

**TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
JUNE 30, 2022 AND 2021**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Teco Electric & Machinery Co., Ltd. and subsidiaries (the “Group”) as at June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the related statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As described in Notes 4(3) and 6(7) to the consolidated financial statements, the financial statements of certain consolidated subsidiaries and investees accounted for under the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for under the equity method) of NT\$ 23,820,334 thousand and NT\$ 23,632,242 thousand, constituting 19% and 18% of consolidated total assets as of June 30, 2022 and 2021, respectively, total liabilities (including credit balance of investments accounted for under the equity method) of NT\$ 5,179,026 thousand and NT\$ 5,037,472 thousand, both constituting 12% of consolidated total liabilities as of June 30, 2022 and 2021, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of NT\$ 187,138 thousand, NT\$ 281,186 thousand, NT\$ 374,496 thousand and NT\$ 447,664 thousand, constituting (23%), 2%, (3%) and 2% of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively. These amounts and the related information disclosed in Note 13 were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investees accounted for under the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2022 and 2021, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

August 12, 2022

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’ review 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
JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

Assets	Notes	June 30, 2022		December 31, 2021		June 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$ 20,167,428	16	\$ 17,274,143	13	\$ 21,503,024	16
1110	Current financial assets at fair value through profit or loss	6(2)	105,806	-	2,312,233	2	127,725	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	894,739	1	1,064,454	1	1,484,049	1
1140	Current contract assets		2,101,867	2	2,319,092	2	1,357,627	1
1150	Notes receivable, net	6(5) and 8	910,643	1	996,956	1	944,047	1
1160	Notes receivable - related parties	7	666	-	4,201	-	1,408	-
1170	Accounts receivable, net	6(5)	10,463,328	8	9,926,625	7	9,680,617	7
1180	Accounts receivable - related parties	7	269,957	-	274,873	-	239,550	-
1200	Other receivables		1,048,248	1	420,113	-	268,583	-
1210	Other receivables - related parties	7	101,178	-	118,561	-	62,607	-
130X	Inventories, net	6(6)	13,049,064	11	12,252,098	9	10,983,900	8
1410	Prepayments		531,638	-	515,811	-	604,209	1
1470	Other current assets	6(1) and 8	1,791,543	1	1,854,511	1	1,709,131	2
11XX	Total current assets		<u>51,436,105</u>	<u>41</u>	<u>49,333,671</u>	<u>36</u>	<u>48,966,477</u>	<u>37</u>
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	3,446,532	3	4,538,374	4	4,273,141	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	30,950,170	25	45,160,394	33	42,911,665	32
1535	Non-current financial assets at amortised cost, net	6(4) and 8	160,967	-	392,232	-	433,478	-
1550	Investments accounted for under the equity method	6(7) and 7	3,546,073	3	3,478,685	3	3,417,841	3
1600	Property, plant and equipment, net	6(8) and 8	14,969,061	12	15,196,458	11	15,489,048	12
1755	Right-of-use assets	6(9) and 8	6,849,030	6	6,776,467	5	6,672,680	5
1760	Investment property, net	6(10)	2,810,288	2	2,828,899	2	2,808,081	2
1780	Intangible assets	6(11)	4,408,604	4	4,439,567	3	4,977,032	4
1840	Deferred income tax assets	6(29)	1,213,136	1	1,417,175	1	1,372,179	1
1900	Other non-current assets	6(1)(12) and 8	4,215,875	3	3,050,528	2	1,650,692	1
15XX	Total non-current assets		<u>72,569,736</u>	<u>59</u>	<u>87,278,779</u>	<u>64</u>	<u>84,005,837</u>	<u>63</u>
1XXX	Total assets		<u>\$ 124,005,841</u>	<u>100</u>	<u>\$ 136,612,450</u>	<u>100</u>	<u>\$ 132,972,314</u>	<u>100</u>

