

**TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2023 AND 2022**

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, 2023 and 2022, 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, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagement of 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 2023 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 2023 consolidated financial statements are stated as follows:

Revenue recognition of export sales of green mechatronic solution business group

Description

Refer to Note 4(34) 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\$31,667,634 thousand, representing 53% of the consolidated total sales revenue for the year ended December 31, 2023. 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\$2,715,657 thousand and NT\$2,859,697 thousand, both constituting 2% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and total operating revenues amounted to NT\$2,924,901 thousand and NT\$3,163,153 thousand, both constituting 5% of consolidated total operating revenues for the years then ended, respectively. The investments accounted for under the equity method amounted to NT\$2,514,353 thousand and NT\$2,406,380 thousand, both constituting 2% of consolidated total assets as of December 31, 2023 and 2022, respectively, the credit balance of investments accounted for under the equity method amounted to NT\$83,843 thousand and NT\$194,811 thousand, both constituting less than 1% of consolidated total assets as of December 31, 2023 and 2022, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$20,272 thousand and NT\$212,320 thousand, constituting 1% and (3%) of the consolidated total comprehensive (loss) income for the years then ended, respectively.

Other matter –Parent company only financial reports

We have audited and expressed an unqualified opinion with 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, 2023 and 2022.

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 15, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022			
					(Adjusted)			
Assets			AMOUNT		AMOUNT			
Notes			%		%			
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$	23,640,536	19	\$	21,375,400	17
1110	Current financial assets at fair value through profit or loss	6(2)		27,314	-		31,790	-
1120	Current financial assets at fair value through other comprehensive income	6(3)		333,178	-		761,573	1
1140	Current contract assets			3,858,752	3		2,316,064	2
1150	Notes receivable, net	6(5) and 8		868,642	1		1,039,556	1
1160	Notes receivable - related parties	7		99	-		101	-
1170	Accounts receivable, net	6(5)		10,488,483	8		10,049,783	8
1180	Accounts receivable - related parties	7		194,077	-		301,997	-
1200	Other receivables			351,635	-		326,141	-
1210	Other receivables - related parties	7		73,276	-		86,927	-
130X	Inventories, net	6(6)		11,631,793	9		12,895,287	10
1410	Prepayments			575,230	1		496,418	-
1470	Other current assets	6(1) and 8		437,596	-		636,384	1
11XX	Total current assets			52,480,611	41		50,317,421	40
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		3,541,679	3		3,271,436	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8		30,577,940	24		33,765,890	27
1535	Non-current financial assets at amortised cost, net	6(4) and 8		15,557	-		115,909	-
1550	Investments accounted for under the equity method	6(7) and 7		3,468,923	3		3,911,876	3
1600	Property, plant and equipment, net	6(8) and 8		20,290,504	16		19,131,777	15
1755	Right-of-use assets	6(9) and 8		7,473,207	6		6,735,166	5
1760	Investment property, net	6(10)		2,785,187	2		2,966,896	2
1780	Intangible assets	6(11)		4,832,979	4		4,668,399	4
1840	Deferred income tax assets	6(30)		1,346,615	1		1,198,512	1
1900	Other non-current assets	6(12)		500,588	-		519,828	-
15XX	Total non-current assets			74,833,179	59		76,285,689	60
1XXX	Total assets		\$	127,313,790	100	\$	126,603,110	100

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022	
					(Adjusted)	
Liabilities and Equity		Notes	AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(13) and 8	\$ 1,357,111	1	\$ 1,751,344	1
2120	Current financial liabilities at fair value through profit or loss	6(14)	5,850	-	4,144	-
2126	Current financial liabilities for hedging	6(15)	5,025	-	-	-
2130	Current contract liabilities	6(24)	2,305,861	2	2,319,189	2
2150	Notes payable		547,144	1	784,357	1
2160	Notes payable - related parties	7	1,088	-	434	-
2170	Accounts payable		8,663,722	7	9,077,048	7
2180	Accounts payable - related parties	7	38,189	-	48,756	-
2200	Other payables	6(16)	6,494,050	5	5,994,197	5
2230	Current income tax liabilities	6(30)	936,600	1	852,683	1
2250	Provisions for liabilities - current		435,516	-	301,730	-
2280	Current lease liabilities		531,002	-	531,318	-
2320	Long-term liabilities, current portion	6(18) and 8	484,224	-	228,159	-
2399	Other current liabilities, others		829,103	1	841,157	1
21XX	Total current liabilities		<u>22,634,485</u>	<u>18</u>	<u>22,734,516</u>	<u>18</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	3,065,622	2	3,427,355	3
2550	Provisions for liabilities - non-current		215,991	-	156,881	-
2570	Deferred income tax liabilities	6(30)	2,632,812	2	2,432,283	2
2580	Non-current lease liabilities		5,346,519	4	4,541,089	4
2600	Other non-current liabilities	6(7)(19)	1,975,581	2	1,992,487	1
25XX	Total non-current liabilities		<u>18,236,525</u>	<u>14</u>	<u>17,550,095</u>	<u>14</u>
2XXX	Total liabilities		<u>40,871,010</u>	<u>32</u>	<u>40,284,611</u>	<u>32</u>
Equity attributable to owners of parent						
	Share capital	6(20)				
3110	Common stock		21,387,966	17	21,387,966	17
	Capital surplus	6(21)				
3200	Capital surplus		9,629,730	7	9,575,822	7
	Retained earnings	6(22)				
3310	Legal reserve		8,237,099	6	7,899,057	6
3320	Special reserve		3,640,779	3	3,640,779	3
3350	Unappropriated retained earnings		22,400,066	18	19,680,601	16
	Other equity interest	6(23)				
3400	Other equity interest		15,364,660	12	18,352,419	14
3500	Treasury stocks	6(20)	(511,710)	-	(511,710)	-
31XX	Equity attributable to owners of the parent		<u>80,148,590</u>	<u>63</u>	<u>80,024,934</u>	<u>63</u>
36XX	Non-controlling interest	6(34)	<u>6,294,190</u>	<u>5</u>	<u>6,293,565</u>	<u>5</u>
3XXX	Total equity		<u>86,442,780</u>	<u>68</u>	<u>86,318,499</u>	<u>68</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 127,313,790	100	\$ 126,603,110	100

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(9)(10)(24) and 7	\$ 59,393,661	100	\$ 58,315,216	100
5000 Operating costs	6(6)(8)(9)(19)(29)				
	and 7	(44,451,003)	(75)	(45,129,917)	(77)
5900 Net operating margin		14,942,658	25	13,185,299	23
5910 Unrealized profit from sales		(10,419)	-	(9,351)	-
5920 Realized profit from sales		9,351	-	8,354	-
5950 Net operating margin		14,941,590	25	13,184,302	23
Operating expenses	6(8)(9)(19)(29)				
6100 Selling expenses		(4,492,287)	(8)	(4,412,306)	(8)
6200 General and administrative expenses		(2,620,767)	(4)	(2,496,464)	(4)
6300 Research and development expenses		(1,133,493)	(2)	(1,144,263)	(2)
6450 Expected credit impairment losses	12(2)	(31,791)	-	(57,615)	-
6000 Total operating expenses		(8,278,338)	(14)	(8,110,648)	(14)
6900 Operating profit		6,663,252	11	5,073,654	9
Non-operating income and expenses					
7100 Interest income	6(4)(25) and 7	619,223	1	233,077	-
7010 Other income	6(3)(10)(26) and 7	1,687,895	3	1,544,357	3
7020 Other gains and losses	6(2)(9)(14)(27)	(397,757)	(1)	(1,415,579)	(3)
7050 Finance costs	6(9)(28)	(322,399)	-	(203,963)	-
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(7)	23,930	-	190,279	-
7000 Total non-operating income and expenses		1,610,892	3	348,171	-
7900 Profit before income tax		8,274,144	14	5,421,825	9
7950 Income tax expense	6(30)	(1,942,112)	(4)	(1,429,815)	(2)
8200 Profit for the period		\$ 6,332,032	10	\$ 3,992,010	7

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income					
	Other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income(loss), before tax, actuarial losses on defined benefit plans	6(19)	(\$ 33,416)	-	\$ 94,741	-
8316	Unrealized losses and gains on valuation of investments measured at fair value through other comprehensive income	6(3)	(2,597,535)	(4)	(11,822,766)	(20)
8320	Share of other comprehensive income(loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(7,209)	-	(12,277)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	(19,804)	-	(2,982)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(2,657,964)	(4)	(11,743,284)	(20)
	Other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(23)	151,288	-	1,916,975	3
8368	Losses on hedging instrument	6(23)	(5,025)	-	-	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(30)	5,523	-	(311,456)	(1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		151,786	-	1,605,519	2
8300	Other comprehensive loss for the period		(\$ 2,506,178)	(4)	(\$ 10,137,765)	(18)
8500	Total comprehensive income (loss) for the period		\$ 3,825,854	6	(\$ 6,145,755)	(11)
	Profit attributable to:					
8610	Owners of the parent		\$ 5,830,061	9	\$ 3,457,667	6
8620	Non-controlling interest		501,971	1	534,343	1
			\$ 6,332,032	10	\$ 3,992,010	7
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 3,277,943	5	(\$ 6,347,756)	(11)
8720	Non-controlling interest		547,911	1	202,001	-
			\$ 3,825,854	6	(\$ 6,145,755)	(11)
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(31)	\$ 2.76		\$ 1.64	
9850	Diluted earnings per share		\$ 2.76		\$ 1.64	

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 8,274,144	\$ 5,421,825
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(27)	(323,320)	1,131,130
Net loss on financial liabilities at fair value through profit or loss	6(14)(27)	15,044	17,381
Provision for decline in value of inventories	6(6)	155,957	117,060
Expected credit impairment losses	12(2)	31,791	57,615
Interest income	6(25)	(619,223)	(233,077)
Dividend income	6(26)	(1,194,966)	(1,128,492)
Interest expense	6(28)	322,399	203,963
Depreciation and amortization	6(8)(9)(10)(29)	1,987,657	1,803,446
(Gain) loss on disposal of property, plant and equipment	6(27)	(155)	4,241
Gain on disposal of investment property	6(27)	(117,357)	-
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(23,930)	(190,279)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		(1,542,688)	3,028
Notes receivable		171,163	(39,367)
Notes receivable - related parties		2	782
Accounts receivable		(476,521)	(220,887)
Accounts receivable - related parties		107,920	21,792
Other receivables		(25,494)	93,972
Other receivables - related parties		13,651	31,634
Inventories		1,107,537	(760,249)
Prepayments		(78,812)	19,393
Other current assets		17,052	163,662
Non-current financial assets at fair value through profit or loss		22,038	124,559
Changes in operating liabilities			
Current contract liabilities		(13,328)	828,368
Notes payable		(237,213)	(236,682)
Notes payable - related parties		654	(5,720)
Accounts payable		(413,326)	(191,180)
Accounts payable - related parties		(10,567)	(30,243)
Other payables		307,861	476,149
Provisions for liabilities		192,896	-
Other current liabilities		(165,875)	182,410
Other non-current liabilities		51,139	(316,127)
Cash inflow generated from operations		7,536,130	7,350,107
Interest received	6(25)	619,223	233,077
Dividend received		106,079	138,348
Interest paid		(227,899)	(129,170)
Income tax paid		(1,800,626)	(1,237,746)
Net cash flows from operating activities		6,232,907	6,354,616

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in current financial assets at fair value through profit or loss		(\$ 2,297)	\$ 72,526
Increase in non-current financial assets at fair value through other comprehensive income		(51,727)	(384,617)
Proceeds from disposal of current financial assets at fair value through profit or loss	6(2)	37,812	2,219,166
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(3)	1,064,955	209,316
Decrease in non-current financial assets at amortized cost	6(4)	100,352	276,323
Decrease in pledged and restricted bank and time deposits	6(1) and 8	188,491	1,054,465
Acquisition of property, plant and equipment	6(8)(32)	(2,010,237)	(2,904,793)
Proceeds from disposal of property, plant and equipment		71,604	24,409
Acquisition of investment property		(697)	-
Acquisition of intangible assets		-	(108,408)
Decrease (increase) in other non-current assets		31,211	(36,182)
Net cash outflow on acquisitions of subsidiaries	6(32)	(29,425)	-
Dividends received from investments of financial instruments		1,194,966	1,128,492
Disposal of investment accounted for using equity method		117,357	-
Increase in investments accounted for under the equity method and capital reduction to recover investment cost		(2,516)	(319,818)
Net cash flows from investing activities		<u>709,849</u>	<u>1,230,879</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term loans	6(33)	(394,233)	(291,353)
Repayments of bonds	6(33)	-	(1,000,000)
Decrease in long-term loans	6(33)	(105,668)	(439,742)
Lease liabilities paid	6(9)(33)	(620,778)	(570,981)
Cash dividends paid to non-controlling interests		(410,948)	(404,738)
Cash dividends paid	6(22)	(3,208,195)	(2,887,375)
Net cash flows used in financing activities		<u>(4,739,822)</u>	<u>(5,594,189)</u>
Exchange rate effect		<u>62,202</u>	<u>1,748,727</u>
Net increase in cash and cash equivalents		2,265,136	3,740,033
Cash and cash equivalents at beginning of year		21,375,400	17,635,367
Cash and cash equivalents at end of year		<u>\$ 23,640,536</u>	<u>\$ 21,375,400</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, 2023 AND 2022

(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, 2024.

