

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Balance Sheet

A. Parent-only Condensed Balance Sheet

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2018	2019	2020	2021	2022
Current assets		10,343,772	9,287,505	10,468,388	12,524,083	11,921,611
Property, plant and equipment		3,739,530	3,520,118	3,093,090	3,089,295	2,724,752
Intangible assets		0	0	0	19	27,189
Other assets		58,712,398	62,737,576	68,034,837	94,720,319	85,004,956
Total assets		72,795,700	75,545,199	81,596,315	110,333,716	99,678,508
Current liabilities	Before distribution	8,468,684	11,002,572	10,139,131	11,680,748	10,755,629
	After distribution	10,239,608	12,950,588	12,598,747	14,568,123	13,963,824(Note)
Non current liabilities		10,648,356	7,836,123	9,628,889	9,439,205	8,897,945
Total liabilities	Before distribution	19,117,040	18,838,695	19,768,020	21,119,953	19,653,574
	After distribution	20,887,964	20,786,711	22,227,636	24,007,328	22,861,769(Note)
Equity attributable to owners of parent		53,678,660	56,706,504	61,828,295	89,213,763	80,024,934
Capital stock		20,026,929	19,676,929	19,676,929	21,387,966	21,387,966
Capital surplus		7,647,215	7,389,577	7,386,901	9,529,520	9,575,822
Retained earnings	Before distribution	25,221,021	26,390,805	27,936,917	30,727,392	31,220,437
	After distribution	23,450,097	24,442,789	25,477,301	27,840,017	28,012,242(Note)
Other equity interest		1,105,058	3,570,756	7,339,258	28,080,595	18,352,419
Treasury Stocks		(321,563)	(321,563)	(511,710)	(511,710)	(511,710)
Non-Controlling Interest		0	0	0	0	0
Total shareholders' equity	Before distribution	53,678,660	56,706,504	61,828,295	89,213,763	80,024,934
	After distribution	51,907,736	54,758,488	59,368,679	86,326,388	76,816,739(Note)

Note : Amounts resolved by the board meeting dated on March 15th 2023

B. Consolidated Condensed Balance Sheet

Unit: NT\$thousand

Year		Five-Year Financial Summary				
		2018	2019	2020	2021	2022
Item						
Current assets		43,760,371	43,946,576	45,792,352	49,333,671	50,317,421
Fixed assets		17,363,543	16,742,830	15,912,788	17,402,116	19,131,777
Intangible assets		5,557,343	5,200,634	5,269,715	4,439,567	4,668,399
Other assets		25,300,029	33,204,364	38,704,216	65,437,096	52,485,513
Total assets		91,981,286	99,094,404	105,679,071	136,612,450	126,603,110
Current liabilities	Before distribution	18,141,380	20,293,826	19,618,968	23,074,011	22,653,920
	After distribution	19,912,304	22,241,842	22,078,584	25,961,386	25,862,115(Note)
Non Current liabilities		15,348,991	17,095,788	18,434,871	17,876,508	17,630,691
Total liabilities	Before distribution	33,490,371	37,389,614	38,053,839	40,950,519	40,284,611
	After distribution	35,261,295	39,337,630	40,513,455	43,837,894	43,492,806(Note)
Equity attributable to owners of parent		53,678,660	56,706,504	61,828,295	89,213,763	80,024,934
Capital stock		20,026,929	19,676,929	19,676,929	21,387,966	21,387,966
Capital surplus		7,647,215	7,389,577	7,386,901	9,529,520	9,575,822
Retained earnings	Before distribution	25,221,021	26,390,805	27,936,917	30,727,392	31,220,437
	After distribution	23,450,097	24,442,789	25,477,301	27,840,017	28,012,242(Note)
Other equity interest		1,105,058	3,570,756	7,339,258	28,080,595	18,352,419
Treasury Stocks		(321,563)	(321,563)	(511,710)	(511,710)	(511,710)
Non-Controll Interesting	Before distribution	4,812,255	4,998,286	5,796,937	6,448,168	6,293,565
	After distribution	4,812,255	4,998,286	5,796,937	6,448,168	6,293,565
Total shareholders' equity	Before distribution	58,490,915	61,704,790	67,625,232	95,661,931	86,318,499
	After distribution	56,719,991	59,756,774	65,165,616	92,774,556	83,110,304(Note)

 Note : Amounts resolved by the board meeting dated on March 15th 2023

6.1.2 Condensed Statement of Income

A. Parent-Only Condensed Statement of Income

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2018	2019	2020	2021	2022
Sales revenue		20,879,719	18,873,312	19,819,029	23,258,398	27,229,403
Gross profit		4,412,191	4,046,442	4,061,136	4,361,609	4,989,184
Operating profit		1,410,943	1,114,970	1,075,033	1,357,228	1,845,542
Non-operating income & expenses		1,883,866	2,387,349	2,583,162	3,998,521	2,270,799
Profit before income tax		3,294,809	3,502,319	3,658,195	5,355,749	4,116,341
Income from operations of continued segments - before tax		3,150,089	3,221,717	3,511,358	5,013,134	3,457,667
Income from discontinued departments		0	0	0	0	0
Profit for the year		3,150,089	3,221,717	3,511,358	5,013,134	3,457,667
Other Comprehensive Income for the year		402,449	2,453,917	3,751,272	20,968,385	(9,805,423)
Total Comprehensive Income for the year		3,552,538	5,675,634	7,262,630	25,981,519	(6,347,756)
Profit (loss) attributable to owners of parent		3,150,089	3,221,717	3,511,358	5,013,134	3,457,667
Profit (loss) attributable to non-controlling interest		0	0	0	0	0
Total Comprehensive Income for the year profit (loss) attributable to owners of parent		3,552,538	5,675,634	7,262,630	25,981,519	(6,347,756)
Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest		0	0	0	0	0
Earnings per share		1.59	1.65	1.81	2.38	1.64

B. Consolidated Condensed Statement of Income

Unit: NT\$thousand

Item	Year	Five-Year Financial Summary				
		2018	2019	2020	2021	2022
Sales revenue		50,104,927	47,909,358	45,823,430	51,248,387	58,315,216
Gross profit		12,052,659	11,481,649	10,756,093	11,436,939	13,184,302
Operating profit		3,520,486	3,536,445	3,534,057	3,760,718	5,073,654
Non-operating income & expenses		765,802	903,009	865,691	2,391,160	348,171
Profit before income tax		4,286,288	4,439,454	4,399,748	6,151,878	5,421,825
Income from operations of continued segments - before tax		3,475,969	3,518,780	3,811,648	5,502,191	3,992,010
Income from discontinued departments		0	0	0	0	0
Profit for the year		3,475,969	3,518,780	3,811,648	5,502,191	3,992,010
Other Comprehensive Income for the year		433,011	2,520,910	3,791,939	21,474,459	(10,137,765)
Total Comprehensive Income for the year		3,908,980	6,039,690	7,603,587	26,976,650	(6,145,755)
Profit (loss) attributable to owners of parent		3,150,089	3,221,717	3,511,358	5,013,134	3,457,667
Profit (loss) attributable to non-controlling interest		325,880	297,063	300,290	489,057	534,343
Total Comprehensive Income for the year profit (loss) attributable to owners of parent		3,552,538	5,675,634	7,262,630	25,981,519	(6,347,756)
Total Comprehensive Income for the year profit (loss) attributable to non-controlling interest		356,442	364,056	340,957	995,131	202,001
Earnings per share		1.59	1.65	1.81	2.38	1.64

6.1.3 Auditors' Opinions in the Recent Five Years

Year	CPA Firm	CPA's Name	Auditing Opinion
2022	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)
2021	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)
2020	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)
2019	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)
2018	PricewaterhouseCoopers, Taiwan	Wu, Yu-Lung Chou, Chien-Hung	Unqualified Opinion(Other Item)

6.2 Five-Year Financial Analysis

6.2.1 Parent-Only Five-Year Financial Analysis

Item		Year	Financial analysis in the past five years				
			2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets		26.26	24.94	24.23	18.97	19.72
	Ratio of long-term capital to fixed assets		1,656.05	1,761.49	2,231.05	3,147.57	3,170.01
Solvency (%)	Current ratio		122.14	84.41	103.25	107.23	110.84
	Quick ratio		74.89	48.97	63.53	57.23	58.81
	Times interest earned ratio		35.78	35.91	41.15	79.67	57.20
Operating ability	Accounts receivable turnover (turns)		5.63	5.47	5.52	5.39	5.93
	Average collection period		64.83	66.73	66.12	67.72	61.55
	Inventory turnover (turns)		5.58	5.20	5.57	5.78	6.17
	Accounts payable turnover (turns)		3.59	3.65	3.80	3.72	3.97
	Average days in sales		65.41	70.19	65.53	63.15	59.16
	Fixed assets turnover (turns)		5.57	5.20	5.99	7.46	9.37
	Total assets turnover (turns)		0.29	0.25	0.25	0.24	0.26
Profitability	Return on total assets (%)		4.49	4.45	4.56	5.29	3.35
	Return on stockholders' equity (%)		5.97	5.84	5.92	6.64	4.09
	Ratio of pre-tax income to issued capital		16.45	17.80	18.59	25.05	19.25
	Profit ratio (%)		15.09	17.07	17.72	21.85	12.70
	Earnings per share (\$)		1.59	1.65	1.81	2.38	1.64
Cash flow	Cash flow ratio (%)		14.06	16.85	25.00	17.73	43.57
	Cash flow adequacy ratio (%)		67.68	68.53	87.75	75.53	80.95
	Cash reinvestment ratio (%)		-0.79	-0.13	0.09	-0.80	1.51
Leverage	Operating leverage		3.77	4.19	4.23	3.42	2.97
	Financial leverage		1.07	1.10	1.09	1.05	1.04
Key Indicator	Sales growth (%)		-1.98	-9.61	5.01	15.75	17.07
	Profit after tax growth (%)		1.87	2.27	8.99	42.77	-31.03

Reasons for changes in financial ratios in the last two years:

1. Times interest earned ratio: the decrease was mainly due to the unrealized loss of financial assets recognized by the subsidiary, resulting in a decrease in investment income under the equity method, and the combined impact of an increase in interest expenses due to an increase in interest rates.
2. Fixed assets turnover (turns): The increase was mainly due to the increase in sales revenue during the current period.
3. Return on total assets : the decrease was mainly due to the unrealized loss of financial assets recognized by the subsidiary, resulting in a decrease in investment income under the equity method and profit for the year.
4. Return on stockholders' equity: the decrease was mainly due to the unrealized loss of financial assets recognized by the subsidiary, resulting in a decrease in investment income under the equity method and profit for the year.
5. Ratio of pre-tax income to issued capital: the decrease was mainly due to the unrealized loss of financial assets recognized by the subsidiary, resulting in a decrease in investment income under the equity method and profit for the year.
6. Profit ratio: the decrease was mainly due to the unrealized loss of financial assets recognized by the subsidiary, resulting in a decrease in investment income under the equity method and profit for the year.
7. Earnings per share: the decrease was mainly due to the unrealized loss of financial assets recognized by the subsidiary, resulting in a decrease in investment income under the equity method and profit for the year.
8. Cash flow ratio: The increase was mainly due to the increase in sales revenue and profit for the year, as well as the fund of air conditioners project for high and elementary school, which resulted in an increase in cash flow from operating activities.
9. Cash flow reinvestment ratio: The increase was mainly due to the increase in sales revenue and profit for the year, as well as the fund of air conditioners project for high and elementary school, which resulted in an increase in cash flow from operating activities.
10. Profit after tax growth: The decrease was mainly due to less investment income under the equity method compared with the previous period.

6.2.2 Consolidated Five-Year Financial Analysis-IFRS

Item		Year	Financial analysis in the past five years				
			2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets		36.41	37.73	36.01	29.98	31.82
	Ratio of long-term capital to fixed assets		398.75	414.38	483.48	686.12	495.23
Solvency (%)	Current ratio		241.22	216.55	233.41	213.81	222.11
	Quick ratio		168.39	157.24	175.05	148.42	152.78
	Times interest earned ratio		20.66	17.95	19.59	31.51	27.58
Operating ability	Accounts receivable turnover (turns)		4.64	4.59	4.41	4.69	5.08
	Average collection period		78.66	79.52	82.77	77.83	71.85
	Inventory turnover (turns)		3.11	3.21	3.36	3.42	3.41
	Accounts payable turnover (turns)		4.84	4.83	4.58	4.33	4.45
	Average days in sales		117.36	113.71	108.63	106.73	107.04
	Fixed assets turnover (turns)		2.84	2.81	2.81	3.29	3.19
	Total assets turnover (turns)		0.54	0.50	0.45	0.42	0.44
Profitability	Return on total assets (%)		3.97	3.90	3.91	4.67	3.16
	Return on stockholders' equity (%)		5.97	5.86	5.89	6.74	4.39
	Ratio of Pre-tax income to issued capital (%) (Note7)		21.40	22.56	22.36	28.76	25.35
	Profit ratio (%)		6.94	7.34	8.32	10.74	6.85
	Earnings per share (\$)		1.59	1.65	1.81	2.38	1.64
Cash flow	Cash flow ratio (%)		23.86	29.21	27.97	17.84	28.15
	Cash flow adequacy ratio (%)		116.89	126.69	134.73	126.64	117.78
	Cash reinvestment ratio (%)		2.57	3.82	2.70	0.88	2.50
Leverage	Operating leverage		3.96	3.93	3.72	2.88	2.87
	Financial leverage		1.07	1.08	1.07	1.04	1.04
Key Indicator	Sales growth (%)		-1.64	-4.38	-4.35	11.84	13.79
	Profit after tax growth (%)		-1.93	1.23	8.32	44.35	-27.45

Reasons for changes in financial ratios in the last two years:

- Ratio of long-term capital to fixed assets: The decrease was mainly due to the unrealized loss arising from the financial assets measured at fair value through other comprehensive income in 2022, which resulted in a decrease in equity.
- Return on total assets : the decrease was mainly due to the unrealized loss of financial assets, which is classified as a non-operating loss, resulting in a decrease in the profit for the year.
- Return on stockholders' equity: the decrease was mainly due to the unrealized loss of financial assets, which is classified as a non-operating loss, resulting in a decrease in the profit for the year.
- Profit ratio: the decrease was mainly due to the unrealized loss of financial assets, which is classified as a non-operating loss, resulting in a decrease in the profit for the year.
- Earnings per share: the decrease was mainly due to the unrealized loss of financial assets, which is classified as a non-operating loss, resulting in a decrease in the profit for the year.
- Cash flow ratio: The increase was mainly due to the increase in sales revenue and profit for the year, as well as the fund of air conditioners project for high and elementary school, which resulted in an increase in cash flow from operating activities.
- Cash flow reinvestment ratio: The increase was mainly due to the increase in sales revenue and profit for the year, as well as the fund of air conditioners project for high and elementary school, which resulted in an increase in cash flow from operating activities.
- Profit after tax growth: the decrease was mainly due to the unrealized loss of financial assets, which is classified as a non-operating loss, resulting in a decrease in the profit for the year.

6.3 Inspection Report of Audit Committee

(This English version is only a translation of the Chinese version.)

The Audit Committee has duly inspected and approved the financial statements for 2022 (include consolidated financial statements), the business report and proposed profit distribution plan prepared and proposed by the Board of Directors, with the financial statements having been audited and certified by Pricewaterhouse Coopers, hereby submit this report pursuant to Article 14 of Securities and Exchange Act and Article 219 of the Company Act.

To

General Shareholders Meeting 2023

TECO Electric & Machinery Co., Ltd

Audit Committee Convener : Wei-Chi Liu

Date: March 15, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of TECO Electric & Machinery Co., Ltd. as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the parent company only financial statements present fairly, in all material respects, the financial position of TECO Electric & Machinery Co., Ltd. as of December 31, 2022 and 2021, and its financial performance and cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Emphasis of matter – Retrospective restatement of the parent company only financial statements for the year ended December 31, 2021

On March 16, 2022, we have audited and expressed an unqualified opinion with an *Other matter* section on the parent company only financial statements of Teco Electric & Machinery Co., Ltd. as at and for the year ended December 31, 2021. As described in Notes 4(33) and 6(30) of the financial statements, the Company engaged in a short-form merger with the subsidiary, Teco Smart Technologies Co., Ltd., on October 1, 2022. In accordance with the Accounting Research and Development Foundation Interpretation 101-301, the subsidiary was considered as consolidated at the beginning and shall retrospectively restate the parent company only financial statements for the year ended December 31, 2021. Our opinion is not modified in respect of the Company's restated parent company only financial statements for the year ended December 31, 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 financial statements are stated as follows:

Revenue recognition of export sales of Green Mechatronic Solution Business Group

Description

Refer to Note 4(30) of the parent company only financial statements for the accounting policies on revenue recognition. The Green Mechatronic Solution Business Group handles the manufacturing and sales of various machinery, equipment and motors. Aside from domestic sales in Taiwan, the customers of Green Mechatronic Solution Business Group are from China, America, Southeast Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of Green Mechatronic Solution Business Group as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of Green Mechatronic Solution Business Group to assess the effectiveness of the internal control process.
2. Validated selected samples of export sales revenue transactions of Green Mechatronic Solution Business Group to confirm the existence of export sales revenue transactions.

Other matter – Reference to the audits of other auditors

As described in Note 6(6) of the parent company only financial statements, we did not audit the financial statements of certain investee accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the investee disclosed in Note 13 was based solely on the reports of the other auditors. The investments accounted for under the equity method amounted to NT\$4,141,796 thousand and NT\$3,875,845 thousand, both constituting 4% of the related total assets as of December 31, 2022 and 2021, and the comprehensive income amounting to NT\$245,915 thousand and NT\$256,818 thousand, constituting (4%) and 1% of the total comprehensive income for the years then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 16, 2023

The accompanying parent company only 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 parent company only financial statements and independent auditors' report 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	(Restated) AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 804,916	1	\$ 253,997	-
1140	Current contract assets		2,112,996	2	2,322,233	2
1150	Notes receivable, net	6(4)	269,696	-	234,769	-
1160	Notes receivable - related parties	7	573,028	1	380,157	-
1170	Accounts receivable, net	6(4)	1,976,266	2	2,541,096	2
1180	Accounts receivable - related parties	7	1,578,608	2	1,566,175	2
1200	Other receivables		96,669	-	103,827	-
1210	Other receivables - related parties	6(6) and 7	550,186	1	606,262	1
130X	Inventories, net	6(5)	3,396,654	3	3,473,507	3
1410	Prepayments		86,056	-	54,990	-
1470	Other current assets	6(1) and 8	476,536	-	987,070	1
11XX	Total current assets		<u>11,921,611</u>	<u>12</u>	<u>12,524,083</u>	<u>11</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	2,155,192	2	2,322,450	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	16,091,157	16	11,759,402	11
1550	Investments accounted for under equity method	6(6)	63,565,377	64	77,120,718	70
1600	Property, plant and equipment, net	6(7) and 7	2,724,752	3	3,089,295	3
1755	Right-of-use assets	6(8) and 7	121,532	-	38,076	-
1760	Investment property, net	6(9)	2,365,935	2	2,103,867	2
1780	Intangible assets	6(10)	27,189	-	19	-
1840	Deferred income tax assets	6(27)	573,483	1	892,486	1
1900	Other non-current assets	6(1)(11) and 8	132,280	-	483,320	-
15XX	Total non-current assets		<u>87,756,897</u>	<u>88</u>	<u>97,809,633</u>	<u>89</u>
1XXX	Total assets		<u>\$ 99,678,508</u>	<u>100</u>	<u>\$ 110,333,716</u>	<u>100</u>

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	(Restated) AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(12)	\$ -	-	\$ 545,307	1
2120	Current financial liabilities at fair value through profit or loss	6(13)	3,845	-	-	-
2130	Current contract liabilities	6(21)	1,145,375	1	979,210	1
2150	Notes payable		57,919	-	56,069	-
2160	Notes payable - related parties	7	64,712	-	76,417	-
2170	Accounts payable		4,180,733	4	3,989,754	4
2180	Accounts payable - related parties	7	1,347,033	2	1,425,978	1
2200	Other payables		3,001,050	3	2,888,766	3
2220	Other payables - related parties	7	168,513	-	180,182	-
2230	Current income tax liabilities	6(27)	408,383	1	266,473	-
2250	Provisions for liabilities - current		92,691	-	105,744	-
2280	Current lease liabilities	6(8) and 7	91,479	-	11,532	-
2320	Long-term liabilities, current portion	6(14)	-	-	1,000,000	1
2399	Other current liabilities, others		193,896	-	155,316	-
21XX	Total current liabilities		<u>10,755,629</u>	<u>11</u>	<u>11,680,748</u>	<u>11</u>
Non-current liabilities						
2530	Corporate bonds payable	6(14)	5,000,000	5	5,000,000	4
2540	Long-term borrowings	6(15)	1,350,000	2	2,000,000	2
2550	Provisions for liabilities - non-current		106,678	-	-	-
2570	Deferred income tax liabilities	6(27)	1,234,836	1	1,087,468	1
2580	Non-current lease liabilities	6(8) and 7	8,467	-	1,294	-
2600	Other non-current liabilities	6(16)	1,197,964	1	1,350,443	1
25XX	Total non-current liabilities		<u>8,897,945</u>	<u>9</u>	<u>9,439,205</u>	<u>8</u>
2XXX	Total liabilities		<u>19,653,574</u>	<u>20</u>	<u>21,119,953</u>	<u>19</u>
Equity						
Share capital						
3110	Common stock	6(17)	21,387,966	21	21,387,966	20
Capital surplus						
3200	Capital surplus	6(18)	9,575,822	9	9,529,520	8
Retained earnings						
3310	Legal reserve	6(19)	7,899,057	8	7,374,048	7
3320	Special reserve		3,640,779	4	3,640,779	3
3350	Unappropriated retained earnings		19,680,601	20	19,712,565	18
Other equity interest						
3400	Other equity interest	6(20)	18,352,419	19	28,080,595	25
3500	Treasury stocks	6(6)(17)	(511,710)	(1)	(511,710)	-
3XXX	Total equity		<u>80,024,934</u>	<u>80</u>	<u>89,213,763</u>	<u>81</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 99,678,508</u>	<u>100</u>	<u>\$ 110,333,716</u>	<u>100</u>

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

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
 (Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7	\$ 27,229,403	100	\$ 23,258,398	100
5000 Operating costs	6(5)(16)(26) and 7	(22,204,807)	(82)	(18,971,202)	(81)
5900 Net operating margin		5,024,596	18	4,287,196	19
5910 Unrealized profit from sales	7	(411,132)	(1)	(375,720)	(2)
5920 Realized profit from sales		375,720	1	450,133	2
5950 Net operating margin		4,989,184	18	4,361,609	19
Operating expenses	6(16)(26), 7 and 12(2)				
6100 Selling expenses		(2,006,530)	(7)	(1,882,448)	(8)
6200 General and administrative expenses		(595,895)	(2)	(561,417)	(2)
6300 Research and development expenses		(542,554)	(2)	(567,739)	(3)
6450 Expected credit impairment losses		1,337	-	7,223	-
6000 Total operating expenses		(3,143,642)	(11)	(3,004,381)	(13)
6900 Operating profit		1,845,542	7	1,357,228	6
Non-operating income and expenses					
7100 Interest income	6(22) and 7	9,890	-	2,848	-
7010 Other income	6(3)(9)(23) and 7	991,812	3	919,830	4
7020 Other gains and losses	6(2)(13)(24) and 7	(481,909)	(2)	(261,124)	(1)
7050 Finance costs	6(8)(25) and 7	(73,251)	-	(71,014)	-
7070 Share of profit of subsidiary, associates and joint ventures accounted for under equity method	6(6)	1,824,257	7	3,407,981	14
7000 Total non-operating income and expenses		2,270,799	8	3,998,521	17
7900 Profit before income tax		4,116,341	15	5,355,749	23
7950 Income tax expense	6(27)	(658,674)	(2)	(342,615)	(1)
8200 Profit for the year		\$ 3,457,667	13	\$ 5,013,134	22
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(16)	\$ 56,332	-	(\$ 20,206)	-
8316 Unrealised gains and losses on valuation of investments measured at fair value through other comprehensive income	6(3)(20)	4,190,884	15	1,304,003	5
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(15,632,304)	(57)	(20,709,937)	(89)
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(11,385,088)	(42)	(21,993,734)	(94)
Other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Currency translation differences of foreign operations	6(20)	1,910,986	7	(1,159,046)	(5)
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	(331,321)	(1)	133,697	1
8360 Components of other comprehensive loss that will be reclassified to profit or loss		1,579,665	6	(1,025,349)	(4)
8300 Other comprehensive (loss) income for the year		(\$ 9,805,423)	(36)	\$ 20,968,385	90
8500 Total comprehensive (loss) income for the year		(\$ 6,347,756)	(23)	\$ 25,981,519	112
Earnings per share (in dollars)	6(28)				
9750 Basic earnings per share		\$ 1.64		\$ 2.38	
9850 Diluted earnings per share		\$ 1.64		\$ 2.38	

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

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Balance as of 2021 has been restated)
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other equity interest			Total equity	
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Treasury stocks
2021										
Balance at January 1, 2021		\$ 19,676,929	\$ 7,386,901	\$ 7,024,635	\$ 3,640,779	\$ 17,271,503	(\$ 3,017,676)	\$ 10,356,934	(\$ 511,710)	\$ 61,828,295
Profit for the year		-	-	-	-	5,013,134	-	-	-	5,013,134
Other comprehensive (loss) income for the year	6(20)	-	-	-	-	(33,085)	(1,025,349)	22,026,819	-	20,968,385
Total comprehensive income (loss)		-	-	-	-	4,980,049	(1,025,349)	22,026,819	-	25,981,519
Appropriations of 2020 earnings	6(19)	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	349,413	-	(349,413)	-	-	-	-
Cash dividends		-	-	(2,459,616)	-	(2,459,616)	-	-	-	(2,459,616)
Common shares issued for share conversion	6(17)	1,711,037	2,097,884	-	-	-	-	-	-	3,808,921
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	44,735	-	-	-	-	-	-	44,735
Disposal of investments in equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	284,557	-	(284,557)	-	-
Effect of changes in decrease in entities of associates		-	-	-	-	(14,515)	9,909	14,515	-	9,909
Balance at December 31, 2021		\$ 21,387,966	\$ 9,529,520	\$ 7,374,048	\$ 3,640,779	\$ 19,712,565	(\$ 4,033,116)	\$ 32,113,711	(\$ 511,710)	\$ 89,213,763
2022										
Balance at January 1, 2022		\$ 21,387,966	\$ 9,529,520	\$ 7,374,048	\$ 3,640,779	\$ 19,712,565	(\$ 4,033,116)	\$ 32,113,711	(\$ 511,710)	\$ 89,213,763
Profit for the year		-	-	-	-	3,457,667	-	-	-	3,457,667
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	66,771	1,579,665	(11,451,859)	-	(9,805,423)
Total comprehensive income (loss)		-	-	-	-	3,524,438	1,579,665	(11,451,859)	-	(6,347,756)
Appropriations of 2021 earnings	6(19)	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	525,009	-	(525,009)	-	-	-	-
Cash dividends		-	-	(2,887,375)	-	(2,887,375)	-	-	-	(2,887,375)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	46,302	-	-	-	-	-	-	46,302
Disposal of investments in equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	(144,018)	-	144,018	-	-
Balance at December 31, 2022		\$ 21,387,966	\$ 9,575,822	\$ 7,899,057	\$ 3,640,779	\$ 19,680,601	(\$ 2,453,451)	\$ 20,805,870	(\$ 511,710)	\$ 80,024,934

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

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 4,116,341	\$ 5,355,749
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(24)	143,577	(340,478)
Net loss on financial liabilities at fair value through profit or loss	6(13)(24)	17,281	852
Expected credit impairment gain	12(2)	(1,337)	(7,223)
Interest income	6(22)	(9,890)	(2,848)
Interest expense	6(25)	70,880	69,077
Dividend income	6(23)	(616,443)	(499,979)
Impairment loss	6(24)	-	7,388
Loss on disposal of investments	6(24)	-	3,481
Changes in unrealized gain from downstream sales		35,412	(74,413)
Share of profit of associates and joint ventures accounted for under the equity method	6(6)	1,824,257	(3,407,981)
Depreciation, amortization and net gain or loss on disposal of property, plant and equipment, net	6(7)(8)(9)(24)(26)	413,615	424,604
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		209,237	(1,100,822)
Notes receivable		(34,927)	(104,155)
Notes receivable - related parties		(192,871)	(119,375)
Accounts receivable		568,840	(434,503)
Accounts receivable - related parties		(4,984)	(210,003)
Other receivables		7,158	(12,902)
Other receivables - related parties		56,076	9,247
Inventories		76,853	(620,540)
Prepayments		(31,066)	31,176
Other current assets		(77,878)	117,592
Financial assets at fair value through profit or loss - non-current		23,681	185,134
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss-current		(13,436)	(852)
Current contract liabilities		166,165	(79,719)
Notes payable		1,850	50,042
Notes payable - related parties		(11,705)	(38,790)
Accounts payable		190,979	417,148
Accounts payable - related parties		(78,945)	542,205
Other payables		139,051	243,080
Other payables - related parties		(11,669)	1,631
Provisions for liabilities - current		(13,053)	7,156
Provisions for liabilities - non-current		106,678	-
Other current liabilities		38,580	34,767
Other non-current liabilities		(104,467)	(92,996)
Cash inflow generated from operations		3,355,326	352,750
Interest received	6(22)	9,890	2,848
Dividends received		1,776,932	1,939,580
Payment of interest		(73,811)	(69,259)
Payment of income tax		(381,714)	(203,550)
Net cash flows from operating activities		<u>4,686,623</u>	<u>2,022,369</u>

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	2022	2021 (Restated)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in other receivables - related parties - financing	7	\$ -	\$ 98,722
Decrease in restricted bank deposit	8	588,412	-
Increase in non-current financial assets at fair value through other comprehensive income		(140,871)	-
Increase in investments accounted for under equity method		(118,377)	(230,304)
Proceeds from disposal of property, plant and equipment		-	7,214
Acquisition of property, plant and equipment	6(7)(29)	(225,570)	(248,883)
Increase in deferred expenses		(36,826)	(11,869)
(Increase) decrease in refundable deposits		(7,425)	8,510
Decrease (increase) in bank deposit under the regulation governing the management, utilization, and taxation of repatriated offshore funds	6(11)	361,224	(191,813)
Dividends received		616,443	499,979
Proceeds from disposal of investments accounted for under the equity method		10,875	5,869
Decrease (increase) in other non-current assets		16,557	(749)
Net cash flows from (used in) investing activities		<u>1,064,442</u>	<u>(63,324)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		(545,307)	(721,853)
Repayment of bonds	6(14)	(1,000,000)	-
(Decrease) increase in long-term loans		(650,000)	820,000
Cash dividends paid	6(19)	(2,887,375)	(2,459,616)
Acquisition of intangible assets		(34,527)	-
Lease liabilities paid		(82,937)	(86,148)
Net cash flows used in financing activities		<u>(5,200,146)</u>	<u>(2,447,617)</u>
Net increase (decrease) in cash and cash equivalents		550,919	(488,572)
Cash and cash equivalents at beginning of year		<u>253,997</u>	<u>742,569</u>
Cash and cash equivalents at end of year		<u>\$ 804,916</u>	<u>\$ 253,997</u>

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

TECO ELECTRIC & MACHINERY CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

(Balance as of 2021 has been restated)

(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 Law of the Republic of China (R.O.C.). The Company primarily engages in the manufacture, installation, wholesale, retail of various types of electronic equipment, telecommunication equipment, office equipment, and home appliances. The Company merged with Taian Electric Co., Ltd. in 2003. Under the merger, the Company was the surviving company while Taian Electric Co., Ltd. was the dissolved company. The Company merged with Anyang Electric Co., Ltd. and Tontai Technology Co., Ltd. in 2011. Under the merger, the Company was the surviving company while Anyang Electric Co., Ltd. and Tontai Technology Co., Ltd. were the dissolved company. On October 1, 2022, the Company engaged in a short-form merger with the wholly-owned subsidiary, Teco Smart Technologies Co., Ltd.. Under the merger, the Company was the surviving company while Teco Smart Technologies Co., Ltd. was the dissolved company.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These financial statements were authorized for issuance by the Board of Directors on March 15, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts— cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

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

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

(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 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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these 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 and liabilities 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange

rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate or jointly joint arrangements exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate or joint arrangements entity after losing significant influence over the former foreign associate or losing joint control of the former joint arrangements such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are

to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

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

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(11) Leasing arrangements (lessor) – operating leases

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

(12) Inventories

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

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

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized profit (loss) arising from the transactions between the Company and subsidiaries have been offset. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. If changes in shareholdings in subsidiaries do not result to loss of control (transaction with non-controlling interest), transactions shall be considered as equity transactions, which are transactions between owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognized in equity.
- E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

- F. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
 - G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
 - H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
 - I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
 - J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
 - K. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.
- (14) Property, plant and equipment
- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
 - B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
 - C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
 - D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if

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

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

(15) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable; and
- (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Investment property

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

(17) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Intangible assets except goodwill are mainly computer software, which is stated at cost and amortized on the straight-line basis over the estimated economic useful life.