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

JUNE 30, 2022, DECEMBER 31, 2021 AND JUNE 30, 2021

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of June 30, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity	Notes	June 30, 2022		December 31, 2021		June 30, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(13) and 8	\$ 1,703,444	1	\$ 2,042,697	2	\$ 2,075,739	2
2120	Current financial liabilities at fair value through profit or loss	6(14)	9,862	-	-	-	1,217	-
2130	Current contract liabilities	6(23)	1,911,825	2	1,490,821	1	1,469,219	1
2150	Notes payable		706,135	1	1,021,039	1	346,977	-
2160	Notes payable - related parties	7	24,000	-	6,154	-	47,723	-
2170	Accounts payable		8,969,587	7	9,268,228	7	8,472,317	6
2180	Accounts payable - related parties	7	156,919	-	78,999	-	89,968	-
2200	Other payables	6(15)	8,636,771	7	5,544,765	4	7,772,343	6
2230	Current income tax liabilities	6(29)	632,547	1	646,719	-	471,874	-
2250	Provisions for liabilities - current		340,214	-	320,207	-	382,120	-
2280	Current lease liabilities		524,836	-	503,953	-	468,117	-
2320	Long-term liabilities, current portion	6(16)(17) and 8	1,486,218	1	1,491,683	1	552,696	1
2399	Other current liabilities, others		678,080	1	658,746	1	737,197	1
21XX	Total current liabilities		<u>25,780,438</u>	<u>21</u>	<u>23,074,011</u>	<u>17</u>	<u>22,887,507</u>	<u>17</u>
Non-current liabilities								
2530	Corporate bonds payable	6(16)	5,000,000	4	5,000,000	4	6,000,000	4
2540	Long-term borrowings	6(17) and 8	3,318,188	2	3,603,574	2	3,602,263	3
2550	Provisions for liabilities - non-current		106,134	-	115,391	-	121,098	-
2570	Deferred income tax liabilities	6(29)	2,375,015	2	2,350,403	2	2,606,822	2
2580	Non-current lease liabilities		4,597,722	4	4,558,141	3	4,404,778	3
2600	Other non-current liabilities	6(7)(18)	2,157,461	2	2,248,999	2	2,224,586	2
25XX	Total non-current liabilities		<u>17,554,520</u>	<u>14</u>	<u>17,876,508</u>	<u>13</u>	<u>18,959,547</u>	<u>14</u>
2XXX	Total liabilities		<u>43,334,958</u>	<u>35</u>	<u>40,950,519</u>	<u>30</u>	<u>41,847,054</u>	<u>31</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(19)	21,387,966	17	21,387,966	16	21,387,966	16
Capital surplus								
3200	Capital surplus	6(20)	9,574,797	7	9,529,520	7	9,519,799	7
Retained earnings								
3310	Legal reserve	6(21)	7,899,057	6	7,374,048	5	7,024,635	5
3320	Special reserve		3,640,779	3	3,640,779	3	3,640,779	3
3350	Unappropriated retained earnings		17,669,391	14	19,712,565	14	17,567,956	13
Other equity interest								
3400	Other equity interest	6(22)	15,103,785	13	28,080,595	20	26,029,619	20
3500	Treasury stocks	6(19)	(511,710)	-	(511,710)	-	(511,710)	-
31XX	Equity attributable to owners of the parent		<u>74,764,065</u>	<u>60</u>	<u>89,213,763</u>	<u>65</u>	<u>84,659,044</u>	<u>64</u>
36XX	Non-controlling interest	6(33)	5,906,818	5	6,448,168	5	6,466,216	5
3XXX	Total equity		<u>80,670,883</u>	<u>65</u>	<u>95,661,931</u>	<u>70</u>	<u>91,125,260</u>	<u>69</u>
Significant contingent liabilities and unrecognized contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		<u>\$ 124,005,841</u>	<u>100</u>	<u>\$ 136,612,450</u>	<u>100</u>	<u>\$ 132,972,314</u>	<u>100</u>