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

New standards, interpretations and amendments endorsed by the FSC and became 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
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

Amendments to IAS 12, ‘International tax reform - pillar two model rules’

The amendments give companies temporary relief from accounting for deferred income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). An entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

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

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	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.	

(3) IFRSs Accounting Standards 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 Accounting Standards 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
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 21, 'Lack of exchangeability'	January 1, 2025
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 Material 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:

- Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.
- (3) Basis of consolidation
 - A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
 - (e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Teco Electric & Machinery Co., Ltd.	Teco Holding USA Inc. and subsidiaries	Holding company investing in companies in North America and Taiwan. Its investees are primarily engaged in the manufacturing and sales of motors, generators, winding and related parts.	100	100	Notes 4 and 8
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	
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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
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 3
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	61.07	Note 6
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.	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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	98.07	98.07	Note 7
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	
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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
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	
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	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
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	
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	
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	100	Note 5

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 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 4: Teco Holding USA Inc. acquired 100% of the shares in Tai-Peng Energy Co., Ltd. through its wholly-owned subsidiary in January 2023, and the entity has been

included in the Group's consolidated financial statements since the acquisition date.
 Note 5: Tong An Energy Co., Ltd. was a newly established subsidiary in 2022.

Note 6: 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 7: 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 8: Teco Holding USA Inc. and its wholly-owned subsidiary, Teco Westinghouse Canada (TWMC), jointly invested and established Teco Electric Machinery S.A. de C.V. on March 3, 2023.

We did not audit the financial statements of certain consolidated subsidiaries which statements reflect total assets of \$2,715,657 and \$2,859,697 as at December 31, 2023 and 2022, respectively, and net operating revenue of \$2,924,901 and \$3,163,153 for the years ended December 31, 2023 and 2022, respectively.

C. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Teco Electric & Machinery Co., Ltd.	Teco Appliance (HK) Co., Ltd.	Sales of home appliances	-	100	Notes 1 and 2
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	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco (Philippines) 3C & Appliances, Inc.	Sales of air conditioning and electrical appliances	60	60	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
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
Tong-An Assets Management & Development Co., Ltd.	Grey Back International Property Inc.	Real estate management and development	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: Teco Appliance (HK) Co., Ltd was dissolved and liquidated on August 18, 2023.

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

- 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.
- 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.
- 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) Hedge accounting

A. At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements.

B. The Group designates the hedging relationship as follows:

Cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

C. Cash flow hedges

(a) The cash flow hedge reserve associated with the hedged item is adjusted to the lower of the following (in absolute amounts):

- i. the cumulative gain or loss on the hedging instrument from inception of the hedge; and
- ii. the cumulative change in fair value of the hedged item from inception of the hedge.

(b) The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income. The gain or loss on the hedging instrument relating to the ineffective portion is recognised in profit or loss.

(c) The amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

- i. If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or liability.
- ii. For cash flow hedges other than those covered by i. above, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.
- iii. If that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

(d) When the hedging instrument expires, or is sold, terminated, exercised or when the hedging relationship ceases to meet the qualifying criteria, if the forecast transaction is still expected to occur, the amount that has been accumulated in the cash flow hedge reserve shall remain in the cash flow hedge reserve until the forecast transaction occurs; if the forecast transaction is no longer expected to occur, the amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(29) 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.

(30) 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.

(31) 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 and does not give rise to equal taxable and deductible temporary differences. 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.

(32) 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.

(33) 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.

(34) 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.

(35) 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.

(36) 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.

(37) 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(11) for the information of the assessment of goodwill impairment.

The amount of the Group's goodwill after recognising the impairment loss was \$4,730,316 as at December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and revolving funds	\$ 7,954	\$ 6,978
Checking accounts and demand deposits	7,520,061	7,488,646
Time deposits and notes issued under repurchase agreement	16,112,521	13,879,776
	<u>\$ 23,640,536</u>	<u>\$ 21,375,400</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, 2023 and 2022, certain bank deposits amounting to \$168,197 and \$574,814, 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'). Please refer to Note 8 for details.

C. According to IFRS Q&A amended by the competent authority on January 5, 2024, the Group reclassified the undrawn balance of deposits account for offshore funds which applies "The Management, Utilization, and Taxation of Repatriated Offshore Funds Act" from other current assets to cash and cash equivalents, which was retrospectively reclassified to December 31, 2022. As of December 31, 2023 and 2022, cash and cash equivalents was increased and other current assets was decreased by \$485 and \$218,604.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Money market fund	\$ 29,740	\$ 34,240
Derivative instruments	<u>787</u>	<u>301</u>
	30,527	34,541
Valuation adjustments	(3,213)	(2,751)
	<u>\$ 27,314</u>	<u>\$ 31,790</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and OTC stocks	\$ 884,399	\$ 884,399
Non-listed and OTC stocks	810,394	810,394
Fund beneficiary certificate	<u>675,826</u>	<u>713,556</u>
	2,370,619	2,408,349
Valuation adjustments	<u>1,171,060</u>	<u>863,087</u>
	<u>\$ 3,541,679</u>	<u>\$ 3,271,436</u>

A. Amounts recognised 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, 2023</u>	<u>For the year ended December 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 323,320</u>	<u>(\$ 1,131,130)</u>

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

	<u>December 31, 2023</u>			
<u>Derivative instrument</u>	<u>Contract period</u>	<u>Contract amount (Notional principal)</u>		<u>Fair value</u>
Forward foreign exchange contracts				
BUY RMB/SELL USD	December 5, 2023 ~ February 27, 2024	USD	8,000,000	<u>\$ 787</u>

	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>

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 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, 2023	December 31, 2022
Current items:		
Listed and OTC stocks	\$ 169,355	\$ 482,495
Valuation adjustments	163,823	279,078
	<u>\$ 333,178</u>	<u>\$ 761,573</u>
Non-current items:		
Listed and OTC stocks	\$ 12,495,913	\$ 12,694,093
Emerging stocks	119,475	115,200
Non-listed and OTC stocks	306,948	333,657
	12,922,336	13,142,950
Valuation adjustments	17,655,604	20,622,940
	<u>\$ 30,577,940</u>	<u>\$ 33,765,890</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 \$30,911,118 and \$34,527,463 as at December 31, 2023 and 2022, respectively.

B. For the years ended December 31, 2023 and 2022, the Group sold stocks with fair values of \$1,064,955 and \$209,316, respectively, to raise the capital for operations; the cumulative gains (loss) on disposal are \$498,467 and (\$144,018), 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, 2023	For the year ended December 31, 2022
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 2,597,535)	(\$ 11,822,766)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ 498,467	(\$ 144,018)
Dividend income recognised in profit or loss		
Held at end of period	\$ 1,046,647	\$ 943,858
Derecognised during the period	-	3,649
	\$ 1,046,647	\$ 947,507

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

- E. 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, 2023	December 31, 2022
Non-current items:		
Time deposits	\$ 15,557	\$ 115,909

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest income	\$ 2,278	\$ 6,787

- B. As at December 31, 2023 and 2022, 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 \$15,557 and \$115,909, 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, 2023	December 31, 2022
Notes receivable	\$ 870,587	\$ 1,041,750
Less: Allowance for bad debts	(1,945)	(2,194)
	<u>\$ 868,642</u>	<u>\$ 1,039,556</u>
Accounts receivable	10,688,811	\$ 10,264,814
Less: Allowance for bad debts	(200,328)	(215,031)
	<u>\$ 10,488,483</u>	<u>\$ 10,049,783</u>

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

	December 31, 2023	December 31, 2022
Not past due	\$ 8,798,254	\$ 8,970,190
Up to 30 days	1,211,495	1,049,553
31 to 90 days	811,799	542,913
91 to 180 days	311,073	283,479
Over 180 days	<u>426,777</u>	<u>460,429</u>
	<u>\$ 11,559,398</u>	<u>\$ 11,306,564</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023 and 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$11,327,753 and \$11,046,707, respectively.
- C. As at December 31, 2023 and 2022, 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 \$868,642 and \$1,039,556 and accounts receivable were \$10,488,483 and \$10,049,783, 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, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,182,271	(\$ 192,287)	\$ 2,989,984
Work in progress	1,212,304	(35,694)	1,176,610
Finished goods	6,870,363	(446,128)	6,424,235
Inventory in transit	545,269	-	545,269
Merchandise inventories	<u>500,026</u>	<u>(4,331)</u>	<u>495,695</u>
	<u>\$ 12,310,233</u>	<u>(\$ 678,440)</u>	<u>\$ 11,631,793</u>

	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>

A. The cost of inventories recognized as expense for the years ended December 31, 2023 and 2022 were \$28,128,727 and \$29,569,180, respectively, including \$155,957 and \$117,060 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, 2023 and 2022, respectively.

B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	December 31, 2023	December 31, 2022
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 2,339,997	\$ 2,440,891
2. Lien Chang Electronic Enterprise Co., Ltd.	452,479	487,575
3. Others	<u>676,447</u>	<u>983,410</u>
	<u>3,468,923</u>	<u>3,911,876</u>
Less: Credit balance of investments accounted for under the equity method such as Royal Host Taiwan Co., Ltd.(shown as deductions on accounts receivable - related parties as well as other receivables - related parties, and other non-current liabilities)	(<u>83,843</u>)	(<u>194,811</u>)
	<u>\$ 3,385,080</u>	<u>\$ 3,717,065</u>

The share of profit/loss of associates and joint ventures accounted for under the equity method for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 12,552	\$ 245,014
2. Lien Chang Electronic Enterprise Co., Ltd.	(29,847)	1,528
3. Others	<u>41,225</u>	<u>(56,263)</u>
	<u>\$ 23,930</u>	<u>\$ 190,279</u>

A. Associates

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

Company name	place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2023	December 31, 2022		
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, 2023	December 31, 2022
Current assets	\$ 4,984,212	\$ 6,109,680
Non-current assets	7,431,032	7,634,024
Current liabilities	(3,110,385)	(3,861,672)
Non-current liabilities	(1,091,475)	(1,289,872)
Total assets	<u>\$ 8,213,384</u>	<u>\$ 8,592,160</u>
Share in associate's net assets	\$ 2,339,997	\$ 2,440,891
Goodwill	-	-
Carrying amount of the associate	<u>\$ 2,339,997</u>	<u>\$ 2,440,891</u>
	Lien Chang Electronic Enterprise Co., Ltd.	
	December 31, 2023	December 31, 2022
Current assets	\$ 1,148,508	\$ 1,465,956
Non-current assets	400,790	409,658
Current liabilities	(162,327)	(368,510)
Non-current liabilities	(50,016)	(66,450)
Total net assets	<u>\$ 1,336,955</u>	<u>\$ 1,440,654</u>
Share in associate's net assets	\$ 452,479	\$ 487,575
Goodwill	-	-
Carrying amount of the associate	<u>\$ 452,479</u>	<u>\$ 487,575</u>

Statement of comprehensive income

	Tung Pei Industrial Co., Ltd.	
	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue	\$ 6,506,646	\$ 8,079,648
Profit for the period from continuing operations	26,062	756,821
Other comprehensive (loss) income, net of tax	(73,876)	61,597
Total comprehensive income	(\$ 47,814)	\$ 818,418
Dividends received from associates	\$ 97,863	\$ 117,435

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue	\$ 589,537	\$ 1,000,634
(Loss) profit for the period from continuing operations	(94,093)	10,418
Other comprehensive (loss) income, net of tax	(4,417)	12,904
Total comprehensive (loss) income	(\$ 98,510)	\$ 23,322
Dividends received from associates	\$ 3,754	\$ 16,894

- (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, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to \$676,447 and \$983,410, respectively.