(18) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due

to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

- B. The recoverable amounts of goodwill and intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.
- (19) Borrowings
- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.
- (20) Notes and accounts payable
- A. Notes payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.
- (21) Bonds payable
- Ordinary corporate bonds issued by the Company are initially recognized at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortized to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs.'
- (22) Derecognition of financial liabilities
- A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.
- (23) Offsetting financial instruments
- Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.
- (24) Financial guarantee contracts
- A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. At initial recognition, the Company measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognized.
- (25) Provisions
- Provisions (including product warranties, etc.) are recognized when the Company has a present

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

(26) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

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

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

C. Termination benefits

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

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

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

(27) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit

or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the inappropriate retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, and associates except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. Based on the “Income Basic Tax Act”, if the regular income tax is equal or more than the basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and other relevant laws. Whereas, if the regular income tax is less than basic tax, the income tax payable shall be equal to the basic tax. The difference between the regular income tax and basic tax shall not be subject to deductions of investment tax credits granted under the provisions of other laws.

(28) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company’s equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders.

(29) Dividends

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

(30) Revenue recognition

- A. Sales of goods—wholesale

- (a) The Company manufactures and sells various types of mechanical equipment, air-

conditioning units and electronic equipment products. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- (b) Electronic and machinery, electronic equipment and power generation equipment are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts and sales discounts and allowances, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales are made with a credit term of 30 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
 - (c) The Company's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision.
 - (d) A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.
- B. Installation and construction service of electrification products
- (a) The Company provides installation and construction service of electrification products. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total cost. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.
 - (b) Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Company are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Company recognises revenue on the basis of costs incurred relative to the total expected costs of that performance obligation. Conversely, the Company recognises revenue at an amount equal to the cost of a good if the good is not distinct and its cost is significant relative to the total expected costs, the customer is expected to obtain control of the good significantly before receiving services related to the good, and the Company procures the good from a third party and is not involved in designing and manufacturing the good by acting as a principal.

- (c) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

(31) Government grants

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

(32) Business combinations

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

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

(33) Intra-group reorganisation

The Company engaged in a short-form merger with the subsidiary, Teco Smart Technologies Co., Ltd., on October 1, 2022, which was a reorganisation. In accordance with the Accounting Research and Development Foundation Interpretation 101-301, the transaction was recognized using book value method, the subsidiary was considered as consolidated at the beginning and shall retrospectively restate the parent company only financial statements for the year ended December 31, 2021.

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of goodwill

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

6. Details of Significant Accounts(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 306	\$ 385
Checking accounts and demand deposits	153,015	253,612
Time deposits	<u>651,595</u>	<u>-</u>
	<u>\$ 804,916</u>	<u>\$ 253,997</u>

A. The Company 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 December 31, 2022 and 2021, certain bank deposits amounting to \$219,345 and \$1,168,981, respectively, were restricted due to earmarked construction projects and the regulations 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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks	\$ 869,386	\$ 874,131
Non-listed and OTC stocks	810,394	810,394
Money Market Fund	<u>190,606</u>	<u>209,500</u>
	1,870,386	1,894,025
Valuation adjustment	284,806	428,425
	<u>\$ 2,155,192</u>	<u>\$ 2,322,450</u>

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

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 143,577)	\$ 340,478

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

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

Items	December 31, 2022	December 31, 2021
Non-current items:		
Listed and OTC stocks	\$ 9,567,149	\$ 9,426,278
Non-listed and OTC stocks	47,148	47,148
	9,614,297	9,473,426
Valuation adjustment	6,476,860	2,285,976
	\$ 16,091,157	\$ 11,759,402

A. The Company 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 \$16,091,157 and \$11,759,402 as at December 31, 2022 and 2021, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

Equity instruments at fair value through other comprehensive income	For the year ended December 31, 2022	For the year ended December 31, 2021
Fair value change recognized in other comprehensive income	\$ 4,190,884	\$ 1,304,003
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ -
Dividend income recognised in profit or loss		
Held at end of year	\$ 508,804	\$ 414,965
Derecognised during the year	\$ -	\$ -

C. The Company has no financial assets at fair value through other comprehensive income pledged to others.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Notes 12(2) and (3).

(4) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 270,421	\$ 235,374
Less: Allowance for bad debts	(725)	(605)
	\$ 269,696	\$ 234,769
Accounts receivable	\$ 2,009,374	\$ 2,568,211
Less: Allowance for bad debts	(33,108)	(27,115)
	\$ 1,976,266	\$ 2,541,096

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	\$ 1,656,343	\$ 2,199,486
Up to 30 days	218,655	217,498
31 to 90 days	40,942	59,913
91 to 180 days	67,380	60,745
Over 180 days	296,475	265,943
	<u>\$ 2,279,795</u>	<u>\$ 2,803,585</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2022 and 2021, accounts receivable and notes receivable were all from contracts with customers.

C. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 1,041,201	(\$ 81,295)	\$ 959,906
Work in progress	645,057	(1,219)	643,838
Finished goods	1,709,960	(79,855)	1,630,105
Inventory in transit	162,805	-	162,805
	<u>\$ 3,559,023</u>	<u>(\$ 162,369)</u>	<u>\$ 3,396,654</u>
	<u>December 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 1,187,606	(\$ 76,037)	\$ 1,111,569
Work in progress	560,242	(3,969)	556,273
Finished goods	1,747,822	(84,056)	1,663,766
Inventory in transit	141,899	-	141,899
	<u>\$ 3,637,569</u>	<u>(\$ 164,062)</u>	<u>\$ 3,473,507</u>

The cost of inventories recognized as expense for the years ended December 31, 2022 and 2021 was \$14,534,670 and \$13,603,668, respectively, including \$56,381 and \$102,039 that the Company wrote down from cost to the net realizable value accounted for as cost of goods sold for the years ended December 31, 2022 and 2021, respectively.

(6) Investments accounted for under the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries:		
1. Teco International Investment Co., Ltd.	\$ 1,640,215	\$ 1,811,724
2. Teco Holding USA Inc.	11,712,525	10,353,077
3. Teco Electric & Machinery (Pte) Ltd.	3,558,079	3,304,645
4. Tong-An Investment Co., Ltd.	19,309,155	35,432,266
5. United View Global Investment Co., Ltd.	8,290,872	7,933,545
6. Micropac Worldwide Investment (BVI)	1,212,898	1,215,005
7. Tong-An Assets Management & Development Co., Ltd.	5,298,140	5,290,937
8. Eagle Holding Co.	4,805,052	4,281,054
9. Century Development Corporation	1,375,539	1,365,341
10. Others	3,731,049	3,582,509
	<u>60,933,524</u>	<u>74,570,103</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 2,440,891	\$ 2,313,312
2. Lien Chang Electronic Enterprise Co., Ltd.	487,575	498,574
3. Others	114,519	114,449
	<u>3,042,985</u>	<u>2,926,335</u>
	63,976,509	77,496,438
Less: Unrealized profit from sales	(411,132)	(375,720)
	63,565,377	77,120,718
Less: Credit balance of investments accounted for using equity method such as Teco 3C (shown as deductions on other receivables - related parties and other current liabilities)	(14,037)	(9,705)
	<u>\$ 63,551,340</u>	<u>\$ 77,111,013</u>

The share of profit/loss of associates and joint ventures accounted for under equity method for the years ended December 31, 2022 and 2021 are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Subsidiaries:		
1. Teco Holding USA Inc.	\$ 370,644	\$ 231,794
2. Teco Electric & Machinery (Pte) Ltd.	129,620	71,951
3. Tong-An Investment Co., Ltd.	(565,550)	1,515,812
4. United View Global Investment Co., Ltd.	659,373	322,588
5. Eagle Holding Co.	308,783	291,581
6. Tong Dai Co., Ltd.	119,457	87,196
7. Century Development Co., Ltd.	93,672	94,203
8. Others	470,644	485,358
	<u>1,586,643</u>	<u>3,100,483</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	245,014	253,922
2. Lien Chang Electronic Enterprise Co., Ltd.	1,528	38,830
3. Others	(8,928)	14,746
	<u>237,614</u>	<u>307,498</u>
	<u>\$ 1,824,257</u>	<u>\$ 3,407,981</u>

A. Subsidiaries:

- (a) For the years ended December 31, 2022 and 2021, partial investments accounted for using equity method are valued based on the financial statements audited by the companies' independent auditors. Gain on investment accounted for using equity method and other comprehensive income, net were \$245,915 and \$256,818 for the years ended December 31, 2022 and 2021, respectively. The related balance of investment accounted for using equity method was \$4,141,796 and \$3,875,845 as of December 31, 2022 and 2021, respectively.
- (b) As of December 31, 2022 and 2021, the Company's common stocks owned by its subsidiaries, Tong-An Investment Co., Ltd. and others, both totalling \$511,710 (29,513 thousand shares), were transferred from the investments accounted for using equity method to treasury stock.
- (c) Please refer to Note 4(3) of the 2022 consolidated financial statements for related information about subsidiaries of the Company.

B. Associates

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

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2022	December 31, 2021		
Tung Pei Industrial Co., Ltd.	R.O.C	31.14%	31.14%	Financial investment	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C	33.84%	33.84%	"	"

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

Balance sheet

	Tung Pei Industrial Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 4,504,756	\$ 4,638,552
Non-current assets	7,456,618	7,178,933
Current liabilities	(2,548,354)	(2,936,294)
Non-current liabilities	(1,622,810)	(1,450,643)
Total assets	<u>\$ 7,790,210</u>	<u>\$ 7,430,548</u>
Share in associate's net assets	\$ 2,440,891	\$ 2,313,312
Goodwill	-	-
Carrying amount of the associate	<u>\$ 2,440,891</u>	<u>\$ 2,313,312</u>
	Lien Chang Electronic Enterprise Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 1,465,956	\$ 1,610,794
Non-current assets	409,658	460,488
Current liabilities	(368,510)	(508,731)
Non-current liabilities	(66,450)	(89,398)
Total assets	<u>\$ 1,440,654</u>	<u>\$ 1,473,153</u>
Share in associate's net assets	\$ 487,575	\$ 498,574
Goodwill	-	-
Carrying amount of the associate	<u>\$ 487,575</u>	<u>\$ 498,574</u>

Statement of comprehensive income

	<u>Tung Pei Industrial Co., Ltd.</u>	
	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Revenue	\$ 5,430,538	\$ 5,790,986
Profit for the period from continuing operations	747,688	816,173
Other comprehensive income (loss), net of tax	61,122	(2,081)
Total comprehensive income	<u>\$ 808,810</u>	<u>\$ 814,092</u>
Dividends received from associates	<u>\$ 117,435</u>	<u>\$ 74,376</u>

	<u>Lien Chang Electronic Enterprise Co., Ltd.</u>	
	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Revenue	\$ 1,000,634	\$ 1,566,696
Profit for the period from continuing operations	10,418	114,731
Other comprehensive income, net of tax	12,904	9,406
Total comprehensive income	<u>\$ 23,322</u>	<u>\$ 124,137</u>
Dividends received from associates	<u>\$ 16,894</u>	<u>\$ 9,386</u>

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

As of December 31, 2022 and 2021, the carrying amount of the Company's individually immaterial associates amounted to \$114,519 and \$114,449, respectively.

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
(Loss) profit for the period from continuing operations	(\$ 8,928)	\$ 14,746
Total comprehensive (loss) income	<u>(\$ 8,928)</u>	<u>\$ 14,746</u>

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

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lien Chang Electronic Enterprise Co., Ltd.	<u>\$ 372,043</u>	<u>\$ 519,959</u>

- C. The Company has no investments accounted for using equity method pledged to others as collateral.

(7) Property, plant and equipment

	Leased assets -						Total
	Land	Buildings and structures	Machinery and equipment	Machinery and equipment	Transportation equipment	Leasehold improvements		Miscellaneous equipment
<u>At January 1, 2022</u>							
Cost	\$ 1,538,754	\$ 1,360,971	\$ 4,827,195	\$ 630,893	\$ 3,069	\$ 273,637	\$ 3,569,722
Accumulated depreciation and impairment	(34,697)	(674,571)	(4,423,637)	(596,318)	(2,788)	(218,366)	(3,164,569)
	<u>\$ 1,504,057</u>	<u>\$ 686,400</u>	<u>\$ 403,558</u>	<u>\$ 34,575</u>	<u>\$ 281</u>	<u>\$ 55,271</u>	<u>\$ 405,153</u>
<u>2022</u>							
Opening net book amount	\$ 1,504,057	\$ 686,400	\$ 403,558	\$ 34,575	\$ 281	\$ 55,271	\$ 405,153
Additions	-	5,562	75,104	-	611	14,153	108,113
Disposals	-	-	(2,646)	-	-	-	(880)
Reclassifications	(160,067)	(148,682)	(6,882)	(6,435)	-	-	(447)
Depreciation charge	-	(28,895)	(92,556)	(1,035)	(187)	(16,872)	(116,266)
Closing net book amount	<u>\$ 1,343,990</u>	<u>\$ 514,385</u>	<u>\$ 390,342</u>	<u>\$ 27,105</u>	<u>\$ 705</u>	<u>\$ 52,552</u>	<u>\$ 395,673</u>
<u>At December 31, 2022</u>							
Cost	\$ 1,378,687	\$ 1,024,585	\$ 4,649,433	\$ 614,740	\$ 3,680	\$ 287,790	\$ 3,498,196
Accumulated depreciation and impairment	(34,697)	(510,200)	(4,259,091)	(587,635)	(2,975)	(235,238)	(3,102,523)
	<u>\$ 1,343,990</u>	<u>\$ 514,385</u>	<u>\$ 390,342</u>	<u>\$ 27,105</u>	<u>\$ 705</u>	<u>\$ 52,552</u>	<u>\$ 395,673</u>
							<u>\$ 2,724,752</u>

	Leased assets -							Total
	Land	Buildings and structures	Machinery and equipment	Machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	
<u>At January 1, 2021</u>								
Cost	\$ 1,551,531	\$ 1,372,384	\$ 4,883,598	\$ 650,462	\$ 4,694	\$ 224,977	\$ 3,591,624	\$ 12,279,270
Accumulated depreciation and impairment	(34,697)	(649,608)	(4,465,054)	(608,061)	(4,054)	(205,410)	(3,210,859)	(9,177,743)
	<u>\$ 1,516,834</u>	<u>\$ 722,776</u>	<u>\$ 418,544</u>	<u>\$ 42,401</u>	<u>\$ 640</u>	<u>\$ 19,567</u>	<u>\$ 380,765</u>	<u>\$ 3,101,527</u>
<u>2021</u>								
Opening net book amount	\$ 1,516,834	\$ 722,776	\$ 418,544	\$ 42,401	\$ 640	\$ 19,567	\$ 380,765	\$ 3,101,527
Additions	-	7,237	61,315	-	-	48,660	158,840	276,052
Disposals	(3,020)	(3,688)	(3,153)	-	(213)	-	(899)	(10,973)
Reclassifications	(9,757)	(11,354)	25,416	(6,791)	-	-	(441)	(2,927)
Depreciation charge	-	(28,571)	(98,564)	(1,035)	(146)	(12,956)	(133,112)	(274,384)
Closing net book amount	<u>\$ 1,504,057</u>	<u>\$ 686,400</u>	<u>\$ 403,558</u>	<u>\$ 34,575</u>	<u>\$ 281</u>	<u>\$ 55,271</u>	<u>\$ 405,153</u>	<u>\$ 3,089,295</u>
<u>At December 31, 2021</u>								
Cost	\$ 1,538,754	\$ 1,360,971	\$ 4,827,195	\$ 630,893	\$ 3,069	\$ 273,637	\$ 3,569,722	\$ 12,204,241
Accumulated depreciation and impairment	(34,697)	(674,571)	(4,423,637)	(596,318)	(2,788)	(218,366)	(3,164,569)	(9,114,946)
	<u>\$ 1,504,057</u>	<u>\$ 686,400</u>	<u>\$ 403,558</u>	<u>\$ 34,575</u>	<u>\$ 281</u>	<u>\$ 55,271</u>	<u>\$ 405,153</u>	<u>\$ 3,089,295</u>

- A. For the years ended December 31, 2022 and 2021, no borrowing cost was capitalized as part of property, plant and equipment.
- B. 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.

(8) Leasing arrangements - lessee

- A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 2 to 50 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 leased assets may not be used as security for borrowing purposes.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 76,297	\$ 3,993
Land	29,831	31,022
Transportation equipment (Business vehicles)	4,047	2,578
Machinery and equipment	11,357	483
	<u>\$ 121,532</u>	<u>\$ 38,076</u>
	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 77,773	\$ 80,375
Land	1,191	1,191
Transportation equipment (Business vehicles)	1,928	2,100
Machinery and equipment	3,960	46
	<u>\$ 84,852</u>	<u>\$ 83,712</u>

- C. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets was \$169,302 and \$5,535, respectively.
- D. Interest expenses on lease liabilities for the years ended December 31, 2022 and 2021 were \$1,809 and \$695 and the cash outflows were \$166,902 and \$163,176, respectively.
- E. Expenses on short-term leases and leases of low-value assets for the years ended December 31, 2022 and 2021 were \$81,875 and \$74,959; \$2,090 and \$2,066, respectively.

(9) Investment property

	Land	Buildings and structures	Total
<u>At January 1, 2022</u>			
Cost	\$ 1,256,226	\$ 1,955,967	\$ 3,212,193
Accumulated depreciation and impairment	-	(1,108,326)	(1,108,326)
	<u>\$ 1,256,226</u>	<u>\$ 847,641</u>	<u>\$ 2,103,867</u>
<u>2022</u>			
Opening net book amount	\$ 1,256,226	\$ 847,641	\$ 2,103,867
Reclassifications	160,067	148,682	308,749
Depreciation charge	-	(46,681)	(46,681)
Closing net book amount	<u>\$ 1,416,293</u>	<u>\$ 949,642</u>	<u>\$ 2,365,935</u>
<u>At December 31, 2022</u>			
Cost	\$ 1,416,293	\$ 2,297,529	\$ 3,713,822
Accumulated depreciation and impairment	-	(1,347,887)	(1,347,887)
	<u>\$ 1,416,293</u>	<u>\$ 949,642</u>	<u>\$ 2,365,935</u>
	Land	Buildings and structures	Total
<u>At January 1, 2021</u>			
Cost	\$ 1,246,469	\$ 1,942,984	\$ 3,189,453
Accumulated depreciation and impairment	-	(1,060,164)	(1,060,164)
	<u>\$ 1,246,469</u>	<u>\$ 882,820</u>	<u>\$ 2,129,289</u>
<u>2021</u>			
Opening net book amount	\$ 1,246,469	\$ 882,820	\$ 2,129,289
Reclassifications	9,757	11,354	21,111
Depreciation charge	-	(46,533)	(46,533)
Closing net book amount	<u>\$ 1,256,226</u>	<u>\$ 847,641</u>	<u>\$ 2,103,867</u>
<u>At December 31, 2021</u>			
Cost	\$ 1,256,226	\$ 1,955,967	\$ 3,212,193
Accumulated depreciation and impairment	-	(1,108,326)	(1,108,326)
	<u>\$ 1,256,226</u>	<u>\$ 847,641</u>	<u>\$ 2,103,867</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 year ended December 31, 2022	For the year ended December 31, 2021
Rental income from investment property	\$ 95,114	\$ 152,694
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 11,201	\$ 19,794
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ 5,816	\$ -

C. The fair value of the investment property held by the Company as at December 31, 2022 and 2021 was \$4,886,231 and \$4,119,415, respectively. The valuation is based on average closing prices of investment property at the area where the property is located.

(10) Intangible assets

	December 31, 2022	December 31, 2021
Computer Software		
<u>At January 1</u>		
Cost	\$ 1,995	\$ 1,995
Accumulated amortisation	(1,976)	(1,931)
	\$ 19	\$ 64
Opening net book amount	\$ 19	\$ 64
Additions	34,527	-
Amortisation charge	(7,357)	(45)
Closing net book amount	\$ 27,189	\$ 19
<u>At December 31</u>		
Cost	\$ 36,522	\$ 1,995
Accumulated amortisation	(9,333)	(1,976)
	\$ 27,189	\$ 19

Details of amortisation on intangible assets are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating Cost	\$ 131	\$ -
Operating Expense	7,226	45
	\$ 7,357	\$ 45

(11) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepayment for equipment	\$ 100,071	\$ 81,588
Refundable deposits	20,072	17,322
Deferred expenses	10,930	14,978
Deposits account for the repatriation of capital from Taiwan's offshore companies	-	361,224
Other assets	1,207	8,208
	<u>\$ 132,280</u>	<u>\$ 483,320</u>

- A. The Company'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 Company qualifying 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. As of December 31, 2022, the Company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the Company withdrew funds from the specific account for reinvestment.
- B. The Company's repatriation of offshore reinvestment income amounting to US\$10,500,000 is allowed to apply a preferential tax rate of 10% 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 26, 2021. As of December 31, 2022, the Company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the Company withdrew funds from the specific account for reinvestment.
- C. The Company's repatriation of offshore reinvestment income amounting to US\$4,000,000 is allowed to apply a preferential tax rate of 10% 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, 2021. As of December 31, 2022, the Company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the Company withdrew funds from the specific account for reinvestment.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 545,307	0.60%~1.00%	None

As of December 31, 2022, the Company did not hold any short-term borrowings.

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	\$ 3,845	\$ -

- A. The Company recognized net loss of (\$17,281) and (\$852) on financial liabilities held for trading for the years ended December 31, 2022 and 2021, respectively.
- B. Explanations of the transactions and contract information in respect of derivative financial liabilities for which the Company does not adopt hedge accounting are as follows:

December 31, 2022

Financial instrument	Contract period	Contract amount (notional principal)		Fair value
Forward exchange contract				
SELL EUR/BUY USD	Oct. 25, 2022~Feb. 22, 2023	EUR	2,400,000	\$ 2,790
SELL USD/BUY CNH	Nov. 14, 2022~Jan. 17, 2023	CNH	8,000,000	136
SELL AUD/BUY USD	Nov. 17, 2022~Feb. 22, 2023	AUD	2,000,000	404
SELL USD/BUY JPY	Nov. 17, 2022~Feb. 22, 2023	JPY	94,000,000	515
				\$ 3,845

- C. The Company 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.

(14) Bonds payable

	December 31, 2022	December 31, 2021
Issuance of bonds payable	\$ 5,000,000	\$ 6,000,000
Less : Bonds payable due in one year (listed as '2320 Long-term liabilities, current portion')	-	(1,000,000)
	\$ 5,000,000	\$ 5,000,000

- A. 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. As of September 15, 2022, the bonds were all redeemed.

- B. 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.

- C. 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.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings and commercial papers payable	Borrowing period is from Mar. 31, 2021 to Dec. 31, 2024; payable at maturity	1.74%~1.90%	None	<u>\$ 1,350,000</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings and commercial papers payable	Borrowing period is from Feb. 3, 2021 to June 30, 2024; payable at maturity	0.62%~0.98%	None	<u>\$ 2,000,000</u>

A. Under the long-term contracts with certain financial institutions, the Company 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 December 31, 2022 and 2021, the Company has undrawn borrowing facilities of \$18,283,315 and \$14,784,485, respectively.

(16) Pensions

A.(a) The Company has 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 contributes 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 would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 1,394,624)	(\$ 1,543,158)
Fair value of plan assets	245,401	242,355
Net defined benefit liability	<u>(\$ 1,149,223)</u>	<u>(\$ 1,300,803)</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2022			
Balance at January 1	(\$ 1,543,158)	\$ 242,355	(\$ 1,300,803)
Current service cost	(3,389)	-	(3,389)
Interest (expense) income	(10,769)	1,711	(9,058)
	<u>(1,557,316)</u>	<u>244,066</u>	<u>(1,313,250)</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	20,019	20,019
Change in demographic assumptions	(3,356)	-	(3,356)
Change in financial assumptions	91,995	-	91,995
Experience adjustments	(52,326)	-	(52,326)
	<u>36,313</u>	<u>20,019</u>	<u>56,332</u>
Pension fund contribution	-	80,524	80,524
Paid pension	101,647	(101,647)	-
Paid from the account	27,171	-	27,171
Balance at December 31	<u>(\$ 1,392,185)</u>	<u>\$ 242,962</u>	<u>(\$ 1,149,223)</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
For the year ended December 31, 2021			
Balance at January 1	(\$ 1,606,203)	\$ 223,075	(\$ 1,383,128)
Current service cost	(5,881)	-	(5,881)
Interest (expense) income	(7,787)	1,127	(6,660)
	<u>(1,619,871)</u>	<u>224,202</u>	<u>(1,395,669)</u>
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	3,243	3,243
Change in demographic assumptions	(29,992)	-	(29,992)
Change in financial assumptions	27,815	-	27,815
Experience adjustments	(21,272)	-	(21,272)
	<u>(23,449)</u>	<u>3,243</u>	<u>(20,206)</u>
Pension fund contribution	-	100,945	100,945
Paid pension	86,035	(86,035)	-
Paid from the account	14,127	-	14,127
Balance at December 31	<u>(\$ 1,543,158)</u>	<u>\$ 242,355</u>	<u>(\$ 1,300,803)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Discount rate	1.70%	0.75%
Future salary increase	1.75%	1.75%

Assumptions regarding future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2022				
Effect on present value of defined benefit obligation	\$ 44,863	(\$ 46,901)	(\$ 47,139)	\$ 44,652
December 31, 2021				
Effect on present value of defined benefit obligation	\$ 53,295	(\$ 56,466)	(\$ 55,614)	\$ 53,054

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2023 amount to \$22,047.

(g) As of December 31, 2022, the weighted average duration of that retirement plan is 6.6~13 years.

B. (a) Effective July 1, 2005, the Company has 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 contributes 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 pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2022 and 2021 were \$74,693 and \$70,671, respectively.

(17) Share capital

A. As of December 31, 2022, 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.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
Balance at January 1	2,138,797	1,967,693
Ordinary shares issued	-	171,104
Balance at December 31	<u>2,138,797</u>	<u>2,138,797</u>

- 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 for the purpose of general investment. Also, the subsidiary - Taiwan Pelican Express Co., Ltd. is a subsidiary over which the Company has substantial control and its investment on the Company's shares is a general investment. As of December 31, 2022 and 2021, book value of the shares of the Company held by the subsidiaries amounted to both \$511,710.

Details are as follows:

	December 31, 2022		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 27.55
An-Tai International Investment Co., Ltd.	2,826	10.37	27.55
Top-Tower Enterprises Co., Ltd.	77	9.37	27.55
Taiwan Pelican Express Co., Ltd.	<u>7,070</u>	26.89	27.55
	<u>29,513</u>		
	December 31, 2021		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 31.65
An-Tai International Investment Co., Ltd.	2,826	10.37	31.65
Top-Tower Enterprises Co., Ltd.	77	9.37	31.65
Taiwan Pelican Express Co., Ltd.	<u>7,070</u>	26.89	31.65
	<u>29,513</u>		

(18) Capital surplus

Pursuant to the R.O.C Company Act, 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 Act 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.

(19) Retained earnings and legal reserve

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

- (a) Payment of taxes and duties.
- (b) Covering prior years' accumulated deficit, if any.
- (c) After deducting items (a) and (b), set aside 10% of the remaining amount as legal reserve.
- (d) Set aside a certain amount as special reserve, if any.
- (e) Distributing the remaining amount plus prior years' retained earnings to shareholders according to their shareholding percentage. The distribution rate is principally 80%, of which cash dividend shall account for 5% ~ 50% of the distributed amount.

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

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

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

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of December 31, 2022, 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 Company recognized dividends distributed to owners amounting to \$2,887,375 (\$1.35 (in dollars) per share) and \$2,459,616 (\$1.15 (in dollars) per share) for the years ended December 31, 2022 and 2021, respectively. On March 15, 2023, the Board of Directors proposed that total dividends for the distribution of earnings for the year of 2022 was \$3,208,195 at \$1.5 (in dollars) per share.

(20) Other equity items

	<u>Unrealized gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2022	\$ 32,113,711	(\$ 4,033,116)	\$ 28,080,595
Unrealized gains and losses on financial assets:			
–Company	4,190,884	-	4,190,884
–Subsidiaries, associates and joint venture	(15,642,743)	-	(15,642,743)
Revaluation transferred to retained earnings	144,018	-	144,018
Currency translation differences:			
–Company	-	1,579,665	1,579,665
At December 31, 2022	<u>\$ 20,805,870</u>	<u>(\$ 2,453,451)</u>	<u>\$ 18,352,419</u>
	<u>Unrealized gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2021	\$ 10,356,934	(\$ 3,017,676)	\$ 7,339,258
Unrealized gains and losses on financial assets:			
–Company	1,304,003	-	1,304,003
–Subsidiaries, associates and joint venture	20,722,816	-	20,722,816
Revaluation transferred to profit and loss	-	9,909	9,909
Revaluation transferred to retained earnings	(284,557)	-	(284,557)
Revaluation transferred to retained earnings-associates	14,515	-	14,515
Currency translation differences:			
–Company	-	(1,025,349)	(1,025,349)
At December 31, 2021	<u>\$ 32,113,711</u>	<u>(\$ 4,033,116)</u>	<u>\$ 28,080,595</u>

(21) Operating revenue

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue from customers	\$ 27,229,403	\$ 23,258,398

A. Disaggregation of revenue from customers

The Company 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 year ended December 31, 2022	For the year ended December 31, 2021
Sales of Green Mechatronic Solution Business Group products	\$ 13,065,911	\$ 11,743,816
Sales of Air and Intelligent Life Business Group products	5,413,803	5,242,911
Others	267,351	221,701
Service revenue	533,189	494,140
Construction contract	7,949,149	5,555,830
	<u>\$ 27,229,403</u>	<u>\$ 23,258,398</u>

B. Contract assets and liabilities

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue recognized that was included in the contract liability balance at the beginning of the year		
Advance sales receipts	\$ 111,094	\$ 83,889

(22) Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income from bank deposits	\$ 9,861	\$ 1,740
Other interest income	29	1,108
	<u>\$ 9,890</u>	<u>\$ 2,848</u>

(23) Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Rental income	\$ 109,722	\$ 167,311
Dividend income	616,443	499,979
Other non-operating income	265,647	252,540
	<u>\$ 991,812</u>	<u>\$ 919,830</u>

(24) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Net loss on financial liabilities at fair value through profit or loss	(\$ 17,281)	(\$ 852)
Net (loss) gain on financial assets at fair value through profit or loss	(143,577)	340,478
Net currency exchange gain (loss)	99,979	(55,578)
Loss on disposal of property, plant and equipment	(3,526)	(3,759)
Loss on disposal of investments	-	(3,481)
Impairment loss	-	(7,388)
Miscellaneous disbursements	(417,504)	(530,544)
	<u>(\$ 481,909)</u>	<u>(\$ 261,124)</u>

(25) Finance costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expense:		
Bank borrowings	\$ 28,802	\$ 25,090
Corporate bonds	40,182	43,200
Others	1,896	787
	<u>70,880</u>	<u>69,077</u>
Finance expenses	2,371	1,937
	<u>\$ 73,251</u>	<u>\$ 71,014</u>

(26) Expenses by nature (Include employee benefit expense)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Wages and salaries	\$ 1,853,224	\$ 1,708,133
Employees' compensation and directors' and supervisors' remuneration	408,598	388,633
Labor and health insurance fees	160,389	156,968
Pension costs	87,140	83,212
Other personnel expenses	94,138	91,923
Depreciation charges on property, plant and equipment and investment property	302,492	320,917
Depreciation charges on right-of-use assets and amortisation charges on intangible assets	107,597	99,928

A. The Company's employee benefit expenses are recognized under operating costs, operating expenses and other gains and losses.