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(9)(10)(23) and 7	\$ 14,543,585	100	\$ 12,813,119	100	\$ 28,440,873	100	\$ 24,352,789	100
5000 Operating costs	6(6)(8)(9)(18)(28) and 7	(11,203,105)	(77)	(9,755,142)	(76)	(22,056,413)	(78)	(18,577,473)	(76)
5900 Net operating margin		3,340,480	23	3,057,977	24	6,384,460	22	5,775,316	24
5910 Unrealized profit (loss) from sales		401	-	1,646	-	(7,953)	-	(8,616)	-
5920 Realized profit from sales		-	-	-	-	8,354	-	9,518	-
5950 Net operating margin		<u>3,340,881</u>	<u>23</u>	<u>3,059,623</u>	<u>24</u>	<u>6,384,861</u>	<u>22</u>	<u>5,776,218</u>	<u>24</u>
Operating expenses	6(8)(9)(18)(28)								
6100 Selling expenses		(1,107,295)	(8)	(1,058,191)	(8)	(2,143,759)	(8)	(2,023,974)	(8)
6200 General and administrative expenses		(654,470)	(4)	(697,985)	(6)	(1,236,336)	(4)	(1,359,804)	(6)
6300 Research and development expenses		(282,828)	(2)	(268,910)	(2)	(549,376)	(2)	(534,237)	(2)
6450 Expected credit impairment (losses) gains	12(2)	(9,181)	-	17,154	-	(17,637)	-	19,541	-
6000 Total operating expenses		(2,053,774)	(14)	(2,007,932)	(16)	(3,947,108)	(14)	(3,898,474)	(16)
6900 Operating profit		<u>1,287,107</u>	<u>9</u>	<u>1,051,691</u>	<u>8</u>	<u>2,437,753</u>	<u>8</u>	<u>1,877,744</u>	<u>8</u>
Non-operating income and expenses									
7100 Interest income	6(4)(24)	36,903	-	33,122	-	68,739	-	65,590	-
7010 Other income	6(3)(10)(25) and 7	796,235	5	86,827	1	878,091	3	191,619	1
7020 Other gains and losses	6(2)(9)(14)(26)	(503,293)	(3)	590,300	5	(1,013,247)	(3)	985,126	4
7050 Finance costs	6(9)(27)	(50,042)	-	(51,336)	-	(102,248)	-	(101,083)	(1)
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(7)	796	-	47,083	-	98,410	-	170,840	1
7000 Total non-operating income and expenses		<u>280,599</u>	<u>2</u>	<u>705,996</u>	<u>6</u>	<u>(70,255)</u>	<u>-</u>	<u>1,312,092</u>	<u>5</u>
7900 Profit before income tax		1,567,706	11	1,757,687	14	2,367,498	8	3,189,836	13
7950 Income tax expense	6(29)	(396,481)	(3)	(178,846)	(1)	(742,214)	(2)	(380,128)	(1)
8200 Profit for the period		<u>\$ 1,171,225</u>	<u>8</u>	<u>\$ 1,578,841</u>	<u>13</u>	<u>\$ 1,625,284</u>	<u>6</u>	<u>\$ 2,809,708</u>	<u>12</u>

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

Items	Notes	Three-month periods ended June 30				Six-month periods ended June 30			
		2022		2021		2022		2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Other comprehensive income that will not be reclassified to profit or loss									
8311									
8316	6(3)	\$ -	-	(\$ 587)	-	(\$ 325)	-	(\$ 494)	-
8320		(2,102,435)	(15)	14,154,520	111	(14,240,197)	(50)	20,086,539	82
8349	6(29)	43	-	506	-	(1,924)	-	4,335	-
8310		-	-	(85,977)	(1)	-	-	(85,977)	-
		(2,102,392)	(15)	14,068,462	110	(14,242,446)	(50)	20,004,403	82
Other comprehensive income that will be reclassified to profit or loss									
8361	6(22)	153,379	1	(511,298)	(4)	1,188,792	4	(789,387)	(3)
8399	6(29)	(47,631)	-	60,761	-	(222,520)	(1)	122,628	-
8360		105,748	1	(450,537)	(4)	966,272	3	(666,759)	(3)
8300		(\$ 1,996,644)	(14)	\$ 13,617,925	106	(\$ 13,276,174)	(47)	\$ 19,337,644	79
8500		(\$ 825,419)	(6)	\$ 15,196,766	119	(\$ 11,650,890)	(41)	\$ 22,147,352	91
Profit attributable to:									
8610		\$ 1,020,677	7	\$ 1,436,606	12	\$ 1,369,116	5	\$ 2,538,250	11
8620		150,548	1	142,235	1	256,168	1	271,458	1
		\$ 1,171,225	8	\$ 1,578,841	13	\$ 1,625,284	6	\$ 2,809,708	12
Comprehensive (loss) income attributable to:									
8710		(\$ 974,399)	(7)	\$ 14,761,425	116	(\$ 11,607,600)	(41)	\$ 21,433,084	88
8720		148,980	1	435,341	3	(43,290)	-	714,268	3
		(\$ 825,419)	(6)	\$ 15,196,766	119	(\$ 11,650,890)	(41)	\$ 22,147,352	91
Earnings per share (in dollars)									
9750	6(30)		0.48		0.68		0.65		1.21
9850			0.48		0.68		0.65		1.21