	For the year ended December 31, 2023	For the year ended December 31, 2022
Profit (loss) for the period from continuing operations	\$ 41,225	(\$ 56,263)
Total comprehensive income (loss)	\$ 41,225	(\$ 56,263)

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

	December 31, 2023	December 31, 2022
Lien Chang Electronic Enterprise Co., Ltd.	\$ 433,612	\$ 372,043

- (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, 2023 and 2022, are based on investees' financial statements audited by independent accountants. Gains

on investments accounted for using equity method and other comprehensive net income for the years ended December 31, 2023 and 2022 were \$20,272 and \$212,320, respectively. As of December 31, 2023 and 2022, the balances of investments accounted for using equity method were \$2,514,353 and \$2,406,380, respectively. The credit balances of investments accounted for using equity method were \$83,843 and \$194,811, respectively.

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

(8) Property, plant and equipment

			Leased assets -		Leased assets -					
	Land	Buildings and structures	buildings and structures	Machinery and equipment	machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Unfinished construction	Total
<u>At January 1, 2023</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>
<u>2023</u>										
Opening net book amount	\$ 5,249,566	\$ 3,757,923	\$ 2,730,687	\$ 1,487,249	\$ 27,107	\$ 549,204	\$ 132,654	\$ 954,445	\$ 4,242,942	\$ 19,131,777
Additions	-	118,887	12,472	900,494	-	26,467	23,318	277,249	682,822	2,041,709
Acquired from business combinations	-	-	-	121,396	-	-	-	-	207,549	328,945
Disposals	-	(36,665)	-	(20,469)	-	(3,345)	-	(10,970)	-	(71,449)
Reclassifications	252,218	(169,017)	4,429,192	168,991	(5,342)	9,422	27,690	7,563	(4,629,537)	91,180
Depreciation charge	-	(212,534)	(247,890)	(340,631)	(4,288)	(86,601)	(35,042)	(285,791)	-	(1,212,777)
Net exchange differences	1,250	(15,134)	-	(1,472)	-	(207)	(246)	(3,072)	-	(18,881)
Closing net book amount	<u>\$ 5,503,034</u>	<u>\$ 3,443,460</u>	<u>\$ 6,924,461</u>	<u>\$ 2,315,558</u>	<u>\$ 17,477</u>	<u>\$ 494,940</u>	<u>\$ 148,374</u>	<u>\$ 939,424</u>	<u>\$ 503,776</u>	<u>\$ 20,290,504</u>
<u>At December 31, 2023</u>										
Cost	\$ 5,537,731	\$ 8,271,906	\$ 9,726,751	\$ 12,684,730	\$ 522,171	\$ 1,312,043	\$ 688,387	\$ 7,650,845	\$ 503,776	\$ 46,898,340
Accumulated depreciation and impairment	(34,697)	(4,828,446)	(2,802,290)	(10,369,172)	(504,694)	(817,103)	(540,013)	(6,711,421)	-	(26,607,836)
	<u>\$ 5,503,034</u>	<u>\$ 3,443,460</u>	<u>\$ 6,924,461</u>	<u>\$ 2,315,558</u>	<u>\$ 17,477</u>	<u>\$ 494,940</u>	<u>\$ 148,374</u>	<u>\$ 939,424</u>	<u>\$ 503,776</u>	<u>\$ 20,290,504</u>

	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	- (	193,630)
Depreciation charge	- (	201,195)	(174,245)	(292,438)	(1,034)	(87,926)	(38,832)	(302,260)	- (	1,097,930)
Net exchange differences	<u>11,571</u>	<u>80,073</u>	<u>-</u>	<u>59,326</u>	<u>-</u>	<u>1,782</u>	<u>2,479</u>	<u>16,564</u>	<u>-</u>	<u>171,795</u>
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>

- A. For the years ended December 31, 2023 and 2022, borrowing cost capitalized as part of property, plant and equipment amounted to \$4,353 and \$0, respectively.
- 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. As of December 31, 2023, as the competent authority of the area where the land located, New Taipei City government, denied the Company's application for the development, resulting in a default of the joint construction contract. On October 23, 2023, Kindom Development Co., Ltd. sent a letter to Tong-An Investment Co., Ltd. to ask Tong-An Investment Co., Ltd. returning the development guarantee and input development cost in the amount of \$350,000 and \$188,544, respectively. The Group had accrued and recorded \$94,272. Currently, the Group negotiated with Kindom Development Co., Ltd. for attributing input development cost.
- 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.
- E. 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. Subsequently, TECO and Tong-An Assets entered into an agreement with Fuchu General Contractor Co, Ltd. on June 17, 2023 and commissioned Fuchu General Contractor Co, Ltd. to perform the construction. In accordance with the agreement, the Group was required to pay \$1,430,000 for the construction.

(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, 2023 and 2022, the additions to right-of-use assets were \$1,302,995 and \$503,217 and the sublease income were \$1,027,493 and \$805,852, respectively.
- F. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount	Carrying amount
	December 31, 2023	December 31, 2022
Land (including royalties)	\$ 4,517,224	\$ 4,654,356
Buildings	2,909,214	2,033,210
Machinery and equipment	19,137	22,547
Transportation equipment (Business vehicles)	27,632	25,053
	<u>\$ 7,473,207</u>	<u>\$ 6,735,166</u>
	Depreciation charge	Depreciation charge
	For the year ended	For the year ended
	December 31, 2023	December 31, 2022
Land (including royalties)	\$ 109,155	\$ 94,684
Buildings	458,426	437,978
Machinery and equipment	10,238	9,028
Transportation equipment (Business vehicles)	13,049	10,161
	<u>\$ 590,868</u>	<u>\$ 551,851</u>

- G. Interest expenses on lease liabilities for the years ended December 31, 2023 and 2022 were \$94,500 and \$74,793 and the cash outflows were \$645,996 and \$570,981, 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, 2023 and 2022 were \$274,313 and \$471,108 and \$22,075 and \$14,412, 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 \$0 and \$5,604 in profit from lease modification for the years ended December 31, 2023 and 2022, respectively.

(10) Investment property

	Land	Buildings and structures	Right-of-use assets	Total
<u>At January 1, 2023</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>2023</u>				
Opening net book amount	\$ 1,688,929	\$ 1,250,138	\$ 27,829	\$ 2,966,896
Additions	-	697	-	697
Reclassification	(252,218)	161,219	4,631	(86,368)
Depreciation charge	-	(81,202)	(8,284)	(89,486)
Net exchange differences	(30)	(5,905)	(617)	(6,552)
Closing net book amount	<u>\$ 1,436,681</u>	<u>\$ 1,324,947</u>	<u>\$ 23,559</u>	<u>\$ 2,785,187</u>
<u>At December 31, 2023</u>				
Cost	\$ 1,436,681	\$ 3,280,847	\$ 59,941	\$ 4,777,469
Accumulated depreciation and impairment	-	(1,955,900)	(36,382)	(1,992,282)
	<u>\$ 1,436,681</u>	<u>\$ 1,324,947</u>	<u>\$ 23,559</u>	<u>\$ 2,785,187</u>

	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
Reclassification	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>

At December 31, 2022

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>

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, 2023	For the year ended December 31, 2022
Rental income from investment property	<u>\$ 157,720</u>	<u>\$ 128,493</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 80,337</u>	<u>\$ 38,164</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ 10,782</u>	<u>\$ 5,816</u>

B. The fair value of the investment property held by the Group as at December 31, 2023 and 2022 were \$6,276,183 and \$6,150,083, respectively, which is categorized within Level 3 in the fair value hierarchy.

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

	2023	2022
<u>At January 1</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>
Opening net book amount	\$ 4,555,873	\$ 4,361,731
Net exchange differences	174,443	194,142
Closing net book amount	<u>\$ 4,730,316</u>	<u>\$ 4,555,873</u>
<u>At December 31</u>		
Cost	\$ 5,045,600	\$ 4,871,157
Accumulated amortization and impairment	(315,284)	(315,284)
	<u>\$ 4,730,316</u>	<u>\$ 4,555,873</u>

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

	December 31, 2023	December 31, 2022
Green mechatronic solution business group	<u>\$ 4,730,316</u>	<u>\$ 4,555,873</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, 2023, the goodwill arising from the merger amounted to \$4,704,446.

(12) Other non-current assets

	December 31, 2023	December 31, 2022
Refundable deposits	\$ 311,718	\$ 253,971
Long-term notes and accounts receivable	98,100	131,846
Deferred expenses	26,371	40,199
Other assets	64,399	93,812
	<u>\$ 500,588</u>	<u>\$ 519,828</u>

(13) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings	<u>\$ 1,357,111</u>	0.50%~7.50%	Notes receivable, land, buildings and structures, demand deposits and time deposits
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings	<u>\$ 1,751,344</u>	0.70%~7.00%	land, buildings and structures, demand deposits and time deposits

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	\$ <u>5,850</u>	\$ <u>4,144</u>

A. The Group recognized net loss of \$15,044 and \$17,381 on financial liabilities held for trading for the years ended December 31, 2023 and 2022, respectively.

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

<u>December 31, 2023</u>			
<u>Derivative instrument</u>	<u>Contract period</u>	<u>Contract amount (Notional principal)</u>	<u>Fair value</u>
Forward foreign exchange contracts			
BUY AUD/SELL USD	November 15, 2023 ~ February 22, 2024	USD 65,000	\$ 74
BUY AUD/SELL EUR	December 1, 2023 ~ February 27, 2024	EUR 531,960	273
BUY USD/SELL AUD	November 16, 2023 ~ February 26, 2024	AUD 2,800,000	1,580
BUY USD/SELL EUR	November 3, 2023 ~ March 26, 2024	EUR 1,350,000	795
BUY JPY/SELL USD	November 27, 2023 ~ February 26, 2024	JPY 58,000,000	353
Interest rate swap			
BUY TWD/SELL USD	December 8, 2023 ~ January 25, 2024	USD 5,000,000	2,775
			<u>\$ 5,850</u>

	December 31, 2022			
Derivative instrument	Contract period	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. The Group entered into forward foreign exchange contracts to sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(15) Hedging financial assets and liabilities

		December 31, 2023			
		Assets		Liabilities	
		Current	Non-current	Current	Non-current
Cash flow hedges:					
<u>Exchange rate risk</u>					
Forward foreign exchange contracts		\$ -	\$ -	\$ 5,025	\$ -

A. As of December 31, 2022, the Group had no hedging financial assets or liabilities.

B. Hedge accounting is applied to remove the accounting inconsistency between the hedging instrument and the hedged item. To hedge the risk arising from foreign currency denominated future commercial transactions, the Group uses forward foreign exchange transactions to control the exchange rate risk under their acceptable range as the exchange rate fluctuations will change future cash flows.

C. Transaction information associated with the Group adopting hedge accounting is as follows:

December 31, 2023						2023	
Hedging instruments	Notional amount	Contract period	Assets carrying amount	Liabilities carrying amount	Changes in fair value in relation to recognising hedge ineffectiveness basis	Average price or fee	Gains (losses) on valuation of ineffective hedge that will be recognised in financial assets/liabilities at fair value through profit or loss
Cash flow hedges							
Exchange rate risk							
Forward foreign exchange transactions	USD 8,328	November 28, 2023 ~ February 26, 2024	\$ -	(\$ 5,025)	\$ -	30.54	\$ -

D. Cash flow hedge:

	2023
<u>Other equity - cash flow hedge reserve</u>	
At January 1	\$ -
Add: Losses on hedge effectiveness-amount recognised in other comprehensive income	(5,025)
At December 31	<u>(\$ 5,025)</u>

Exchange rate risk

To hedge exposed exchange rate risk arising from forecast input cost of construction in progress, the Group entered into a forward forecast purchase agreement of US dollar, and the hedge ratio is 1:1. The effective portion with respect to the changes in the fair value of the hedging instruments is deferred to recognise in the cash flow hedge reserve, which is under other comprehensive income, and will be directly included in the cost of construction in progress when the hedged items are subsequently recognised in construction in progress.