- B. 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' and supervisors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- C. For the years ended December 31, 2022 and 2021, employees' compensation was accrued at \$282,888 and \$303,438, respectively; while directors' and supervisors' remuneration was accrued at \$125,710 and \$85,195, respectively. The aforementioned amounts were recognized in salary expenses.
- D. For the year ended December 31, 2022, after considering each year's earnings, the employee benefit expenses were accrued based on past experience and ratio. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$282,848 and \$79,526, and the employees' compensation will be distributed in the form of cash.

The difference of \$289 and \$78 between employees' compensation of \$303,438 and directors' remuneration of \$85,195 as resolved by the Board of Directors which is mainly arising from changes in estimate of employees' compensation and directors' remuneration and the amount recognised in the 2021 financial statements had been adjusted in the profit or loss of 2022.

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

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current tax:		
Current tax on profits for the year	\$ 424,731	\$ 248,700
Tax on undistributed surplus earnings	91,885	34,285
Prior year income tax underestimation (overestimation)	7,008	(67,816)
Total current tax	<u>523,624</u>	<u>215,169</u>
Deferred tax:		
Origination and reversal of temporary differences	135,050	127,446
Income tax expense	<u>\$ 658,674</u>	<u>\$ 342,615</u>

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Currency translation differences	<u>\$ 331,321</u>	<u>(\$ 133,697)</u>

B. Reconciliation between income tax expense and accounting profit

	For the year ended December 31, 2022	For the year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 823,268	\$ 1,071,150
Effects from items disallowed by tax regulation	(250,189)	(702,210)
Overestimation of prior year's net deferred tax assets and liabilities	(13,594)	(50,834)
Effects by investment tax credits	(10,470)	(27,354)
Prior year income tax underestimation (overestimation)	7,008	(67,816)
Additional tax on undistributed earnings	91,885	34,285
Others	10,766	85,394
Income tax expense	<u>\$ 658,674</u>	<u>\$ 342,615</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:
For the year ended December 31, 2022

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
—Deferred tax assets:				
Unrealized intercompany profit	\$ 92,983	\$ 9,256	\$ -	\$ 102,239
Impairment loss	96,779	-	-	96,779
Currency translation differences	492,037	-	(331,321)	160,716
Difference resulting from different useful lives of property, plant and equipment between financial and tax basis	29,149	-	-	29,149
Unrealized expenses	91,599	(16,407)	-	75,192
Permanent loss on investments	35,080	-	-	35,080
Loss on inventory	22,318	21,346	-	43,664
Over provision of allowance for doubtful accounts	5,287	(3,401)	-	1,886
Others	27,254	1,524	-	28,778
	<u>892,486</u>	<u>12,318</u>	<u>(331,321)</u>	<u>573,483</u>
—Deferred tax liabilities:				
Investment income from foreign investments	977,165	147,667	-	1,124,832
Land value incremental reserve	107,472	-	-	107,472
Others	2,831	(299)	-	2,532
	<u>1,087,468</u>	<u>147,368</u>	<u>-</u>	<u>1,234,836</u>
	<u>(\$ 194,982)</u>	<u>(\$ 135,050)</u>	<u>(\$ 331,321)</u>	<u>(\$ 661,353)</u>

For the year ended December 31, 2021

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences				
—Deferred tax assets:				
Unrealized intercompany profit	\$ 111,732	(\$ 18,749)	\$ -	\$ 92,983
Impairment loss	96,779	-	-	96,779
Currency translation differences	358,340	-	133,697	492,037
Difference resulting from different useful lives of property, plant and equipment between financial and tax basis	29,778	(629)	-	29,149
Unrealized expenses	87,478	4,121	-	91,599
Permanent loss on investments	35,080	-	-	35,080
Loss on inventory	67,510	(45,192)	-	22,318
Over provision of allowance for doubtful accounts	11,439	(6,152)	-	5,287
Others	23,359	3,895	-	27,254
	<u>821,495</u>	<u>(62,706)</u>	<u>133,697</u>	<u>892,486</u>
—Deferred tax liabilities:				
Investment income from foreign investments	907,756	69,409	-	977,165
Land value incremental reserve	107,472	-	-	107,472
Others	7,500	(4,669)	-	2,831
	<u>1,022,728</u>	<u>64,740</u>	<u>-</u>	<u>1,087,468</u>
	<u>(\$ 201,233)</u>	<u>(\$ 127,446)</u>	<u>\$ 133,697</u>	<u>(\$ 194,982)</u>

D. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	\$ 387,120	\$ 321,276

E. The Company has not recognized taxable temporary differences associated with investment in certain subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary difference unrecognized as deferred tax liabilities were \$5,107,288 and \$3,496,513, respectively.

F. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(28) Earnings per share

	For the year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,457,667	2,109,284	\$ 1.64

Note: The earnings per share were \$1.62 (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 year ended December 31, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,013,134	2,105,523	\$ 2.38

Note: The earnings per share were \$2.35 (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.

(29) Supplemental cash flow information

Investing activities with partial cash payments:

	For the year ended <u>December 31, 2022</u>	For the year ended <u>December 31, 2021</u>
Acquisition of property, plant and equipment	\$ 203,543	\$ 276,052
Add: Payables at beginning of the year	90,891	63,722
Less: Payables at end of the year	(68,864)	(90,891)
Cash paid	<u>\$ 225,570</u>	<u>\$ 248,883</u>

(30) Intra-group reorganisation

On August 12, 2022, the Board of Directors had resolved that the Company engaged in a short-form merger with Teco Smart Technologies Co., Ltd., and the effective date of the merger was set on October 1, 2022. The above-mentioned transaction was a reorganisation and recognised using the book value method. The Company had retrospectively restated the parent company only financial statements for the year ended December 31, 2021 when preparing the parent company only financial statements for the year ended December 31, 2022. The adjustments in relation to the restatement of the parent company only balance sheets as at December 31, 2021 and the related parent company only statements of comprehensive income for the year then ended are as follows:

	December 31, 2021		
	Balance of accounts	Adjustments in relation to the restatement	Balance of accounts after restatement
Assets			
Cash and cash equivalents	\$ 211,793	\$ 42,204	\$ 253,997
Current contract assets	2,295,829	26,404	2,322,233
Notes receivable, net	234,765	4	234,769
Notes receivable - related parties	380,157	-	380,157
Accounts receivable, net	2,464,544	76,552	2,541,096
Accounts receivable - related parties	1,560,149	6,026	1,566,175
Other receivables	103,827	-	103,827
Other receivables - related parties	610,925	(4,663)	606,262
Inventories, net	3,388,294	85,213	3,473,507
Prepayments	40,909	14,081	54,990
Other current assets	986,639	431	987,070
Non-current financial assets at fair value through profit or loss	2,322,450	-	2,322,450
Non-current financial assets at fair value through other comprehensive income	11,759,402	-	11,759,402
Investments accounted for under equity method	77,181,869	(61,151)	77,120,718
Property, plant and equipment, net	3,056,759	32,536	3,089,295
Right-of-use assets	38,021	55	38,076
Investment property, net	2,103,867	-	2,103,867
Intangible assets	-	19	19
Deferred income tax assets	891,001	1,485	892,486
Other non-current assets	471,213	12,107	483,320
Total assets	<u>\$ 110,102,413</u>	<u>\$ 231,303</u>	<u>\$ 110,333,716</u>

	December 31, 2021		
	Balance of accounts	Adjustments in relation to the restatement	Balance of accounts after restatement
Liabilities			
Short-term borrowings	\$ 445,807	\$ 99,500	\$ 545,307
Current contract liabilities	962,458	16,752	979,210
Notes payable	56,062	7	56,069
Notes payable - related parties	76,417	-	76,417
Accounts payable	3,885,993	103,761	3,989,754
Accounts payable - related parties	1,445,845	(19,867)	1,425,978
Other payables	2,868,515	20,251	2,888,766
Other payables - related parties	171,304	8,878	180,182
Current income tax liabilities	266,443	30	266,473
Provisions for liabilities - current	105,205	539	105,744
Current lease liabilities	11,532	-	11,532
Long-term liabilities, current portion	1,000,000	-	1,000,000
Other current liabilities, others	154,580	736	155,316
Corporate bonds payable	5,000,000	-	5,000,000
Long-term borrowings	2,000,000	-	2,000,000
Deferred income tax liabilities	1,086,808	660	1,087,468
Non-current lease liabilities	1,238	56	1,294
Other non-current liabilities	1,350,443	-	1,350,443
Total liabilities	<u>\$ 20,888,650</u>	<u>\$ 231,303</u>	<u>\$ 21,119,953</u>
Equity			
Total equity	<u>\$ 89,213,763</u>	<u>\$ -</u>	<u>\$ 89,213,763</u>

	December 31, 2021		
	Balance of accounts	Adjustments in relation to the restatement	Balance of accounts after restatement
Sales revenue	\$ 22,940,571	\$ 317,827	\$ 23,258,398
Operating costs	(18,666,184)	(305,018)	(18,971,202)
Net operating margin	4,274,387	12,809	4,287,196
Unrealized profit from sales	(375,720)	-	(375,720)
Realized profit from sales	450,133	-	450,133
Net operating margin	4,348,800	12,809	4,361,609
Selling expenses	(1,869,845)	(12,603)	(1,882,448)
General and administrative expenses	(541,455)	(19,962)	(561,417)
Research and development expenses	(567,739)	-	(567,739)
Expected credit impairment losses	7,223	-	7,223
Total operating expenses	(2,971,816)	(32,565)	(3,004,381)
Operating profit (loss)	1,376,984	(19,756)	1,357,228
Non-operating income and expenses			
Interest income	\$ 2,840	\$ 8	\$ 2,848
Other income	919,906	(76)	919,830
Other gains and losses	(239,191)	(21,933)	(261,124)
Finance costs	(70,028)	(986)	(71,014)
Share of profit of subsidiary, associates and joint ventures accounted for under equity method	3,366,183	41,798	3,407,981
Total non-operating income and expenses	3,979,710	18,811	3,998,521
Profit before income tax	5,356,694	(945)	5,355,749
Income tax expense	(343,560)	945	(342,615)
Profit for the year	\$ 5,013,134	\$ -	\$ 5,013,134

	December 31, 2021		
	Balance of accounts	Adjustments in relation to the restatement	Balance of accounts after restatement
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss			
Other comprehensive loss, before tax, actuarial losses on defined benefit plans	(\$ 20,206)	\$ -	(\$ 20,206)
Unrealised gains and losses on valuation of investments measured at fair value through other comprehensive income	1,304,003	-	1,304,003
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	20,709,937	-	20,709,937
Components of other comprehensive income that will not be reclassified to profit or loss	21,993,734	-	21,993,734
Other comprehensive income (loss) that will be reclassified to profit or loss			
Currency translation differences of foreign operations	(1,159,046)	-	(1,159,046)
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	133,697	-	133,697
Components of other comprehensive loss that will be reclassified to profit or loss	(1,025,349)	-	(1,025,349)
Other comprehensive income for the year	\$ 20,968,385	\$ -	\$ 20,968,385
Total comprehensive income for the year	\$ 25,981,519	\$ -	\$ 25,981,519

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company	Names of related parties	Relationship with the Company
Teco International Investment Co., Ltd. (Teco International)	The subsidiary	A-Ok Technical Service Co., Ltd. (A-Ok Technical)	The subsidiary
Tong-An Assets Management & Development Co., Ltd. (Tong-An Assets)	"	Taian-Ecobar Technology Co., Ltd. (Taian-Ecobar)	"
Tong Dai Co., Ltd. (Tong Dai)	"	Taian Jaya Electric Sdn. Bhd. (Taian-Jaya)	"
Tesen Electric & Machinery Co., Ltd. (Tesen)	"	Taian (Subic) Electric Co., Inc. (Taian Subic)	"
Information Technology Total Services Co., Ltd. (ITTS)	"	Taian (Malaysia) Electric Sdn., Bhd. (Note 1)(Taian Malaysia)	"
Teco Electro Devices Co., Ltd. (Teco Electro)	"	E-Joy International Co., Ltd. (E-Joy International)	"
Teco Electric & Machinery (Pte) Ltd. (Teco Singapore)	"	An-Sheng Travel Co., Ltd. (An Sheng)	"
Teco Electric Europe Limited. (Teco Europe)	Note 1	Teco Technology (Vietnam) Electric Co., Ltd. (Teco Technology Vietnam)	"
Teco Holding USA Inc. (Teco Holding)	"	Teco Appliance (H.K.) Co., Ltd. (Teco Appliance)	"
Tecom Co., Ltd. (Tecom)	"	Tecos International Consultant Co., Ltd. (Tecos)	"
Tong-An Investment Co., Ltd. (Tong-An)	"	TECO (PHILIPPINES) 3C & APPLIANCES, INC. (TECO 3C)	"
Teco Westinghouse Motor Industrial-Canada (Teco Westinghouse Canada)	"	Teco Electronic Devices Co., Ltd. (Teco Devices)	"
Teco Westinghouse Motor Company (Teco Westinghouse)	"	Tasia (PTE) Ltd. (Tasia)	Note 3
Information Technology Total Service (Hang Zhu) Co., Ltd. (ITTS Hang Zhou)	"	P.T Teco Multiguna Electro (Teco Multiguna)	"
TEMICO INTERNATIONAL PTE. LTD. (TEMICO)	"	United View Global Investment Co., Ltd. (UVG)	"
Teco Industrial (Malaysia) Sdn. Bhd. (Teco Malaysia)	"	Asia Air Tech Industrial Co., Ltd. (AAT)	"
Wuxi Teco Electric & Machinery Co., Ltd. (Wuxi Teco)	"	Great Teco Motor (Pte) Ltd. (GTM)	"
Nan Chang Teco Electronic & Machinery Co., Ltd. (Nanchang Teco)	"	Teco Electronic & Machinery (THAI) Co., Ltd. (Teco THAI)	"
Wuxi Teco Precision Industry Co. Ltd (Wuxi Teco Precision)	"	Information Technology Total Service (BVI) (ITTS BVI)	"
Jiangxi Teco Electric and Machinery Co., Ltd. (Jiangxi Teco)	"	An-Tai Innovation Technology (Xiamen) Ltd. (An-Tai Xiamen)	"
Qingdao Teco Precision Mechatronics Co., Ltd. (Qingdao Teco)	"	An-Tai International (Singapore) Investment (Pte) Ltd. (An-Tai Singapore)	"
Yatec Engineering Corporation (Yatec)	"	An-Hubbell-Taian Co., Ltd. (An-Hubbell)	Note 4
An-Tai International Investment Co., Ltd. (An-Tai)	"	Universal Mailing Service Co., Ltd. (Universal)	"
Micropac Worldwide Investment (BVI) (Micropac)	"	Teco Australia Pty. Ltd. (Teco Australia)	"

Names of related parties	Relationship with the Company	Names of related parties	Relationship with the Company
Jie-Zheng Property Service & Management Company (Jie-Zheng)	The subsidiary	Information Technology Total Services (Wuxi) Co., Ltd. (ITTS Wuxi)	The subsidiary
Tai-An Technology (Wuxi) Co., Ltd. (Tai-An Wuxi)	"	Jiangxi TECO Air Conditioning Equipment Co., Ltd. (Jiangxi Teco Air)	"
P.T Teco Elektro Indonesia (P.T Teco)	"	Century Tech. C&M Corp. (Century Tech. C&M)	"
Teco Group Science-Technology (Hang Zhou) Co., Ltd. (Teco Hang Zhou)	"	Tong An Energy Co.,Ltd. (Tong An Energy)	"
Information Technology Total Services (Xiamen) Ltd. (ITTS Xiamen)	"	Teco EV Philippines Corporation (TECO EV)	"
Fujian Teco Precision Co., Ltd. (Fujian Teco)	"	Teco Electric S Machinery Shd. Bhd. (STE Marketing SDN. BHD.)	"
Taiwan Pelican Express Co., Ltd. (Pelican)	"	Fujio Food System Taiwan Co., Ltd (Fujio Food)	Associate
Top-Tower Enterprises Co., Ltd. (Top-Tower)	"	Lien Chang Electronic Enterprise Co., Ltd. (Lien Chang)	"
Ching Chi International Limited (Ching Chi)	"	Taisan Electric CO., LTD. (Taisan)	"
Motovario S.p.A. (Motovario)	"	Qingdao TECO Century Advance High-tech Mechtronics Co., Ltd. (TECO Century)	"
United Development Corporation Ltd (United Development)	"	Teco Middle East Electrical & Machinery Co., Ltd. (TME)	"
Century Development Corporation Ltd. (Century Development)	"	TG Teco Vacuum Insulated Glass Corp. (TG Teco)	Note 5
Anneng Green Energy Co., Ltd. (Anneng Green Energy)	"	Teco-Motech Co., Ltd. (Teco-Motech)	"
TECO Westinghouse Motor Company S.A. de C.V. (TWMM)	"	Royal Host Taiwan Co., Ltd. (Royal)	"
AM SMART Technology CO., LTD (AM SMART)	"	Tung Pei Industrial Co., Ltd. (Tung Pei)	"
Teco Sun Energy Co., Ltd. (Teco Sun)	"	Zero Emission PowerTrain Co., Ltd. (ZEPT)	"
Asia Electric & Machinery (PTE) LTD. (AEM)	"	Tension Envelope Taiwan Co., Ltd. (Tension)	"
Sankyo Co., Ltd. (Sankyo)	"	Gen Mao International Corp. (Gen Mao)	"
Teco Electric & Machinery B.V. (Teco Netherlands)	"	Electrical Trading Co., Ltd. (Shanghai Xiangseng)	"
TYM Electric & Machinery Sdn. Bhd. (TYM)	"	Le-Li Co., Ltd. (Le-Li)	"
Teco (Dong Guang) Air Conditioning Equipment Co., Ltd. (Teco Dong Guang)	"	Genmao Electronics (Suzhou) Co., Ltd. (Genmao Suzhou)	"
Unison Service Corporation (Unison)	"	Teco Image System Co., Ltd. (Teco Image)	Other related party
Baycom Opto-Electronics Technology Co., Ltd. (Baycom)	"	An-Shin Food Service Co., Ltd. (An-Shin)	"
Qingdao Teco Innovation Co., Ltd. (QingDao Teco Innovation)	"	YUBAN & COMPANY (Yuban)	"
Shanghai Teco Electric & Machinery Co., Ltd. (Shanghai Teco)	"	Teco Technology Foundation (Teco Foundation)	"
TECO Elektrik Turkey A.S. (Turkey Teco)	"	Kuenling Machinery Refrigerating Co., Ltd. (Kuenling Refrigerating)	Note 2
Taian Electric Co., Ltd. (Taian)	"		

Note 1: This company was liquidated in 2021.

Note 2: The Company held a shareholders' meeting where it elected new board members in 2021. Therefore, the company is no longer a related party of the Company.

Note 3: The Company's wholly-owned subsidiary, Sankyo Co., Ltd., merged with Teco Technology & Marketing Center Co., Ltd. for the year ended December 31, 2022. Sankyo Co., Ltd., was the surviving company after the merger.

Note 4: This company was liquidated in 2022.

Note 5: The company had been liquidated in July 2022.

(2) Significant related party transactions

A. Sales

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Sales of goods and services:		
—Subsidiaries		
Teco Westinghouse	\$ 3,420,685	\$ 2,756,193
Others	6,495,670	6,222,802
—Associates	389,184	402,628
—Other related parties	31,231	8,323
	<u>\$ 10,336,770</u>	<u>\$ 9,389,946</u>
	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Royalty income (shown as '7010 other income'):		
—Subsidiaries		
Wuxi Teco	\$ 71,955	\$ 86,574
Teco Westinghouse	32,877	30,753
Jiangxi Teco	16,128	14,577
Motovario	11,667	13,901
Tai-An Wuxi	9,097	12,139
Others	4,794	7,716
	<u>\$ 146,518</u>	<u>\$ 165,660</u>

- (a) The sales terms, including pricing and collection, were negotiated in consideration of cost, market, competitors and other factors. The unrealized gain from downstream sales amounting to \$411,132 and \$375,720 (shown as '1550 investments accounted for under equity method') for the years ended December 31, 2022 and 2021, respectively, had been eliminated and listed as investments accounted for under equity method.
- (b) Royalty income consisted of consulting service income and endorsements and guarantees provided by the Company. The fee was determined in accordance with mutual agreements and collected within the contractual period.

B. Purchases of goods and services

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Purchases of goods:		
—Subsidiaries		
Tesen	\$ 2,628,976	\$ 3,075,655
Others	4,164,331	3,542,309
—Associates	132,319	293,017
—Other related parties	<u>13,691</u>	<u>1,680</u>
	<u>\$ 6,939,317</u>	<u>\$ 6,912,661</u>
	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Shipping expense:		
—Subsidiaries	<u>\$ 144,647</u>	<u>\$ 155,010</u>
	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Service expense:		
—Subsidiaries	<u>\$ 126,188</u>	<u>\$ 119,790</u>

(a) The purchase terms, including pricing and payments, were negotiated in consideration of the general market price and other factors.

(b) The shipping terms, including pricing and payments, were negotiated in consideration of the market price and other factors.

(c) The service terms, including pricing and payments, were negotiated in consideration of the cost, market, competitors and other factors.

C. Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts and notes receivable		
—Subsidiaries		
Tong Dai	\$ 373,399	\$ 512,486
Teco Australia	261,529	198,441
Teco Westinghouse	231,858	242,643
Others	1,059,897	828,023
—Associates	218,947	176,060
—Other related parties	<u>1,644</u>	<u>3,135</u>
	2,147,274	1,960,788
Add: exchange gain (loss)	<u>5,830</u>	<u>(5,538)</u>
	2,153,104	1,955,250
Less: allowance for loss	<u>(1,468)</u>	<u>(8,918)</u>
	<u>\$ 2,151,636</u>	<u>\$ 1,946,332</u>

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.

D. Payables to related parties:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts and notes payable		
—Subsidiaries		
Wuxi Teco	\$ 860,696	\$ 665,284
Tai-An Wuxi	197,411	231,423
Others	320,705	547,748
—Associates	39,854	65,851
	<u>1,418,666</u>	<u>1,510,306</u>
Add: exchange loss	(6,921)	(7,911)
	<u>\$ 1,411,745</u>	<u>\$ 1,502,395</u>

The payables to related parties arise mainly from purchase transactions and are due 30 to 180 days after the date of purchase. The payables bear no interest.

E. Loan to related parties:

(a) Receivables from related parties – credit line

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	\$ -	\$ 105,872

(b) Interest income

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Subsidiaries	\$ -	\$ 1,101

As of December 31, 2022 and 2021, the Company had loans to subsidiaries both amounting to \$0. The loans to subsidiaries are both repayable monthly over 2 years and carry interest at 1.48%~3.5% per annum for the years ended December 31, 2022 and 2021.

F. Other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
—Subsidiaries		
Wuxi Teco	\$ 24,908	\$ 81,089
QinDao Teco	75,736	79,140
Others	420,366	436,001
—Associates	29,862	33,382
—Other related parties	2,370	3,944
	<u>553,242</u>	<u>633,556</u>
Add: exchange loss	(610)	(24,304)
	<u>552,632</u>	<u>609,252</u>
Less: Allowance for doubtful accounts and credit balance of long-term investment	<u>(2,446)</u>	<u>(2,990)</u>
	<u>\$ 550,186</u>	<u>\$ 606,262</u>

The above represents other receivables for rental.

G. Other payables

	December 31, 2022	December 31, 2021
—Subsidiaries	\$ 164,399	\$ 176,998
—Associates	3,558	3,694
—Other related parties	361	252
	<u>168,318</u>	<u>180,944</u>
Add: exchange loss	195	(762)
	<u>\$ 168,513</u>	<u>\$ 180,182</u>

Other payables mainly consist of rent payable, etc.

I. Endorsements and guarantees provided to related parties

	December 31, 2022	December 31, 2021
—Subsidiaries	<u>\$ 1,249,780</u>	<u>\$ 1,700,473</u>

J. Lease transactions—lessee

(a) The Company leases assets located in Guanyin Township, Zhongli District and Tokyo, Japan from Tong-An Assets and other subsidiaries. The assets are for operation or subletted to others. The lease conditions are negotiated by both parties and charged according to the agreed period.

(b) Acquisition of right-of-use assets:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Associates	<u>\$ 151,334</u>	<u>\$ -</u>

(c) Lease liabilities

(i) Outstanding balance:

	December 31, 2022	December 31, 2021
Associates	<u>\$ 82,676</u>	<u>\$ 9,529</u>

(ii) Interest expense

	For the year ended December 31, 2022	For the year ended December 31, 2021
Associates	<u>\$ 1,663</u>	<u>\$ 643</u>

K. Property transactions

The Company sold a number of compressors (shown as '1600 property, plant and equipment') to QingDao Teco in July, 2011. The contract amounted to \$54,558 and collection progress is in accordance with mutual agreement. After the inspection, the Company accepted the compressors with discounted payments based on mutual agreement in 2014. As of December 31, 2022, the payments were all collected.

(3) Key management compensation

	For the year ended December 31, 2022	For the year ended December 31, 2021
Salaries and other short-term employee benefits	\$ 203,095	\$ 167,505
Salaries and other long-term employee benefits	11,058	15,270
Post-employment benefits	1,275	1,274
	<u>\$ 215,428</u>	<u>\$ 184,049</u>

8. Pledged Assets

Pledged asset	Book value		Purpose
	December 31, 2022	December 31, 2021	
Other current assets - bank deposits	\$ 219,345	\$ 807,757	Restricted by the regulations of the management, utilization, and taxation of repatriated offshore funds Special bank account for government grant and litigation guarantee
Other non-current assets - bank deposits	-	361,224	
	<u>\$ 219,345</u>	<u>\$ 1,168,981</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments(1) Contingencies

On April 21, 2021, the Company received a civil judgment from the Taiwan Taipei District Court concerning a claim filed by Fu Chang Engineering Co., Ltd. (Fu Chang), which is a subcontractor that undertook the electrical system and air-conditioning electric system for the Company's project 'Mechanical and Electrical Engineering of Songshan Cultural and Creative Park BOT Project' for a total of \$63,525, to request the Company to pay an additional payment amounting to \$68,495 for additional construction works. The Court entered a judgment that the Company shall make a payment in the amount of \$56,846 to Fu Chang. The Company has accrued and recognised an amount for potential payments and filed an appeal with the second instance court.

(2) Commitments

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

	December 31, 2022	December 31, 2021
Property, plant and equipment	\$ 84,603	\$ 113,492

B. As of December 31, 2022, the outstanding usance L/C used for acquiring raw materials and equipment was \$34,635.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others(1) Capital management

The Company'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>December 31, 2022</u>	<u>December 31, 2021</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	\$ 2,155,192	\$ 2,322,450
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 16,091,157	\$ 11,759,402
Financial assets at amortised cost /Loans and receivables		
Cash and cash equivalents	\$ 804,916	\$ 253,997
Notes receivable	842,724	614,926
Accounts receivable	3,554,874	4,107,271
Other receivables	646,855	710,089
Guarantee deposits paid	<u>20,072</u>	<u>17,322</u>
	<u>\$ 5,869,441</u>	<u>\$ 5,703,605</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ -	\$ 545,307
Notes payable	122,631	132,486
Accounts payable	5,527,766	5,415,732
Other payables	3,169,563	3,068,948
Bonds payable (including current portion)	5,000,000	6,000,000
Long-term borrowings	1,350,000	2,000,000
Guarantee deposits received	11,337	22,636
Lease liabilities	<u>99,946</u>	<u>12,826</u>
	<u>\$ 15,281,243</u>	<u>\$ 17,197,935</u>

B. Financial risk management policies

- (a) The Company'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 Company, 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 (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company'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 Note 6(13).
- C. Significant financial risks and degrees of financial risks
- (a) Market risk

Foreign exchange risk

- i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company 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 Company entities to manage their foreign exchange risk against their functional currency. The entities are required to hedge their entire foreign exchange risk exposure with the Company 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 Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(12).
- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2022

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				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	\$ 57,678	30.7100	\$ 1,771,291	1%	\$ 17,713	\$ -
EUR:NTD	7,136	32.7200	233,490	1%	2,335	-
JPY:NTD	381,130	0.2324	88,575	1%	886	-
RMB:NTD	23,439	4.4080	103,319	1%	1,033	-
AUD:NTD	4,479	20.8300	93,298	1%	933	-
<u>Non-monetary items</u>						
USD:NTD	705,005	30.7100	21,650,693			
EUR:NTD	146,854	32.7200	4,805,052			
SGD:NTD	155,510	22.8800	3,558,079			
VND:NTD	265,270,769	0.0013	344,852			
MYR:NTD	8,621	6.9951	60,308			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	47,169	30.7100	1,448,560	1%	14,486	-
EUR:NTD	1,456	32.7200	47,640	1%	476	-
JPY:NTD	62,437	0.2324	14,510	1%	145	-

December 31, 2021

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Sensitivity Analysis	
					Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 58,469	27.6800	\$ 1,618,422	1%	\$ 16,184	\$ -
EUR:NTD	4,475	31.3200	140,157	1%	1,402	-
JPY:NTD	240,329	0.2405	57,799	1%	578	-
RMB:NTD	42,221	4.3440	183,408	1%	1,834	-
AUD:NTD	6,122	20.0800	122,930	1%	1,229	-
GBP:NTD	286	37.3000	10,668	1%	107	-
<u>Non-monetary items</u>						
USD:NTD	716,239	27.6800	19,825,490			
EUR:NTD	136,688	31.3200	4,281,054			
SGD:NTD	161,517	20.4600	3,304,645			
VND:NTD	268,912,500	0.0012	322,695			
MYR:NTD	7,551	6.6265	50,035			
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	64,691	27.6800	1,790,647	1%	17,906	-
EUR:NTD	1,574	31.3200	49,298	1%	493	-
JPY:NTD	139,929	0.2405	33,653	1%	337	-
AUD:NTD	1,051	20.0800	21,104	1%	211	-

- v. Total exchange loss including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2022 and 2021 amounted to \$99,979 and (\$55,578), respectively.

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- ii. The Company'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 years ended December 31, 2022 and 2021 would have increased/decreased by \$50,546 and \$60,059, 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 \$804,369 and \$587,759, respectively, as a result of other comprehensive income classified as equity investment and available-for-sale equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company policy is to maintain at least 30% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. For the years ended December 31, 2022 and 2021, the Company's borrowings at variable rate were mainly denominated in NTD, USD, AUD and JPY.
- ii. The Company'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 December 31, 2022 and 2021, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have been \$2,700 and \$5,091 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 Company 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 Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Company 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 Company adopts the assumption under IFRS 9, whereby the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit rating of customer and credit risk on trade. The Company 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:
- It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - The disappearance of an active market for that financial asset because of financial difficulties;
 - Default or delinquency in interest or principal repayments;
 - Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. As at December 31, 2022 and 2021, 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 Company's notes and accounts receivable were \$842,724 and \$614,926; \$3,554,874 and \$4,107,271, respectively.
- viii. The Company uses the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On December 31, 2022 and 2021, the loss rate methodology is as follows:

December 31, 2022			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 1,656,343	\$ -
Up to 30 days	0%~2%	218,655	(814)
31 to 90 days	1%~20%	40,942	(895)
91 to 180 days	1%~100%	67,380	(1,181)
Over 180 days	1%~100%	296,475	(30,943)
		<u>\$ 2,279,795</u>	<u>(\$ 33,833)</u>
December 31, 2021			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 2,199,486	\$ -
Up to 30 days	0%~2%	217,498	(416)
31 to 90 days	1%~20%	59,913	(502)
91 to 180 days	1%~100%	60,745	(856)
Over 180 days	1%~100%	265,943	(25,946)
		<u>\$ 2,803,585</u>	<u>(\$ 27,720)</u>

December 31, 2022			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 25,250	(\$ 25,250)
Group A	0%~5%	1,703,163	(696)
Group B	1%~10%	221,393	(1,862)
Group C	1%~20%	91,052	(104)
Group D	1%~40%	12,491	(329)
Group E	1%~100%	226,446	(5,592)
		<u>\$ 2,279,795</u>	<u>(\$ 33,833)</u>
December 31, 2021			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 25,250	(\$ 25,250)
Group A	0%~5%	2,212,502	(134)
Group B	1%~10%	296,996	(262)
Group C	1%~20%	68,653	(177)
Group D	1%~40%	8,322	(37)
Group E	1%~100%	191,862	(1,860)
		<u>\$ 2,803,585</u>	<u>(\$ 27,720)</u>

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
	Notes receivable and accounts receivable	Notes receivable and accounts receivable
At January 1	\$ 27,720	\$ 27,687
Provision for impairment loss	6,113	33
At December 31	<u>\$ 33,833</u>	<u>\$ 27,720</u>

For the years ended December 31, 2022 and 2021, the Company provisioned impairment gain for other receivables at amortised cost amounting to \$7,450 and \$7,256, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company'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 Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company'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 December 31, 2022 and 2021, the undrawn credit amounts are \$18,283,315 and \$14,784,485, respectively.