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent										
		Retained Earnings					Other equity interest					
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling interest	Total equity
Notes												
For the six-month period ended June 30, 2021												
		\$ 19,676,929	\$ 7,386,901	\$ 7,024,635	\$ 3,640,779	\$ 17,271,503	(\$ 3,017,676)	\$ 10,356,934	(\$ 511,710)	\$ 61,828,295	\$ 5,796,937	\$ 67,625,232
		-	-	-	-	2,538,250	-	-	-	2,538,250	271,458	2,809,708
		-	-	-	-	(545)	(660,218)	19,555,597	-	18,894,834	442,810	19,337,644
		-	-	-	-	2,537,705	(660,218)	19,555,597	-	21,433,084	714,268	22,147,352
		-	-	-	-	(2,459,616)	-	-	(2,459,616)	-	(2,459,616)	
		1,711,037	2,097,884	-	-	-	-	-	3,808,921	-	3,808,921	
		-	26,404	-	-	-	-	-	26,404	-	26,404	
		-	8,610	-	-	-	-	-	8,610	(8,610)	-	
		-	-	-	-	-	-	-	-	(36,379)	(36,379)	
		-	-	-	-	232,879	-	(232,879)	-	-	-	
		-	-	-	-	(14,515)	13,346	14,515	-	13,346	-	
		\$ 21,387,966	\$ 9,519,799	\$ 7,024,635	\$ 3,640,779	\$ 17,567,956	(\$ 3,664,548)	\$ 29,694,167	(\$ 511,710)	\$ 84,659,044	\$ 6,466,216	\$ 91,125,260
For the six-month period ended June 30, 2022												
		\$ 21,387,966	\$ 9,529,520	\$ 7,374,048	\$ 3,640,779	\$ 19,712,565	(\$ 4,033,116)	\$ 32,113,711	(\$ 511,710)	\$ 89,213,763	\$ 6,448,168	\$ 95,661,931
		-	-	-	-	1,369,116	-	-	-	1,369,116	256,168	1,625,284
		-	-	-	-	(220)	945,620	(13,922,116)	-	(12,976,716)	(299,458)	(13,276,174)
		-	-	-	-	1,368,896	945,620	(13,922,116)	-	(11,607,600)	(43,290)	(11,650,890)
		-	-	525,009	-	(525,009)	-	-	-	-	-	
		-	-	-	-	(2,887,375)	-	-	(2,887,375)	-	(2,887,375)	
		-	49,165	-	-	-	-	-	49,165	-	49,165	
		-	(3,888)	-	-	-	-	-	(3,888)	3,888	-	
		-	-	-	-	-	-	-	-	(501,948)	(501,948)	
		-	-	-	-	314	-	(314)	-	-	-	
		\$ 21,387,966	\$ 9,574,797	\$ 7,899,057	\$ 3,640,779	\$ 17,669,391	(\$ 3,087,496)	\$ 18,191,281	(\$ 511,710)	\$ 74,764,065	\$ 5,906,818	\$ 80,670,883