(16) Other payables

	December 31, 2023	December 31, 2022
Salary and wages payable	\$ 2,545,264	\$ 2,193,042
Employees' compensation payable	843,910	688,059
Dealers' bonus commission payable	127,145	189,936
Directors' and supervisors' remuneration payable	142,032	160,522
Equipment payable	130,788	105,166
Dividends payable	62,359	27,860
Others	2,642,552	2,629,612
	<u>\$ 6,494,050</u>	<u>\$ 5,994,197</u>

(17) Bonds payable

	December 31, 2023	December 31, 2022
Issuance of bonds payable	<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, 2023
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from October 1, 2019 to June 27, 2038; payable based on the agreed terms.	1.35%~9.31%	Note	\$ 3,549,846
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(484,224)
				<u>\$ 3,065,622</u>

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, 2035; 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>

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, 2023	December 31, 2022
Present value of defined benefit obligations (\$	1,592,266)	(\$ 1,704,855)
Fair value of plan assets	306,377	367,030
Net defined benefit liability	(\$ 1,285,889)	(\$ 1,337,825)

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

	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	(\$ 1,704,854)	\$ 367,029	(\$ 1,337,825)
Current service cost	(3,004)	-	(3,004)
Interest (expense) income	(28,013)	4,952	(23,061)
	(1,735,871)	371,981	(1,363,890)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,320	2,320
Change in demographic assumptions	(255)	-	(255)
Change in financial assumptions	(28,815)	-	(28,815)
Experience adjustments	(6,760)	94	(6,666)
	(35,830)	2,414	(33,416)
Pension fund contribution	-	94,573	94,573
Paid pension	165,029	(165,029)	-
Paid from the account	8,332	-	8,332
Effect of business combination changes	8,512	-	8,512
Transfer	(2,438)	2,438	-
At December 31	(\$ 1,592,266)	\$ 306,377	(\$ 1,285,889)

	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	(33,431)	1,437	(31,994)
	<u>66,615</u>	<u>28,126</u>	<u>94,741</u>
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	6,084	-	6,084
At December 31	<u>(\$ 1,704,854)</u>	<u>\$ 367,029</u>	<u>(\$ 1,337,825)</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, 2023 and 2022 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, 2023	For the year ended December 31, 2022
Discount rate	1.03%~6.65%	1.20%~7.06%
Future salary increases	0.50%~8.00%	0.50%~8.00%

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, 2023</u>				
Effect on present value of defined benefit obligation	\$ 31,117	(\$ 52,002)	(\$ 52,138)	\$ 31,666
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	\$ 49,042	(\$ 51,212)	(\$ 51,518)	\$ 48,568

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, 2024 amount to \$106,141.

(g) The weighted average duration of the defined benefit obligation was 4~12.5 years as of December 31, 2023.

- 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, 2023 and 2022 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, 2023 and 2022 were \$472,806 and \$477,977, respectively.

(20) Share capital

A. As of December 31, 2023, 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.

	2023	2022
At January 1 (At December 31)	2,138,797	2,138,797

Note: Shares in thousands.

B. 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, 2023 and 2022, 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, 2023		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 46.80
An-Tai International Investment Co., Ltd.	2,826	10.37	46.80
Top-Tower Enterprises Co., Ltd.	77	9.37	46.80
Taiwan Pelican Express Co., Ltd.	7,070	26.89	46.80
	29,513		
	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
	29,513		

(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:
(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 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-1090150022, dated March 31, 2021, 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, 2023, 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 2022 and 2021 net income was respectively resolved by the stockholders on May 24, 2023 and May 20, 2022 as follows:

	For the year ended December 31,2022		For the year ended December 31,2021	
	Dividend per share		Dividend per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 338,042		\$ 525,009	
Cash dividends	3,208,195	\$ 1.50	2,887,375	\$ 1.35

F. The appropriations of the 2023 net income was respectively resolved by the stockholders on March 15, 2024 as follows:

		For the year ended December 31, 2023		
		Amount	Dividend per share (in dollars)	
Legal reserve		\$ 626,570		
Cash dividends		4,705,353	\$ 2.20	
(23) <u>Other equity items</u>				
	Unrealized gains (losses) on valuation	Hedging reserve	Currency translation	Total
At January 1, 2023	\$ 20,805,870	\$ -	(\$ 2,453,451)	\$ 18,352,419
Unrealized gains and losses on financial assets:				
Revaluation - group	(2,660,000)	-	-	(2,660,000)
Revaluation - associates	2,298	-	-	2,298
Revaluation - tax	(19,424)	-	-	(19,424)
Revaluation transferred to retained earnings	(498,467)	-	-	(498,467)
Revaluation transferred to retained earnings-tax	19,424	-	-	19,424
Cash flow hedge:				
Fair value loss	-	(5,025)	-	(5,025)
Currency translation differences:				
–Group	-	-	173,435	173,435
At December 31, 2023	<u>\$ 17,649,701</u>	<u>(\$ 5,025)</u>	<u>(\$ 2,280,016)</u>	<u>\$ 15,364,660</u>
	Unrealized gains (losses) on valuation	Hedging reserve	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	<u>\$ 20,805,870</u>	<u>\$ -</u>	<u>(\$ 2,453,451)</u>	<u>\$ 18,352,419</u>

(24) Operating revenue

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue from customers	\$ 58,344,519	\$ 57,397,037
Others - rental revenue	1,049,142	918,179
	<u>\$ 59,393,661</u>	<u>\$ 58,315,216</u>

A. Disaggregation of revenue from customers

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
	Revenue from external customer contracts	Revenue from external customer contracts
Sales of green mechatronic solution business group products	\$ 34,057,908	\$ 33,153,803
Sales of air and intelligent life business group product	5,231,092	5,738,073
Others	1,209,375	1,537,373
Service revenue	8,298,602	8,695,090
Construction contract	9,547,542	8,272,698
	<u>\$ 58,344,519</u>	<u>\$ 57,397,037</u>

B. Revenue recognized that was included in the contract liability balance at the beginning of the period

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	<u>\$ 801,128</u>	<u>\$ 515,273</u>

(25) Interest income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest income from bank deposits	\$ 616,945	\$ 226,290
Interest income from financial assets measured at amortised cost	2,278	6,787
	<u>\$ 619,223</u>	<u>\$ 233,077</u>

(26) Other income

	For the year ended December 31, 2023	For the year ended December 31, 2022
Rental revenue	\$ 173,958	\$ 157,159
Dividend income	1,194,966	1,128,492
Other non-operating income	318,971	258,706
	<u>\$ 1,687,895</u>	<u>\$ 1,544,357</u>

(27) Other gains and losses

	For the year ended December 31, 2023	For the year ended December 31, 2022
Gain (loss) on disposal of property, plant and equipment	\$ 155	(\$ 4,241)
Gain on disposal of investments	117,357	-
(Loss) gain arising from lease modifications	(681)	11,912
Gains arising from concession of lease payments	-	5,604
Net currency exchange gain	58,035	209,092
Gain (loss) on financial assets at fair value through profit or loss	323,320	(1,131,130)
Loss on financial liabilities at fair value through profit or loss	(15,044)	(17,381)
Estimated development loss (note)	(94,272)	-
Miscellaneous disbursements	(786,627)	(489,435)
	<u>(\$ 397,757)</u>	<u>(\$ 1,415,579)</u>

Note: Information relating to estimated development loss is provided in Note 6(8)B.

(28) Finance costs

	For the year ended December 31, 2023	For the year ended December 31, 2022
Interest expense	\$ 320,292	\$ 201,592
Other finance expenses	2,107	2,371
	<u>\$ 322,399</u>	<u>\$ 203,963</u>

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Wages and salaries	\$ 8,842,096	\$ 8,795,632
Employees' compensation and directors' remuneration	956,433	651,578
Labor and health insurance fees	1,145,270	1,139,746
Pension costs	498,871	490,524
Other personnel expenses	417,720	451,346
Depreciation charges on property, plant and equipment as well as investment property	1,302,263	1,169,554
Depreciation charges on right-of-use assets and amortization charges on intangible assets	685,394	633,892

- 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, 2023 and 2022, employees' compensation was accrued at \$511,867 and \$282,888, respectively; while directors' remuneration was accrued at \$102,374 and \$125,710, respectively. The aforementioned amounts were recognized in salary expenses.
- C. For the year ended December 31, 2023, 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 \$409,494 and \$102,374, and the employees' compensation will be distributed in the form of cash. The difference of \$40 between employees' compensation of \$282,888 and the difference of \$46,184 between directors' remuneration of \$125,710 as resolved by the Board of Directors which is mainly arising from changes in estimate of directors' remuneration and the amount recognised in the 2022 financial statements had been adjusted in the profit or loss of 2023. 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.

(30) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current tax:		
Current tax on profits for the period	\$ 1,924,077	\$ 1,338,802
Tax on undistributed surplus earnings	2,971	93,172
Prior year income tax (over) under estimation	(42,505)	11,668
Effect from Alternative Minimum tax	-	68
Total current tax	<u>1,884,543</u>	<u>1,443,710</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>57,569</u>	(13,895)
Total deferred tax	<u>57,569</u>	(13,895)
Income tax expense	<u>\$ 1,942,112</u>	<u>\$ 1,429,815</u>

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

	For the year ended December 31, 2023	For the year ended December 31, 2022
Current tax:		
Changes in fair value of financial assets at fair value through other comprehensive income	<u>\$ 19,424</u>	<u>\$ -</u>
Deferred tax:		
Currency translation differences	(5,523)	311,456
Remeasurement of defined benefit obligations	<u>380</u>	<u>2,982</u>
Total deferred tax	<u>(5,143)</u>	<u>314,438</u>
Income tax charge relating to components of other comprehensive income	<u>\$ 14,281</u>	<u>\$ 314,438</u>

B. Reconciliation between income tax expense and accounting profit:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	\$ 2,188,637	\$ 1,530,249
Expenses disallowed by tax regulation	(246,331)	(168,771)
Effect from investment tax credits	(39,441)	(38,441)
Prior year income tax (over)underestimation	(42,505)	11,668
Over(under)estimation of prior year's net deferred tax assets and liabilities	7,927	(13,594)
Tax on undistributed surplus earnings	2,971	93,172
Effect from Alternative Minimum Tax	-	68
Others	70,854	15,464
Income tax expense	<u>\$ 1,942,112</u>	<u>\$ 1,429,815</u>

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

	2023			
	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	182,597	-	5,523	188,120
Difference resulting from different useful lives of property, plant and equipment between financial and tax basis	45,629	1,308	-	46,937
Unrealized expenses	218,545	2,023	-	220,568
Permanent loss on investments	35,080	-	-	35,080
Loss on inventory	137,532	(36,647)	-	100,885
Bad debt exceeded the limit stated by Income Tax Law	8,210	(769)	-	7,441
Amortisation on capitalisation of research and development expense	66,047	101,472	-	167,519
Others	212,189	79,856	(380)	291,665
Tax losses	195,904	(4,283)	-	191,621
	<u>\$ 1,198,512</u>	<u>\$ 142,960</u>	<u>\$ 5,143</u>	<u>\$ 1,346,615</u>
—Deferred tax liabilities:				
Investment income from foreign investments	\$ 1,152,294	\$ 218,620	\$ -	\$ 1,370,914
Land value incremental reserve	1,052,604	157	-	1,052,761
Others	227,385	(18,248)	-	209,137
	<u>\$ 2,432,283</u>	<u>\$ 200,529</u>	<u>\$ -</u>	<u>\$ 2,632,812</u>
	<u>(\$ 1,233,771)</u>	<u>(\$ 57,569)</u>	<u>\$ 5,143</u>	<u>(\$ 1,286,197)</u>

	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
Amortisation on capitalisation of research and development expense	-	66,047	-	66,047
Others	222,175	(7,004)	(2,982)	212,189
Tax losses	187,383	8,521	-	195,904
	<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
Others	318,989	(91,604)	-	227,385
	<u>\$ 2,350,403</u>	<u>\$ 81,880</u>	<u>\$ -</u>	<u>\$ 2,432,283</u>
	(\$ 933,228)	\$ 13,895	(\$ 314,438)	(\$ 1,233,771)

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

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
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 assessed	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
2023	Amount filed	9,904	9,904	2033
		<u>\$ 1,445,756</u>	<u>\$ 837,263</u>	
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>	

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

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 638,088</u>	<u>\$ 1,518,761</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, 2023 and 2022, the amounts of temporary differences unrecognised as deferred tax liabilities were \$5,107,288 and \$5,107,288, respectively.