- iii. The table below analyses the Company'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:

December 31, 2022	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	\$ -	\$ -	\$ -	\$ -	\$ -
Notes payable	122,631	-	-	-	-
Accounts payable	5,527,766	-	-	-	-
Other payables	3,169,563	-	-	-	-
Lease liabilities	92,200	4,858	2,458	1,800	-
Bonds payable (including current portion)	-	-	5,000,000	-	-
Long-term borrowings (including current portion)	1,350,000	-	-	-	-

Non-derivative financial liabilities:

December 31, 2021	Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	\$ 545,307	\$ -	\$ -	\$ -	\$ -
Notes payable	132,486	-	-	-	-
Accounts payable	5,415,732	-	-	-	-
Other payables	3,068,948	-	-	-	-
Lease liabilities	18,024	1,082	163	-	-
Bonds payable (including current portion)	1,000,000	-	-	5,000,000	-
Long-term borrowings (including current portion)	2,000,000	-	-	-	-

iv. As of December 31, 2022 and 2021, the derivative financial liabilities which were executed by the Company were all due within one year.

(3) Fair value information

A. Details of the fair value of the Company'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 Company's investment property measured at cost are provided in Note 6(9).

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 Company'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 Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company'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:

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,010,914	\$ -	\$ 1,144,278	\$ 2,155,192
Financial assets at fair value through other comprehensive income				
Equity securities	16,087,375	-	3,782	16,091,157
	\$ 17,098,289	\$ -	\$ 1,148,060	\$ 18,246,349
<u>Liabilities</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Non-hedging derivatives	\$ -	\$ 3,845	\$ -	\$ 3,845
<u>December 31, 2021</u>				
<u>Assets</u>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 1,201,181	\$ -	\$ 1,121,269	\$ 2,322,450
Financial assets at fair value through other comprehensive income				
Equity securities	11,755,186	-	4,216	11,759,402
	\$ 12,956,367	\$ -	\$ 1,125,485	\$ 14,081,852

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

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

Market quoted price	<u>Open-end fund</u>
	Closing price
(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 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 Company'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 Company'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 balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.	
(e) The Company 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 Company's credit quality.	

E. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following table presents the changes in level 3 instruments:

	<u>Non-derivative equity</u>	
	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Beginning balance	\$ 1,125,485	\$ 1,075,200
Gains and losses recognized in profit or loss	41,902	61,138
Gain and loss recognized in other comprehensive income	(433)	(4,130)
Acquired during the year	-	25,441
Sold during the year	(18,894)	(32,164)
Ending balance	<u>\$ 1,148,060</u>	<u>\$ 1,125,485</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 December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,148,060	Market comparable companies	Price to earnings ratio multiple	1.62~2.31	The higher the multiple and control premium, the higher the fair value
Private equity fund			Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,125,485	Market comparable companies	Price to earnings ratio multiple	1.98~2.47	The higher the multiple and control premium, the higher the fair value
Private equity fund			Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value

- I. The Company 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:

		December 31, 2022				
		Recognized in profit or loss		Recognized in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets	Input	Change				
Equity instrument	Discount for lack of marketability	±5%	\$ 57,214	(\$ 57,214)	\$ 189	(\$ 189)
		December 31, 2021				
		Recognized in profit or loss		Recognized in other comprehensive income		
		Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Financial assets	Input	Change				
Equity instrument	Discount for lack of marketability	±5%	\$ 56,063	(\$ 56,063)	\$ 211	(\$ 211)

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- 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 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative financial instruments undertaken during the reporting periods ended: Please refer to Note 6(13).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third party, transactions with the investee companies in Mainland Area: Please refer to table 11.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%:

Please refer to table 12.

14. Significant Financial Information

Not applicable.

TECO ELECTRIC & MACHINERY CO., LTD.

Loans to others

For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022 (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		Footnote	
													Item	Value		Limit on loans granted to a single party	Ceiling on total loans granted
1	U.V.G.	Teco Netherlands	Other receivables	Yes	\$ 229,040	\$ 229,040	\$ 229,040	-	Short-term financing	-	For operating capital	\$ -	\$ -	\$ 497,702	\$ 829,503	Note 2
2	Teco Westinghouse	TWMM	"	"	70,873	61,420	-	4.49%	Short-term financing	-	For operating capital	-	-	693,801	1,387,602	Note 3
3	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	192,000	189,776	189,776	2.18%	Short-term financing	-	For operating capital	-	-	281,195	468,659	Note 4
4	Motovario Corp.	Motovario S.P.A.	"	"	184,260	184,260	162,149	4.49%	Short-term financing	-	For operating capital	-	-	196,896	262,528	Note 5

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 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 (December 31, 2022), 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 (December 31, 2022).

Note 3: 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 (December 31, 2022), and limit on loans to a single party shall not exceed 10% of Teco Westinghouse's net assets based on the latest financial statements (December 31, 2022).

Note 4: Great Teco Motor (PTE) Ltd.'s limit on total loans shall not exceed 10% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (December 31, 2022), and limit on loans to a single party shall not exceed 6% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (December 31, 2022).

Note 5: In accordance with Motovario Corp.'s policy, limit on total loans shall not exceed 40% of Motovario Corp.'s net assets based on the latest audited financial statement (December 31, 2022), and limit on loans to a single party shall not exceed 30% of Motovario Corp.'s net assets based on the latest audited financial statement (December 31, 2022).

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 2

Number (Note 1)	Endorser/ guarantor	Company name	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	TECO ELECTRIC & MACHINERY CO., LTD.	Sankyo Co., Ltd		(4)	16,004,987	137,408	104,580	97,608	-	0.13	48,014,960	Y	N	N	Note 3
0	"	Motovario		(4)	16,004,987	1,358,915	1,145,200	1,145,200	-	1.43	48,014,960	Y	N	N	"
1	Teco Westinghouse	TWMM		(4)	693,801	64,430	61,420	45,915	-	0.89	1,387,602	Y	N	N	Note 4
2	Teco Australia Pty. Ltd.	Teco New Zealand Pty. Ltd.		(4)	153,361	14,904	14,600	14,600	-	0.95	306,722	Y	N	N	Note 5
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED		(6)	445,454	187,123	156,969	156,969	-	3.52	890,907	Y	N	N	Note 6
4	Tong-An Assets	CDC DEVELOPMENT INDIA PRIVATE LIMITED		(6)	529,816	140,342	117,727	117,727	-	2.22	1,059,632	N	N	N	Note 7
5	Tong-An Investment Co., Ltd.	CDC DEVELOPMENT INDIA PRIVATE LIMITED		(6)	150,954	140,342	117,727	117,727	-	0.59	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 endorser/guarantor parent 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 30% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor is 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 (December 31, 2022), 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 (December 31, 2022), 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 the TECO AUSTRALIA Pty Ltd.'s policy, the total guarantee amount shall not exceed 20% of TECO AUSTRALIA Pty Ltd.'s net assets based on the latest financial statements (December 31, 2022), and the guarantee to a single party shall not exceed 10% of TECO AUSTRALIA Pty Ltd.'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 (December 31, 2022), 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 (December 31, 2022), 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.

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

December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by TECO ELECTRIC & MACHINERY CO., LTD.	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
	Stock 1	The Company is a director of the investee	Note 1	11,132	\$ 317,808	14.62	\$ 317,808	
	Stock 2	None	"	2,137	58,983	1.43	58,983	
	Stock 3	"	"	210,333	9,927,703	5.64	9,927,703	
	Stock 4	The Company is a director of the investee	"	190,061	5,464,242	3.38	5,464,242	
	Stock 5	None	"	8,697	96,104	0.09	96,104	
	Stock 6	The Company is a director of the investee	"	5,098	222,535	13.42	222,535	
	Stock 7, etc.	None	"	15,796	3,782	-	3,782	
	Stock 8	"	Note 4	3,200	130,253	0.03	130,253	
	Stock 9	"	"	11,527	374,065	1.96	374,065	
	Stock 10	"	"	47,839	401,368	1.58	401,368	
	Stock 11	"	"	201	1,227	-	1,227	
	Stock 12	The Company is a director of the investee	"	32,980	341,190	10.99	341,190	
	Stock 13	None	"	7,500	480,640	5.00	480,640	
	Stock 14, etc.	"	"	22,104	241,031	-	241,031	
	Fund 1	"	"	-	90,173	-	90,173	
	Fund 2	"	"	-	95,245	-	95,245	
	Stock 2	"	Note 1	5,309	146,541	3.56	146,541	
	Stock 15	"	"	720	54,756	0.50	54,756	
	Stock 16	The Company is a director of the investee	"	264	169,257	0.12	169,257	
	Stock 17	None	"	3,177	213,520	0.67	213,520	
	Stock 18, etc.	The Company is a director of the investee	"	9,492	212,620	-	212,620	
	Stock 19, etc.	None	Note 3	1,793	141,974	-	141,974	
	Stock 2	"	Note 1	7,913	218,407	5.31	218,407	
	Stock 15	"	"	1,225	93,087	0.85	93,087	
	Stock 20	An investee company accounted for under the equity method by the Company	"	19,540	538,328	0.91	538,328	
	Stock 18	Related party in substance	"	8,197	137,291	7.28	137,291	
	Stock 21	None	"	8,692	572,800	0.27	572,800	
	Stock 22	"	"	1,285	121,690	0.04	121,690	
	Stock 16	The Company is a director of the investee	"	21,918	14,071,356	10.03	14,071,356	
	Stock 23	None	"	1,217	84,607	0.37	84,607	
	Stock 24, etc.	"	"	31,980	753,619	-	753,619	
	Stock 19	"	Note 3	1,076	78,871	0.67	78,871	
	Stock 25, etc.	"	"	5,451	406,950	-	406,950	
	Stock 16	The Company is a director of the investee	Note 4	1,091	700,294	0.50	700,294	
	Fund 3	None	"	50,000	393,000	-	393,000	

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Tong-An Investment U.V.G	Fund 4	None	Note 4	662	\$ 22,950	-	\$ 22,950	
An-Tai International	Stock 26, etc. Stock 2 Stock 20	" " An investee company accounted for under the equity method by the Company	Note 1 " "	118 653 2,826	7,967 18,023 77,849	- 0.44 0.13	7,967 18,023 77,849	
Jie-Zheng Property Information Technology Total	Stock 18 Stock 27 Stock 28 Stock 19, etc. Fund 5, etc. Stock 29, etc.	Related party in substance " None " " "	" " " Note 3 Note 2 Note 1	1,270 2,756 205 1,228 - 3,269	21,275 202,818 13,866 101,708 20,997 32,530	1.13 8.51 0.14 - - -	21,275 202,818 13,866 101,708 20,997 32,530	
Service	Stock 16, etc. Stock 20	Related party in substance An investee company accounted for under the equity method by the Company	" "	474 7,070	304,061 194,778	- 0.33	304,061 194,778	
Teco Singapore Taiwan Pelican Express	Stock 16 Stock 16 Stock 30 Stock 4	None " " The Company is a corporate director of the investee	" " " "	716 359 68 16,222	459,698 230,750 5,974 466,385	0.32 0.16 - 0.29	459,698 230,750 5,974 466,385	
Tong Dai	Stock 7, etc. Stock 31 Fund 6, etc. Stock 20 Stock 32, etc.	None " " An investee company accounted for under the equity method by the Company None	" Note 3 Note 2 Note 3 "	1,161 2,119 546 77 2	767 31,997 10,493 2,127 74	- 1.11 - - -	767 31,997 10,493 2,127 74	

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.

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

	Investor	Marketable securities	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at		Addition		Disposal		Balance as at December 31, 2022	
						January 1, 2022	Number of shares / units	Amount	Number of shares / units	Amount	Number of shares / units	Amount	Number of shares / units
	Teco Holding	OASIS USD Term Liquidity Fund	Note 1	Not applicable	Not applicable	-	\$ 2,216,584	-	\$ -	-	\$ 2,219,164	-	\$ -
											Gain (loss) on disposal		
											\$ 4,764		\$ -

Note 1: The general ledger account is 'Current financial assets at fair value through profit or loss'.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: The balance amount as at December 31, 2022 included unrealised gains or losses from financial assets.

TECO ELECTRIC & MACHINERY CO., LTD.

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 5

If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:

Real estate acquired by	Marketable Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate disposal	Other commitments
Century Biotech Development Corp.	Park permanent work	In October 2019	\$1,660,955	\$1,645,032	FAR EASTERN GENERAL CONTRACTOR INC.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park curtain wall work	In February 2020	410,000	328,840	CHINA WIRE & CABLE CO., LTD.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park electrical and mechanical work	In September 2020	1,375,000	1,076,778	TECO ELECTRIC & MACHINERY CO., LTD.	Related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park renovation work	In May 2021	483,900	396,039	CHEN-JIA CONSTRUCTION AND ENGINEERING CO., LTD.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None

TECO ELECTRIC & MACHINERY CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases			Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			(sales)	Amount	Percentage of total purchases (sales)	Uni price	Credit term	Credit term	Balance	Percentage of total notes/accounts receivable (payable)				
TECO ELECTRIC & MACHINERY CO., LTD.			Purchases	\$	12%	30 days	Note	Note	(\$)					
	Tesen	An investee accounted for under the equity method	Purchases	2,628,976					494					
	Taian Subic	"	"	210,335	1%	"	"	"	(67,942)		(1%)			
	Wuxi Teco	An indirect investee accounted for under the equity method	"	1,724,452	8%	"	"	"	(860,696)		(15%)			
	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	950,303	4%	"	"	"	(87,282)		(2%)			
	Tai-An Wuxi	"	"	916,274	4%	"	"	"	(197,411)		(3%)			
	Jiangxi TECO	"	"	135,984	1%	"	"	"	(33,172)		(1%)			
	Tong Dai	An investee accounted for under the equity method	Sales	(1,607,585)	(6%)	90 days	"	"	373,399		8%			
	Teco Singapore	"	"	(523,808)	(2%)	"	"	"	55,263		1%			
	E-Joy International	"	"	(481,729)	(2%)	"	"	"	143,772		3%			
	Taisan Electric	"	"	(202,374)	(1%)	"	"	"	19,712		-			
	Taian Subic	"	"	(129,034)	-	"	"	"	39,270		1%			
	A-Ok Technical	"	"	(111,382)	-	"	"	"	8,569		-			
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(3,420,685)	(13%)	"	"	"	231,858		5%			
	Teco Australia	"	"	(1,277,640)	(5%)	"	"	"	261,529		6%			
	Teco Westinghouse Canada	"	"	(1,031,795)	(4%)	"	"	"	111,141		3%			
	Sankyo	"	"	(264,912)	(1%)	"	"	"	72,324		2%			
	Top-Tower	"	"	(264,053)	(1%)	"	"	"	89,063		2%			
	Motovario	"	"	(248,739)	(1%)	"	"	"	101,961		2%			
	Teco Netherlands	"	"	(176,283)	(1%)	"	"	"	64,420		1%			
	TECO-Westinghouse Motor Company S.A	"	"	(161,867)	(1%)	"	"	"	45,915		1%			
	TECO MIDDLE EAST	"	"	(154,922)	(1%)	"	"	"	116,203		3%			

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

TECO ELECTRIC & MACHINERY CO., LTD.

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2022

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	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	\$ 373,723	3.62	\$ -	-	\$ 307,777	
"	E-Joy International	"	144,532	3.48	-	-	83,730	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	299,411	11.92	-	-	223,535	
"	Century Biotech Development Corp.	"	264,148	-	-	-	150,938	
"	Teco Australia	"	262,533	5.52	-	-	98,139	
"	Motovario	"	146,231	1.94	-	-	21,775	
"	Tesen	"	128,031	0.03	-	-	-	
"	TECO MIDDLE EAST	"	116,203	1.31	-	-	47,680	
"	Teco Westinghouse Canada	"	111,141	11.28	-	-	111,141	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	An investee accounted for under the equity method	860,696	2.26	-	-	156,900	
Tai-An Wuxi	"	"	197,411	4.27	-	-	112,751	
U.V.G.	Teco Netherlands	An investee accounted for under the equity method	229,040	-	-	-	-	
Great Teco Motor (PTE) Ltd.	"	Fellow subsidiary	189,776	-	-	-	-	
Motovario Corp.	Motovario	An investee accounted for under the equity method	184,260	-	-	-	-	Total amount was \$1,468

TECO ELECTRIC & MACHINERY CO., LTD.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 373,723	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	299,411	"	-
0	"	Teco Australia	"	"	262,533	"	-
0	"	Motovario	"	"	146,231	"	-
0	"	E-Joy International	"	"	144,532	"	-
0	"	Century Biotech Development Corp.	"	Notes receivable	264,148	"	-
0	"	TECO MIDDLE EAST	"	Accounts receivable	116,203	"	-
0	"	Teco Westinghouse Canada	"	"	111,141	"	-
0	"	Tesen	"	Other receivables	128,031	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Accounts receivable	860,696	"	1%
2	Tai-An Wuxi	"	"	"	197,411	"	-
3	U.V.G	Teco Netherlands	(3)	Other receivables	229,040	"	-
4	Great Teco Motor (PTE) Ltd.	"	"	"	189,776	"	-
5	Motovario Corp.	Motovario	"	"	184,260	"	-
6	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	3,420,685	"	6%
0	"	Tong Dai	"	"	1,607,585	"	3%
0	"	Teco Australia	"	"	1,277,640	"	2%
0	"	Teco Westinghouse Canada	"	"	1,031,795	"	2%
0	"	Teco Singapore	"	"	523,808	"	1%
0	"	E-Joy International	"	"	481,729	"	1%
0	"	Sankyo	"	"	264,912	"	-
0	"	Top-Tower	"	"	264,053	"	-
0	"	Motovario	"	"	248,739	"	-
0	"	Taisan Electric	"	"	202,374	"	-
0	"	Teco Netherlands	"	"	176,283	"	-

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

TECO ELECTRIC & MACHINERY CO., LTD.
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Table 8

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	
0	TECO ELECTRIC & MACHINERY CO., LTD.	TECO Westinghouse Motor Company S.A	(1)	Sales	161,867	-
0	"	TECO MIDDLE EAST	"	"	154,922	-
0	"	Taian Subic	"	"	129,034	-
0	"	A-Ok Technical	"	"	111,382	-
6	Tessen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	2,628,976	5%
1	Wuxi Teco	"	"	"	1,724,452	3%
7	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	950,303	2%
2	Tai-An Wuxi	"	"	"	916,274	2%
8	Taian Subic	"	"	"	210,335	-
9	JIANGXI ITECO	"	"	"	135,984	-

Transaction terms: 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.

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.

Information on investees

For the year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income recognized by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	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%	\$ 2,440,891	\$ 747,688	\$ 245,014	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	60,090,307	63.52%	122,417	32,592	6,385	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	77,847,395	100%	1,640,215	68,009	69,738	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%	11,712,525	371,139	370,644	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90%	3,558,079	135,694	129,620	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	577,913,365	99.60%	19,309,155	(551,537)	(565,550)	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	71,460	82,335	10,253,864	59.56%	218,204	44,145	26,661	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%	8,290,872	661,435	659,373	None
	ITTS	Taiwan	E-business service, mailing and data management	111,286	111,286	11,467,248	41.97%	232,329	55,641	23,351	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100%	212,689	7,899	6,833	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%	487,575	10,418	1,528	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022		Net profit (loss) of the investee for the year ended		Investment income recognized by the Company for the year ended December 31, 2022	Footnote	
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	December 31, 2022	December 31, 2021			Book value
				\$	\$			\$	\$			\$
TECO ELECTRIC & MACHINERY	Tong Dai	Taiwan	Distribution of the Company's motor products in Tachung	22,444	22,444	6,615,234	83.53%	145,919	443,610	119,457	None	
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	540,453	540,453	-	-	(8,903)	344,852	(4,757)	None	
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,800,000	66.67%	11,317	138,974	7,158	None	
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	395,415,338	100%	81,555	5,298,140	82,566	None	
	Taian Subic Micropae (BVI) and its subsidiaries	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70%	13,931	212,522	10,436	None	
	Century Development	British Virgin Islands	Manufacturing and distribution of optical fiber apparatus and international trading	454,923	454,923	14,883,591	100%	79,648	1,212,898	75,128	None	
	An-Tai International	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67%	345,805	1,375,539	93,672	None	
	Taiwan Pelican Express	Taiwan	Investment holdings	150,000	150,000	37,352,237	100%	27,772	613,404	23,866	None	
	Taian-Ecobar	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27%	176,442	360,669	42,170	None	
	Eagle Holding Co.	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73%	52,471	162,861	44,461	None	
TECO MOTOR	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100%	308,783	4,805,052	308,783	None	
	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100%	308,783	4,805,052	308,783	None	
Tung Pei	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100%	308,783	4,805,052	308,783	None	
	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings and establishment of overseas distribution channel	646,343	646,343	23,031,065	100%	150,107	1,917,190	150,107	None	
Tong-An Investment	Baycom	Taiwan	Manufacturing and sales of optical telecom products	431,258	431,258	14,700,741	43.76%	41,280	205,405	18,066	None	
	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18%	345,805	681,276	46,283	None	
Century Real Estate (International) Pte. Ltd.	Taiwan Pelican Express	Taiwan	Logistics and distribution services	54,874	54,874	6,474,468	6.78%	176,442	149,087	11,966	None	
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	(11,601)	501,580	(2,386)	None	
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	(5,055)	148,973	(1,521)	None	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022			Net profit (loss) of the investee for the year ended December 31, 2022	Investment income recognized by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
				\$	\$			\$			
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	12,553,526	100%	151,236	16,119	16,119	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,355	84.97%	751,271	122,166	99,575	None
	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03%	132,881	122,166	17,618	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	238,170	238,170	2,250,000	100.00%	(20,412)	16,119	17,145	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50%	77,138	35,962	18,043	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	6,102,973	51.60%	89,741	11,758	6,067	None
Teco Electro	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11%	10,457	(22)	(7)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40%	270,203	(5,055)	(2,022)	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,460	771,460	77,146,000	30.86%	752,463	(11,601)	(3,580)	None
Teco Singapore	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100%	243,820	21,358	22,409	None
	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	21,264,873	6.06%	2,699	345,805	210	None
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	184,893	184,893	17,013,593	4.85%	214,711	345,805	16,265	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	501,580	(11,601)	(2,386)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	197,228	(5,055)	(1,558)	None

Table 10

TECO ELECTRIC & MACHINERY CO., LTD.
Information on investments in Mainland China
For the year ended December 31, 2022

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		Amount remitted from		Accumulated amount of remittance to Taiwan	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				from Mainland China as of January 1, 2022	from Taiwan to Mainland China as of December 31, 2022	Taiwan to Mainland China as of December 31, 2022	from Mainland China to Taiwan as of December 31, 2022							
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ -	\$ -	\$ 188,139	\$ -	\$ 4,047	100%	\$ 4,228	\$ 136,295	\$ -	Note 15
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	490,683	79,790	84.12%	417,927	1,971,584	386,884	Note 14
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 10	205,551	-	-	205,551	79,790	7,642	100%	79,740	1,040,287	217,858	Note 15
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	7,642	100%	7,642	-	(18,720)	-	Note 15
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	102,479	98.07%	100,501	100,501	1,569,735	72,823	Note 14
Qingdao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	-	-	1,648,510	3,860	87.60%	3,382	248,759	248,759	-	Note 14
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors.	678,681	Note 3	467,577	-	-	467,577	2,246	100%	2,246	248,431	-	-	Note 14
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	1,483	100%	1,147	23,110	11,937	-	Note 15
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	4,527	24%	1,087	29,284	-	-	Note 15
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	(1,831)	100%	(1,831)	47,053	-	-	Note 15
Shanghai Xisingseng	Distribution of air conditioner	24,004	Note 2	-	-	-	-	2,062	39.90%	823	-	(10,285)	-	Note 15
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	12,748	100%	12,748	141,555	-	-	Note 15
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 12	59,444	-	-	59,444	(1,906)	100%	(1,906)	39,067	-	-	Note 15
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	23,829	128,322	100%	126,503	257,152	100,122	-	Note 14
Jiangxi TECO Westinghouse	Manufacturing and sales of motors, winding and related parts	119,840	Note 11	-	-	-	-	8,326	100%	8,326	120,478	-	-	Note 15
Motor Coil Co., Ltd.	Production and sale of industrial motors and applications	656,500	Note 13	-	-	-	-	20,456	100%	21,948	852,156	-	-	Note 15
Precision Industry Co., Ltd.	Storage services	26,422	Note 4	26,422	-	-	26,422	-	-	-	-	-	-	Note 18
Beijing Pelican Express	Merchandise wholesale	349,215	Note 5	24,746	-	-	24,746	-	1.63%	-	-	-	-	Note 16 + 17
Fubon Gehua (Beijing) Trading Co., Ltd.	Communication network information, technology development, sales and technology services business	6,950	Note 6	6,950	-	-	6,950	1,025	100%	1,031	(173)	-	-	Note 14 + 19
Wuhan Tecom														

Investee in Mainland China	Paid-in capital	Investment method	Accumulated amount of remittance from Mainland China as of January 1, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Information Technology (Wuxi)	10,167	Note 8	10,167	-	10,167	6,185	100%	6,185	35,156	-	Note 14
Information Technology	4,421	Note 8	-	-	-	762	-	762	-	-	Note 14、20
Total Service (Xiamen)	115,225	Note 9	86,101	-	86,101	21,358	100%	22,409	161,897	43,265	Note 15
Wuxi TECO Electro Devices Co. Ltd.											

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.) 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 (BYI) 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.) and An-Tai International Investment (Singapore) Co., Ltd. and 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: invest through Tececapital 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 audited by R.O.C. parent company's CPA firm.

Note 15: The amount recognized was based on the financial statements that were not audited by the other CPA firm.

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

Note 17: As of December 31, 2022, accumulated impairment of \$24,746 was accrued.

Note 18: The company was dissolved and liquidated in 2022.

Note 19: There were upstream transactions with the subsidiaries amounting to (\$6) during the period.

Note 20: The cancellation of registration was completed on August 11, 2022.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	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	\$ 51,791,100
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,318,985
Tecom Co., Ltd.	6,950	681,144	285,012
Information Technology Total Services Co., Ltd.	10,167	10,167	332,147
Teco Electro Devices Co., Ltd.	86,101	115,225	220,594

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 dates.

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

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

TECO ELECTRIC & MACHINERY CO., LTD.
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 11

	Sale (purchase)		Property transaction	Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
	Amount	%		Amount	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022	Interest rate	Interest during the year ended December 31, 2022	Others
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2022		Balance at December 31, 2022		Interest rate			
Wuxi Teco	\$ 13,843	-	\$ -	-	\$ 2,922	-	\$ -	-	-	-	\$ -	-
Taian (Wuxi)	9,106	-	-	-	2,531	-	-	-	-	-	-	-
Jiangxi Teco	22,195	-	-	-	7,382	-	-	-	-	-	-	-
QingDao Teco	44	-	-	-	172	-	-	-	-	-	-	-
Shanghai Teco	13,885	-	-	-	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	862	-	-	-	-	-	-	-	-	-	-	-
Wuxi Teco Precision	1,367	-	-	-	230	-	-	-	-	-	-	-
Wuxi Teco	(1,724,452)	(8%)	-	-	(860,696)	15%	-	-	-	-	-	-
Taian (Wuxi)	(916,274)	(4%)	-	-	(197,411)	3%	-	-	-	-	-	-
QingDao Teco	(38,428)	-	-	-	-	-	-	-	-	-	-	-
Jiangxi Teco	(135,984)	(1%)	-	-	(33,172)	1%	-	-	-	-	-	-
Xiamen An-Tai	(5,044)	-	-	-	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	(44,439)	-	-	-	(10,072)	-	-	-	-	-	-	-
Wuxi Teco Precision	(8,141)	-	-	-	-	-	-	-	-	-	-	-
Genmao (Suzhao)	(75,547)	-	-	-	(4,719)	-	-	-	-	-	-	-

TECO ELECTRIC & MACHINERY CO., LTD.
Major shareholders information
December 31, 2022

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
PJ Asset Management Co., Ltd	373,237,991	17.45%
Walsin Lihwa Co., Ltd	230,438,730	10.77%
Jia-Yuan Investment Co., Ltd	135,653,000	6.34%

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Introduction

We have audited the accompanying consolidated balance sheets of TECO Electric & Machinery Co., Ltd. and subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Revenue recognition of export sales of green mechatronic solution business group

Description

Refer to Note 4(33) of the consolidated financial statements for the accounting policies on revenue recognition and Note 14 for the segment financial information. The Group disclosed the financial information of green mechatronic solution business group, intelligence energy business group and air and intelligent life business group in the segment financial information. Green mechatronic solution business group handles the manufacturing and sales of various machinery, equipment and motors. The sales revenue of the green mechatronic solution business group amounted to NT\$30,801,040 thousand, representing 53% of the consolidated total sales revenue for the year ended December 31, 2022. Aside from domestic sales in Taiwan, the customers of green mechatronic solution business group are from America, Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of green mechatronic solution business group as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of green mechatronic solution business group to assess the effectiveness of the internal control process.
2. Validated selected samples of export sales revenue transactions of green mechatronic solution business group to confirm their existence.