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Six-month periods ended June 30	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,367,498	\$ 3,189,836
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(26)	962,033	(1,194,306)
Net loss on financial liabilities at fair value through profit or loss	6(14)(26)	11,704	1,227
Provision for decline in value of inventories	6(6)	82,222	107,249
Expected credit impairment losses (gains)	12(2)	17,637	(19,541)
Interest income	6(24)	(68,739)	(65,590)
Dividend income	6(25)	(748,586)	(17,605)
Interest expense	6(27)	102,248	101,083
Depreciation and amortization	6(8)(9)(10)(28)	899,398	924,169
Loss on disposal of investments	6(26)	-	23,492
Gain on disposal of property, plant and equipment	6(26)	(492)	(1,934)
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(98,410)	(170,840)
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		217,225	94,575
Notes receivable		86,313	228,293
Notes receivable - related parties		3,535	10,856
Accounts receivable	(	554,340)	(793,381)
Accounts receivable - related parties	(	4,916)	(3,611)
Other receivables	(	25,497)	(16,777)
Other receivables - related parties		38,296	29,902
Inventories	(	879,188)	(1,463,901)
Prepayments	(	15,827)	(233,734)
Other current assets		42,219	157,764
Changes in operating liabilities			
Current contract liabilities		421,004	(24,712)
Notes payable	(	314,904)	(6,305)
Notes payable - related parties		17,846	(7,325)
Accounts payable	(	298,641)	(962,449)
Accounts payable - related parties		77,920	(23,087)
Other payables	(	148,209)	(266,852)
Provisions for liabilities		10,750	(36,070)
Other current liabilities		19,334	12,804
Other non-current liabilities	(	131,543)	(187,275)
Cash inflow generated from operations		2,097,722	2,265,271
Interest received	6(24)	68,739	65,590
Dividend received		120,724	87,034
Interest paid	(	65,871)	(69,613)
Income tax paid	(	750,255)	(301,734)
Net cash flows from operating activities		<u>1,471,059</u>	<u>2,046,548</u>

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Six-month periods ended June 30	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in current financial assets at fair value through profit or loss		(\$ 13,611)	(\$ 6,223)
Increase in current financial assets at fair value through other comprehensive income		-	(2,446)
Decrease in non-current financial assets at fair value through profit or loss		130,683	374,120
Increase in non-current financial assets at fair value through other comprehensive income	6(31)	(84,617)	(143,856)
Proceeds from disposal of current financial assets at fair value through profit or loss	6(2)	2,219,164	-
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(3)	12,552	324,923
Decrease in non-current financial assets at amortized cost	6(4)	231,265	48,052
Decrease in pledged and restricted bank and time deposits	6(1) and 8	38,189	41,123
Acquisition of property, plant and equipment	6(8)(31)	(242,073)	(314,298)
Proceeds from disposal of property, plant and equipment		3,561	15,661
Acquisition of intangible assets		(6,205)	(32,562)
Increase in other non-current assets		(1,165,347)	(337,353)
Dividends received from investments of financial instruments		23,178	14,430
Increase in investments accounted for under the equity method and capital reduction to recover investment cost		(2,582)	(98,356)
Net cash flows from (used in) investing activities		<u>1,144,157</u>	<u>(116,785)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans	6(32)	(339,253)	(741,093)
(Decrease) increase in long-term loans	6(32)	(290,850)	543,228
Lease liabilities paid	6(9)(32)	(295,848)	(279,713)
Cash dividends paid to non-controlling interests		(42,692)	(9,275)
Net cash flows used in financing activities		<u>(968,643)</u>	<u>(486,853)</u>
Exchange rate effect		<u>1,246,712</u>	<u>(337,146)</u>
Net increase in cash and cash equivalents		2,893,285	1,105,764
Cash and cash equivalents at beginning of period		17,274,143	20,397,260
Cash and cash equivalents at end of period		<u>\$ 20,167,428</u>	<u>\$ 21,503,024</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
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2021
(REVIEWED, NOT AUDITED)

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

1. History and Organization

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 12, 2022.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023