G. As of December 31, 2023, the Company and its subsidiaries' income tax returns through various years between 2019 and 2022, respectively, have been assessed and approved by the Tax Authority.

H. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

(31) Earnings per share

For the year ended December 31, 2023			
		Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
	Amount after tax		
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,830,061	2,109,284	\$ 2.76

Note: The earnings per share of \$2.73 (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, 2022			
		Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
	Amount after tax		
<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.

(32) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Acquisition of property, plant and equipment	\$ 2,041,709	\$ 2,878,076
Add:		
Payables at beginning of the period	105,166	131,883
Less:		
Payables at end of the period	(130,788)	(105,166)
Less:		
Offsetting account receivable with recovering properties	(5,850)	-
Cash paid	\$ 2,010,237	\$ 2,904,793

B. On January 18, 2023, the Group acquired 100% of the share capital of Tai-Peng Energy Co., Ltd.. The following table summarises the carrying amount of assets and liabilities of Tai-Peng Energy Co., Ltd.:

	<u>January 18, 2023</u>
Cash	\$ 529
Accounts receivable	3,113
Other current assets	6,755
Property, plant and equipment	328,945
Other non-current assets	11,971
Bank borrowings	(153,772)
Other payables	(166,370)
Other current liabilities	(49)
	<u>\$ 31,122</u>
Consideration for the acquisition of the subsidiary	\$ 29,954
Balance of cash in the subsidiary	(529)
Effect on net cash from the consolidated subsidiary	<u>\$ 29,425</u>

(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, 2023	\$ 1,751,344	\$ 27,860	\$ 5,000,000	\$ 3,655,514	\$ 5,072,407	\$ 15,507,125
Interest expenses on lease liabilities	-	-	-	-	94,500	94,500
Recognised in right -of-use assets	-	-	-	-	1,302,995	1,302,995
Remeasurement	-	-	-	-	(2,426)	(2,426)
Changes in cash flow from financing activities (394,233)	-	-	-	(105,668)	(620,778)	(1,120,679)
Other	-	34,499	-	-	-	34,499
Effect of foreign exchange	-	-	-	-	30,823	30,823
December 31, 2023	<u>\$ 1,357,111</u>	<u>\$ 62,359</u>	<u>\$ 5,000,000</u>	<u>\$ 3,549,846</u>	<u>\$ 5,877,521</u>	<u>\$ 15,846,837</u>

	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 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)	-	-	-	-	(5,247)	(5,247)
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>

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, 2023 and 2022, the non-controlling interest amounted to \$6,294,190 and \$6,293,565, 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, 2023		December 31, 2022	
		Amount	Ownership	Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 296,949	36.48%	\$ 306,373	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,482,354	66.62%	1,464,513	66.62%
Century Development Corporation and subsidiaries	R.O.C	2,898,448	47.25%	2,896,734	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	297,289	50.99%	282,276	50.99%

B. Summarized financial information of the subsidiaries:

Balance sheets

	Tecom Co., Ltd. and subsidiaries	
	December 31, 2023	December 31, 2022
Current assets	\$ 728,603	\$ 998,137
Non-current assets	671,631	894,809
Current liabilities	(707,924)	(974,105)
Non-current liabilities	(227,642)	(443,822)
Total net assets	<u>\$ 464,668</u>	<u>\$ 475,019</u>
	Taiwan Pelican Express Co., Ltd. and subsidiaries	
	December 31, 2023	December 31, 2022
Current assets	\$ 1,685,499	\$ 1,829,560
Non-current assets	2,662,036	2,741,422
Current liabilities	(996,973)	(1,168,495)
Non-current liabilities	(1,125,474)	(1,204,179)
Total net assets	<u>\$ 2,225,088</u>	<u>\$ 2,198,308</u>

Century Development Corporation and subsidiaries		
	December 31, 2023	December 31, 2022
Current assets	\$ 992,807	\$ 605,583
Non-current assets	11,033,580	10,577,104
Current liabilities	(992,674)	(1,054,477)
Non-current liabilities	(4,363,002)	(3,468,169)
Total net assets	<u>\$ 6,670,711</u>	<u>\$ 6,660,041</u>

Information Technology Total Services Co., Ltd. and subsidiaries		
	December 31, 2023	December 31, 2022
Current assets	\$ 774,813	\$ 613,290
Non-current assets	236,732	272,321
Current liabilities	(415,954)	(315,475)
Non-current liabilities	(12,158)	(16,558)
Total net assets	<u>\$ 583,433</u>	<u>\$ 553,578</u>

Statements of comprehensive income

Tecom Co., Ltd. and subsidiaries		
	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue	\$ 804,032	\$ 1,010,890
(Loss) profit before income tax	(14,409)	41,080
Income tax expense	(5,782)	(8,488)
(Loss) profit for the period	(20,191)	32,592
Other comprehensive income (loss) (net of tax)	<u>30,659</u>	<u>(24,780)</u>
Total comprehensive income for the period	<u>\$ 10,468</u>	<u>\$ 7,812</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 2,736</u>	<u>\$ 17,595</u>

Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue	\$ 4,188,461	\$ 4,509,706
Profit before income tax	115,588	216,207
Income tax expense	(21,092)	(39,765)
Profit for the period	94,496	176,442
Other comprehensive income (loss) (net of tax)	75,579	(528,480)
Total comprehensive income (loss) for the period	\$ 170,075	\$ 352,038
Comprehensive income (loss) attributable to non-controlling interest	\$ 113,304	(\$ 238,858)
Dividends paid to non-controlling interest	\$ 95,400	\$ 133,560
Century Development Corporation and subsidiaries		
	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue	\$ 1,348,049	\$ 891,427
Profit before income tax	430,221	428,897
Income tax expense	(90,867)	(83,092)
Profit for the period	339,354	345,805
Other comprehensive (loss) income (net of tax)	(2,342)	20,324
Total comprehensive income for the period	\$ 337,012	\$ 366,129
Comprehensive income attributable to non-controlling interest	\$ 184,730	\$ 184,609
Dividends paid to non-controlling interest	\$ 154,197	\$ 142,590

Information Technology Total Services Co., Ltd.
and subsidiaries

	For the year ended December 31, 2023	For the year ended December 31, 2022
Revenue	\$ 1,343,318	\$ 1,330,274
Profit before income tax	89,356	65,932
Income tax expense	(15,193)	(10,291)
Profit for the period	74,163	55,641
Other comprehensive (loss) income (net of tax)	(591)	4,890
Total comprehensive income for the period	\$ 73,572	\$ 60,531
Comprehensive income attributable to non-controlling interest	\$ 30,026	\$ 28,370
Dividends paid to non-controlling interest	\$ 22,291	\$ 27,865
<u>Statements of cash flows</u>		

Tecom Co., Ltd. and subsidiaries

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net cash provided by operating activities	\$ 51,455	\$ 82,101
Net cash provided by investing activities	290,369	70,665
Net cash used in financing activities	(463,490)	(71,118)
(Decrease) increase in cash and cash equivalents	(121,666)	81,648
Cash and cash equivalents, beginning of period	265,304	183,656
Cash and cash equivalents, end of period	\$ 143,638	\$ 265,304

Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the year ended December 31, 2023	For the year ended December 31, 2022
Net cash provided by operating activities	\$ 295,418	\$ 583,366
Net cash used in investing activities	(64,664)	(175,940)
Net cash used in financing activities	(353,561)	(411,592)
Effect of exchange rates on cash and cash equivalents	(224)	865
Decrease in cash and cash equivalents	(123,031)	(3,301)
Cash and cash equivalents, beginning of period	1,050,531	1,053,832
Cash and cash equivalents, end of period	<u>\$ 927,500</u>	<u>\$ 1,050,531</u>
Century Development Corporation and subsidiaries		
	For the year ended December 31, 2023	For the year ended December 31, 2022
Net cash provided by operating activities	\$ 746,475	\$ 693,661
Net cash used in investing activities	(1,333,596)	(1,356,591)
Net cash provided by financing activities	521,872	315,796
Effect of exchange rates on cash and cash equivalents	688	(12,271)
Decrease in cash and cash equivalents	(64,561)	(359,405)
Cash and cash equivalents, beginning of period	254,140	613,545
Cash and cash equivalents, end of period	<u>\$ 189,579</u>	<u>\$ 254,140</u>

Information Technology Total Services Co., Ltd.
and subsidiaries

	For the year ended December 31, 2023	For the year ended December 31, 2022
Net cash provided by operating activities	\$ 168,275	\$ 72,224
Net cash provided by investing activities	17,713	18,494
Net cash used in financing activities	(50,190)	(61,001)
Effect of exchange rates on cash and cash equivalents	(536)	1,495
Increase in cash and cash equivalents	135,262	31,212
Cash and cash equivalents, beginning of period	171,492	140,280
Cash and cash equivalents, end of period	<u>\$ 306,754</u>	<u>\$ 171,492</u>

(35) Business combinations

- A. On January 18, 2023, the Group acquired 100% of the share capital of Tai-Peng Energy Co., Ltd. for \$29,954 and obtained the control over Tai-Peng Energy Co., Ltd. As a result of the acquisition, the Group is expected to gradually complete and expand the Group's plan in the green energy industry.
- B. The following table summarises the consideration paid for Tai-Peng Energy Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	<u>January 18, 2023</u>
Purchase consideration	
Cash	\$ 29,954
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	529
Accounts receivable	3,113
Other current assets	6,755
Property, plant and equipment	328,945
Other non-current assets	11,971
Bank borrowings	(153,772)
Other payables	(166,370)
Other current liabilities	(49)
Total identifiable net assets	<u>31,122</u>
	(\$ 1,168)

- C. The fair value of the acquired identifiable net assets is provisional pending receipt of the final valuations for those assets.
- D. Had Tai-Peng Energy Co., Ltd. been consolidated from January 1, 2023, the consolidated statement of comprehensive income would show operating revenue of \$59,394,630 and profit before income tax of \$8,274,283.

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)	Note 1	Jinglaoman Food & Beverage Co., Ltd. (Jinglaoman)	Associates
Teco (PHILIPPINES) 3C & Appliances, Inc. (Teco 3C)	Associates	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 2	Teco Image System Co., Ltd. (Teco Image)	"
Teco-Motech Co., Ltd. (Teco-Motech)	Associates	Taiwan Art & Business Interdisciplinary Foundation (Taiwan Art)	"
Shanghai Xiangseng Mechanical and Electrical Trading Co., Ltd.	"	Teco Technology Foundation (Teco Found)	"
ZEPT Inc. (ZEPT)	"	YUBAN & COMPANY (YUBAN)	"
Teco Technology & Marketing Center Co., Ltd. (TTMC)	Note 3	An-Hui Information Technology., Ltd. (An-Hui Technology)	"

Note 1: The company is no longer a related party of the Company since the Company sold its owned shares of TME to Ali Zaid Al Quraishi & Brothers Co. in the fourth quarter of 2023.

Note 2: The investee has been liquidated in 2022.

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, 2023	For the year ended December 31, 2022
Sales of goods and services:		
Associates	\$ 455,223	\$ 432,860
Other related parties	325,011	371,114
	<u>\$ 780,234</u>	<u>\$ 803,974</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, 2023	For the year ended December 31, 2022
Purchases of goods:		
Associates	\$ 124,314	\$ 162,315
Other related parties	13,989	18,808
	<u>\$ 138,303</u>	<u>\$ 181,123</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, 2023	December 31, 2022
Receivables from related parties:		
Associates	\$ 107,447	\$ 204,621
Other related parties	86,729	97,477
	<u>194,176</u>	<u>302,098</u>
Other receivables - others		
Associates	52,875	84,502
Other related parties	20,401	2,425
	<u>73,276</u>	<u>86,927</u>
	<u>\$ 267,452</u>	<u>\$ 389,025</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 reimbursement.