Other matter – Reference to the audits of other auditors

As described in Notes 4(3) and 6(7) of the consolidated financial statements, we did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$2,859,697 thousand and NT\$2,597,098 thousand, both constituting 2% of the consolidated total assets as at December 31, 2022 and 2021, respectively, and total operating revenues amounted to NT\$3,163,153 thousand and NT\$2,940,496 thousand, constituting 5% and 6% of consolidated total operating revenues for the years then ended, respectively. The investments accounted for under the equity method amounted to NT\$2,406,380 thousand and NT\$2,377,144 thousand, both constituting 2% of consolidated total assets as of December 31, 2022 and 2021, respectively, the credit balance of investments accounted for under the equity method amounted to NT\$194,811 thousand and NT\$132,837 thousand, both constituting less than 1% of consolidated total assets as of December 31, 2022 and 2021, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT(\$212,320) thousand and NT\$202,511 thousand, constituting (3%) and less than 1% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter –Parent company only financial reports

We have audited and expressed an unqualified opinion with emphasis of matter and other matter section on the parent company only financial statements of TECO Electric & Machinery Co., Ltd. as of and for the years ended December 31, 2022 and 2021.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 16, 2023

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 independent auditors' report 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
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 21,156,796	17	\$ 17,274,143	13
1110	Current financial assets at fair value through profit or loss	6(2)	31,790	-	2,312,233	2
1120	Current financial assets at fair value through other comprehensive income	6(3)	761,573	1	1,064,454	1
1140	Current contract assets		2,316,064	2	2,319,092	2
1150	Notes receivable, net	6(5) and 8	1,039,556	1	996,956	1
1160	Notes receivable - related parties	7	101	-	4,201	-
1170	Accounts receivable, net	6(5)	10,049,783	8	9,926,625	7
1180	Accounts receivable - related parties	7	301,997	-	274,873	-
1200	Other receivables		326,141	-	420,113	-
1210	Other receivables - related parties	7	86,927	-	118,561	-
130X	Inventories, net	6(6)	12,895,287	10	12,252,098	9
1410	Prepayments		496,418	-	515,811	-
1470	Other current assets	6(1) and 8	854,988	1	1,854,511	1
11XX	Total current assets		<u>50,317,421</u>	<u>40</u>	<u>49,333,671</u>	<u>36</u>
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	3,271,436	3	4,538,374	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	33,765,890	27	45,160,394	33
1535	Non-current financial assets at amortised cost, net	6(4) and 8	115,909	-	392,232	-
1550	Investments accounted for under the equity method	6(7) and 7	3,911,876	3	3,478,685	3
1600	Property, plant and equipment, net	6(8) and 8	19,131,777	15	17,402,116	13
1755	Right-of-use assets	6(9) and 8	6,735,166	5	6,776,467	5
1760	Investment property, net	6(10)	2,966,896	2	2,828,899	2
1780	Intangible assets	6(11)	4,668,399	4	4,439,567	3
1840	Deferred income tax assets	6(30)	1,198,512	1	1,417,175	1
1900	Other non-current assets	6(1)(12) and 8	519,828	-	844,870	1
15XX	Total non-current assets		<u>76,285,689</u>	<u>60</u>	<u>87,278,779</u>	<u>64</u>
1XXX	Total assets		<u>\$ 126,603,110</u>	<u>100</u>	<u>\$ 136,612,450</u>	<u>100</u>

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(14) and 8	\$ 1,751,344	1	\$ 2,042,697	2
2120	Current financial liabilities at fair value through profit or loss	6(15)	4,144	-	-	-
2130	Current contract liabilities	6(24)	2,199,362	2	1,490,821	1
2150	Notes payable		784,357	1	1,021,039	1
2160	Notes payable - related parties	7	434	-	6,154	-
2170	Accounts payable		9,077,048	7	9,268,228	7
2180	Accounts payable - related parties	7	48,756	-	78,999	-
2200	Other payables	6(16)	5,994,197	5	5,544,765	4
2230	Current income tax liabilities	6(30)	852,683	1	646,719	-
2250	Provisions for liabilities - current		340,961	-	320,207	-
2280	Current lease liabilities		531,318	-	503,953	-
2320	Long-term liabilities, current portion	6(17)(18) and 8	228,159	-	1,491,683	1
2399	Other current liabilities, others		841,157	1	658,746	1
21XX	Total current liabilities		<u>22,653,920</u>	<u>18</u>	<u>23,074,011</u>	<u>17</u>
Non-current liabilities						
2530	Corporate bonds payable	6(17)	5,000,000	4	5,000,000	4
2540	Long-term borrowings	6(18) and 8	3,427,355	3	3,603,574	2
2550	Provisions for liabilities - non-current		237,477	-	115,391	-
2570	Deferred income tax liabilities	6(30)	2,432,283	2	2,350,403	2
2580	Non-current lease liabilities		4,541,089	4	4,558,141	3
2600	Other non-current liabilities	6(7)(19)	1,992,487	1	2,248,999	2
25XX	Total non-current liabilities		<u>17,630,691</u>	<u>14</u>	<u>17,876,508</u>	<u>13</u>
2XXX	Total liabilities		<u>40,284,611</u>	<u>32</u>	<u>40,950,519</u>	<u>30</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(20)	21,387,966	17	21,387,966	16
Capital surplus						
3200	Capital surplus	6(21)	9,575,822	7	9,529,520	7
Retained earnings						
3310	Legal reserve	6(22)	7,899,057	6	7,374,048	5
3320	Special reserve		3,640,779	3	3,640,779	3
3350	Unappropriated retained earnings		19,680,601	16	19,712,565	14
Other equity interest						
3400	Other equity interest	6(23)	18,352,419	14	28,080,595	20
3500	Treasury stocks	6(20)	(511,710)	-	(511,710)	-
31XX	Equity attributable to owners of the parent		<u>80,024,934</u>	<u>63</u>	<u>89,213,763</u>	<u>65</u>
36XX	Non-controlling interest	6(34)	6,293,565	5	6,448,168	5
3XXX	Total equity		<u>86,318,499</u>	<u>68</u>	<u>95,661,931</u>	<u>70</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 126,603,110</u>	<u>100</u>	<u>\$ 136,612,450</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 YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31				
		2022		2021		
		AMOUNT	%	AMOUNT	%	
4000	Sales revenue	6(9)(10)(24) and 7	\$ 58,315,216	100	\$ 51,248,387	100
5000	Operating costs	6(6)(8)(9)(19)(29) and 7	(45,129,917)	(77)	(39,812,612)	(78)
5900	Net operating margin		13,185,299	23	11,435,775	22
5910	Unrealized (loss) profit from sales		(9,351)	-	(8,354)	-
5920	Realized profit from sales		8,354	-	9,518	-
5950	Net operating margin		13,184,302	23	11,436,939	22
	Operating expenses	6(8)(9)(19)(29)				
6100	Selling expenses		(4,412,306)	(8)	(4,028,985)	(8)
6200	General and administrative expenses		(2,496,464)	(4)	(2,529,546)	(5)
6300	Research and development expenses		(1,144,263)	(2)	(1,112,911)	(2)
6450	Expected credit impairment losses	12(2)	(57,615)	-	(4,779)	-
6000	Total operating expenses		(8,110,648)	(14)	(7,676,221)	(15)
6900	Operating profit		5,073,654	9	3,760,718	7
	Non-operating income and expenses					
7100	Interest income	6(4)(25)	233,077	-	127,351	-
7010	Other income	6(3)(10)(26) and 7	1,544,357	3	1,421,682	3
7020	Other gains and losses	6(2)(9)(13)(15)(27) (	1,415,579)	(3)	849,898	2
7050	Finance costs	6(9)(28)	(203,963)	-	(203,602)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	190,279	-	195,831	-
7000	Total non-operating income and expenses		348,171	-	2,391,160	5
7900	Profit before income tax		5,421,825	9	6,151,878	12
7950	Income tax expense	6(30)	(1,429,815)	(2)	(649,687)	(1)
8200	Profit for the year		\$ 3,992,010	7	\$ 5,502,191	11

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
 (Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	Year ended December 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss					
8311					
8316	6(3)	\$ 94,741	-	(\$ 27,172)	-
8320		(11,822,766)	(20)	22,629,456	44
8349	6(30)	(12,277)	-	(6,876)	-
8310		(2,982)	-	(84,107)	-
		(11,743,284)	(20)	22,511,301	44
Other comprehensive income that will be reclassified to profit or loss					
8361	6(23)				
8399	6(30)	1,916,975	3	(1,159,131)	(2)
8360		(311,456)	(1)	122,289	-
8300		1,605,519	2	(1,036,842)	(2)
8500		<u>(\$ 10,137,765)</u>	<u>(18)</u>	<u>\$ 21,474,459</u>	<u>42</u>
8500		<u>(\$ 6,145,755)</u>	<u>(11)</u>	<u>\$ 26,976,650</u>	<u>53</u>
Profit attributable to:					
8610		\$ 3,457,667	6	\$ 5,013,134	10
8620		534,343	1	489,057	1
		<u>\$ 3,992,010</u>	<u>7</u>	<u>\$ 5,502,191</u>	<u>11</u>
Comprehensive (loss) income attributable to:					
8710		(\$ 6,347,756)	(11)	\$ 25,981,519	51
8720		202,001	-	995,131	2
		<u>(\$ 6,145,755)</u>	<u>(11)</u>	<u>\$ 26,976,650</u>	<u>53</u>
Earnings per share (in dollars) 6(31)					
9750		\$	1.64	\$	2.38
9850		\$	1.64	\$	2.38

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

TEPCO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 YEARS ENDED DECEMBER 31, 2022 AND 2021
 (Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity		
		Retained Earnings					Other equity interest								
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total					
2021															
Balance at January 1, 2021		\$ 19,676,929	\$ 7,386,902	\$ 7,024,635	\$ 3,640,779	\$ 17,271,503	(\$ 3,017,676)	\$ 10,356,934	(\$ 511,710)	\$ 61,828,296	\$ 5,796,937	\$ 67,625,233			
Profit for the year		-	-	-	-	5,013,134	-	5,013,134	-	5,013,134	489,057	5,502,191			
Other comprehensive (loss) income for the year	6(23)	-	-	-	-	(33,085)	(1,025,349)	22,026,819	-	20,968,385	506,074	21,474,459			
Total comprehensive (loss) income		-	-	-	-	4,980,049	(1,025,349)	22,026,819	-	25,981,519	995,131	26,976,650			
Appropriation of 2020 earnings	6(22)	-	-	-	-	-	-	-	-	-	-	-			
Legal reserve		-	-	349,413	-	(349,413)	-	-	-	-	-	-			
Cash dividends		-	-	-	-	(2,459,616)	-	-	-	(2,459,616)	-	(2,459,616)			
Common shares issued for share conversion	6(20)	1,711,037	2,097,884	-	-	-	-	-	-	3,808,921	-	3,808,921			
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	-	-	-	12,482	-	(12,482)	-	36,127	-	36,127			
Transactions with non-controlling interest		-	-	-	-	-	-	-	-	8,607	(8,607)	-			
Changes in other non-controlling interest		-	-	-	-	-	-	-	-	-	(335,293)	(335,293)			
Disposal of investments in equity instruments at fair value through other comprehensive income	6(3)(23)	-	-	-	-	272,075	-	(272,075)	-	9,909	-	9,909			
Effect of changes in decrease in entities of associates		-	-	-	-	(14,515)	9,909	14,515	(\$ 511,710)	(\$ 89,213,763)	(\$ 6,448,168)	(\$ 95,661,931)			
Balance at December 31, 2021		\$ 21,387,966	\$ 9,529,520	\$ 7,374,048	\$ 3,640,779	\$ 19,712,565	(\$ 4,033,116)	\$ 32,113,711	(\$ 511,710)	\$ 89,213,763	\$ 6,448,168	\$ 95,661,931			
2022															
Balance at January 1, 2022		\$ 21,387,966	\$ 9,529,520	\$ 7,374,048	\$ 3,640,779	\$ 19,712,565	(\$ 4,033,116)	\$ 32,113,711	(\$ 511,710)	\$ 89,213,763	\$ 6,448,168	\$ 95,661,931			
Profit for the year		-	-	-	-	3,457,667	-	3,457,667	-	3,457,667	534,343	3,992,010			
Other comprehensive income (loss) for the year	6(23)	-	-	-	-	(66,771)	1,579,665	(11,451,859)	-	(9,805,423)	(332,342)	(10,137,765)			
Total comprehensive (loss) income		-	-	-	-	3,324,438	1,579,665	(11,451,859)	-	(6,347,756)	202,001	(6,145,755)			
Appropriations of 2021 earnings	6(22)	-	-	-	-	-	-	-	-	-	-	-			
Legal reserve		-	-	525,009	-	(525,009)	-	-	-	(2,887,375)	-	(2,887,375)			
Cash dividends declared		-	-	-	-	(2,887,375)	-	-	-	50,247	-	50,247			
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	-	-	-	-	-	-	-	(3,945)	3,945	-			
Transactions with non-controlling interest	4(3)	-	(3,945)	-	-	-	-	-	-	(360,549)	(360,549)	(360,549)			
Changes in other non-controlling equity		-	-	-	-	-	-	-	-	-	-	-			
Disposal of investments in equity instrument at fair value through other comprehensive income	6(3)(23)	-	-	-	-	(144,018)	-	144,018	-	(\$ 80,024,934)	(\$ 6,293,565)	(\$ 86,318,499)			
Balance at December 31, 2022		\$ 21,387,966	\$ 9,575,822	\$ 7,899,057	\$ 3,640,779	\$ 19,680,601	(\$ 2,453,451)	\$ 20,805,870	(\$ 511,710)	\$ 80,024,934	\$ 6,293,565	\$ 86,318,499			

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 YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 5,421,825	\$ 6,151,878
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(27)	1,131,130	(1,643,837)
Net loss on financial liabilities at fair value through profit or loss	6(15)(27)	17,381	2,638
Provision for decline in value of inventories	6(6)	117,060	177,816
Expected credit impairment losses (gains)	12(2)	57,615	4,779
Interest income	6(25)	(233,077)	(127,351)
Dividend income	6(26)	(1,128,492)	(884,153)
Interest expense	6(28)	203,963	203,602
Depreciation and amortization	6(8)(9)(10)(29)	1,803,446	1,802,195
Loss on disposal of investments	6(27)	-	3,097
Gain on disposal of property, plant and equipment	6(27)	4,241	2,387
Impairment loss	6(8)(13)(27)	-	367,190
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(190,279)	(195,831)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		3,028	(866,890)
Notes receivable		(39,367)	175,504
Notes receivable - related parties		782	8,063
Accounts receivable		(220,887)	(1,048,247)
Accounts receivable - related parties		21,792	(49,738)
Other receivables		93,972	(137,928)
Other receivables - related parties		31,634	(46,101)
Inventories		(760,249)	(2,802,666)
Prepayments		19,393	(145,336)
Other current assets		163,662	73,340
Current financial assets at fair value through profit or loss		124,559	557,742
Changes in operating liabilities			
Current contract liabilities		708,541	(3,110)
Notes payable		(236,682)	680,367
Notes payable - related parties		(5,720)	(48,894)
Accounts payable		(191,180)	1,758,360
Accounts payable - related parties		(30,243)	(34,056)
Other payables		476,149	707,037
Provisions for liabilities		142,840	(103,690)
Other current liabilities		182,410	(65,646)
Other non-current liabilities		(316,127)	219,223
Cash inflow generated from operations		7,373,120	4,691,744
Interest received	6(25)	233,077	127,351
Dividend received		138,348	87,747
Interest paid		(129,170)	(133,202)
Income tax paid		(1,237,746)	(696,332)
Net cash flows from operating activities		6,377,629	4,077,308

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in current financial assets at fair value through profit or loss		\$ 72,526	\$ 37,945
Increase in current financial assets at fair value through other comprehensive income		-	(2,446)
Increase in non-current financial assets at fair value through other comprehensive income	6(32)	(384,617)	(143,856)
Proceeds from disposal of current financial assets at fair value through profit or loss	6(2)	2,219,166	(2,228,000)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(3)	209,316	757,346
Decrease in non-current financial assets at amortized cost	6(4)	276,323	89,298
Decrease (increase) in pledged and restricted bank and time deposits	6(1) and 8	1,197,085	(211,646)
Acquisition of property, plant and equipment	6(8)(32)	(2,904,793)	(2,308,743)
Proceeds from disposal of property, plant and equipment		24,409	62,585
Acquisition of intangible assets		(108,408)	(70,416)
Decrease (increase) in restricted due to the legislation on repatriating		361,224	(191,813)
Increase in other non-current assets		(36,182)	(32,454)
Dividends received from investments of financial instruments		1,128,492	884,153
Increase in investments accounted for under the equity method and capital reduction to recover investment cost		(319,818)	(208,146)
Net cash flows from (used in) investing activities		<u>1,734,723</u>	<u>(3,566,193)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans	6(33)	(291,353)	(774,135)
Repayment of bonds	6(33)	(1,000,000)	-
(Decrease) increase in long-term loans	6(33)	(439,742)	483,525
Lease liabilities paid	6(9)(33)	(570,981)	(538,703)
Cash dividends paid to non-controlling interests		(404,738)	(226,923)
Cash dividends paid	6(22)	(2,887,375)	(2,459,616)
Net cash flows used in financing activities		<u>(5,594,189)</u>	<u>(3,515,852)</u>
Exchange rate effect		1,364,490	(118,380)
Net increase (decrease) in cash and cash equivalents		3,882,653	(3,123,117)
Cash and cash equivalents at beginning of year		17,274,143	20,397,260
Cash and cash equivalents at end of year		<u>\$ 21,156,796</u>	<u>\$ 17,274,143</u>

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
DECEMBER 31, 2022 AND 2021

[(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 March 15, 2023.

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”) that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2022 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 IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
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.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

(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:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024

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

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(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 IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Teco Electric & Machinery Co., Ltd.	Teco Holding USA Inc. and subsidiaries	Holding company investing in companies in North America. Its investees are primarily engaged in the manufacturing and sales of motors, generators, winding and related parts.	100	100	
Teco Electric & Machinery Co., Ltd.	United View Global Investment Co., Ltd. and subsidiaries	A holding company whose investees are primarily engaged in the manufacturing, sales and agents of motors, home appliances, green power and other various electrical and electronic products in Mainland China, Southeast Asia and Australia.	100	100	Note 3
Teco Electric & Machinery Co., Ltd.	Temico International Pte. Ltd. and subsidiaries	Holding company investing in companies in India. Its investees are primarily engaged in the manufacturing and sales of motors.	60	60	
Teco Electric & Machinery Co., Ltd.	Tesen Electric & Machinery Co., Ltd.	Manufacturing and sales of home appliances	100	100	
Teco Electric & Machinery Co., Ltd.	Tong-An Assets Management & Development Co., Ltd.	Real estate business	100	100	
Teco Electric & Machinery Co., Ltd.	Teco Electric Europe Limited	Distribution of mechatronic products	-	-	Note 8

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Teco Electric & Machinery Co., Ltd.	Teco Electric & Machinery (Pte) Ltd. and subsidiaries	Distribution of mechatronic products. Its investees are primarily engaged in the sales of mechatronic products in Singapore, India and neighbouring countries.	100	100	
Teco Electric & Machinery Co., Ltd.	Tong Dai Co., Ltd. and subsidiaries	Distribution of mechatronic products	83.53	83.53	Note 5
Teco Electric & Machinery Co., Ltd.	Teco Electro Devices Co., Ltd. and subsidiaries	Manufacturing and sales of step-servo motors. Its investees are primarily engaged in the trading, various investments and manufacturing and sales of motors in Mainland China.	61.07	64.08	Note 12
Teco Electric & Machinery Co., Ltd.	Yatec Engineering Corporation and subsidiaries	Development and maintenance of various electric appliances	64.95	64.95	
Teco Electric & Machinery Co., Ltd.	Taian (Subic) Electric Co., Inc.	Manufacturing and sales of switches	76.7	76.7	
Teco Electric & Machinery Co., Ltd.	Taian-Etacom Technology Co., Ltd.	Manufacturing of busway and related components	84.73	84.73	
Teco Electric & Machinery Co., Ltd.	Taian (Malaysia) Electric Sdn. Bhd.	Manufacturing and sales of switches	-	-	Note 6

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Teco Electric & Machinery Co., Ltd.	Micropac Worldwide (BVI) and subsidiaries	International trading. Its investees are primarily engaged in the investment holdings and manufacturing, sales and technical services of fiber electric equipment and aerogenerator components in Mainland China.	100	100	
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	98.07	98.3	Notes 9 and 13
Teco Electric & Machinery Co., Ltd.	A-Ok Technical Co., Ltd.	Repair of electric appliances	86.67	86.67	
Teco Electric & Machinery Co., Ltd.	Tecom Co., Ltd. and subsidiaries	Manufacturing and sales of touch-tone phone system and billing box. Its investees are primarily engaged in the various investments, research and development of software and hardware products related to fiber optic communications products in domestic area and Mainland China and technology development, manufacturing, sales and technology services of products related to communication network information.	63.52	63.52	Notes 4 and 10

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Teco Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd. and subsidiaries	Import sales, leases of franking machines and mail processing and delivery. Its investees are primarily engaged in the services related to information software, data processing and electronic information supply in domestic area and Mainland China.	49.01	49.01	Note 2
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	Note 14
Teco Electric & Machinery Co., Ltd.	Teco International Investment Co., Ltd. and subsidiaries	Various productions, investments in securities and construction of commercial buildings. Its investees are primarily engaged in the various investments and sales of motors in Japan.	100	100	
Teco Electric & Machinery Co., Ltd.	Tong-An Investment Co., Ltd. and subsidiaries	Various investments. Its investees are primarily engaged in the building management servicing in domestic area, development and sales of software in Mainland China and Science Park development and business operations consulting services.	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Teco Electric & Machinery Co., Ltd.	Tecnos International Consultant Co., Ltd.	Business management consulting	73.54	73.54	
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co., Ltd.	Various investments	100	100	
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd. and subsidiaries	Delivery and logistics services. Its investees are primarily engaged in the storage services in Mainland China.	33.38	33.38	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Technology (Vietnam) Co., Ltd.	Manufacturing and sales of mechatronic products	100	100	
Teco Electric & Machinery Co., Ltd.	Eagle Holding Co. and subsidiaries	Holding company investing in companies in Europe. Its investees are primarily engaged in the manufacturing and sales of reducers and motors.	100	100	Note 7
Teco Electric & Machinery Co., Ltd.	Century Development Corporation and subsidiaries	Real estate and industrial park management and development. Its investees are primarily engaged in the construction industry, trades and related operation and investment of materials and sandstone used in construction and machinery, and investment consultancy service for domestic and foreign industrial parks and land.	52.75	52.75	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2022	December 31, 2021	
Teco Electric & Machinery Co., Ltd.	Teco.Sun Energy Co., Ltd.	Energy technical services	60	60	
Teco Electric & Machinery Co., Ltd.	Tong An Energy Co., Ltd.	Energy technical services	100	-	Note 11

Note 1: 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 2: The Company has control over the Board of Directors of Information Technology Total Services Co., Ltd., and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.

Note 3: 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 \$8,610 of increase in stockholders' equity from the transactions with non-controlling interest.

Note 4: The liquidation of Tecom Tech (Wuxi) Co., Ltd. was completed in 2021.

Note 5: The Company has control over the Board of Directors of Top-Tower Enterprises Co., Ltd. and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.

Note 6: The liquidation of Taian (Malaysia) Electric Sdn. Bhd. was completed in 2021.

Note 7: The liquidation of Motovario Power Transmission Co. Ltd. was completed in 2021.

Note 8: The liquidation of Teco Electric Europe Limited was completed in 2021.

Note 9: In 2021, E-Joy International Co., Ltd. distributed employees' compensation for the year 2020 in the form of shares, and the Group's shareholding ratio to the company was decreased to 98.3%. Additionally, Group recognized a change of equity from transactions with non-controlling interest amounting to (\$3).

Note 10: The liquidation of Tecom Global Tech Investment Pte Limited was completed in 2021.

Note 11: Tong An Energy Co., Ltd. was a newly established subsidiary in 2022.

Note 12: The Company sold 517,000 of shares in Teco Electro Devices Co., Ltd. in January 2022. Therefore, the Group's shareholding ratio in the subsidiary decreased to 61.07% and the Group recognized a decrease in equity from transactions with non-controlling interest by (\$3,888).

Note 13: In 2022, E-Joy International Co., Ltd. distributed employees' compensation for the year 2021 in the form of shares, and the Group's shareholding ratio to the company was decreased to 98.07%. Additionally, Group recognized a change of equity from transactions with non-controlling interest amounting to (\$57).

Note 14: Teco Smart Technologies Co., Ltd was merged with Teco Electric & Machinery Co., Ltd.

We did not audit the financial statements of certain consolidated subsidiaries which statements reflect total assets of \$ 2,859,697 and \$ 2,597,098 as at December 31, 2022 and 2021, respectively, and net operating revenue of \$ 3,163,153 and \$ 2,940,496 for the years

ended December 31, 2022 and 2021, respectively.

C. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December, 31, 2022	December 31, 2021	
Teco Electric & Machinery Co., Ltd.	Teco Appliance (HK) Co., Ltd.	Sales of home appliances	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Taian Electric Co., Ltd.	Manufacturing and sales of switches	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	An-Sheng Travel Co., Ltd.	Travel agency services	89.58	89.58	Note 1
Teco Electric & Machinery Co., Ltd.	Taian-Jaya Electric Sdn. Bhd.	Manufacturing and sales of air-conditioning equipment	100	95	Note 1
Teco Electric & Machinery Co., Ltd.	Teco (Philippines) 3C & Appliances, Inc.	Sales of air conditioning and electrical appliances	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Teco EV Philippines Corporation	Sales of vehicles	-	100	Notes 1 and 4
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	Note 1
An-Tai International Investment Co., Ltd.	Hubbell-Taian Co., Ltd. and its subsidiaries	Import, export and sales of electric wiring devices, lighting, explosion proofing and other accessory products	-	49.99	Notes 1, 2 and 3

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December, 31, 2022	December 31, 2021	
Tong-An Assets Management & Development Co., Ltd.	Grey Back International Property Inc.	Real estate management and development	100	100	Note 1
Tasia (Pte) Ltd.	TECO Technology & Marketing Center Co., Ltd.	Engaged in a variety of investment businesses	-	100	Notes 1 and 5
Jie Zheng Property Service & Management Company	Qingdao Jie Zheng Property Service & Management Company	Property management and related services	100	100	Note 1
Tong-An Investment Co., Ltd.	Eurasia Food Service Co., Ltd. and its affiliates	Restaurant chain	100	100	Note 1

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

Note 2 : The Company has control over the personnel affairs, finance and business of the subsidiary. Thus, the Company has absolute control over the subsidiary.

Note 3: Hubbell-Taian Co., Ltd. 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 of the competent authority on April 14, 2020.

Note 4: Teco EV Philipines Corporation was resolution to proceed liquidation procedure in 2022.

Note 5: TECO Technology & Marketing Center Co., Ltd was merged with Sankyo Co., Ltd in 2022.

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(34).

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
 - (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates
 - (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.
- B. Translation of foreign operations
- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - I. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - II. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - III. All resulting exchange differences are recognized in other comprehensive income.
 - (b) When the foreign operation partially disposed of or sold is an associate exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate entity after losing significant influence over the former foreign associate such transactions should be accounted for as disposal of all interest in these foreign operations.
 - (c) When the foreign operation is partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
 - (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at balance sheet date.
- (5) Classification of current and non-current items
- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.
 - B. Liabilities that meet one of the following criteria are classified as current liabilities;

otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognized and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short

maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor) – operating leases

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

(14) Inventories

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

(15) Investments accounted for under the equity method – associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in Associates are accounted for using the equity method and are initially recognized at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive

income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- (16) Property, plant and equipment
- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:
- | | |
|--------------------------|---------------|
| Buildings and structures | 10 ~ 50 years |
| Machinery and equipment | 3 ~ 15 years |
| Transportation equipment | 3 ~ 5 years |
| Other equipment | 2 ~ 15 years |
| Leasehold improvements | 3 ~ 5 years |
- (17) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.
Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate;
- The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.
- The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(18) Investment property

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

(19) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Intangible assets, except goodwill are mainly computer software, which is stated at cost and amortized on the straight-line basis over the estimated economic useful life.

(20) Impairment of non-financial assets

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

evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

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

(21) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(24) Bonds payable

Ordinary corporate bonds issued by the Group are initially recognised at fair value less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is presented as an addition to or deduction from bonds payable, which is amortised to profit or loss over the period of bond circulation using the effective interest method as an adjustment to 'finance costs'.

(25) Derecognition of financial liabilities

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

(26) Offsetting financial instruments

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

(27) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. At initial recognition, the Group measures financial guarantee contracts at fair value and subsequently at the higher of the amount of provisions determined by the expected credit losses and the cumulative gains that were previously recognised.

(28) Provisions

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

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of

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

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

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

(30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.
- F. Based on the "Income Basic Tax Act", if the regular income tax is equal or more than the basic tax, the income tax payable shall be calculated in accordance with the Income Tax Act and

other relevant laws. Whereas, if the regular income tax is less than basic tax, the income tax payable shall be equal to the basic tax. The difference between the regular income tax and basic tax shall not be subject to deductions of investment tax credits granted under the provisions of other laws.

(31) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders.

(32) Dividends

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

(33) Revenue recognition

A. Sales of goods—wholesale

- (a) The Group manufactures and sells various types of mechanical equipment, airconditioning units and electronic equipment products. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- (b) Electronic and machinery, electronic equipment and power generation equipment are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts and sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts and sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales are made with a credit term of 30 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (c) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.
- (d) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Installation and construction service of electrification products

- (a) The Group provides installation and construction service of electrification products. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual cost spent relative to the total cost.

The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

- (b) Some contracts include sales and installation services of equipment. The equipment and the installation services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation services involve significant customisation and modification. The Group recognises revenue on the basis of costs incurred relative to the total expected costs of that performance obligation. Conversely, the Group recognises revenue at an amount equal to the cost of a good if the good is not distinct and its cost is significant relative to the total expected costs, the customer is expected to obtain control of the good significantly before receiving services related to the good, and the Group procures the good from a third party and is not involved in designing and manufacturing the good by acting as a principal.
- (c) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

C. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(34) Government grants

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

(35) Business combinations

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

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

(36) Operating segments

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

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

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

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

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(13) for the information of the assessment of goodwill impairment.

The amount of the Group's goodwill after recognising the impairment loss was \$4,555,873 as at December 31, 2022.

6. Details of Significant Accounts(1) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and revolving funds	\$ 6,978	\$ 7,763
Checking accounts and demand deposits	7,270,042	11,708,591
Time deposits and notes issued under repurchase agreement	<u>13,879,776</u>	<u>5,557,789</u>
	<u>\$ 21,156,796</u>	<u>\$ 17,274,143</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 December 31, 2022 and December 31, 2021, certain bank deposits amounting to \$575,293 and \$1,772,377, 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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Money market fund	34,240	2,304,904
Derivative instruments	<u>301</u>	<u>4,046</u>
	34,541	2,308,950
Valuation adjustments	(2,751)	3,283
	<u>\$ 31,790</u>	<u>\$ 2,312,233</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks	\$ 884,399	\$ 889,145
Non-listed and OTC stocks	810,394	810,394
Fund beneficiary certificate	<u>713,556</u>	<u>734,299</u>
	2,408,349	2,433,838
Valuation adjustments	<u>863,087</u>	<u>2,104,536</u>
	<u>\$ 3,271,436</u>	<u>\$ 4,538,374</u>

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 1,131,130)	\$ 1,643,837

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

December 31, 2022			
Derivative instrument	Contract period	Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
BUY EUR/SELL AUD	December 1, 2022 ~ February 9, 2023	EUR 100,000	\$ 53
BUY USD/SELL AUD	December 14, 2022 ~ January 20, 2023	USD 1,000,000	248
			<u>\$ 301</u>
December 31, 2021			
Derivative instrument	Contract period	Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
SELL USD/BUY RMB	January 18, 2021 ~ April 29, 2022	USD 16,205,000	<u>\$ 4,046</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	December 31, 2022	December 31, 2021
Current items:		
Listed and OTC stocks	\$ 482,495	\$ 683,202
Emerging stocks	-	6,579
	482,495	689,781
Valuation adjustments	279,078	374,673
	<u>\$ 761,573</u>	<u>\$ 1,064,454</u>
Non-current items:		
Listed and OTC stocks	\$ 12,694,093	\$ 12,510,333
OES stocks	115,200	-
Non-listed and OTC stocks	333,657	330,387
	13,142,950	12,840,720
Valuation adjustments	20,622,940	32,319,674
	<u>\$ 33,765,890</u>	<u>\$ 45,160,394</u>

A. The Group has elected to classify investments in Taiwan High Speed Rail, etc. 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 \$34,527,463 and \$46,224,848 as at December 31, 2022 and 2021, respectively.

