conditioning system cloud monitoring expert diagnosis system opened 13. Development of energy-saving solutions for HVAC air-conditioning systems 14. Development of mid-temperature condensing unit in supermarkets 15. Development of low-temperature condensing unit for agriculture, fishery and aquatic products 16. Extended development of indoor service equipment 17. Multi-axis servo drive technology development 18. Serialization of next-generation inverters 19. Outdoor AGV technology development 20. T-Power 250 electric bus power system development 21. Collaborative robot development 22. Development of thin (axial) motor integrated machine 23. Maglev motor research and development 24. Joint module (S2/M2) system integration 25. Navigation technology research and development
Long-term	Deployment in new business scope	<ul style="list-style-type: none"> 1. Development of high-efficiency smart aerator 2. Development of intelligent motor products and technical services 3. Development of traction motors for rail vehicles 4. Machine networking system integration research and development 5. Micro smart grid system integration research and development 6. Research and development of new generation digital home appliance system 7. Research and development of new generation industrial servo system 8. Multi-axis servo system integration research and development 9. Outdoor AGV prototype development 10. Serialization of next-generation inverters 11. R&D of next-generation all-in-one 12. Autonomous driving technology research and development 13. Development of T-Power 150~250 car electric power kit 14. Collaborative robot series product development 15. Axial magnetic gear research and development 16. Flywheel energy storage technology research and development

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

None

7.6.5 Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales

Based on the social trend of declining employment population and the demand for green energy, the company is considering global development trends, responding to government industrial policies, and examining its existing technological energy and corresponding industrial growth. In addition to continuing to strengthen its technical advantages in high-efficiency power motors, environmentally friendly refrigerant applications for home appliances, and frequency conversion energy saving, it also closely studies international technology trends and market trends reports, and introduces innovative methodologies. In order to respond to the social trend of declining employment population, plan the biomedical technology forum and long-term technology development blueprint, and complete the strategy and timetable of the plan. In order to meet the demand for green energy, there are plans for electric vehicle motors, wind generators, smart grid peripheral appliances, green energy-saving appliances, and multi-connected air-conditioning systems

Since 2017, the Forward-looking Technology Advisory Committee will continue to scan the top forward-looking technologies, catch up with the technology and products of leading technology companies, strengthen and screen the applications and maintenance of effective intellectual wealth, and actively participate in the relevant disciplines of the new government's industrial policy. Join the R&D of gateway technology of the electronic control product series, strengthen the quality and taste of the remote monitoring of motors and generators, the R&D of high-end servo motor drives and the R&D of reluctance motors and drives, and the security of digital homes and mobile communications. Class commercial air-conditioning products, closely integrated with industrial compound networking and machine-connected networking applications. Re-enhance the density and depth of technical detectives, continue to strengthen the horizontal technical integration of related companies, and actively seek foreign technical cooperation to accumulate research and development capabilities in order to provide products that will be long-term demanded by the future society

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The company has been pursuing sustained growth via "pluralized management" and "global deployment," and has been striving to project a quality corporate image for a globalized group by manifesting in-depth social care via TECO Technology Foundation and rigorous demand for quality and service. The company's crisis management plan covers its production bases worldwide and has helped the company respond properly to the ordeal of major incidents in recent years, thanks to the company's constant effort in fostering crisis-management capability. In the future, the company will continue simulating the outbreak of major incidents and formulate response plans, in order to safeguard the interests of shareholders.

7.6.7 Expected Benefits from Risks Relating to and Response to Merger and Acquisition Plans

None

7.6.8 Expected Benefits from Risks Relating to and Response to Factory Expansion Plans

None

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

None

7.6.10 Effects of Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The appointed representative of TECO's corporate director Yinger International Investment Co., Ltd.: Po-Chi, Huang transferred 4,270,085 shares at the price of shares under Yinger International Investment (Share) Co., Ltd on 2019/01/23. This item is not an actual equity transfer transaction. The remaining directors (supervisors have been replaced by audit committee members) and 10% of the major shareholders have not been transferred or replaced in a large amount in recent years. Therefore, there is no significant impact and risk on the company.

7.6.11 Effects of Risks Relating to and Response to Changes in Control over the Company

None

7.6.12 For litigation and non-litigation cases, specify the company and directors, supervisors, president, chief executive, and major shareholders with over 10% of shareholding, as well as affiliates. For major litigation, non-litigation, or administrative disputes with major effects on the interests of shareholders or stock prices, disclose the facts, target value, starting dates for litigation, major parties involved, and the status of the cases up to the publication of the yearbook

Unit: NT\$ thousand

Number	The cause of the case	the counterparty	the progress of the case	Amount
1	Request for payment of project payment / extension of construction period cost	TAIWAN ENVIROTECH DEVELOPMENT CORPORATION	2020.7.10 The appraisal report concluded that the counterparty should pay TECO NT\$117,149 thousand, including NT\$35,522 thousand payable for unpaid works," NT\$64,809 thousand for "additional works", and NT\$16,819 thousand "compensation for construction period extension". The court is proceeding and there is no significant adverse impact on the situation of TECO at present	\$171,129
2	Request for change and additional engineering payment	LiJin Engineering.	The court appointed the Taiwan Construction Research Institute for appraisal. Currently, the appraisal shows that there is no significant adverse impact on the situation of TECO	\$166,965
3	Request payment for the new construction of Nangang Exhibition Hall	Construction and Planning Agency, Ministry of the Interior	The counterparty of the first-instance judged that the counterparty should pay the plaintiff (Leader Construction, TECO, TMA Architects	\$188,068

Number	The cause of the case	the counterparty	the progress of the case	Amount
			and Associate) a total of NT\$407,657 thousand and interest from 2008.3.7 to the date of settlement. The counterparty filed an appeal on 2020.5.22. The court is proceeding and there is currently no Significantly adversely affect the situation of TECO (the requested amount of TECO is NT\$188,068 thousand)	
4	Sued to request the National Taiwan University Cancer Medical Project for the final payment and change the additional payment	SOHWA FIRE PROTECTION ENGINEERING CO., LTD	During the court hearing, there is no significant adverse impact on the situation of TECO °	\$127,730

7.6.13 Other Major Risks

In order to strengthen information security management, ensure the confidentiality, integrity and availability of information, as well as the reliability of information equipment and network systems, the company has established information security policies as guidelines for information security risk management in company regulations. At the same time, under the information security risk management framework, build intrusion prevention systems / email anti-spam systems / endpoint anti-virus systems to gradually complete information security protection. Also regularly conducts data off-site backup systems and disaster recovery mechanism exercises to ensure that services are not interrupted.