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

4. Summary of Significant Accounting Policies

These consolidated financial statements adopt a simplified disclosure in accordance with the International Accounting Standard 34, "Interim financial reporting". The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2021, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, "Interim financial reporting" as endorsed by the FSC.
- B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2021.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Teco Electric & Machinery Co., Ltd.	Teco Holding USA Inc. and subsidiaries	Holding company investing in companies in North America. Its investees are primarily engaged in the manufacturing and sales of motors, generators, winding and related parts.	100	100	100	
Teco Electric & Machinery Co., Ltd.	United View Global Investment Co., Ltd. and subsidiaries	A holding company whose investees are primarily engaged in the manufacturing, sales and agents of motors, home appliances, green power and other various electrical and electronic products in Mainland China, Southeast Asia and Australia.	100	100	100	Note 4
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	60	Note 1
Teco Electric & Machinery Co., Ltd.	Tesen Electric & Machinery Co., Ltd.	Manufacturing and sales of home appliances	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Assets Management & Development Co., Ltd.	Real estate business	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Teco Electric & Machinery Co., Ltd.	Teco Electric Europe Limited	Distribution of mechatronic products	-	-	100	Notes 1 and 9
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	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong Dai Co., Ltd. and subsidiaries	Distribution of mechatronic products	83.53	83.53	83.53	Notes 1 and 6
Teco Electric & Machinery Co., Ltd.	Teco Electro Devices Co., Ltd. and subsidiaries	Manufacturing and sales of step-servo motors. Its investees are primarily engaged in the trading, various investments and manufacturing and sales of motors in Mainland China.	61.07	64.08	64.08	Note 13
Teco Electric & Machinery Co., Ltd.	Yatec Engineering Corporation and subsidiaries	Development and maintenance of various electric appliances	64.95	64.95	64.95	Note 1
Teco Electric & Machinery Co., Ltd.	Taian (Subic) Electric Co., Inc.	Manufacturing and sales of switches	76.7	76.7	76.7	Note 1
Teco Electric & Machinery Co., Ltd.	Taian-Etacom Technology Co., Ltd.	Manufacturing of busway and related components	84.73	84.73	84.73	Note 1
Teco Electric & Machinery Co., Ltd.	Taian (Malaysia) Electric Sdn. Bhd.	Manufacturing and sales of switches	-	-	-	Notes 1 and 7

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Teco Electric & Machinery Co., Ltd.	Micropac Worldwide (BVI) and subsidiaries	International trading. Its investees are primarily engaged in the investment holdings and manufacturing, sales and technical services of fiber electric equipment and aerogenerator components in Mainland China.	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	98.3	98.3	98.53	Notes 1 and 10
Teco Electric & Machinery Co., Ltd.	A-Ok Technical Co., Ltd.	Repair of electric appliances	86.67	86.67	86.67	Note 1
Teco Electric & Machinery Co., Ltd.	Tecom Co., Ltd. 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	63.52	Notes 5 and 11

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Teco Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd. and subsidiaries	Import sales, leases of franking machines and mail processing and delivery. Its investees are primarily engaged in the services related to information software, data processing and electronic information supply in domestic area and Mainland China.	49.01	49.01	49.01	Note 3
Teco Electric & Machinery Co., Ltd.	Teco Smart Technologies Co., Ltd.	Commissioned sales of phone cards and IC cards, and production of data storage and processing equipment	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco International Investment Co., Ltd. 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	100	Note 1
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	100	
Teco Electric & Machinery Co., Ltd.	Tecnos International Consultant Co., Ltd.	Business management consulting	73.54	73.54	73.54	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd. and subsidiaries	Delivery and logistics services. Its investees are primarily engaged in the storage services in Mainland China.	33.38	33.38	32.15	Notes 1 and 2
Teco Electric & Machinery Co., Ltd.	Teco Technology (Vietnam) Co., Ltd.	Manufacturing and sales of mechatronic products	100	100	100	Note 1
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	100	Note 8
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	52.75	
Teco Electric & Machinery Co., Ltd.	Teco.Sun Energy Co., Ltd.	Energy technical services	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Tong An Energy Co., Ltd.	Energy technical services	100	-	-	Notes 1 and 12

Note 1: The financial statements of the entity as of and for the six-month periods ended June 30, 2022 and 2021 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