- B. For the years ended December 31, 2022 and 2021, the Group sold stocks with fair values of \$209,316 and \$757,346, respectively, to raise the capital for operations; the cumulative gains (loss) on disposal are (\$144,018) and \$358,052, 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 year ended December 31, 2022	For the year ended December 31, 2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 11,822,766)	\$ 22,629,456
Cumulative gains reclassified to retained earnings due to derecognition	(\$ 144,018)	\$ 358,052
Dividend income recognised in profit or loss		
Held at end of period	\$ 943,858	\$ 575,536
Derecognised during the period	3,649	12,976
	<u>\$ 947,507</u>	<u>\$ 588,512</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 which was a strategical cooperation, those shares acquired 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	December 31, 2022	December 31, 2021
Non-current items:		
Time deposits	\$ 115,909	\$ 392,232

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income	\$ 6,787	\$ 9,627

- B. As at December 31, 2022 and 2021, 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 \$115,909 and \$392,232, 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). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 1,041,750	\$ 999,065
Less: Allowance for bad debts	(2,194)	(2,109)
	<u>\$ 1,039,556</u>	<u>\$ 996,956</u>
Accounts receivable	\$ 10,264,814	\$ 10,092,843
Less: Allowance for bad debts	(215,031)	(166,218)
	<u>\$ 10,049,783</u>	<u>\$ 9,926,625</u>

- A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2022	December 31, 2021
Not past due	\$ 8,970,190	\$ 9,190,412
Up to 30 days	1,049,553	842,230
31 to 90 days	542,913	461,706
91 to 180 days	283,479	195,257
Over 180 days	460,429	402,303
	<u>\$ 11,306,564</u>	<u>\$ 11,091,908</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2022 and 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$11,046,707 and \$10,888,402, respectively.
- C. As at December 31, 2022 and 2021, 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 \$1,039,556 and \$996,956 and accounts receivable were \$10,049,783 and \$9,926,625, 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

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,651,577	(\$ 221,898)	\$ 3,429,679
Work in progress	1,522,111	(9,175)	1,512,936
Finished goods	7,197,857	(441,152)	6,756,705
Inventory in transit	661,540	-	661,540
Merchandise inventories	<u>546,287</u>	<u>(11,860)</u>	<u>534,427</u>
	<u>\$ 13,579,372</u>	<u>(\$ 684,085)</u>	<u>\$ 12,895,287</u>
	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,779,164	(\$ 183,954)	\$ 3,595,210
Work in progress	1,349,660	(15,062)	1,334,598
Finished goods	5,782,935	(433,049)	5,349,886
Inventory in transit	1,002,498	-	1,002,498
Merchandise inventories	<u>1,000,265</u>	<u>(30,359)</u>	<u>969,906</u>
	<u>\$ 12,914,522</u>	<u>(\$ 662,424)</u>	<u>\$ 12,252,098</u>

- A. The cost of inventories recognized as expense for the years ended December 31, 2022 and 2021 were \$29,569,180 and \$26,741,547, respectively, including \$117,060 and \$177,816 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the years ended December 31, 2022 and 2021, respectively.
- B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 2,440,891	\$ 2,313,312
2. Lien Chang Electronic Enterprise Co., Ltd.	487,575	498,574
3. Others	<u>983,410</u>	<u>666,799</u>
	<u>3,911,876</u>	<u>3,478,685</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>194,811</u>)	(<u>135,196</u>)
	<u>\$ 3,717,065</u>	<u>\$ 3,343,489</u>

The share of profit/loss of associates and joint ventures accounted for under the equity method for the years ended December 31, 2022 and 2021 are as follows:

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 245,014	\$ 253,921
2. Lien Chang Electronic Enterprise Co., Ltd.	1,528	38,830
3. Others	<u>(56,263)</u>	<u>(96,920)</u>
	<u>\$ 190,279</u>	<u>\$ 195,831</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
		December 31, 2022	December 31, 2021		
Tung Pei Industrial Co., Ltd.	R.O.C.	31.14%	31.14%	Financial investment	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C.	33.84%	33.84%	"	"

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

Balance sheet

	Tung Pei Industrial Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 4,504,756	\$ 4,638,552
Non-current assets	7,456,618	7,178,933
Current liabilities	(2,548,354)	(2,936,294)
Non-current liabilities	(1,622,810)	(1,450,643)
Total assets	\$ 7,790,210	\$ 7,430,548
Share in associate's net assets	\$ 2,440,891	\$ 2,313,312
Goodwill	-	-
Carrying amount of the associate	\$ 2,440,891	\$ 2,313,312
	Lien Chang Electronic Enterprise Co., Ltd.	
	December 31, 2022	December 31, 2021
Current assets	\$ 1,465,956	\$ 1,610,794
Non-current assets	409,658	460,488
Current liabilities	(368,510)	(508,731)
Non-current liabilities	(66,450)	(89,398)
Total net assets	\$ 1,440,654	\$ 1,473,153
Share in associate's net assets	\$ 487,575	\$ 498,574
Goodwill	-	-
Carrying amount of the associate	\$ 487,575	\$ 498,574

Statement of comprehensive incomeTung Pei Industrial Co., Ltd.

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Revenue	\$ 5,430,538	\$ 5,790,986
Profit for the period from continuing operations	\$ 747,688	\$ 816,173
Other comprehensive income, net of tax	<u>61,122</u>	<u>(2,081)</u>
Total comprehensive income	<u>\$ 808,810</u>	<u>\$ 814,092</u>
Dividends received from associates	<u>\$ 117,435</u>	<u>\$ 74,376</u>

Lien Chang Electronic Enterprise Co., Ltd.

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Revenue	\$ 1,000,634	\$ 1,566,696
Profit for the period from continuing operations	\$ 10,418	\$ 114,731
Other comprehensive income, net of tax	<u>12,904</u>	<u>9,406</u>
Total comprehensive income	<u>\$ 23,322</u>	<u>\$ 124,137</u>
Dividends received from associates	<u>\$ 16,894</u>	<u>\$ 9,386</u>

- (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 December 31, 2022 and 2021, the carrying amount of the Group's individually immaterial associates amounted to \$983,410 and \$666,799, respectively.

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Loss for the period from continuing operations	(\$ 56,263)	(\$ 96,920)
Total comprehensive loss	<u>(\$ 56,263)</u>	<u>(\$ 96,920)</u>

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lien Chang Electronic Enterprise Co., Ltd.	<u>\$ 372,043</u>	<u>\$ 519,959</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. Investments accounted for using equity method for the years ended December 31, 2022 and 2021, are based on investees' financial statements audited by independent auditors. Gains on investments accounted for using equity method and other comprehensive net income for the years ended December 31, 2022 and 2021 were \$212,320 and \$202,511, respectively. As of December 31, 2022 and 2021, the balances of investments accounted for using equity method were \$2,406,380 and \$2,377,144, respectively. The credit balances of investments accounted for using equity method were \$194,811 and \$132,837, respectively.
- C. The Group has no investments accounted for under the equity method pledged to others.

(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	Unfinished construction	Total
<u>At January 1, 2022</u>										
Cost	\$ 5,433,125	\$ 8,427,400	\$ 5,281,166	\$ 12,186,896	\$ 630,894	\$ 1,269,506	\$ 617,288	\$ 7,523,329	\$ 2,205,658	\$ 43,575,262
Accumulated depreciation and impairment	(34,697)	(4,638,503)	(2,380,428)	(10,695,571)	(596,318)	(760,531)	(477,721)	(6,589,377)	-	(26,173,146)
	<u>\$ 5,398,428</u>	<u>\$ 3,788,897</u>	<u>\$ 2,900,738</u>	<u>\$ 1,491,325</u>	<u>\$ 34,576</u>	<u>\$ 508,975</u>	<u>\$ 139,567</u>	<u>\$ 933,952</u>	<u>\$ 2,205,658</u>	<u>\$ 17,402,116</u>
<u>2022</u>										
Opening net book amount	\$ 5,398,428	\$ 3,788,897	\$ 2,900,738	\$ 1,491,325	\$ 34,576	\$ 508,975	\$ 139,567	\$ 933,952	\$ 2,205,658	\$ 17,402,116
Additions	-	109,619	4,194	252,452	1,932	129,765	30,077	312,753	2,037,284	2,878,076
Disposals	-	(47)	-	(18,128)	-	(3,392)	(387)	(6,696)	-	(28,650)
Reclassifications	(160,433)	(19,424)	-	(5,288)	(8,367)	-	(250)	132	-	(193,650)
Depreciation charge	-	(201,195)	(174,245)	(292,438)	(1,034)	(87,926)	(38,832)	(302,260)	-	(1,097,930)
Net exchange differences	11,571	80,073	-	59,326	-	1,782	2,479	16,564	-	171,795
Closing net book amount	<u>\$ 5,249,566</u>	<u>\$ 3,757,923</u>	<u>\$ 2,730,687</u>	<u>\$ 1,487,249</u>	<u>\$ 27,107</u>	<u>\$ 549,204</u>	<u>\$ 132,654</u>	<u>\$ 954,445</u>	<u>\$ 4,242,942</u>	<u>\$ 19,131,777</u>
<u>At December 31, 2022</u>										
Cost	\$ 5,284,263	\$ 8,612,162	\$ 5,285,088	\$ 12,396,063	\$ 614,741	\$ 1,346,062	\$ 643,184	\$ 7,659,717	\$ 4,242,942	\$ 46,084,222
Accumulated depreciation and impairment	(34,697)	(4,854,239)	(2,554,401)	(10,908,814)	(587,634)	(796,858)	(510,530)	(6,705,272)	-	(26,952,445)
	<u>\$ 5,249,566</u>	<u>\$ 3,757,923</u>	<u>\$ 2,730,687</u>	<u>\$ 1,487,249</u>	<u>\$ 27,107</u>	<u>\$ 549,204</u>	<u>\$ 132,654</u>	<u>\$ 954,445</u>	<u>\$ 4,242,942</u>	<u>\$ 19,131,777</u>

	Buildings and structures		Leased assets - buildings and structures		Machinery and equipment		Leased assets - machinery and equipment		Transportation equipment		Leasehold improvements		Miscellaneous equipment		Unfinished construction		Total
	Land	structures	structures	structures	equipment	equipment	equipment	equipment	equipment	improvements	equipment	construction	construction	equipment	construction	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	\$ 7,640,344	\$ 540,536	\$ 1,206,184	\$ 540,536	\$ 7,640,344	\$ 692,736	\$ 42,595,258				
Accumulated depreciation and impairment	(34,697)	(4,503,591)	(2,218,143)	(10,788,960)	(608,062)	(719,570)	(6,667,625)	(449,086)	(449,086)	(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>\$ 972,719</u>	<u>\$ 91,450</u>	<u>\$ 486,614</u>	<u>\$ 91,450</u>	<u>\$ 972,719</u>	<u>\$ 692,736</u>	<u>\$ 16,605,524</u>				
<u>2021</u>																	
Opening net book amount	\$ 5,420,701	\$ 4,062,981	\$ 3,067,263	\$ 1,768,659	\$ 42,401	\$ 486,614	\$ 972,719	\$ 91,450	\$ 486,614	\$ 91,450	\$ 972,719	\$ 692,736	\$ 16,605,524				
Additions	905	22,009	6,538	184,992	-	107,149	325,265	83,716	107,149	83,716	325,265	1,512,922	2,243,496				
Disposals	(4,330)	(26,270)	-	(21,747)	-	(2,118)	(10,505)	(2)	(2,118)	(2)	(10,505)	-	(64,972)				
Impairment loss	-	-	-	(109,433)	-	-	-	-	-	-	-	-	(109,433)				
Reclassifications	(9,757)	(22,093)	-	(3,600)	6,442	-	(1,228)	81	-	81	(1,228)	-	(30,155)				
Depreciation charge	-	(194,269)	(173,063)	(300,066)	(14,267)	(80,999)	(339,131)	(34,841)	(80,999)	(34,841)	(339,131)	-	(1,136,636)				
Net exchange differences	(9,091)	(53,461)	-	(27,480)	-	(1,671)	(13,168)	(837)	(1,671)	(837)	(13,168)	-	(105,708)				
Closing net book amount	<u>\$ 5,398,428</u>	<u>\$ 3,788,897</u>	<u>\$ 2,900,738</u>	<u>\$ 1,491,325</u>	<u>\$ 34,576</u>	<u>\$ 508,975</u>	<u>\$ 933,952</u>	<u>\$ 139,567</u>	<u>\$ 508,975</u>	<u>\$ 139,567</u>	<u>\$ 933,952</u>	<u>\$ 2,205,658</u>	<u>\$ 17,402,116</u>				
<u>At December 31, 2021</u>																	
Cost	\$ 5,433,125	\$ 8,427,400	\$ 5,281,166	\$ 12,186,896	\$ 630,894	\$ 1,269,506	\$ 7,523,329	\$ 617,288	\$ 1,269,506	\$ 617,288	\$ 7,523,329	\$ 2,205,658	\$ 43,575,262				
Accumulated depreciation and impairment	(34,697)	(4,638,503)	(2,380,428)	(10,695,571)	(596,318)	(760,531)	(6,589,377)	(477,721)	(760,531)	(477,721)	(6,589,377)	-	(26,173,146)				
	<u>\$ 5,398,428</u>	<u>\$ 3,788,897</u>	<u>\$ 2,900,738</u>	<u>\$ 1,491,325</u>	<u>\$ 34,576</u>	<u>\$ 508,975</u>	<u>\$ 933,952</u>	<u>\$ 139,567</u>	<u>\$ 508,975</u>	<u>\$ 139,567</u>	<u>\$ 933,952</u>	<u>\$ 2,205,658</u>	<u>\$ 17,402,116</u>				

- A. For the years ended December 31, 2022 and 2021, no borrowing cost was capitalized as part of property, plant and equipment.
- B. 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.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. The Group was unable to transfer the title of certain farmland to the Group's name due to legal restrictions. The land title was registered under an individual's name. Accordingly, the Group entered into an agreement with the said individual to secure the title and the first mortgage right.

(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 \$1,752,409 thousand and acquired land ownership of certificate for 99 years. On July 16, 2021, an agreement was signed with KIADB with a transfer of ownership term, agreeing to transfer the ownership to the lessee at the end of the 10-year lease term for the amount of royalties paid by the lessee and recognized by the landlord, if the lessee completes the development conditions specified in the terms.
- E. For the years ended December 31, 2022 and 2021, the additions to right-of-use assets were \$503,217 and \$642,980 and the sublease income were \$805,852 and \$807,763, 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>December 31, 2022</u>	<u>December 31, 2021</u>
Land (including royalties)	\$ 4,654,356	\$ 4,652,262
Buildings	2,033,210	2,099,957
Machinery and equipment	22,547	9,689
Transportation equipment (Business vehicles)	<u>25,053</u>	<u>14,559</u>
	<u>\$ 6,735,166</u>	<u>\$ 6,776,467</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
	<u>For the year ended</u>	<u>For the year ended</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land (including royalties)	\$ 94,684	\$ 86,928
Buildings	437,978	400,279
Machinery and equipment	9,028	9,956
Transportation equipment (Business vehicles)	<u>10,161</u>	<u>11,072</u>
	<u>\$ 551,851</u>	<u>\$ 508,235</u>

- G. Interest expenses on lease liabilities for the years ended December 31, 2022 and 2021 were \$74,793 and \$70,400 and the cash outflows were \$570,981 and \$538,703, respectively.
- H. Expenses on short-term leases and leases of low-value assets which are not subject to IFRS 16 for the years ended December 31, 2022 and 2021 were \$471,108 and \$465,946; \$14,412 and \$20,022, 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 \$5,604 and \$22,846 in profit from lease modification for the years ended December 31, 2022 and 2021, respectively.

(10) Investment property

	Land	Buildings and structures	Right-of-use assets	Total
<u>At January 1, 2022</u>				
Cost	\$ 1,510,318	\$ 2,815,538	\$ 49,686	\$ 4,375,542
Accumulated depreciation and impairment	-	(1,532,321)	(14,322)	(1,546,643)
	<u>\$ 1,510,318</u>	<u>\$ 1,283,217</u>	<u>\$ 35,364</u>	<u>\$ 2,828,899</u>
<u>2022</u>				
Opening net book amount	\$ 1,510,318	\$ 1,283,217	\$ 35,364	\$ 2,828,899
Reclassifications (transfer during the period)	\$ 160,067	\$ 25,240	\$ -	185,307
Depreciation charge	-	(63,317)	(8,307)	(71,624)
Net exchange differences	18,544	4,998	772	24,314
Closing net book amount	<u>\$ 1,688,929</u>	<u>\$ 1,250,138</u>	<u>\$ 27,829</u>	<u>\$ 2,966,896</u>
<u>At December 31, 2022</u>				
Cost	\$ 1,688,929	\$ 2,976,827	\$ 51,216	\$ 4,716,972
Accumulated depreciation and impairment	-	(1,726,689)	(23,387)	(1,750,076)
	<u>\$ 1,688,929</u>	<u>\$ 1,250,138</u>	<u>\$ 27,829</u>	<u>\$ 2,966,896</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>At January 1, 2021</u>				
Cost	\$ 1,505,457	\$ 2,794,910	\$ 27,655	\$ 4,328,022
Accumulated depreciation and impairment	<u>-</u>	<u>(1,463,829)</u>	<u>(13,229)</u>	<u>(1,477,058)</u>
	<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
Additions	-	-	23,342	23,342
Reclassifications (transfer during the period)	9,757	22,093	-	31,850
Depreciation charge	-	(67,532)	(1,767)	(69,299)
Net exchange differences	<u>(4,896)</u>	<u>(2,425)</u>	<u>(637)</u>	<u>(7,958)</u>
Closing net book amount	<u>\$ 1,510,318</u>	<u>\$ 1,283,217</u>	<u>\$ 35,364</u>	<u>\$ 2,828,899</u>
<u>At December 31, 2021</u>				
Cost	\$ 1,510,318	\$ 2,815,538	\$ 49,686	\$ 4,375,542
Accumulated depreciation and impairment	<u>-</u>	<u>(1,532,321)</u>	<u>(14,322)</u>	<u>(1,546,643)</u>
	<u>\$ 1,510,318</u>	<u>\$ 1,283,217</u>	<u>\$ 35,364</u>	<u>\$ 2,828,899</u>

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

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Rental income from investment property	\$ <u>128,493</u>	\$ <u>180,833</u>
Direct operating expenses arising from the investment property that generated rental income during the period	\$ <u>38,164</u>	\$ <u>53,922</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ <u>5,816</u>	\$ <u>-</u>

C. The fair value of the investment property held by the Group as at December 31, 2022 and, 2021 were \$6,150,083 and \$5,415,841, respectively, which is categorized within Level 3 in the fair value hierarchy.

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

	2022	2021
<u>At January 1</u>		
Cost	\$ 4,677,015	\$ 5,206,760
Accumulated amortization and impairment	(315,284)	(57,527)
	<u>\$ 4,361,731</u>	<u>\$ 5,149,233</u>
Opening net book amount	\$ 4,361,731	\$ 5,149,233
Impairment loss	-	(257,757)
Net exchange differences	194,142	(529,745)
Closing net book amount	<u>\$ 4,555,873</u>	<u>\$ 4,361,731</u>
<u>At December 31</u>		
Cost	\$ 4,871,157	\$ 4,677,015
Accumulated amortization and impairment	(315,284)	(315,284)
	<u>\$ 4,555,873</u>	<u>\$ 4,361,731</u>

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

	December 31, 2022	December 31, 2021
Green mechatronic solution business group	<u>\$ 4,555,873</u>	<u>\$ 4,361,731</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 December 31, 2022, the goodwill arising from the merger amounted to \$4,530,003.

(12) Other non-current assets

	December 31, 2022	December 31, 2021
Refundable deposits	\$ 253,971	\$ 243,614
Long-term notes and accounts receivable	131,846	165,054
Deposits account for repatriation of capital from Taiwan's offshore companies	-	361,224
Deferred expenses	40,199	39,450
Other assets	93,812	35,528
	<u>\$ 519,828</u>	<u>\$ 844,870</u>

- A. 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. As of December 31, 2022, the company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the company withdrew funds from the specific account for reinvestment.
- B. The Group's repatriation of offshore reinvestment income amounting to US\$10,500,000 is allowed to apply a preferential tax rate of 10% 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 26, 2021. As of December 31, 2022, the company had submitted the investment plan to the

Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the company withdrew funds from the specific account for reinvestment.

- C. The Group's repatriation of offshore reinvestment income amounting to US\$4,000,000 is allowed to apply a preferential tax rate of 10% 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, 2021. As of December 31, 2022, the Company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the Company withdrew funds from the specific account for reinvestment.

(13) Impairment of non-financial assets

- A. The Group recognised impairment loss for the years ended December 31, 2022 and 2021 was \$0 and \$367,190, respectively. Details of such loss are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	Recognised in profit or loss	Recognised in profit or loss
Impairment loss — goodwill	\$ -	\$ 257,757
Impairment loss — machinery	-	109,433
	<u>\$ -</u>	<u>\$ 367,190</u>

- B. The impairment loss reported by operating segments is as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
	Recognised in profit or loss	Recognised in profit or loss
Green mechatronic solution business group	\$ -	\$ 359,675
Air and intelligent life business group	-	7,515
	<u>\$ -</u>	<u>\$ 367,190</u>

- C. There was an indication that assets of the Company's subsidiaries, Qingdao Teco Precision Mechatronics Co., Ltd. was impaired. Under the impairment assessment, the Group had adjusted the carrying amount in line with the recoverable amount, and recognised impairment loss amounting to \$101,918 for the year ended December 31, 2021.

- D. The Company won the bid to contract New eID project from the Central Engraving and Printing Plant for the year ended December 31, 2020. On January 27, 2021, the Company received the notification from the Central Engraving and Printing Plant (CEPP) for suspending the project due to the Ministry of the Interior's tentative postponement of New eID project, accordingly, there was an indication that the purchased equipment of the Company's subsidiary, TECO Smart Technologies Co., Ltd. was impaired. The Group adjusted the carrying amount based on the recoverable amount after the impairment assessment and recognized impairment loss in the amount of \$7,515 for the year ended December 31, 2021.

- E. Operating revenue of Motorvario S.p.A is lower than its forecast due to the Covid-19 outbreak for the year ended December 31, 2020. For the year ended December 31, 2021, the present value of estimated recoverable amount reduced which was affected by the overall economic environment and changes in discount rate due to the possible interest rate raising, and the recoverable amount was less than its carrying amount under the Group's assessment for the investment. Therefore, the Group recognised impairment loss of goodwill amounting to \$0 and

\$257,757 for the years ended December 31, 2022 and 2021, respectively.

The recoverable amount was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below. The main assumptions used in calculating value in use are set out below

	<u>For the year ended December 31, 2022</u>	<u>For the year ended December 31, 2021</u>
Growth rate	2.30%	2.16%
Discount rate	9.40%	8.14%

The adopted weighted average growth rate is calculated based on the inflation growth rate prevailing in the business location. The adopted discount rate is a pre-tax rate and reflecting the specified risk of Motorvario S.p.A.

(14) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	<u>\$ 1,751,344</u>	0.70%~7.00%	Notes receivable, land, buildings and structures, demand deposits and time deposits
<u>Type of borrowings</u>	<u>December 31, 2021</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	<u>\$ 2,042,697</u>	0.60%~5.00%	Notes receivable, land, buildings and structures, demand deposits and time deposits

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

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	<u>\$ 4,144</u>	<u>\$ -</u>

A. The Group recognized net loss of (\$17,381) and (\$2,638) on financial liabilities held for trading for the years ended December 31, 2022 and 2021, respectively.

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

Derivative instrument	Contract period	December 31, 2022	
		Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
BUY USD/SELL EUR	October 25, 2022 ~ February 22, 2023	EUR 2,400,000	\$ 2,790
BUY CNH/SELL USD	November 14, 2022 ~ January 17, 2023	CNH 8,000,000	136
BUY USD/SELL AUD	November 17, 2022 ~ February 22, 2023	AUD 2,000,000	404
BUY JPY/SELL USD	November 17, 2022 ~ February 22, 2023	JPY 94,000,000	515
BUY RMB/SELL USD	December 21, 2022 ~ January 31, 2023	USD 3,500,000	299
			<u>\$ 4,144</u>

C. As at December 31, 2021, 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.

(16) Other payables

	December 31, 2022	December 31, 2021
Salary and wages payable	\$ 2,193,042	\$ 2,027,413
Employees' compensation payable	688,059	644,678
Dealers' bonus commission payable	189,936	214,584
Directors' and supervisors' remuneration payable	160,522	165,413
Equipment payable	105,166	131,883
Dividends payable	27,860	28,353
Others	2,629,612	2,332,441
	<u>\$ 5,994,197</u>	<u>\$ 5,544,765</u>

(17) Bonds payable

	December 31, 2022	December 31, 2021
Issuance of bonds payable	\$ 5,000,000	\$ 6,000,000
Less: Current portion of bonds payable (listed as '2320 Long-term liabilities, current portion')	-	(1,000,000)
	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

A. 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 redeemed at face value at September 15, 2022.

- B. 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.

- C. 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.

(18) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from October 1, 2019 to May 2, 2025; payable based on the agreed terms.	0.85%~7.00%	Note	\$ 3,655,514
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(228,159)
				<u>\$ 3,427,355</u>
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 12, 2025; payable based on the agreed terms.	0.62%~5.70%	Note	\$ 4,095,257
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(491,683)
				<u>\$ 3,603,574</u>

Note: Details of the Group's assets pledged to others as collateral for borrowings are provided in Note 8.

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.

(19) 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 amounts recognised in the balance sheet are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	(\$ 1,704,855)	(\$ 1,903,650)
Fair value of plan assets	367,030	356,988
Net defined benefit liability	<u>(\$ 1,337,825)</u>	<u>(\$ 1,546,662)</u>

(c) Movements in net defined benefit liabilities are as follows:

	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 1,903,649)	\$ 356,987	(\$ 1,546,662)
Current service cost	(3,417)	-	(3,417)
Interest (expense) income	(12,390)	2,445	(9,945)
Settlement profit or loss	815	-	815
	<u>(1,918,641)</u>	<u>359,432</u>	<u>(1,559,209)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	26,689	26,689
Change in demographic assumptions	(3,149)	-	(3,149)
Change in financial assumptions	103,195	-	103,195
Experience adjustments	<u>(33,431)</u>	<u>1,437</u>	<u>(31,994)</u>
	66,615	28,126	94,741
Pension fund contribution	-	93,343	93,343
Paid pension	111,470	(111,425)	45
Paid from the account	29,618	(2,447)	27,171
Effect of business combination changes	<u>6,084</u>	<u>-</u>	<u>6,084</u>
At December 31	<u>(\$ 1,704,854)</u>	<u>\$ 367,029</u>	<u>(\$ 1,337,825)</u>

	2021		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 1,991,074)	\$ 334,126	(\$ 1,656,948)
Current service cost	(6,773)	-	(6,773)
Interest (expense) income	(8,667)	1,030	(7,637)
Settlement profit or loss	973	-	973
	<u>(2,005,541)</u>	<u>335,156</u>	<u>(1,670,385)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,618	4,618
Change in demographic assumptions	(34,929)	-	(34,929)
Change in financial assumptions	34,706	-	34,706
Experience adjustments	(31,567)	-	(31,567)
	<u>(31,790)</u>	<u>4,618</u>	<u>(27,172)</u>
Pension fund contribution	-	116,724	116,724
Paid pension	98,708	(98,708)	-
Paid from the account	14,127	-	14,127
Effect of business combination changes	20,847	(803)	20,044
At December 31	<u>(\$ 1,903,649)</u>	<u>\$ 356,987</u>	<u>(\$ 1,546,662)</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.
- (e) The principal actuarial assumptions used were as follows:

	For the year ended December 31 ,2022	For the year ended December 31 ,2021
Discount rate	<u>1.20%~7.06%</u>	<u>0.50%~6.72%</u>
Future salary increases	<u>0.50%~8.00%</u>	<u>0.50%~8.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	\$ 49,042	(\$ 51,212)	(\$ 51,518)	\$ 48,568
<u>December 31, 2021</u>				
Effect on present value of defined benefit obligation	\$ 58,723	(\$ 62,061)	(\$ 61,315)	\$ 58,158

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 amount to \$35,059.

(g) The weighted average duration of the defined benefit obligation was 6.6~13.5 years as of December 31, 2022.

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 year ended December 31, 2022 and 2021 ranged from 14%~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 years ended December 31, 2022 and 2021 were \$477,977 and \$457,702, respectively.

(20) Share capital

A. As of December 31, 2022, 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.

	2022	2021
At January 1	2,138,797	1,967,693
Issuance of common shares	-	171,104
At December 31	2,138,797	2,138,797

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, and 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 December 31, 2022 and 2021, book value of the shares of the Company held by the subsidiaries and second-tier subsidiaries were all \$511,710.

Details are as follows:

	December 31, 2022		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 27.55
An-Tai International Investment Co., Ltd.	2,826	10.37	27.55
Top-Tower Enterprises Co., Ltd.	77	9.37	27.55
Taiwan Pelican Express Co., Ltd.	7,070	26.89	27.55
	<u>29,513</u>		
	December 31, 2021		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 31.65
An-Tai International Investment Co., Ltd.	2,826	10.37	31.65
Top-Tower Enterprises Co., Ltd.	77	9.37	31.65
Taiwan Pelican Express Co., Ltd.	7,070	26.89	31.65
	<u>29,513</u>		

(21) 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.

(22) Retained earnings

- 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 dividends shall account for 5% ~ 50% of the distributed amount. Stock dividends shall be approved by the shareholders at the shareholders' meeting while cash dividends shall be approved by the Board of Directors under a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and reported to the shareholders at the shareholders' meeting.
- 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 December 31, 2022, 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 2021 and 2020 net income was respectively resolved by the stockholders on May 20, 2022 and July 23, 2021 as follows:

	For the year ended December 31, 2021		For the year ended December 31, 2020	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 525,009		\$ 349,413	
Cash dividends	2,887,375	\$ 1.35	2,459,616	\$ 1.15

- F. The appropriations of the 2022 net income was respectively resolved by the stockholders on March 15, 2023 as follows:

	For the year ended December 31, 2022		
	Amount	Dividend per share (in dollars)	
Legal reserve	\$ 338,042		
Cash dividends	3,208,195	\$	1.5
(23) Other equity items			
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1, 2022	\$ 32,113,711	(\$ 4,033,116)	\$ 28,080,595
Unrealized gains and losses on financial assets:			
Revaluation - group	(11,453,686)	-	(11,453,686)
Revaluation - associates	1,827	-	1,827
Revaluation transferred to retained earnings	144,018	-	144,018
Currency translation differences:			
-Group	-	1,579,665	1,579,665
At December 31, 2022	\$ 20,805,870	(\$ 2,453,451)	\$ 18,352,419
	Unrealized gains (losses) 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:			
Revaluation	22,108,471	-	22,108,471
Revaluation - tax	(85,977)	-	(85,977)
Revaluation - associates	4,325	-	4,325
Revaluation transferred to profit or loss	-	9,909	9,909
Revaluation transferred to retained earnings	(358,052)	-	(358,052)
Revaluation transferred to retained earnings - tax	85,977	-	85,977
Revaluation transferred to retained earnings - associates	2,033	-	2,033
Currency translation differences:			
-Group	-	(1,025,349)	(1,025,349)
At December 31, 2021	\$ 32,113,711	(\$ 4,033,116)	\$ 28,080,595
(24) Operating revenue			
	For the year ended December 31, 2022	For the year ended December 31, 2021	
Revenue from customers	\$ 57,397,037	\$ 50,440,359	
Others - rental revenue	918,179	808,028	
	\$ 58,315,216	\$ 51,248,387	

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 year ended December 31, 2022	For the year ended December 31, 2021
	<u>Revenue from external customer contracts</u>	<u>Revenue from external customer contracts</u>
Sales of green mechatronic solution business group products	\$ 33,153,803	\$ 28,610,420
Sales of air and intelligent life business group product	5,738,073	5,717,120
Others	1,537,373	1,479,560
Service revenue	8,695,090	8,642,445
Construction contract	8,272,698	5,990,814
	<u>\$ 57,397,037</u>	<u>\$ 50,440,359</u>

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 515,273	\$ 392,159

(25) Interest income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest income from bank deposits	\$ 226,290	\$ 117,724
Interest income from financial assets measured at amortised cost	6,787	9,627
	<u>\$ 233,077</u>	<u>\$ 127,351</u>

(26) Other income

	For the year ended December 31, 2022	For the year ended December 31, 2021
Rental revenue	\$ 157,159	\$ 189,220
Dividend income	1,128,492	884,153
Other non-operating income	258,706	348,309
	<u>\$ 1,544,357</u>	<u>\$ 1,421,682</u>

(27) Other gains and losses

	For the year ended December 31, 2022	For the year ended December 31, 2021
Loss on disposal of property, plant and equipment	(\$ 4,241)	(\$ 2,387)
Loss on disposal of investments	-	(3,097)
Gain (loss) arising from lease modifications	11,912	(211)
Gains arising from concession of lease payments	5,604	22,846
Net currency exchange gain (loss)	209,092	(62,535)
(Loss) gain on financial assets at fair value through profit or loss	(1,131,130)	1,643,837
Loss on financial liabilities at fair value through profit or loss	(17,381)	(2,638)
Impairment loss (Note)	-	(367,190)
Miscellaneous disbursements	(489,435)	(378,727)
	<u>(\$ 1,415,579)</u>	<u>\$ 849,898</u>

Note: Information regarding provision for impairment of assets for the years ended December 31, 2022 and 2021 is provided in Note 6(13).