D. Payables to related parties:

	December 31, 2023	December 31, 2022
Payables to related parties:		
Associates	\$ 35,534	\$ 45,134
Other related parties	3,743	4,056
	<u>\$ 39,277</u>	<u>\$ 49,190</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, 2023	For the year ended December 31, 2022
Associates	\$ 23,512	\$ 17,427
Other related parties	20,513	20,728
	<u>\$ 44,025</u>	<u>\$ 38,155</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. Loans to related parties:

For the year ended December 31, 2023			
	Maximum outstanding		
	balance	Ending balance	Interest income
Other related parties	\$ 18,733	\$ 18,707	\$ 640

The loans to other related parties are repayable over 1 year and carry interest at 5.23% per annum for the year ended December 31, 2023.

G. Others

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, 2023	For the year ended December 31, 2022
Short-term employee benefits	\$ 229,580	\$ 243,738
Long-term employee benefits	26,416	11,058
Post-employment benefits	8,929	11,435
	<u>\$ 264,925</u>	<u>\$ 266,231</u>

8. Pledged Assets

Pledged asset	December 31, 2023	December 31, 2022	Purpose
Notes receivable	\$ 22,014	-	Short-term borrowings and deposits for acceptance bill
Other current assets			
Demand deposits	94,318	315,635	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	-	14,969	Earmarked construction projects
Time deposits	73,879	244,210	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	242,530	460,000	Long-term borrowings
Non-current financial assets at amortised cost	10,000	10,000	Performance guarantee
Property, plant, and equipment			
Land	91,581	77,392	Long-term borrowings, short-term borrowings
Buildings and structures	9,806	-	"
Leased asset-buildings and structures	4,332,843	-	"
Machinery and equipment	631,687	140,750	"
Right-of-use assets	771,910	793,198	"
Other non-current assets			Exercise guarantee or warranty for construction and exercise guarantee for tender
Refundable deposits	71,772	64,298	
	<u>\$ 6,352,340</u>	<u>\$ 2,120,452</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

- A. On October 23, 2023, Kindom Development Co., Ltd. filed a lawsuit to the Taiwan Taipei District Court against the Company's subsidiary, Tong-An Investment Co., Ltd., alleging that Tong-An Investment Co., Ltd. shall perform the obligation of the xinzhuang industrial park joint construction contract and claiming that the Group shall return \$538,544 to the company, including performance bond of \$350,000 which paid by Kindom Development Co., Ltd. for implementing urban renewal program and urban renewal fee of \$188,544. The Group had accrued and recorded based on the possible payment amounting to \$94,272. As of March 15, 2024, the case is still under the assessment of the court.
- B. On January 10, 2023, Teco Electirc & Machinery Pte Ltd., a subsidiary of the Group, received a notice from a customer, claiming that the subsidiary of the Group shall pay SGD\$1,282 and related interest because the product did not meet their needs. The Group has estimated and accounted for the possible payment amount in 2023. The relevant mediation procedures is still undergoing.

(2) Commitments

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 1,541,787	\$ 560,228
Intangible assets	2	7,638
	<u>\$ 1,541,789</u>	<u>\$ 567,866</u>

- B. As of December 31, 2023, the outstanding usance L/C used for acquiring raw materials and equipment was \$81,751.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

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. As of March 15, 2024, the Company and Fu Chang had reached a settlement, and the Company expected to pay \$60,000 to Fu Chang.

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

The related information of the Company's financial assets (cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables (including related parties), guarantee deposits paid, restricted bank deposits, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income) and financial liabilities (short-term borrowings, notes payable, accounts payable, other payables (including related parties), lease liabilities (current/non-current), bonds payable (including current portion), long-term borrowings (including current portion), financial liabilities for hedging, financial liabilities at fair value through profit or loss) is provided in the consolidated balance sheet and Note 6.

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) 、6(14) 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) 、6(14) and 6(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, 2023											
Foreign currency amount (In thousands)						Sensitivity Analysis					
						Exchange rate	Book value (NTD)	Degree of variation	Effect on profit	Effect on other	
									or loss	comprehensive income	
(Foreign currency: functional currency)											
<u>Financial assets</u>											
<u>Monetary items</u>											
USD:NTD	USD	\$	87,345	30.7050	\$	2,681,928	1%	\$	26,819	\$	-
EUR:NTD	EUR		10,045	33.9800		341,329	1%		3,413		-
USD:RMB	USD		43,969	7.0961		1,350,068	1%		13,501		-
RMB:NTD	RMB		26,892	4.3270		116,362	1%		1,164		-
AUD:NTD	AUD		8,140	20.9800		170,777	1%		1,708		-
USD:SGD	USD		12,405	1.3184		380,896	1%		3,809		-
USD:EUR	USD		9,265	0.9036		284,482	1%		2,845		-
CAD:USD	CAD		6,258	0.7556		145,186	1%		1,452		-
USD:MRD	USD		5,372	4.5789		164,947	1%		1,649		-
<u>Non-monetary items</u>											
USD:NTD	USD		746,071	30.7050		22,908,110					
EUR:NTD	EUR		148,532	33.9800		5,047,117					
SGD:NTD	SGD		129,463	23.2900		3,015,193					
VND:NTD	VND	226,099,231		0.0013		293,929					
MRD:NTD	MRD		8,777	6.7058		58,857					
<u>Financial liabilities</u>											
<u>Monetary items</u>											
USD:NTD	USD		57,181	30.7050		1,755,743	1%		17,557		-
USD:SGD	USD		3,316	1.3184		101,818	1%		1,018		-
USD:MRD	USD		5,373	4.5789		164,978	1%		1,650		-
USD:VND	USD		4,282	1.4635		131,479	1%		1,315		-

December 31, 2022

					Sensitivity Analysis						
Foreign					Effect on profit			Effect on other			
currency amount								comprehensive			
(In thousands)					Exchange rate	Book value (NTD)	Degree of variation	or loss	income		
(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:MRD	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					
MRD:NTD	MRD		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:MRD	USD		9,939	4.3902		305,227	1%		3,052		-
USD:AUD	USD		7,497	1.4743		230,233	1%		2,302		-
USD:SGD	USD		3,539	1.3422		108,683	1%		1,087		-

- v. Total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$58,035 and \$209,092, 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, 2023 and 2022 would have increased/decreased by \$123,094 and \$106,785, 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 \$1,535,974 and \$1,716,610, 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, would have been \$9,814 and \$11,676 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
 - ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, whereby the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit rating of customer and credit risk on trade. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group uses the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As of December 31, 2023 and 2022, the loss rate methodology is as follows:

December 31, 2023			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 8,798,254	(\$ 11,330)
Up to 30 days	0%~2%	1,211,495	(6,023)
31 to 90 days	1%~20%	811,799	(34,792)
91 to 180 days	1%~100%	311,073	(25,668)
Over 180 days	1%~100%	426,777	(124,460)
		<u>\$ 11,559,398</u>	<u>(\$ 202,273)</u>
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, 2023			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 26,318	(\$ 26,318)
Group A	0%~5%	5,878,068	(14,367)
Group B	0%~10%	1,940,214	(3,925)
Group C	1%~20%	1,422,730	(31,937)
Group D	1%~40%	619,505	(17,095)
Group E	1%~100%	1,672,563	(108,631)
		<u>\$ 11,559,398</u>	<u>(\$ 202,273)</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>

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

		2023
		Notes receivable and accounts receivable
At January 1	\$	217,225
Provision for impairment		18,359
Write-offs during the period	(	36,355)
Effect of foreign exchange		3,044
At December 31	\$	<u>202,273</u>
		2022
		Notes receivable and accounts receivable
At January 1	\$	168,327
Provision for impairment		52,379
Write-offs during the period	(	13,870)
Effect of foreign exchange		10,389
At December 31	\$	<u>217,225</u>

For the years ended December 31, 2023 and 2022, the Group recognized impairment losses from other receivables at amortised cost amounting to \$13,432 and \$5,236, 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, 2023 and 2022, the undrawn credit amounts are \$21,890,567 and \$22,052,652, respectively.
 - iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>December 31, 2023</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,357,111	\$ -	\$ -	\$ -	\$ -
Notes payable	548,232	-	-	-	-
Accounts payable	8,701,911	-	-	-	-
Lease liabilities	649,694	599,999	559,142	1,070,604	4,558,181
Other payables	6,494,050	-	-	-	-
Bonds payable (including current portion)	-	5,000,000	-	-	-
Long-term borrowings (including current portion)	752,878	1,041,560	291,366	389,795	1,143,773

Non-derivative financial liabilities:

<u>December 31, 2022</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 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

iv. As of December 31, 2023 and 2022, 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, 2023</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 instrument/equity securities	\$ 2,461,875	\$ -	\$ 1,106,331	\$ 3,568,206
Non-hedging derivatives	-	787	-	787
Financial assets at fair value through other comprehensive income				
Equity instrument/equity securities	<u>30,719,487</u>	<u>-</u>	<u>191,631</u>	<u>30,911,118</u>
	<u>\$ 33,181,362</u>	<u>\$ 787</u>	<u>\$ 1,297,962</u>	<u>\$ 34,480,111</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	\$ -	\$ 5,850	\$ -	\$ 5,850
Financial liabilities for hedging	<u>-</u>	<u>5,025</u>	<u>-</u>	<u>5,025</u>
	<u>\$ -</u>	<u>\$ 10,875</u>	<u>\$ -</u>	<u>\$ 10,875</u>

<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 instrument/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 instrument/equity securities	34,332,208	-	195,255	34,527,463
	<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	\$ -	\$ 4,144	\$ -	\$ 4,144

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, 2023 and 2022, 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, 2023 and 2022:

	Non-derivative equity	
	For the year ended December 31, 2023	For the year ended December 31, 2022
Beginning balance	\$ 1,362,484	\$ 3,621,022
Gains and losses recognized in profit or loss	(18,814)	47,350
Gain and loss recognized in other comprehensive income	(7,465)	127,816
Acquired during the period	-	50,000
Sold during the period	(38,243)	(2,289,362)
Transfer out of the Level 3	-	(191,013)
Capital deducted by returning cash	-	(3,329)
Ending balance	<u>\$ 1,297,962</u>	<u>\$ 1,362,484</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, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,297,962	Market comparable companies	Price to earnings ratio multiple	1.46~3.04	The higher the multiple, the higher the fair value
Private equity fund		Net asset value	Not applicable	Not applicable	Not applicable
	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		Net asset value	Not applicable	Not applicable	Not applicable

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, 2023						
	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ 55,317	(\$ 55,317)	\$ 9,582	(\$ 9,582)

December 31, 2022

		Recognized in other			
		Recognized in profit or loss		comprehensive income	
		Favourable	Unfavourable	Favourable	Unfavourable
Input	Change	change	change	change	change
Financial assets					
Equity instrument	Discount for lack of marketability	±5%			
		\$ 58,361	(\$ 58,361)	\$ 9,763	(\$ 9,763)

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the periods (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 4.
- 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 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative financial instruments undertaken during the reporting periods ended: Please refer to Notes 6(2)、(14) and (15).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 8.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 9.
- B. Significant transactions, either directly or indirectly through a third party, transactions with the investee companies in Mainland Area: Please refer to table 10.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%: Please refer to table 11.

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.