- Note 2: The Company sold part of its ownership in Taiwan Pelican Express Co., Ltd. in August, 2012, and accordingly, its ownership fell below 50% of the voting shares of Taiwan Pelican Express Co., Ltd.. However, the Company still has control over the finance, operations and personnel affairs of Taiwan Pelican Express Co., Ltd., thus Taiwan Pelican Express Co., Ltd. continues to be included in the consolidated financial statements.
- Note 3: The Company has control over the Board of Directors of Information Technology Total Services Co., Ltd., and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.
- Note 4: The Group repurchased a 1.77% equity interest of Wuxi Teco Electric & Machinery Co., Ltd. as resolved by the Board of Directors in the first quarter of 2021. Therefore, the Group recognised an increase of \$8,610 in stockholders' equity from the transactions with non-controlling interest.
- Note 5: The liquidation of Tecom Tech (Wuxi) Co., Ltd. was completed in 2021.
- Note 6: 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 7: The liquidation of Taian (Malaysia) Electric Sdn. Bhd. was completed in 2021.
- Note 8: The liquidation of Motovario Power Transmission Co. Ltd. was completed in 2021.
- Note 9: The liquidation of Teco Electric Europe Limited was completed in 2021.
- Note 10: In 2021, E-Joy International Co., Ltd. distributed employees' compensation for the year 2020 in the form of shares, and the Group's shareholding ratio to the company was decreased to 98.3%. Additionally, Group recognized a change of equity from transactions with non-controlling interest amounting to (\$3).
- Note 11: The liquidation of Tecom Global Tech Investment Pte Limited was completed in 2021.
- Note 12: Tong An Energy Co., Ltd. was a newly established subsidiary in 2022.
- Note 13: 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.

Consolidated financial statements of certain consolidated subsidiaries and investees accounted for under equity method, which statements reflect total assets (including investments accounted for under the equity method) of NT\$23,820,334 and \$23,632,242 as of June 30, 2022 and 2021, respectively, total liabilities (including credit balance of investments accounted for under equity method) of NT\$5,179,026 and \$5,037,472 as of June 30, 2022 and 2021, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of NT\$374,496 and \$447,664 for the six-month periods then ended, respectively, were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

C. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Teco Electric & Machinery Co., Ltd.	Teco Appliance (HK) Co., Ltd.	Sales of home appliances	99.99	99.99	99.99	Note 1
Teco Electric & Machinery Co., Ltd.	Taian Electric Co., Ltd.	Manufacturing and sales of switches	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	An-Sheng Travel Co., Ltd.	Travel agency services	89.58	89.58	89.58	Note 1
Teco Electric & Machinery Co., Ltd.	Taian-Jaya Electric Sdn. Bhd.	Manufacturing and sales of air-conditioning equipment	95	95	95	Note 1
Teco Electric & Machinery Co., Ltd.	Teco (Philippines) 3C & Appliances, Inc.	Sales of air conditioning and electrical appliances	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Teco EV Philippines Corporation	Sales of vehicles	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Teco Group Science-Technology (Hang Zhou) Co., Ltd.	Electrical machinery electric and automatic control technology development and consultation service	100	100	100	Note 1
An-Tai International Investment Co., Ltd.	Hubbell-Taian Co., Ltd. and its subsidiaries	Import, export and sales of electric wiring devices, lighting, explosion proofing and other accessory products	49.99	49.99	49.99	Notes 1, 2 and 3
Tong-An Assets Management & Development Co., Ltd.	Grey Back International Property Inc.	Real estate management and development	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2022	December 31, 2021	June 30, 2021	
Tasia (Pte) Ltd.	TECO Technology & Marketing Center Co., Ltd.	Engaged in a variety of investment businesses	100	100	100	Note 1
Jie Zheng Property Service & Management Company	Qingdao Jie Zheng Property Service & Management Company	Property management and related services	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Eurasia Food Service Co., Ltd. and its affiliates	Restaurant chain	100	100	100	Note 1

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

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

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

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

E. Significant restrictions: None.

F. Details of significant non-controlling interests: Please refer to Note 6(33).

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

There have been no significant changes as of June 30, 2022. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2021.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash on hand and revolving funds	\$ 7,024	\$ 7,763	\$ 8,721
Checking accounts and demand deposits	14,993,047	11,708,591	9,769,922
Time deposits and notes issued under repurchase agreement	5,167,357	5,557,789	11,724,381
	<u>\$ 20,167,428</u>	<u>\$ 17,274,143</u>	<u>\$ 21,503,024</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 June 30, 2022, December 31, 2021 and June 30, 2021, certain bank deposits amounting to \$1,735,720, \$1,772,377 and \$1,215,695, respectively, were restricted due to earmarked construction projects, loans for purchasing materials and the regulation governing the management, utilization, and taxation of repatriated offshore funds reserved in special account (listed as '1470 Other current assets' and '1900 Other non-current assets'). Please refer to Note 8 for details.