(28) Finance costs

	For the year ended December 31, 2022	For the year ended December 31, 2021
Interest expense	\$ 201,592	\$ 201,665
Other finance expenses	2,371	1,937
	<u>\$ 203,963</u>	<u>\$ 203,602</u>

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Wages and salaries	\$ 8,795,632	\$ 8,620,501
Employees' compensation and directors' remuneration	651,578	615,754
Labor and health insurance fees	1,139,746	1,101,304
Pension costs	490,524	471,139
Other personnel expenses	451,346	433,881
Depreciation charges on property, plant and equipment as well as investment property	1,169,554	1,205,935
Depreciation charges on right-of-use assets and amortization charges on intangible assets	633,892	596,260

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 years ended December 31, 2022 and 2021, employees' compensation was accrued at \$282,888 and \$303,438, respectively; while directors' remuneration was accrued at \$125,710 and \$85,195, respectively. The aforementioned amounts were recognized in salary expenses.
- C. For the year ended December 31, 2022, after considering each year's earnings, the employee benefit expenses were accrued based on past experience and ratio. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$282,848 and \$79,526, and the employees' compensation will be distributed in the form of cash.

The difference of \$289 between employees' compensation of \$303,438 and the difference of \$78 between directors' remuneration of \$85,195 as resolved by the Board of Directors which is mainly arising from changes in estimate of directors' remuneration and the amount recognised in the 2021 financial statements had been adjusted in the profit or loss of 2022.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current tax:		
Current tax on profits for the period	\$ 1,338,892	\$ 787,593
Tax on undistributed surplus earnings	93,172	34,771
Prior year income tax under(over)estimation	11,668 (	55,449)
Effect from Alternative Minimum tax	68	46
Total current tax	<u>1,443,800</u>	<u>766,961</u>
Deferred tax:		
Origination and reversal of temporary differences	(13,895)	(117,274)
Total deferred tax	<u>(13,895)</u>	<u>(117,274)</u>
Income tax expense	<u>\$ 1,429,815</u>	<u>\$ 649,687</u>

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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Current tax:		
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ 85,977
Deferred tax:		
Currency translation differences	\$ 311,456	(\$ 122,289)
Remeasurement of defined benefit obligations	2,982	(1,870)
Total deferred tax	\$ 314,438	(\$ 124,159)
Income tax charge relating to components of other comprehensive income	\$ 314,438	(\$ 38,182)

B. Reconciliation between income tax expense and accounting profit:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Tax calculated based on profit before tax and statutory tax rate	\$ 1,530,249	\$ 1,532,963
Expenses disallowed by tax regulation	(168,771)	(504,088)
Effect from investment tax credits	(38,441)	(44,131)
Prior year income tax overestimation	11,668	(55,449)
Under (over) estimation of prior year's net deferred tax assets and liabilities	(13,594)	(355,337)
Tax on undistributed surplus earnings	93,172	34,771
Effect from Alternative Minimum Tax	68	46
Others	15,464	40,912
Income tax expense	\$ 1,429,815	\$ 649,687

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Impairment loss	\$ 96,779	\$ -	\$ -	\$ 96,779
Currency translation differences	494,053	-	(311,456)	182,597
Difference resulting from different useful lives of property, plant and equipment between financial and tax basis	44,002	1,627	-	45,629
Unrealized expenses	236,709	(18,164)	-	218,545
Permanent loss on investments	35,080	-	-	35,080
Loss on inventory	91,308	46,224	-	137,532
Bad debt exceeded the limit stated by Income Tax Law	9,686	(1,476)	-	8,210
Others	222,175	59,043	(2,982)	278,236
Tax losses	<u>187,383</u>	<u>8,521</u>	<u>-</u>	<u>195,904</u>
	<u>\$ 1,417,175</u>	<u>\$ 95,775</u>	<u>(\$ 314,438)</u>	<u>\$ 1,198,512</u>
—Deferred tax liabilities:				
Investment income from foreign investments	\$ 981,493	\$ 170,801	\$ -	\$ 1,152,294
Land value incremental reserve	1,049,921	2,683	-	1,052,604
Trademark right	-	-	-	-
Others	<u>318,989</u>	<u>(91,604)</u>	<u>-</u>	<u>227,385</u>
	<u>\$ 2,350,403</u>	<u>\$ 81,880</u>	<u>\$ -</u>	<u>\$ 2,432,283</u>
	<u>(\$ 933,228)</u>	<u>\$ 13,895</u>	<u>(\$ 314,438)</u>	<u>(\$ 1,233,771)</u>

	2021			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
—Deferred tax assets:				
Impairment loss	\$ 96,779	\$ -	\$ -	\$ 96,779
Currency translation differences	371,764	-	122,289	494,053
Difference resulting from different useful lives of property, plant and equipment between financial and tax basis	44,377	(375)	-	44,002
Unrealized expenses	253,769	(17,060)	-	236,709
Permanent loss on investments	35,080	-	-	35,080
Loss on inventory	133,531	(42,223)	-	91,308
Bad debt exceeded the limit stated by Income Tax Law	11,399	(1,713)	-	9,686
Others	218,392	1,913	1,870	222,175
Tax losses	<u>200,210</u>	<u>(12,827)</u>	<u>-</u>	<u>187,383</u>
	<u>\$ 1,365,301</u>	<u>(\$ 72,285)</u>	<u>\$ 124,159</u>	<u>\$ 1,417,175</u>
—Deferred tax liabilities:				
Investment income from foreign investments	\$ 911,080	\$ 70,413	\$ -	\$ 981,493
Land value incremental reserve	1,049,787	134	-	1,049,921
Trademark right	279,880	(279,880)	-	-
Others	<u>299,215</u>	<u>19,774</u>	<u>-</u>	<u>318,989</u>
	<u>\$ 2,539,962</u>	<u>(\$ 189,559)</u>	<u>\$ -</u>	<u>\$ 2,350,403</u>
	<u>(\$ 1,174,661)</u>	<u>\$ 117,274</u>	<u>\$ 124,159</u>	<u>(\$ 933,228)</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2022

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Amount assessed	\$ 250,992	\$ 250,992	2022
2013	Amount assessed	140,434	140,434	2023
2014	Amount assessed	135,719	135,719	2024
2015	Amount assessed	278,639	113,670	2025
2016	Amount assessed	142,273	43,004	2026
2017	Amount assessed	149,189	32,549	2027
2018	Amount assessed	115,790	39,262	2028
2019	Amount filed	200,652	107,813	2029
2020	Amount filed	129,469	125,756	2030
2021	Amount filed	110,078	85,766	2031
2022	Amount filed	33,609	3,386	2032
		<u>\$ 1,686,844</u>	<u>\$ 1,078,351</u>	

December 31, 2021

Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2012	Amount assessed	\$ 250,992	\$ 250,992	2022
2013	Amount assessed	140,434	140,434	2023
2014	Amount assessed	135,719	135,719	2024
2015	Amount assessed	278,639	113,670	2025
2016	Amount assessed	142,273	43,004	2026
2017	Amount assessed	149,189	32,549	2027
2018	Amount assessed	115,790	39,262	2028
2019	Amount filed	200,652	107,813	2029
2020	Amount filed	129,469	125,756	2030
2021	Amount filed	110,078	85,766	2031
		<u>\$ 1,653,235</u>	<u>\$ 1,074,965</u>	

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2022	December 31, 2021
Deductible temporary differences	<u>\$ 1,518,761</u>	<u>\$ 1,524,632</u>

F. The Board of Directors of certain subsidiaries resolved to not repatriate earnings and to reserve earnings for local operation use, therefore, the Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2022 and 2021, the amounts of temporary differences unrecognised as deferred tax liabilities were \$5,107,288 and \$3,496,513, respectively.

G. As of December 31, 2022, the Company and its subsidiaries' income tax returns through various years between 2018 and 2020, respectively, have been assessed and approved by the Tax Authority.

(31) Earnings per share

	For the year ended December 31, 2022		
	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	\$ 3,457,667	2,109,284	\$ 1.64

Note: The earnings per share of \$1.62 (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.

	Year ended December 31, 2021		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,013,134	2,105,523	\$ 2.38

Note: The earnings per share of \$2.35 (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.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Acquisition of property, plant and equipment	\$ 2,878,076	\$ 2,243,496
Add:		
Payables at beginning of the period	131,883	197,130
Less:		
Payables at end of the period	(105,166)	(131,883)
Cash paid	\$ 2,904,793	\$ 2,308,743

B. Investing and financing activities with partial cash payments:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Acquisition of financial assets at fair value through other comprehensive income - non-current	\$ 384,617	\$ 3,952,777
Less:		
Conversion through issuing common shares	-	(3,808,921)
Cash paid	\$ 384,617	\$ 143,856

(33) 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, 2022	\$ 2,042,697	\$ 28,353	\$ 6,000,000	\$ 4,095,256	\$ 5,062,094	\$ 17,228,400
Interest expenses on lease liabilities	-	-	-	-	74,793	74,793
Recognised in right -of-use assets	-	-	-	-	503,217	503,217
Remeasurement	-	-	-	-	8,531	8,531
Changes in cash flow from financing activities	(291,353)	(493)	(1,000,000)	(439,742)	(570,981)	(2,302,569)
Effect of foreign exchange	-	-	-	-	(5,247)	(5,247)
December 31, 2022	<u>\$ 1,751,344</u>	<u>\$ 27,860</u>	<u>\$ 5,000,000</u>	<u>\$ 3,655,514</u>	<u>\$ 5,072,407</u>	<u>\$ 15,507,125</u>
						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	-	-	-	-	70,400	70,400
Recognised in right -of-use assets	-	-	-	-	642,980	642,980
Remeasurement	-	-	-	-	30,761	30,761
Changes in cash flow from financing activities	(774,135)	3,197	-	483,525	(538,703)	(826,116)
Other	-	-	-	-	-	-
Effect of foreign exchange	-	-	-	-	(30,117)	(30,117)
December 31, 2021	<u>\$ 2,042,697</u>	<u>\$ 28,353</u>	<u>\$ 6,000,000</u>	<u>\$ 4,095,256</u>	<u>\$ 5,062,094</u>	<u>\$ 17,228,400</u>

Note 1: Shown as 'other payables'.

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

(34) Details of significant non-controlling interests

A. As of December 31, 2022 and 2021, the non-controlling interest amounted to \$6,293,564 and \$6,448,168, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		December 31, 2022		December 31, 2021	
		Amount	Ownership	Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 306,373	36.48%	\$ 300,195	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,464,513	66.62%	1,832,601	66.62%
Century Development Corporation and subsidiaries	R.O.C	2,896,734	47.25%	2,804,257	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	282,276	50.99%	279,263	50.99%

B. Summarized financial information of the subsidiaries:

Balance sheets

	Tecom Co., Ltd. and subsidiaries	
	December 31, 2022	December 31, 2021
Current assets	\$ 998,137	\$ 1,083,023
Non-current assets	894,809	959,170
Current liabilities	(974,105)	(1,099,856)
Non-current liabilities	(443,822)	(463,807)
Total net assets	\$ 475,019	\$ 478,530

	Taiwan Pelican Express Co., Ltd. and subsidiaries	
	December 31, 2022	December 31, 2021
Current assets	\$ 1,829,560	\$ 1,856,384
Non-current assets	2,741,422	3,154,073
Current liabilities	(1,168,495)	(1,116,058)
Non-current liabilities	(1,204,179)	(1,143,572)
Total net assets	\$ 2,198,308	\$ 2,750,827

Century Development Corporation and subsidiaries				
	December 31, 2022		December 31, 2021	
Current assets	\$	605,583	\$	1,484,032
Non-current assets		10,577,104		8,878,166
Current liabilities	(	1,054,477)	(	1,003,461)
Non-current liabilities	(	3,468,169)	(	2,793,047)
Total net assets	\$	6,660,041	\$	6,565,690

Information Technology Total Services Co., Ltd. and subsidiaries				
	December 31, 2022		December 31, 2021	
Current assets	\$	613,290	\$	567,611
Non-current assets		272,321		282,442
Current liabilities	(	315,475)	(	287,813)
Non-current liabilities	(	16,558)	(	14,546)
Total net assets	\$	553,578	\$	547,694

Statements of comprehensive income

Tecom Co., Ltd. and subsidiaries				
	For the year ended December 31, 2022		For the year ended December 31, 2021	
Revenue	\$	1,010,890	\$	1,070,339
Profit before income tax		41,080		23,196
Income tax expense	(	8,488)	(	5,210)
Profit for the period		32,592		17,986
Other comprehensive loss (net of tax)	(	24,780)	(	16,330)
Total comprehensive loss for the period	\$	7,812	\$	1,656
Comprehensive income (loss) attributable to non-controlling interest	\$	17,595	(\$	16,748)

	Taiwan Pelican Express Co., Ltd. and subsidiaries	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue	\$ 4,509,706	\$ 4,466,137
Profit before income tax	216,207	296,515
Income tax expense	(39,765)	(56,014)
Profit for the period	176,442	240,501
Other comprehensive (loss) income (net of tax)	(528,480)	697,895
Total comprehensive (loss) income for the period	(\$ 352,038)	\$ 938,396
Comprehensive (loss) income attributable to non-controlling interest	(\$ 238,858)	\$ 625,159
Dividends paid to non-controlling interest	\$ 133,560	\$ 114,480
	Century Development Corporation and subsidiaries	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue	\$ 891,427	\$ 817,748
Profit before income tax	428,897	405,313
Income tax expense	(83,092)	(57,085)
Profit for the period	345,805	348,228
Other comprehensive income (loss) (net of tax)	20,324	(38,162)
Total comprehensive income for the period	\$ 366,129	\$ 310,066
Comprehensive income attributable to non-controlling interest	\$ 184,609	\$ 187,915
Dividends paid to non-controlling interest	\$ 142,590	\$ 25,431

	Information Technology Total Services Co., Ltd.	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Revenue	\$ 1,330,274	\$ 1,325,626
Profit before income tax	65,932	86,640
Income tax expense	(10,291)	(14,159)
Profit for the period	55,641	72,481
Other comprehensive income (loss) (net of tax)	4,890	(1,160)
Total comprehensive income for the period	\$ 60,531	\$ 71,321
Comprehensive income attributable to non-controlling interest	\$ 28,370	\$ 36,957
Dividends paid to non-controlling interest	\$ 27,865	\$ 27,864
<u>Statements of cash flows</u>		
	Tecom Co., Ltd. and subsidiaries	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Net cash provided by (used in) operating activities	\$ 82,102	(\$ 9,891)
Net cash provided by investing activities	70,665	26,614
Net cash (used in) provided by financing activities	(71,118)	71,155
Increase in cash and cash equivalents	81,649	87,878
Cash and cash equivalents, beginning of period	183,656	95,778
Cash and cash equivalents, end of period	\$ 265,305	\$ 183,656

	Taiwan Pelican Express Co., Ltd. and subsidiaries	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Net cash provided by operating activities	\$ 514,118	\$ 463,915
Net cash used in investing activities	(175,940)	(120,545)
Net cash used in financing activities	(411,980)	(337,722)
Effect of exchange rates on cash and cash equivalents	865	389
Decrease (Increase) in cash and cash equivalents	(72,937)	6,037
Cash and cash equivalents, beginning of period	905,342	899,305
Cash and cash equivalents, end of period	\$ 832,405	\$ 905,342
	Century Development Corporation and subsidiaries	
	For the year ended December 31, 2022	For the year ended December 31, 2022
Net cash provided by operating activities	\$ 693,661	\$ 453,635
Net cash (used in) provided by investing activities	(1,356,591)	324,295
Net cash provided by (used in) financing activities	315,796	(393,025)
Effect of exchange rates on cash and cash equivalents	(12,271)	(2,196)
(Decrease) increase in cash and cash equivalents	(359,405)	382,709
Cash and cash equivalents, beginning of period	613,545	230,836
Cash and cash equivalents, end of period	\$ 254,140	\$ 613,545

	Information Technology Total Services Co., Ltd. and subsidiaries	
	For the year ended December 31, 2022	For the year ended December 31, 2022
Net cash provided by operating activities	\$ 72,224	\$ 156,226
Net cash provided by (used in) investing activities	18,494 (	37,703)
Net cash used in financing activities	(61,001) (	63,758)
Effect of exchange rates on cash and cash equivalents	1,495 (	359)
Increase in cash and cash equivalents	31,212	54,406
Cash and cash equivalents, beginning of period	140,280	85,874
Cash and cash equivalents, end of period	\$ 171,492	\$ 140,280

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	Jinglaoman Food & Beverage Co., Ltd. (Jinglaoman)	Associates
Teco (PHILIPPINES) 3C & Appliances, Inc. (Teco 3C)	"	Shanghai Tungpei Enterprise Co., Ltd. (Shanghai Tungpei)	"
Taian-Jaya Electric Sdn. Bhd. (Taian-Jaya)	"	Greyback International Property, Inc. (Greyback)	"
An-Sheng Travel Co., Ltd. (An-Sheng)	"	ABC Cooking Studio Taiwan Co., Ltd. (ABC Cooking)	"
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)	"	Teco Group Science Technology (Han Zou) Co., Ltd. (Teco Group)	"
Royal Host Taiwan Co., Ltd. (Royal Host)	"	An-shin Food Service Co., Ltd. (An-shin)	Other related parties
Taisan Electric Co., Ltd. (Taisan Electric)	"	Xia Men An-Shin Food Management Co., Ltd.	"
Tension Envelope Taiwan Co., Ltd. (Tension)	"	MOS BURGER AUSTRALIA PTY. LTD.	"
TG Teco Vacuum Insulated Glass (TG Teco Vacuum Insulated Glass)	Note 1	Teco Image System Co., Ltd. (Teco Image)	"
Teco-Motech Co., Ltd. (Teco-Motech)	"	Taiwan Art & Business Interdisciplinary Foundation	"
Shanghai Xiangseng Mechanical and Electrical Trading Co., Ltd.	"	Teco Technology Foundation (Teco Found)	"
ZEPT Inc. (ZEPT)	"	YUBAN & COMPANY	"
Teco Technology & Marketing Center Co., Ltd. (TTMC)	Note 3	An-Hui Information Technology., Ltd. (An-Hui Technology)	"
Kuen Ling Co., Ltd. (Kuen Ling)	Note 2		

Note 1: The investee has been liquidated in 2022.

Note 2: The investee was no longer the related party of the Group after the re-election of directors during the shareholders' meeting in 2021.

Note 3: The investee was merged with Sankyo Co., Ltd in 2022.

(2) Significant related party transactions

A. Operating revenue:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Sales of goods and services:		
Associates	\$ 432,860	\$ 461,920
Other related parties	<u>371,114</u>	<u>310,155</u>
	<u>\$ 803,974</u>	<u>\$ 772,075</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 year ended December 31, 2022	For the year ended December 31, 2021
Purchases of goods:		
Associates	\$ 162,315	\$ 356,123
Other related parties	<u>18,808</u>	<u>40,722</u>
	<u>\$ 181,123</u>	<u>\$ 396,845</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:

	December 31, 2022	December 31, 2021
Receivables from related parties:		
Associates	\$ 204,621	\$ 197,304
Other related parties	<u>97,477</u>	<u>81,770</u>
	<u>302,098</u>	<u>279,074</u>
Other receivables - others		
Associates		
Shanghai Xiangseng	14,841	17,305
TTMC	-	36,869
Others	69,661	57,062
Other related parties	<u>2,425</u>	<u>7,325</u>
	<u>86,927</u>	<u>165,937</u>
	<u>\$ 389,025</u>	<u>\$ 397,635</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 other receivables arise mainly from other receivables for rental and dividends.

D. Payables to related parties:

	December 31, 2022	December 31, 2021
Payables to related parties:		
Associates	\$ 45,134	\$ 84,465
Other related parties	<u>4,056</u>	<u>688</u>
	<u>\$ 49,190</u>	<u>\$ 85,153</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

	For the year ended December 31, 2022	For the year ended December 31, 2021
Associates	\$ 17,427	\$ 20,603
Other related parties	20,728	27,112
	<u>\$ 38,155</u>	<u>\$ 47,715</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. Others

- (a) On April 12, 2021, the Board of Directors of the Company resolved to participate in the capital increase of ZEPT Inc. to acquire 7,805,555 shares, equivalent to 25% of total equity interest, and the total investment amounted to \$58,542.
- (b) On June 29, 2022, the Board of Directors of the Group's subsidiary, Teco Australia, resolved to acquire 40% of the equity interest of Ejoy Australia Pty. Ltd. from the other related party, YUBAN, through the wholly-owned subsidiary, Ejoy Australia Holdings Pty. Ltd. The consideration was AUD 411 thousand. The Group will hold 100% of the equity interest of Ejoy Australia Pty. Ltd. after the transaction was completed.

(3) Key management compensation

	For the year ended December 31, 2022	For the year ended December 31, 2021
Salaries and other short-term employee benefits	\$ 463,644	\$ 435,516
Long-term employee benefits	11,058	15,270
Post-employment benefits	11,435	9,333
	<u>\$ 486,137</u>	<u>\$ 460,119</u>

8. Pledged Assets

Pledged asset	December 31, 2022	December 31, 2021	Purpose
Notes receivable	\$ -	\$ 64,257	Short-term borrowings and deposits for acceptance bill
Other current assets			
Demand deposits	315,635	474,942	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, provisional seizure guarantee, deposits for the exemption from provisional execution and guarantee
Demand deposits	15,447	710,447	Earmarked construction projects, Restricted by the legislation on repatriating offshore funds
Time deposits	244,210	225,764	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	460,000	399,600	Long-term borrowings
Non-current financial assets at amortised cost	10,000	160,000	Performance guarantee
Property, plant, and equipment			
Land	77,392	98,025	Long-term borrowings, short-term borrowings
Buildings and structures	-	10,698	"
Machinery and equipment	140,750	149,575	"
Right-of-use assets	793,198	775,311	"
Other non-current assets			
Refundable deposits	64,298	91,810	Exercise guarantee or warranty for construction and exercise guarantee for tender
Time deposits	-	361,224	Restricted by the legislation on repatriating offshore funds
	\$ 2,120,930	\$ 3,521,653	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

- On April 21, 2021, the Company received a civil judgment from the Taiwan Taipei District Court concerning a claim filed by Fu Chang Engineering Co., Ltd. (Fu Chang), which is a subcontractor that undertook the electrical system and air-conditioning electric system for the Company's project 'Mechanical and Electrical Engineering of Songshan Cultural and Creative Park BOT Project' for a total of \$63,525, to request the Company to pay an additional payment amounting to \$68,495 for additional construction works. The Court entered a judgment that the Company shall make a payment in the amount of \$56,846 to Fu Chang. The Company has accrued and recognised an amount for potential payments and filed an appeal with the second instance court.
- On January 10, 2023, the Group's subsidiary, Teco Electirc & Machinery Pte Ltd., received a complaint from the customer regarding the specifications of products sold by the Group's subsidiary that did not meet the customer's requirement, and asked for the compensation of SGD 1,282 and related interests. The case will be tried in the first instance in March 2023.

(2) Commitments

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

	December 31, 2022		December 31, 2021	
Property, plant and equipment	\$	560,228	\$	2,605,204
Intangible assets		7,638		8,996
	\$	567,866	\$	2,614,200

B. As of December 31, 2022, the outstanding usance L/C used for acquiring raw materials and equipment was \$ 53,887.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

- The Board of Directors of the Group's subsidiary, Tong-An Assets Management & Development Co., Ltd., approved the investment proposal for the construction of the Taipei City Songjiang building on July 1, 2020, which was in line with the government's promotion to expedite the reconstruction of unsafe and old buildings. Additionally, on February 10, 2023, the company entered into the agreement of land joint construction with MSIG Mingtai Insurance Company, Limited. The agreement stipulates that the construction will be carried out and invested jointly by TECO and Tong-An Assets. In accordance with the agreement dated February 10, 2023, the Group was required to pay \$1,765,000 for the construction.
- In January 2023, the Group's subsidiary, Teco Sun Energy Co., Ltd entered into an agreement "Assignment of contract for capital contribution of Tai-Peng Energy Co., Ltd" with Shine Energy Co., Ltd to acquire the 100% equity interests in Tai-Peng Energy Co., Ltd.

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

	December 31, 2022	December 31, 2021
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 3,303,226	\$ 6,850,607
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	\$ 34,527,463	\$ 46,224,848
Financial assets at amortised cost /Loans and receivables		
Cash and cash equivalents	\$ 21,156,796	\$ 17,274,143
Financial assets at amortised cost	115,909	392,232
Notes receivable	1,039,657	1,001,157
Accounts receivable	10,351,780	10,201,498
Other receivables	413,068	538,674
Guarantee deposits paid and restricted bank deposits	829,264	2,015,991
	\$ 33,906,474	\$ 31,423,695
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 4,144	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	\$ 1,751,344	\$ 2,042,697
Notes payable	784,791	1,027,193
Accounts payable	9,125,804	9,347,227
Other payables	5,994,197	5,544,765
Lease liabilities	5,072,407	5,062,094
Bonds payable (including current portion)	5,000,000	6,000,000
Long-term borrowings (including current portion)	3,655,514	4,095,256
	\$ 31,384,057	\$ 33,119,232

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(15).

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 (15).
- 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:

December 31, 2022

		Sensitivity Analysis					
		Foreign	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
		currency amount (In thousands)					
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	USD	\$ 103,662	30.7100	\$ 3,183,460	1%	\$ 31,835	\$ -
EUR:NTD	EUR	7,233	32.7200	236,664	1%	2,367	-
USD:RMB	USD	11,707	6.9669	81,561	1%	816	-
RMB:NTD	RMB	29,385	4.4080	129,529	1%	1,295	-
AUD:NTD	AUD	4,478	20.8300	93,277	1%	933	-
USD:SGD	USD	8,624	1.3422	11,575	1%	116	-
USD:EUR	USD	10,244	0.9386	9,615	1%	96	-
USD:MYR	USD	7,116	1.0655	7,582	1%	76	-
<u>Non-monetary items</u>							
USD:NTD	USD	705,005	30.7100	21,650,704			
EUR:NTD	EUR	146,854	32.7200	4,805,063			
SGD:NTD	SGD	155,510	22.8800	3,558,069			
VND:NTD	VND	265,270,769	0.0013	344,852			
MYR:NTD	MYR	8,621	6.9951	60,305			
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	50,717	30.7100	1,557,519	1%	15,575	-
USD:VND	USD	3,953	23,623.0769	121,397	1%	1,214	-
USD:MYR	USD	9,939	4.3902	43,634	1%	436	-
USD:AUD	USD	7,497	1.4743	11,053	1%	111	-
USD:SGD	USD	3,539	1.3422	4,750	1%	48	-

December 31, 2021

		Sensitivity Analysis					
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	USD	\$ 88,960	27.6800	\$ 2,462,413	1%	\$ 24,624	\$ -
EUR:NTD	EUR	4,445	31.3200	139,217	1%	1,392	-
USD:RMB	USD	48,688	6.3720	1,347,684	1%	13,477	-
RMB:NTD	RMB	46,847	4.3440	203,503	1%	2,035	-
AUD:NTD	AUD	6,131	20.0800	123,110	1%	1,231	-
USD:SGD	USD	8,094	1.3529	224,042	1%	2,240	-
USD:EUR	USD	7,628	0.8838	211,143	1%	2,111	-
USD:MYR	USD	7,584	4.1772	209,925	1%	2,099	-
EUR:USD	EUR	13,191	1.1315	413,142	1%	4,131	-
<u>Non-monetary items</u>							
USD:NTD	USD	716,239	27.6800	19,825,490			
EUR:NTD	EUR	136,688	31.3200	4,281,054			
SGD:NTD	SGD	161,517	20.4600	3,304,645			
VND:NTD	VND	268,912,500	0.0012	322,695			
MYR:NTD	MYR	7,551	6.6265	50,035			
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	72,263	27.6800	2,000,240	1%	20,002	-
USD:VND	USD	5,227	23,066.6667	144,683	1%	1,447	-
USD:MYR	USD	11,613	4.1772	321,448	1%	3,214	-

- v. Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to \$209,092 and (\$62,535), respectively.

Price risk

- i. The Group's financial instruments, which are exposed to price risk, are those characterized as 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 such investments the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with 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 years ended December 31, 2022 and 2021 would have increased/decreased by \$106,785 and \$174,195, 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 \$1,716,610 and \$2,298,324, 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 years ended December 31, 2022 and 2021, 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 December 31, 2022 and 2021, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2022 and 2021 would have been \$11,676 and \$12,276 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:
- It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - The disappearance of an active market for that financial asset because of financial difficulties;
 - Default or delinquency in interest or principal repayments;
 - 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 December 31, 2022 and 2021, the loss rate methodology is as follows:

December 31, 2022			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 8,970,190	(\$ 22,459)
Up to 30 days	0%~2%	1,049,553	(16,911)
31 to 90 days	1%~20%	542,913	(23,681)
91 to 180 days	1%~100%	283,479	(26,453)
Over 180 days	1%~100%	460,429	(127,721)
		<u>\$ 11,306,564</u>	<u>(\$ 217,225)</u>
December 31, 2021			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 9,190,412	(\$ 10,459)
Up to 30 days	0%~2%	842,230	(1,205)
31 to 90 days	1%~20%	461,706	(14,687)
91 to 180 days	1%~100%	195,257	(23,015)
Over 180 days	1%~100%	402,303	(118,961)
		<u>\$ 11,091,908</u>	<u>(\$ 168,327)</u>

December 31, 2022			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 27,254	(\$ 27,254)
Group A	0%~5%	6,287,506	(13,182)
Group B	0%~10%	1,639,893	(5,735)
Group C	1%~20%	1,398,623	(22,818)
Group D	1%~40%	453,283	(35,400)
Group E	1%~100%	1,500,005	(112,836)
		<u>\$ 11,306,564</u>	<u>(\$ 217,225)</u>
December 31, 2021			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 29,379	(\$ 29,379)
Group A	0%~5%	6,611,371	(8,418)
Group B	0%~10%	1,729,745	(5,829)
Group C	1%~20%	1,404,993	(15,949)
Group D	1%~40%	355,691	(10,446)
Group E	1%~100%	960,729	(98,306)
		<u>\$ 11,091,908</u>	<u>(\$ 168,327)</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:

	2022	
	Notes receivable and accounts receivable	
At January 1	\$	168,327
Provision for impairment		52,379
Write-offs during the year	(	13,870)
Effect of foreign exchange		10,389
At December 31	<u>\$</u>	<u>217,225</u>
	2021	
	Notes receivable and accounts receivable	
At January 1	\$	179,129
Provision for impairment		4,201
Write-offs during the year	(	9,610)
Effect of foreign exchange	(	5,393)
At December 31	<u>\$</u>	<u>168,327</u>

As of December 31, 2022 and 2021, the Group arose impairment losses from other receivables at amortised cost were \$5,236 and \$1,650, respectively

(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 December 31, 2022 and 2021, the undrawn credit amounts are \$22,052,652 and \$20,044,060, 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.

<u>Non-derivative financial liabilities:</u>		Up to 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years
December 31, 2022						
Short-term borrowings	\$	1,751,344	\$	-	-	\$
Notes payable		784,791	-	-	-	-
Accounts payable		9,125,804	-	-	-	-
Lease liabilities		573,681	409,543	368,097	602,944	4,437,138
Other payables		5,994,197	-	-	-	-
Bonds payable (including current portion)		-	-	5,000,000	-	-
Long-term borrowings (including current portion)		1,585,816	242,733	1,013,050	61,563	925,412
<u>Non-derivative financial liabilities:</u>						
December 31, 2021						
Short-term borrowings	\$	2,042,697	\$	-	-	\$
Notes payable		1,027,193	-	-	-	-
Accounts payable		9,347,227	-	-	-	-
Lease liabilities		515,727	479,294	337,604	555,283	4,423,595
Other payables		5,544,765	-	-	-	-
Bonds payable (including current portion)		1,000,000	-	-	5,000,000	-
Long-term borrowings (including current portion)		2,499,548	322,976	465,075	768,417	67,834

iv. As of December 31, 2022 and 2021, 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>December 31, 2022</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	\$ 2,135,696	\$ -	\$ 1,167,229	\$ 3,302,925
Non-hedging derivatives	-	301	-	301
Financial assets at fair value through other comprehensive income				
Equity securities	<u>34,332,208</u>	<u>-</u>	<u>195,255</u>	<u>34,527,463</u>
	<u>\$ 36,467,904</u>	<u>\$ 301</u>	<u>\$ 1,362,484</u>	<u>\$ 37,830,689</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 4,144</u>	<u>\$ -</u>	<u>\$ 4,144</u>

<u>December 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	\$ 3,483,909	\$ -	\$ 3,362,652	\$ 6,846,561
Non-hedging derivatives	-	4,046	-	4,046
Financial assets at fair value through other comprehensive income				
Equity securities	45,966,478	-	258,370	46,224,848
	<u>\$ 49,450,387</u>	<u>\$ 4,046</u>	<u>\$ 3,621,022</u>	<u>\$ 53,075,455</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.