(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 years ended December 31, 2023 and 2022 is as follows:

For the year ended December 31, 2023						
	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	\$ 31,667,634	\$ 11,734,111	\$ 12,052,637	\$ 3,939,279	\$ -	\$ 59,393,661
Operating revenues from internal segments	18,506,067	767,519	4,176,248	648,812	(24,098,646)	-
Total operating revenues	<u>\$ 50,173,701</u>	<u>\$ 12,501,630</u>	<u>\$ 16,228,885</u>	<u>\$ 4,588,091</u>	<u>(\$ 24,098,646)</u>	<u>\$ 59,393,661</u>
Segment profits and losses	<u>\$ 5,516,715</u>	<u>\$ 495,037</u>	<u>\$ 243,919</u>	<u>\$ 407,581</u>	<u>\$ -</u>	<u>\$ 6,663,252</u>
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	<u>\$ 50,720,879</u>	<u>\$ 10,879,924</u>	<u>\$ 18,560,522</u>	<u>\$ 3,794,972</u>	<u>(\$ 25,641,081)</u>	<u>\$ 58,315,216</u>
Segment profits and losses	<u>\$ 3,939,866</u>	<u>\$ 452,711</u>	<u>\$ 487,539</u>	<u>\$ 193,538</u>	<u>\$ -</u>	<u>\$ 5,073,654</u>

(4) Reconciliation for segment profit (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax from continuing operations for the years ended December 31, 2023 and 2022 is provided as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2022
Adjusted operating income of reportable segments	\$ 6,255,671	\$ 4,880,116
Adjusted operating income of other operating segments	407,581	193,538
Interest income	619,223	233,077
Dividend income	1,194,966	1,128,492
Gains (losses) on financial instruments	308,276 (	1,148,511)
Financial cost	(322,399) (	203,963)
Associates' and joint ventures' profit and loss accounted for under the equity method	23,930	190,279
Gains (losses) on disposals of property, plant and equipment	155 (	4,241)
Others	(213,259)	153,038
Income before tax from continuing operations	<u>\$ 8,274,144</u>	<u>\$ 5,421,825</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, 2023	For the year ended December 31, 2022
Sales revenue	\$ 40,498,375	\$ 40,429,250
Construction revenue	9,547,542	8,272,698
Service revenue	8,298,602	8,695,089
Rental revenue	1,049,142	918,179
	<u>\$ 59,393,661</u>	<u>\$ 58,315,216</u>

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows (revenue recognition is based on the operating locations where revenue is earned):

	December 31, 2023		December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 31,333,290	\$ 23,388,441	\$ 32,162,345	\$ 23,235,961
America	11,428,327	1,622,924	9,050,038	717,624
China	6,651,733	3,093,915	6,894,678	3,132,008
Others	9,980,311	2,469,989	10,208,155	1,788,445
	<u>\$ 59,393,661</u>	<u>\$ 30,575,269</u>	<u>\$ 58,315,216</u>	<u>\$ 28,874,038</u>

(7) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2023 and 2022.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate (%)	Nature of loans	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	U.V.G.	Teco Netherlands	Other receivables	Yes	\$ 242,970	\$ 237,860	\$ 237,860	-	Short-term financing	\$ -	For operating capital	\$ -	-	\$ -	\$ 512,269	\$ 853,781	Note 2
2	Teco Westinghouse	TWMM	"	"	64,540	-	-	-	Short-term financing	-	For operating capital	-	-	-	583,181	1,166,363	Note 3
3	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	201,318	197,084	197,084	2.18%	Short-term financing	-	For operating capital	-	-	-	293,776	474,365	Note 4
4	Motovario Corp.	Motovario S.p.A.	"	"	194,550	168,878	162,122	4.49%	Short-term financing	-	For operating capital	-	-	-	183,569	244,758	Note 5
5	TECO Holdings. USA, Inc.	Teco Electric & Machinery S.A. DE C.V.	"	"	131,743	124,754	124,754	5.26%	Short-term financing	-	For operating capital	-	-	-	1,319,741	2,639,482	Note 6
6	Teco Australia Pty. Ltd.	Mos Burger Australia Pty. Ltd.	"	"	18,733	18,707	18,707	5.23%	Short-term financing	-	For operating capital	-	-	-	159,933	639,734	Note 7

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, 2023), 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, 2023).

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, 2023), and limit on loans to a single party shall not 10% of Teco Westinghouse's net assets based on the latest financial statements (December 31, 2023).

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, 2023), 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, 2023).

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, 2023), 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, 2023).

Note 6: In accordance with TECO Holdings. USA, Inc.'s policy, limit on total loans shall not exceed 20% of TECO Holdings. USA, Inc.'s net assets based on the latest audited financial statement (December 31, 2023), and limit on loans to a single party shall not exceed 10% of TECO Holdings. USA, Inc.'s net assets based on the latest audited financial statement (December 31, 2023).

Note 7: In accordance with Teco Australia Pty. Ltd.'s policy, limit on total loans shall not exceed 40% of Teco Australia Pty. Ltd.'s net assets based on the latest audited financial statement (December 31, 2023), and limit on loans to a single party shall not exceed 10% of Teco Australia Pty. Ltd.'s net assets based on the latest audited financial statement (December 31, 2023).

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others
For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023	Outstanding endorsement/ guarantee amount at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TECO ELECTRIC & MACHINERY CO., LTD.	Sankyo Co., Ltd	(4)	\$ 16,045,677	\$ 104,580	\$ 97,740	\$ 76,020	\$ -	0.12	\$ 48,137,032	Y	N	N	Note 3
0	"	Motorvario	(4)	16,045,677	1,214,850	1,189,300	1,002,410	-	1.48	48,137,032	Y	N	N	"
1	Teco Westinghouse	TWMM	(4)	583,181	64,850	61,410	32,951	-	1.05	1,166,363	Y	N	N	Note 4
2	Teco Australia Pty. Ltd.	TECO New Zealand Pty. Ltd.	(4)	159,933	14,667	14,543	14,543	-	0.91	319,867	Y	N	N	Note 5
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	667,071	164,845	155,865	146,188	-	2.34	1,334,142	Y	N	N	Note 6
4	Tong-An Assets	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	519,351	123,634	116,899	109,641	-	2.25	1,038,701	N	N	N	Note 7
5	Tong-An Investment Co., Ltd.	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	150,934	123,634	116,899	109,641	-	0.60	200,000	N	N	N	Note 8

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

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

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

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

Note 3: In accordance with the Company's policy, the total guarantee amount shall not exceed 60% of Company's net assets based on the latest financial statements (December 31, 2023), 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, 2023), and the guarantee to a single party shall no 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, 2023), and the guarantee to a single party shall no 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, 2023), 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, 2023), 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, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TECO ELECTRIC & MACHINERY CO., LTD.	Stock 1	The Company is a director of the investee	Note 1	11,132	\$ 402,408	14.62	\$ 402,408	
	Stock 2	None	"	2,137	63,043	1.43	63,043	
	Stock 3	"	"	210,333	8,129,359	5.22	8,129,359	
	Stock 4	The Company is a director of the investee	"	190,061	5,834,860	3.38	5,834,860	
	Stock 5	None	"	8,262	118,151	0.09	118,151	
	Stock 6	The Company is a director of the investee	"	5,098	183,279	13.42	183,279	
	Stock 7, etc.	None	"	15,796	4,861	-	4,861	
	Stock 8	"	Note 4	3,200	168,337	0.03	168,337	
	Stock 9	The Company is a director of the investee	"	12,217	491,744	1.67	491,744	
	Stock 10	None	"	47,839	477,432	1.58	477,432	
	Stock 11	"	"	19	1,500	-	1,500	
	Stock 12	The Company is a director of the investee	"	32,980	342,030	10.99	342,030	
	Stock 13	None	"	7,500	477,577	5.00	477,577	
	Stock 14, etc.	"	"	22,104	239,385	-	239,385	
	Fund 1	"	"	-	54,925	-	54,925	
	Fund 2	"	"	-	91,355	-	91,355	
	Stock 2	"	Note 1	5,309	156,629	3.56	156,629	
	Stock 15	"	"	720	62,466	0.50	62,466	
	Stock 16	The Company is a director of the investee	"	290	147,612	0.12	147,612	
Teco International	Stock 17	None	"	3,177	370,164	0.63	370,164	
	Stock 9	The Company is a corporate director of the investee	"	830	33,392	0.11	33,392	
	Stock 18, etc.	The Company is a director of the investee	"	7,900	211,226	-	211,226	
	Stock 19, etc.	None	Note 3	1,678	174,812	-	174,812	
	Stock 2	"	Note 1	7,913	233,443	5.31	233,443	
Tong-An Investment	Stock 15	"	"	1,225	106,193	0.85	106,193	
	Stock 20	An investee company accounted for under the equity method by the Company	"	19,540	914,474	0.91	914,474	
	Stock 18	Related party in substance	"	8,197	139,750	7.28	139,750	
	Stock 11	None	"	8,692	693,618	0.27	693,618	
	Stock 21	"	"	1,285	126,701	0.04	126,701	
	Stock 16	The Company is a director of the investee	"	24,110	12,271,888	10.03	12,271,888	
	Stock 22	None	"	1,217	85,337	0.37	85,337	
	Stock 3	"	"	5,000	193,250	0.12	193,250	
	Stock 23, etc.	"	"	23,677	522,395	-	522,395	
	Stock 24	"	Note 3	500	19,125	0.41	19,125	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Tong-An Investment	Stock 16	The Company is a director of the investee	Note 4	1,200	\$ 610,739	0.50	\$ 610,739	
	Fund 3	None	"	50,000	565,000	-	565,000	
	Fund 4	"	"	625	21,655	-	21,655	
U.V.G	Stock 25, etc.	"	Note 1	118	7,966	-	7,966	
An-Tai International	Stock 2	"	"	653	19,264	0.44	19,264	
	Stock 20	An investee company accounted for under the equity method by the Company	"	2,826	132,245	0.13	132,245	
	Stock 18	Related party in substance	"	1,270	21,656	1.13	21,656	
	Stock 26	"	"	2,756	211,636	8.51	211,636	
	Stock 27	None	"	215	19,039	0.15	19,039	
	Stock 9	The Company is a corporate director of the investee	"	830	33,392	0.11	33,392	
	Stock 19, etc.	None	Note 3	1,079	123,114	-	123,114	
Jie-Zheng Property	Fund 5, etc.	"	Note 2	-	12,097	-	12,097	
Information Technology Total Service	Stock 28, etc.	"	Note 1	3,269	32,525	-	32,524	
Teco Singapore	Stock 16, etc.	Related party in substance	"	357	181,752	-	181,752	
Taiwan Pelican Express	Stock 20	An investee company accounted for under the equity method by the Company	"	7,070	330,876	0.33	330,876	
	Stock 16	None	"	788	400,911	0.33	400,911	
Teco Australia	Stock 16	"	"	366	186,124	0.15	186,124	
Sankyo	Stock 29	"	"	68	6,011	-	6,011	
Tecom and its subsidiaries	Stock 4	The Company is a corporate director of the investee	"	8,112	249,039	0.14	249,039	
	Stock 7, etc.	None	"	1,161	1,101	-	1,101	
	Stock 30	"	Note 3	1,000	16,050	0.47	16,050	
	Fund 6, etc.	"	Note 2	546	14,430	-	14,430	
Tong Dai	Stock 20	An investee company accounted for under the equity method by the Company	Note 3	77	3,614	-	3,614	
	Stock 31, etc.	None	"	2	77	-	77	

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

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

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	\$1,655,537	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	348,523	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	1,302,498	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	516,009	489,670	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, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount			Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	\$ 2,453,523	11%	30 days	Note 1	Note 1	\$ -	-	
	Taian (Subic) Electric	"	"	204,740	1%	"	"	"	(80,560)	(2%)	
	Wuxi Teco	An indirect investee accounted for under the equity method	"	1,543,537	7%	"	"	"	(838,523)	(16%)	
	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	837,081	4%	"	"	"	(151,172)	(3%)	
	Tai-An Wuxi	"	"	719,290	3%	"	"	"	(311,455)	(6%)	
	Jiangxi Teco	"	"	163,633	1%	"	"	"	(63,532)	(1%)	
	Tong Dai	An investee accounted for under the equity method	Sales	(1,132,391)	(4%)	90 days	"	"	277,365	7%	
	Teco Singapore	"	"	(686,758)	(3%)	"	"	"	82,622	2%	
	E-Joy International	"	"	(406,264)	(1%)	"	"	"	103,749	3%	
	A-Ok Technical	"	"	(108,293)	-	"	"	"	3,558	-	
	Taian (Subic)	"	"	(106,246)	-	"	"	"	17,529	-	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)			Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(3,747,866)	(14%)	"	"	"	260,836	7%	
	Teco Australia	"	"	(1,160,299)	(4%)	"	"	"	237,779	6%	
	Teco Westinghouse Canada	"	"	(875,100)	(3%)	"	"	"	68,766	2%	
	Sankyo	"	"	(264,200)	(1%)	"	"	"	85,576	2%	Note2
	Top-Tower	"	"	(226,155)	(1%)	"	"	"	53,428	1%	
	TECO MIDDLE EAST	"	"	(189,492)	(1%)	"	"	"	-	-	
	Taisan Electric	"	"	(197,342)	(1%)	"	"	"	20,517	1%	
	MOTOVARIO	"	"	(165,850)	(1%)	"	"	"	68,682	2%	
	TECO-Westinghouse Motor Company	"	"	(153,873)	(1%)	"	"	"	33,262	1%	

Note1 : Comparable with other types of transactions, trading conditions are handled in accordance with the agreement of the conditions.

Note2 : TECO MIDDLE EAST is no longer a related party of the company since the company sold its owned share in the fourth quarter of 2023.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	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	\$ 277,500	3.48	\$ -	-	\$ 253,380	
"	E-Joy International	"	104,632	3.26	-	-	65,345	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	362,520	11.32	-	-	258,515	
"	Teco Australia	"	237,779	4.64	-	-	137,276	
"	Motovario	"	125,256	1.22	-	-	28,493	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	"	838,523	1.82	-	-	186,309	
Tai-An Wuxi	"	"	311,455	2.83	-	-	83,234	
TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	151,172	7.02	-	-	108,195	
U.V.G.	Teco Netherlands	An investee accounted for under the equity method	237,860	-	-	-	-	
Teco Holding USA Inc.	Teco Electric & Machinery S.A. DE C.V.	"	124,754	-	-	-	-	
Great Teco Motor (PTE) Ltd.	Teco Netherlands	Fellow subsidiary	197,084	-	-	-	-	
Motovario Corp.	Motovario	An investee accounted for under the equity method	168,878	-	-	-	-	Total amount was \$2,344

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 277,500	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	362,520	"	-
0	"	Motovario	"	"	125,256	"	-
0	"	E-Joy International	"	"	104,632	"	-
0	"	Teco Australia	"	Accounts receivable	237,779	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	838,523	"	1%
2	Tai-An Wuxi	"	"	"	311,455	"	-
3	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	151,172	"	-
4	U.V.G	Teco Netherlands	(3)	Other receivables	237,860	"	-
5	Great Teco Motor (PTE) Ltd.	"	"	"	197,084	"	-
6	Motovario Corp.	Motovario	"	"	168,878	"	-
7	Teco Holding USA Inc.	Teco Electric & Machinery S.A. DE C.V.	"	"	124,754	"	-
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	3,747,866	"	6%
0	"	Teco Australia	"	"	1,160,299	"	2%
0	"	Tong Dai	"	"	1,132,391	"	2%
0	"	Teco Westinghouse Canada	"	"	875,100	"	1%
0	"	Teco Singapore	"	"	686,758	"	1%
0	"	E-Joy International	"	"	406,264	"	1%
0	"	Sankyo	"	"	264,200	"	-
0	"	Top-Tower	"	"	226,155	"	-
0	"	Taisan Electric	"	"	197,342	"	-
0	"	TECO MIDDLE EAST	"	"	189,492	"	-
0	"	Motovario	"	"	165,850	"	-
0	"	TECO-Westinghouse Motor Company	"	"	153,873	"	-
0	"	A-Ok Technical	"	"	108,293	"	-
0	"	Taian (Subic)	"	"	106,246	"	-
8	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	2,453,523	"	4%
1	Wuxi Teco	"	"	"	1,543,537	"	3%

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	TECO (VIETNAM) ELECTRIC & MACHINERY	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Sales	837,081	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.	1%
2	Tai-An Wuxi	"	"	"	719,290	"	1%
9	Taian (Subic) Electric	"	"	"	204,740	"	-
10	Jiangxi Teco	"	"	"	163,633	"	-

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.

Note 4: TECO MIDDLE EAST is no longer a related party of the company since the company sold its owned share in the fourth quarter of 2023.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investees
For the year ended December 31, 2023

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	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%	\$ 2,339,997	\$ 41,656	\$ 12,552	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	19,228,898	63.52%	119,381	(20,191)	(22,499)	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	77,847,395	100%	1,907,757	88,951	89,419	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%	13,194,086	1,427,457	1,424,133	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90%	3,015,190	90,930	90,930	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	577,913,365	99.60%	18,488,584	595,815	564,448	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	71,460	71,460	10,253,864	59.56%	206,098	14,475	8,897	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%	8,493,028	1,255,286	1,210,502	None
	ITTS	Taiwan	E-business service, mailing and data management	111,286	111,286	11,467,248	41.97%	244,859	74,163	31,126	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100%	210,485	7,484	4,905	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%	452,479	(98,510)	(29,847)	None	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value		(loss) recognized by the Company for the year ended December 31, 2023	
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	\$ 22,444	\$ 22,444	6,615,234	83.53%	\$ 398,246	\$ 67,770	\$ 67,770	None
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	540,453	540,453	-	100%	293,929	(50,819)	(50,923)	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,800,000	66.67%	142,093	12,762	8,501	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	395,415,338	100%	5,192,684	(47,317)	(48,118)	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70%	231,402	18,191	17,047	None
	Micropac (BVI) and its subsidiaries	British Virgin Islands	Manufacturing and distribution of optical fiber apparatus and international trading	199,483	454,923	6,883,591	100%	801,963	89,601	72,575	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67%	1,379,756	339,354	97,997	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	39,641,929	100%	703,059	24,169	19,851	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27%	231,338	94,496	21,197	None
	Taian-Ecobar	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73%	176,451	65,892	55,657	None
	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100%	5,047,104	67,839	67,839	None
Eagle Holding Co.	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100%	5,047,104	67,839	67,839	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%	5,047,104	67,839	67,839	None
Tung Pei	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings and establishment of overseas	646,343	646,343	23,031,065	100%	1,869,338	9,368	9,368	None
Tecom	Baycom	Taiwan	Manufacturing and sales of optical telecom products	431,258	431,258	14,700,741	43.76%	201,593	28,279	12,376	None
Tong-An Investment	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18%	686,443	339,354	48,271	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	54,874	54,874	6,474,468	6.78%	150,903	94,496	6,409	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	493,037	(41,531)	(8,543)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	199,879	(7,095)	(2,124)	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	\$ 92,000	\$ 92,000	12,553,526	100%	\$ 127,051	(\$ 7,423)	(\$ 7,423)	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,355	84.97%	704,971	(50,999)	(34,304)	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03%	124,689	(50,999)	(6,070)	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	238,170	238,170	2,250,000	100%	(5,120)	14,283	15,285	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50%	79,971	38,780	19,428	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	6,102,973	51.60%	95,592	11,843	6,111	None
	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11%	10,430	(86)	(27)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40%	266,506	(7,095)	(2,832)	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,460	771,460	77,146,000	30.86%	739,646	(41,531)	(12,816)	None
	Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100%	245,604	3,439	4,816	None
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	-	179,222	-	-	-	339,354	18,851	Note
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	455,716	184,893	38,280,585	10.91%	490,228	339,354	18,695	Note
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	493,037	(41,531)	(8,543)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	199,879	(7,095)	(2,124)	None

Note: Teco Singapore sold its owned share of Century Development to Tong-An Assets in the fourth quarter of 2023.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the year ended December 31, 2023

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from		Accumulated	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)(%)	Investment	Book value of investments in Mainland China as of December 31, 2023	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2023	Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023	amount of remittance from Taiwan to Mainland China as of December 31, 2023	income (loss) recognized by the Company for the year ended December 31, 2023			amount of investment income remitted back to Taiwan as of December 31, 2023			
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ -	\$ -	\$ 188,139	(\$ 162)	100%	(\$ 175)	\$ 133,617	\$ -	Note 13
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	674,016	84.12%	568,087	2,130,292	716,129	Note 13
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,123	Note 8	205,551	-	-	205,551	74,273	100%	74,273	878,148	448,243	Note 13
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	(419)	100%	(419)	(18,790)	-	Note 13
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	158,484	98.07%	155,425	1,609,467	202,484	Note 13
QingDao Teco	Manufacturing and sales of fine blanking dies, precision cavity modes, standard parts of molds and new electromechanical components	947,331	Note 1	1,648,510	-	-	1,648,510	(1,982)	87.60%	(1,736)	242,473	-	Note 13
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors.	678,681	Note 3	467,577	-	-	467,577	5,128	100%	5,128	248,929	-	Note 13
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	7,101	100%	6,982	29,726	11,937	Note 18
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	5,358	24%	1,282	30,012	-	Note 18
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	(1,914)	100%	(1,914)	44,299	-	Note 18
Shanghai Xisngseng	Distribution of air conditioner	24,004	Note 2	-	-	-	-	4,826	-	866	-	-	Note 13 、 19
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	(7,210)	100%	(7,210)	131,835	-	Note 13
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 10	59,444	-	-	59,444	(2,220)	100%	(2,220)	36,158	-	Note 13
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	23,829	162,565	100%	171,745	270,540	271,028	Note 13
Jiangxi TECO Westinghouse Motor Coil Co.,Ltd.	Manufacturing and sales of motors, winding and related elements	119,840	Note 9	-	-	-	-	12,324	100%	12,324	123,076	-	Note 13
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 11	-	-	-	-	17,681	100%	17,681	853,952	-	Note 13
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	26,422	-	-	-	-	-	Note 16
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	342,163	Note 5	24,746	-	-	24,746	-	1.63%	-	-	-	Note 14 、 15
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 12	6,950	-	-	6,950	(941)	100%	(941)	(1,114)	-	Note 13 、 17

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
				Remitted to Mainland China	Remitted back to Taiwan								
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	\$ 10,167	Note 6	\$ 10,167	\$ -	\$ -	\$ 10,167	\$ (437)	100%	\$ (437)	\$ 34,032	\$ -	Note 13
Wuxi TECO Electro Devices Co. Ltd.	R&D, manufacturing and sales of products and elements related to production capacity precision motors and provide products sales skills	115,125	Note 7	86,101	-	-	86,101	3,439	100%	4,816	144,355	43,266	Note 13

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 Information Technology Total Service (BVI) Co., Ltd. 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 Teco Electro Devices Co., Ltd. and then invest in Mainland China.

Note 8: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Micropac Worldwide (B.V.I) and An-Tai International Investment (Singapore) Co., Ltd. and then invest in Mainland China.

Note 9: 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 10: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invested through Tecocapital Investment (Samoa) Co., Ltd. and then invest in Mainland China.

Note 11: 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 12: Direct investment in Mainland China: Tecom Co., Ltd. directly remits investment into the Mainland China.

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

Note 14: Financial assets at fair value through other comprehensive income.

Note 15: As of December 31, 2023, accumulated impairment of \$24,746 was accrued.

Note 16: The company was dissolved and liquidated in 2022.

Note 17: There were upstream transactions with the subsidiaries amounting to (\$18) during the period.

Note 18: The amount recognized was based on the financial statements that were not audited by the other CPA firm.

Note 19: The company sold its owned share to YUBAN GLOBAL LIMITED in the fourth quarter of 2023.

Company name	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		
	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment 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	\$ 51,132,808
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,335,053
Tecom Co., Ltd.	6,950	681,144	278,801
Information Technology Total Services Co., Ltd.	10,167	10,167	350,060
Teco Electro Devices Co., Ltd.	86,101	115,225	208,123

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, 2023

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
	Amount	%	Amount	%	Balance at December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
Wuxi Teco	\$ 15,666	-	\$ -	-	\$ 4,518	-	\$ -	-	\$ -	\$ -	-	\$ -	-
Taian (Wuxi)	11,916	-	-	-	3,237	-	-	-	-	-	-	-	-
Jiangxi Teco	16,505	-	-	-	4,877	-	-	-	-	-	-	-	-
Wuxi Teco Precision	3,324	-	-	-	-	-	-	-	-	-	-	-	-
Wuxi Teco	(1,543,537)	(7%)	-	-	(838,523)	16%	-	-	-	-	-	-	-
Taian (Wuxi)	(719,290)	(3%)	-	-	(311,455)	6%	-	-	-	-	-	-	-
Jiangxi Teco	(163,633)	(1%)	-	-	(63,532)	1%	-	-	-	-	-	-	-
Xiamen An-Tai	(1,212)	-	-	-	(825)	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	(38,666)	-	-	-	(5,791)	-	-	-	-	-	-	-	-
Wuxi Teco Precision	(6,681)	-	-	-	-	-	-	-	-	-	-	-	-
Genmao (Suzhao)	(66,711)	-	-	-	(7,442)	-	-	-	-	-	-	-	-

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Major shareholders information

December 31, 2023

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
PJ Asset Management Co., Ltd	373,237,991	17.45%
Walsin Lihwa Co., Ltd	231,104,730	10.80%
Jia-Yuan Investment Co., Ltd	113,202,000	5.29%