(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. For the years ended December 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2022 and 2021:

	Non-derivative equity	
	For the year ended December 31, 2022	For the year ended December 31, 2021
Beginning balance	\$ 3,621,022	\$ 1,331,806
Gains and losses recognized in profit or loss	47,350	58,583
Gain and loss recognized in other comprehensive income	127,816	23,450
Acquired during the period	50,000	2,293,441
Sold during the period	(2,289,362)	(84,421)
Transfer out of the Level 3	(191,013)	-
Capital deducted by returning cash	(3,329)	(1,837)
Ending balance	<u>\$ 1,362,484</u>	<u>\$ 3,621,022</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 December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,362,484	Market comparable companies	Price to earnings ratio multiple	1.62~2.31	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 3,621,022	Market comparable companies	Price to earnings ratio multiple	1.98~2.47	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%	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:

		December 31, 2022				
		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%	\$ 58,361	(\$ 58,361)	\$ 9,763	(\$ 9,763)
		December 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%	\$ 168,133	(\$ 168,133)	\$ 12,919	(\$ 12,919)

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: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- 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 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative financial instruments undertaken during the reporting periods ended: Please refer to Notes 6(2) and (15).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third party, transactions with the investee companies in Mainland Area: Please refer to table 11.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%: Please refer to table 12.

14. Segment Information

(1) General information

Information provided to chief operating decision-maker for allocating resources and assessing segment's performance focus on the category of each delivery or provision of products or services. The Group's reportable operating segments are as follows:

- A. Green Mechatronic Solution Business Group (GM): This Group is primary engaged in manufacture and sales of various motors and generators.
- B. Intelligence Energy Business Group (IE): This Group is primary engaged in research, design, manufacture and sales of electrical equipment and contracting construction of transportation and electricity.
- C. Air and Intelligent Life Business Group (AI): This Group is primary engaged in manufacture and sales of various home appliances and providing data processing, electronic information and logistics services.
- D. Others Group: This Group is primary engaged investment in various businesses and leasing and development of real estate.

The Group adjusted the structure of operating segments during the fourth quarter of 2021. Accordingly, the Group reorganised green mechatronic solution business group, home appliances group and others group into GM, IE, AI and Others group. In addition, starting from January 1, 2022, the Group adjusted the investment segment according to the current conditions. Because former investment segment had decreased the investment transactions which target the short-term spread on equity shares and gradually disposed such non-operating investments, the investment strategy was adjusted to be aligned with the Group's long-term and related strategical investments. Thus, this company's performance was not measured at segment income. The company excluded the profit or loss in relation to investment units, which is shown as non-operating income and expenses, and remeasured and disclosed in segment information. In the year ended of 2021, the operating segment information was also remeasured and disclosed according to aforementioned segments.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Financial information by industry

The segment information of the reportable segments provided to the chief operating decision-maker for the year ended December 31, 2022 and 2021 is as follows:

	For the year ended December 31, 2022					
	Green mechatronic solution business Group	Intelligence energy business Group	Air and intelligent life business Group	Others	Adjustment and elimination	Total
<u>Operating revenues</u>						
Operating revenues from external customers	\$ 30,801,040	\$ 10,092,711	\$ 13,904,399	\$ 3,517,066	\$ -	\$ 58,315,216
Operating revenues from internal segments	19,919,839	787,213	4,656,123	277,906	(25,641,081)	-
Total operating revenues	\$ 50,720,879	\$ 10,879,924	\$ 18,560,522	\$ 3,794,972	\$ (25,641,081)	\$ 58,315,216
Segment profits and losses	\$ 3,939,866	\$ 452,711	\$ 487,539	\$ 193,538	\$ -	\$ 5,073,654
	For the year ended December 31, 2021					
	Green mechatronic solution business Group	Intelligence energy business Group	Air and intelligent life business Group	Others	Adjustment and elimination	Total
<u>Operating revenues</u>						
Operating revenues from external customers	\$ 26,864,667	\$ 7,051,706	\$ 13,982,014	\$ 3,350,000	\$ -	\$ 51,248,387
Operating revenues from internal segments	18,896,823	817,263	5,061,364	335,185	(25,110,635)	-
Total operating revenues	\$ 45,761,490	\$ 7,868,969	\$ 19,043,378	\$ 3,685,185	\$ (25,110,635)	\$ 51,248,387
Segment profits and losses	\$ 2,626,288	\$ 416,888	\$ 546,537	\$ 171,006	\$ -	\$ 3,760,719

(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 year ended December 31, 2022 and 2021 is provided as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Adjusted operating income of reportable segments	\$ 4,880,116	\$ 3,589,713
Adjusted operating income of other operating segments	193,538	171,006
Interest income	233,077	127,351
(Losses) gains on financial instruments	(1,148,511)	1,641,199
Financial cost	(203,963)	(203,602)
Associates' and joint ventures' profit and loss accounted for under the equity method	190,279	195,831
Gains on disposals of property, plant and equipment	(4,241)	(2,387)
Impairment Loss	-	(367,190)
Dividend income	1,128,492	884,153
Others	153,038	115,804
Income before income tax	<u>\$ 5,421,825</u>	<u>\$ 6,151,878</u>

(5) Information on products and services

Revenue from external customers are derived from the manufacture, installation and wholesale, retail of various types of electrical and mechanical equipment. Details of revenues are as follows:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Sales revenue	\$ 40,429,250	\$ 35,807,100
Construction revenues	8,272,698	5,990,814
Service revenue	8,695,089	8,642,445
Others	918,179	808,028
	<u>\$ 58,315,216</u>	<u>\$ 51,248,387</u>

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows (revenue recognition is based on the operating locations where revenue is earned):

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 32,162,345	\$ 23,235,961	\$ 28,891,610	\$ 21,494,044
America	9,050,038	717,624	6,123,499	621,156
China	6,894,678	3,132,008	6,917,786	3,213,551
Others	10,208,155	1,788,445	9,315,492	1,718,181
	<u>\$ 58,315,216</u>	<u>\$ 28,874,038</u>	<u>\$ 51,248,387</u>	<u>\$ 27,046,932</u>

(7) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2022 and 2021.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2022

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2022	Balance at December 31, 2022 (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		Footnote	
													Item	Value		Limit on loans granted to a single party	Ceiling on total loans granted
1	U.V.G.	Teco Netherlands	Other receivables	Yes	\$ 229,040	\$ 229,040	\$ 229,040	-	Short-term financing	-	For operating capital	\$ -	\$ -	497,702	\$ 829,503	Note 2
2	Teco Westinghouse	TWMM	"	"	70,873	61,420	-	4.49%	Short-term financing	-	For operating capital	-	-	693,801	1,387,602	Note 3
3	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	192,000	189,776	189,776	2.18%	Short-term financing	-	For operating capital	-	-	281,195	468,659	Note 4
4	Motovario Corp.	Motovario S.P.A.	"	"	184,260	184,260	162,149	4.49%	Short-term financing	-	For operating capital	-	-	196,896	262,528	Note 5

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 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 (December 31, 2022), and limit on loans to a single party shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (December 31, 2022).

Note 3: 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 (December 31, 2022), and limit on loans to a single party shall not exceed 10% of Teco Westinghouse's net assets based on the latest financial statements (December 31, 2022).

Note 4: Great Teco Motor (PTE) Ltd.'s limit on total loans shall not exceed 10% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (December 31, 2022), and limit on loans to a single party shall not exceed 6% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (December 31, 2022).

Note 5: In accordance with Motovario Corp.'s policy, limit on total loans shall not exceed 40% of Motovario Corp.'s net assets based on the latest audited financial statement (December 31, 2022), and limit on loans to a single party shall not exceed 30% of Motovario Corp.'s net assets based on the latest audited financial statement (December 31, 2022).

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2022	Outstanding endorsement/ guarantee amount at December 31, 2022	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 parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	TECO ELECTRIC & MACHINERY CO., LTD.	Sankyo Co., Ltd	(4)	\$ 16,004,987	\$ 137,408	\$ 104,580	\$ 97,608	-	0.13	\$ 48,014,960	Y	N	N	N	Note 3
0	"	Motovario	(4)	16,004,987	1,358,915	1,145,200	1,145,200	-	1.43	48,014,960	Y	N	N	N	"
1	Teco Westinghouse	TWMM	(4)	693,801	64,430	61,420	45,915	-	0.89	1,387,602	Y	N	N	N	Note 4
2	Teco Australia Pty. Ltd.	TECO New Zealand Pty. Ltd.	(4)	153,361	14,904	14,600	14,600	-	0.95	306,722	Y	N	N	N	Note 5
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	445,654	187,123	156,969	156,969	-	3.52	890,907	Y	N	N	N	Note 6
4	Tong-An Assets	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	529,816	140,342	117,727	117,727	-	2.22	1,059,632	N	N	N	N	Note 7
5	Tong-An Investment Co., Ltd.	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	150,934	140,342	117,727	117,727	-	0.59	200,000	N	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 endorser/guarantor parent 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 30% voting shares of the endorsed/guaranteed company.
- (5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor is 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 (December 31, 2022), 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 (December 31, 2022), 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 the TECO AUSTRALIA Pty Ltd.'s policy, the total guarantee amount shall not exceed 20% of TECO AUSTRALIA Pty Ltd.'s net assets based on the latest financial statements (December 31, 2022), and the guarantee to a single party shall not exceed 10% of TECO AUSTRALIA Pty Ltd.'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 (December 31, 2022), 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 (December 31, 2022), 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)

December 31, 2022

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by TECO ELECTRIC & MACHINERY CO., LTD.	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2022				Footnote
				Number of shares	Book value \$	Ownership (%)	Fair value \$	
	Stock 1	The Company is a director of the investee	Note 1	11,132	317,808	14.62	317,808	
	Stock 2	None	"	2,137	58,983	1.43	58,983	
	Stock 3	"	"	210,333	9,927,703	5.64	9,927,703	
	Stock 4	The Company is a director of the investee	"	190,061	5,464,242	3.38	5,464,242	
	Stock 5	None	"	8,697	96,104	0.09	96,104	
	Stock 6	The Company is a director of the investee	"	5,098	222,535	13.42	222,535	
	Stock 7, etc.	None	"	15,796	3,782	-	3,782	
	Stock 8	"	Note 4	3,200	130,253	0.03	130,253	
	Stock 9	"	"	11,527	374,065	1.96	374,065	
	Stock 10	"	"	47,839	401,368	1.58	401,368	
	Stock 11	"	"	201	1,227	-	1,227	
	Stock 12	The Company is a director of the investee	"	32,980	341,190	10.99	341,190	
	Stock 13	None	"	7,500	480,640	5.00	480,640	
	Stock 14, etc.	"	"	22,104	241,031	-	241,031	
	Fund 1	"	"	-	90,173	-	90,173	
	Fund 2	"	"	-	95,245	-	95,245	
	Stock 2	"	Note 1	5,309	146,541	3.56	146,541	
	Stock 15	"	"	720	54,756	0.50	54,756	
	Stock 16	The Company is a director of the investee	"	264	169,257	0.12	169,257	
	Stock 17	None	"	3,177	213,520	0.67	213,520	
	Stock 18, etc.	The Company is a director of the investee	"	9,492	212,620	-	212,620	
	Stock 19, etc.	None	Note 3	1,793	141,974	-	141,974	
	Stock 2	"	Note 1	7,913	218,407	5.31	218,407	
	Stock 15	"	"	1,225	93,087	0.85	93,087	
	Stock 20	An investee company accounted for under the equity method by the Company	"	19,540	538,328	0.91	538,328	
	Stock 18	Related party in substance	"	8,197	137,291	7.28	137,291	
	Stock 21	None	"	8,692	572,800	0.27	572,800	
	Stock 22	"	"	1,285	121,690	0.04	121,690	
	Stock 16	The Company is a director of the investee	"	21,918	14,071,356	10.03	14,071,356	
	Stock 23	None	"	1,217	84,607	0.37	84,607	
	Stock 24, etc.	"	"	31,980	753,619	-	753,619	
	Stock 19	"	Note 3	1,076	78,871	0.67	78,871	
	Stock 25, etc.	"	"	5,451	406,950	-	406,950	
	Stock 16	The Company is a director of the investee	Note 4	1,091	700,294	0.50	700,294	
	Fund 3	None	"	50,000	393,000	-	393,000	

As of December 31, 2022

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Tong-An Investment U.V.G	Fund 4	None	Note 4	662	\$ 22,950	-	\$ 22,950	
An-Tai International	Stock 26, etc. Stock 2 Stock 20	" " An investee company accounted for under the equity method by the Company	Note 1 " "	118 653 2,826	7,967 18,023 77,849	- 0.44 0.13	7,967 18,023 77,849	
Jie-Zheng Property Information Technology Total Service	Stock 18 Stock 27 Stock 28 Stock 19, etc. Fund 5, etc. Stock 29, etc.	Related party in substance " None " " "	" " " Note 3 Note 2 Note 1	1,270 2,756 205 1,228 - 3,269	21,275 202,818 13,866 101,708 20,997 32,530	1.13 8.51 0.14 - - -	21,275 202,818 13,866 101,708 20,997 32,530	
Teco Singapore Taiwan Pellean Express	Stock 16, etc. Stock 20	Related party in substance An investee company accounted for under the equity method by the Company	" "	474 7,070	304,061 194,778	- 0.33	304,061 194,778	
Teco Australia Sankyo	Stock 16 Stock 16 Stock 30	None " "	" " "	716 359 68	459,698 230,750 5,974	0.32 0.16 -	459,698 230,750 5,974	
Tecom and its subsidiaries	Stock 4	The Company is a corporate director of the investee	"	16,222	466,385	0.29	466,385	
Tong Dai	Stock 7, etc. Stock 31 Fund 6, etc. Stock 20 Stock 32, etc.	None " " An investee company accounted for under the equity method by the Company None	" Note 3 Note 2 Note 3 "	1,161 2,119 546 77 2	767 31,997 10,493 2,127 74	- 1.11 - - -	767 31,997 10,493 2,127 74	

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

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

For the year ended December 31, 2022

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

	General ledger account	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition		Disposal		Balance as at December 31, 2022	
			Marketable securities	Number of shares / units	Amount	Number of shares / units	Amount	Number of shares / units	Amount	Number of shares / units	Amount
Investor Holding	OASIS USD Term Liquidity Fund	Note 1 Not applicable	-	\$ 2,216,584	-	\$ -	-	\$ 2,219,164	4,764	\$ -

Note 1: The general ledger account is 'Current financial assets at fair value through profit or loss'.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: The balance amount as at December 31, 2022 included unrealised gains or losses from financial assets.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more

For the year ended December 31, 2022

Expressed in thousands of NT\$
(Except as otherwise indicated)

Table 5

Real estate acquired by	Marketable Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
Century Biotech Development Corp.	Park permanent work	In October 2019	\$1,660,955	\$1,645,032	FAR EASTERN GENERAL CONTRACTOR INC.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park curtain wall work	In February 2020	410,000	328,840	CHINA WIRE & CABLE CO., LTD.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park electrical and mechanical work	In September 2020	1,375,000	1,076,778	TECO ELECTRIC & MACHINERY CO., LTD.	Related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park renovation work	In May 2021	483,900	396,039	CHEN-JIA CONSTRUCTION AND ENGINEERING CO., LTD.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None

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 year ended December 31, 2022

Expressed in thousands of NT\$
(Except as otherwise indicated)

Table 6

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)		Amount	Percentage of total purchases (sales)	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases	Sales			Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)				
TECO ELECTRIC & MACHINERY CO., LTD.	Tessen	An investee accounted for under the equity method	\$ 2,628,976			12%	30 days	Note	494	-					
	Taian Subic	"	"	"	2,103,335	1%	"	"	(67,942)	(1%)					
	Wuxi Teco	An indirect investee accounted for under the equity method	"	"	1,724,452	8%	"	"	(860,696)	(15%)					
	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	950,303	4%	"	"	(87,282)	(2%)					
	Tai-An Wuxi	"	"	"	916,274	4%	"	"	(197,411)	(3%)					
	Jiangxi TECO	"	"	"	135,984	1%	"	"	(33,172)	(1%)					
	Tong Dai	An investee accounted for under the equity method	Sales	(1,607,585)		(6%)	90 days	"	373,399	8%					
	Teco Singapore	"	"	(523,808)		(2%)	"	"	55,263	1%					
	E-Joy International	"	"	(481,729)		(2%)	"	"	143,772	3%					
	Taisan Electric	"	"	(202,374)		(1%)	"	"	19,712	-					
	Taian Subic	"	"	(129,034)		-	"	"	39,270	1%					
	A-Ok Technical	"	"	(111,382)		-	"	"	8,569	-					
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(3,420,685)		(13%)	"	"	231,858	5%					
	Teco Australia	"	"	(1,277,640)		(5%)	"	"	261,529	6%					
	Teco Westinghouse Canada	"	"	(1,031,795)		(4%)	"	"	111,141	3%					
	Sankyo	"	"	(264,912)		(1%)	"	"	72,324	2%					
	Top-Tower	"	"	(264,053)		(1%)	"	"	89,063	2%					
	Motovario	"	"	(248,739)		(1%)	"	"	101,961	2%					
	Teco Netherlands	"	"	(176,283)		(1%)	"	"	64,420	1%					
	TECO-Westinghouse Motor Company S.A	"	"	(161,867)		(1%)	"	"	45,915	1%					
	TECO MIDDLE EAST	"	"	(154,922)		(1%)	"	"	116,203	3%					

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2022

Table 7

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2022	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	\$ 373,723	3.62	\$ -	-	\$ 307,777	
"	E-Joy International	"	144,532	3.48	-	-	83,730	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	299,411	11.92	-	-	223,535	
"	Century Biotech Development Corp.	"	264,148	-	-	-	150,938	
"	Teco Australia	"	262,533	5.52	-	-	98,139	
"	Motovario	"	146,231	1.94	-	-	21,775	
"	Tesen	"	128,031	0.03	-	-	-	
"	TECO MIDDLE EAST	"	116,203	1.31	-	-	47,680	
"	Teco Westinghouse Canada	"	111,141	11.28	-	-	111,141	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	An investee accounted for under the equity method	860,696	2.26	-	-	156,900	
Tai-An Wuxi	"	"	197,411	4.27	-	-	112,751	
U.V.G.	Teco Netherlands	An investee accounted for under the equity method	229,040	-	-	-	-	
Great Teco Motor (PTE) Ltd.	"	Fellow subsidiary	189,776	-	-	-	-	
Motovario Corp.	Motovario	An investee accounted for under the equity method	184,260	-	-	-	-	Total amount was \$1,468

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2022

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Expressed in thousands of NTD (Except as otherwise indicated)
				General ledger account	Amount	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 373,723	-
0	"	Teco Westinghouse	"	Accounts receivable and other receivables	299,411	-
0	"	Teco Australia	"	"	262,533	-
0	"	Motovario	"	"	146,231	-
0	"	E-Joy International	"	"	144,532	-
0	"	Century Biotech Development Corp.	"	Notes receivable	264,148	-
0	"	TECO MIDDLE EAST	"	Accounts receivable	116,203	-
0	"	Teco Westinghouse Canada	"	"	111,141	-
0	"	Tesen	"	Other receivables	128,031	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Accounts receivable	860,696	1%
2	Tai-An Wuxi	"	"	"	197,411	-
3	U.V.G	Teco Netherlands	(3)	Other receivables	229,040	-
4	Great Teco Motor (PTE) Ltd.	"	"	"	189,776	-
5	Motovario Corp.	Motovario	"	"	184,260	-
6	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	3,420,685	6%
0	"	Tong Dai	"	"	1,607,585	3%
0	"	Teco Australia	"	"	1,277,640	2%
0	"	Teco Westinghouse Canada	"	"	1,031,795	2%
0	"	Teco Singapore	"	"	523,808	1%
0	"	E-Joy International	"	"	481,729	1%
0	"	Sankyo	"	"	264,912	-
0	"	Top-Tower	"	"	264,053	-
0	"	Motovario	"	"	248,739	-
0	"	Taisan Electric	"	"	202,374	-
0	"	Teco Netherlands	"	"	176,283	-

Table 8

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
 Significant inter-company transactions during the reporting period
 For the year ended December 31, 2022

Table 8

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	
0	TECO ELECTRIC & MACHINERY CO., LTD.	TECO-Westinghouse Motor Company S.A	(1)	Sales	161,867	-
0	"	TECO MIDDLE EAST	"	"	154,922	-
0	"	Taian Subic	"	"	129,034	-
0	"	A-Ok Technical	"	"	111,382	-
6	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	2,628,976	5%
1	Wuxi Teco	"	"	"	1,724,452	3%
7	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	950,303	2%
2	Tai-An Wuxi	"	"	"	916,274	2%
8	Taian Subic	"	"	"	210,335	-
9	JIANGXI TECO	"	"	"	135,984	-

Transaction terms: 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.

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 year ended December 31, 2022

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022		Net profit (loss) of the investee for the year ended December 31, 2022	Investment income recognized by the Company for the year ended December 31, 2022	Footnote	
				Balance as at December 31, 2022	Balance as at December 31, 2021	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%	\$ 2,440,891	\$ 747,688	\$ 245,014	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	60,090,307	63.52%	122,417	32,592	6,385	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	77,847,395	100%	1,640,215	68,009	69,738	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%	11,712,525	371,139	370,644	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90%	3,558,079	135,694	129,620	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	577,913,365	99.60%	19,309,155	(551,537)	(565,550)	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	71,460	82,335	10,253,864	59.56%	218,204	44,145	26,661	None
	UYG 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%	8,290,872	661,435	659,373	None
	ITTS	Taiwan	E-business service, mailing and data management	111,286	111,286	11,467,248	41.97%	232,329	55,641	23,351	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100%	212,689	7,899	6,833	None
	Lien Chang	Taiwan	Manufacturing of color flyback transformers, mono flyback transformers and mono deflection yokes	117,744	117,744	37,542,159	33.84%	487,575	10,418	1,528	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2022		Book value	Net profit (loss) of the investee for the year ended December 31, 2022	Investment income recognized by the Company for the year ended December 31, 2022	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)				
TECO ELECTRIC & MACHINERY	Tong Dai	Taiwan	Disruption of the Company's motor products in Taichung	\$ 22,444	\$ 22,444	6,615,234	83.53%	\$ 443,610	\$ 145,919	\$ 119,457	None
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	540,453	540,453	-	-	344,852	(8,903)	(4,757)	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,800,000	66.67%	138,974	11,317	7,158	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	395,415,338	100%	5,298,140	81,555	82,566	None
	Taian Subic Micropac (BVI) and its subsidiaries	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70%	212,522	13,931	10,436	None
	Century Development	Virgin Islands	Manufacturing and distribution of optical fiber apparatus and international trading	454,923	454,923	14,883,591	100%	1,212,898	79,648	75,128	None
	An-Tai International	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67%	1,375,539	345,805	93,672	None
	Taiwan Pelican Express	Taiwan	Investment holdings	150,000	150,000	37,352,237	100%	613,404	27,772	23,866	None
	Taian-Ecobar	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27%	360,669	176,442	42,170	None
	Eagle Holding Co.	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73%	162,861	52,471	44,461	None
Eagle Holding Co.	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100%	4,805,052	308,783	308,783	None
	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100%	4,805,052	308,783	308,783	None
TECO MOTOR	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100%	4,805,052	308,783	308,783	None
	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings and establishment of overseas distribution channel	646,343	646,343	23,031,065	100%	1,917,190	150,107	150,107	None
Tecom	Baycom	Taiwan	Manufacturing and sales of optical telecom products	431,258	431,258	14,700,741	43.76%	205,405	41,280	18,066	None
	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18%	681,276	345,805	46,283	None
Tong-An Investment	Taiwan Pelican Express	Taiwan	Logistics and distribution services	54,874	54,874	6,474,468	6.78%	149,087	176,442	11,966	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	501,580	(11,601)	(2,386)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	148,973	(5,055)	(1,521)	None

Investor	Investee	Location	Main business activities	Initial investment amount		Number of shares	Ownership (%)	Book value	Net profit (loss) (loss) recognized of the investee for the year ended		Investment income recognized by the Company for the year ended	Footnote
				Balance as at December 31, 2022	Balance as at December 31, 2021				December 31, 2022	December 31, 2021		
				\$	\$							
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	12,553,526	100%	\$ 151,236	\$ 16,119	\$ 16,119	16,119	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,355	84.97%	751,271	122,166	122,166	99,575	None
	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03%	132,881	122,166	122,166	17,618	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	238,170	238,170	2,250,000	100.00%	(20,412)	16,119	16,119	17,145	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50%	77,138	35,962	35,962	18,043	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	6,102,973	51.60%	89,741	11,758	11,758	6,067	None
Teco Electro	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11%	10,457	(22)	(22)	(7)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40%	270,203	(5,055)	(5,055)	(2,022)	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,460	771,460	77,146,000	30.86%	752,463	(11,601)	(11,601)	(3,580)	None
Teco Singapore	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100%	243,820	21,358	21,358	22,409	None
	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	21,264,873	6.06%	2,699	345,805	345,805	210	None
	Century Development	Taiwan	Leasing of real estate	184,893	184,893	17,013,593	4.85%	214,711	345,805	345,805	16,265	None
Tong-An Assets	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	501,580	(11,601)	(11,601)	(2,386)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	197,228	(5,055)	(5,055)	(1,558)	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2022

Table 10

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, 2022		Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022		Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
				\$	NTD	\$	NTD	\$	NTD						
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ -	\$ -	\$ 4,047	\$ 188,139	\$ 4,047	100%	\$ 4,228	\$ 136,295	\$ -	Note 15	
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	490,683	768,259	490,683	84.12%	417,927	1,971,584	386,884	Note 14	
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 10	205,551	-	-	79,790	205,551	79,790	100%	79,740	1,040,287	217,858	Note 15	
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	7,642	456,293	7,642	100%	7,642	(18,720)	-	Note 15	
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	102,479	1,383,653	102,479	98.07%	100,501	1,569,735	72,823	Note 14	
Qingdao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	-	-	3,860	1,648,510	3,860	87.60%	3,382	248,759	-	Note 14	
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors.	678,681	Note 3	467,577	-	-	2,246	467,577	2,246	100%	2,246	248,431	-	Note 14	
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	-	-	1,483	9,837	1,483	100%	1,147	23,110	11,937	Note 15	
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	4,527	340,469	4,527	24%	1,087	29,284	-	Note 15	
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	(1,831)	391,843	(1,831)	100%	(1,831)	47,053	-	Note 15	
Shanghai Xisngeng	Distribution of air conditioner	24,004	Note 2	-	-	-	2,062	-	2,062	39.90%	823	(10,285)	-	Note 15	
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	12,748	79,813	12,748	100%	12,748	141,555	-	Note 15	
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 12	59,444	-	-	(1,906)	59,444	(1,906)	100%	(1,906)	39,067	-	Note 15	
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	128,322	23,829	128,322	100%	126,503	257,152	100,122	Note 14	
Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 11	-	-	-	8,326	-	8,326	100%	8,326	120,478	-	Note 15	
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 13	-	-	-	20,456	-	20,456	100%	21,948	852,156	-	Note 15	
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	-	26,422	-	-	-	-	-	Note 18	
Fubon Gehua Co., Ltd.	Merchandise wholesale	349,215	Note 5	24,746	-	-	24,746	-	24,746	1.63%	-	-	-	Note 16、17	
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 6	6,950	-	-	1,025	6,950	1,025	100%	1,031	(173)	-	Note 14、19	

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, 2022	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2022	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	Net income of investee for the year ended December 31, 2022	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the year ended December 31, 2022	Book value of investments in Mainland China as of December 31, 2022	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2022	Footnote
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	10,167	Note 8	10,167	-	10,167	6,185	100%	6,185	35,156	-	Note 14
Information Technology Total Service (Xiamen)	ERP building, system maintenance and purchases of information appliance	4,421	Note 8	-	-	-	762	-	762	-	-	Note 14 · 20
Wuxi TECO Electro Devices Co. Ltd.	R&D, manufacturing and sales of motors and provide products sales skills	115,225	Note 9	86,101	-	86,101	21,358	100%	22,409	161,897	43,265	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 Tecco 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 Peleceaus 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.) 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 Tecco 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.) and An-Tai International Investment (Singapore) Co., Ltd. and 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 Tecco Holding USA Inc. and Tecco 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: Invest through Tecco 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 Tecco Motor (Pte) Ltd., Tecco Australia Pty. Ltd. and Tecco Electric & Machinery (Pte) Ltd. and then invest in Mainland China.

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

Note 15: The amount recognized was based on the financial statements that were not audited by the other CPA firm.

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

Note 17: As of December 31, 2022, accumulated impairment of \$24,746 was accrued.

Note 18: The company was dissolved and liquidated in 2022.

Note 19: There were upstream transactions with the subsidiaries amounting to \$(6) during the period.

Note 20: The cancellation of registration was completed on August 11, 2022.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2022	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	\$ 51,791,100
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,318,985
Tecom Co., Ltd.	6,950	681,144	285,012
Information Technology Total Services Co., Ltd.	10,167	10,167	332,147
Teco Electro Devices Co., Ltd.	86,101	115,225	220,594

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 dates.

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

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
 Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
 For the year ended December 31, 2022

Table 11

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		Interest during the year ended December 31, 2022	Others
	Amount	%		Amount	%	Balance at December 31, 2022	Purpose	Maximum balance during the year ended December 31, 2022	Balance at December 31, 2022			Interest rate
Wuxi Teco	\$ 13,843	-	\$ -	-	\$ 2,922	-	\$ -	-	-	-	\$ -
Taian (Wuxi)	9,106	-	-	-	2,531	-	-	-	-	-	-
Jiangxi Teco	22,195	-	-	-	7,382	-	-	-	-	-	-
QingDao Teco	44	-	-	-	172	-	-	-	-	-	-
Shanghai Teco	13,885	-	-	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	862	-	-	-	-	-	-	-	-	-	-
Wuxi Teco Precision	1,367	-	-	-	230	-	-	-	-	-	-
Wuxi Teco	(1,724,452)	(8%)	(-)	(-)	(860,696)	15%	(-)	(-)	(-)	(-)	(-)
Taian (Wuxi)	(916,274)	(4%)	(-)	(-)	(197,411)	3%	(-)	(-)	(-)	(-)	(-)
QingDao Teco	(38,428)	-	(-)	(-)	(-)	-	(-)	(-)	(-)	(-)	(-)
Jiangxi Teco	(135,984)	(1%)	(-)	(-)	(33,172)	1%	(-)	(-)	(-)	(-)	(-)
Xiamen An-Tai	(5,044)	-	(-)	(-)	(-)	-	(-)	(-)	(-)	(-)	(-)
Jiangxi TECO (AC)	(44,439)	-	(-)	(-)	(10,072)	-	(-)	(-)	(-)	(-)	(-)
Wuxi Teco Precision	(8,141)	-	(-)	(-)	(-)	-	(-)	(-)	(-)	(-)	(-)
Genmao (Suzhao)	(75,547)	-	(-)	(-)	(4,719)	-	(-)	(-)	(-)	(-)	(-)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2022

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
PJ Asset Management Co., Ltd	373,237,991	17.45%
Walsin Lihwa Co., Ltd	230,438,730	10.77%
Jia-Yuan Investment Co., Ltd	135,653,000	6.34%

6.4 The company and its affiliated companies had no financial turnover difficulties in the most recent year and up to the date of publication of the annual report.