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

<u>Items</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ -	\$ -	\$ 9,715
Money market fund	103,397	2,304,904	111,549
Derivative instruments	-	4,046	3,854
	<u>103,397</u>	<u>2,308,950</u>	<u>125,118</u>
Valuation adjustments	2,409	3,283	2,607
	<u>\$ 105,806</u>	<u>\$ 2,312,233</u>	<u>\$ 127,725</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 889,145	\$ 889,145	\$ 889,316
Non-listed and OTC stocks	810,394	810,394	810,394
Fund beneficiary certificate	<u>719,532</u>	<u>734,299</u>	<u>772,927</u>
	2,419,071	2,433,838	2,472,637
Valuation adjustments	<u>1,027,461</u>	<u>2,104,536</u>	<u>1,800,504</u>
	<u>\$ 3,446,532</u>	<u>\$ 4,538,374</u>	<u>\$ 4,273,141</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 three-month period ended June 30, 2022</u>	<u>For the three-month period ended June 30, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ <u>415,582</u>)	\$ <u>705,826</u>
	<u>For the six-month period ended June 30, 2022</u>	<u>For the six-month period ended June 30, 2021</u>
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ <u>962,033</u>)	\$ <u>1,194,306</u>

				December 31, 2021	
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value	
Forward foreign exchange contracts					
SELL USD/BUY RMB	January 18, 2021 ~ April 29, 2022	USD	16,205,000	<u>\$ 4,046</u>	
				June 30, 2021	
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value	
Forward foreign exchange contracts					
SELL USD/BUY RMB	February 26, 2021 ~ October 29, 2021	USD	5,100,000	\$ 1,504	
SELL EUR/BUY USD	February 2, 2021 ~ November 29, 2021	USD	4,000,000	1,861	
SELL CAD/BUY USD	May 3, 2021 ~ November 19, 2021	USD	10,000,000	<u>489</u>	
				<u>\$ 3,854</u>	

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

C. 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	June 30, 2022	December 31, 2021	June 30, 2021
Current items:			
Listed and OTC stocks	\$ 672,544	\$ 683,202	\$ 1,072,679
Emerging stocks	<u>6,579</u>	<u>6,579</u>	<u>19,579</u>
	679,123	689,781	1,092,258
Valuation adjustments	<u>215,616</u>	<u>374,673</u>	<u>391,791</u>
	<u>\$ 894,739</u>	<u>\$ 1,064,454</u>	<u>\$ 1,484,049</u>
Non-current items:			
Listed and OTC stocks	\$ 12,511,918	\$ 12,510,333	\$ 12,561,072
Non-listed and OTC stocks	<u>404,166</u>	<u>330,387</u>	<u>475,978</u>
	12,916,084	12,840,720	13,037,050
Valuation adjustments	<u>18,034,086</u>	<u>32,319,674</u>	<u>29,874,615</u>
	<u>\$ 30,950,170</u>	<u>\$ 45,160,394</u>	<u>\$ 42,911,665</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 \$31,844,909, \$46,224,848 and \$44,395,714 as at June 30, 2022, December 31, 2021 and June 30, 2021, respectively.

B. For the three-month and six-month periods ended June 30, 2022 and 2021, the Group sold stocks with fair values of \$12,552, \$321,989, \$12,552 and \$324,923, respectively, to raise the capital for operations; the cumulative gains on disposal are \$314, \$317,456, \$314 and \$318,856, respectively, and the realized profits were carried forward from other equity to

retained earnings.

- C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 2,102,435)	\$ 14,154,520
Cumulative gains reclassified to retained earnings due to derecognition	\$ 314	\$ 317,456
Dividend income recognised in profit or loss		
Held at end of period	\$ 656,847	\$ 6,800
Derecognised during the period	-	-
	<u>\$ 656,847</u>	<u>\$ 6,800</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 14,240,197)	\$ 20,086,539
Cumulative gains reclassified to retained earnings due to derecognition	\$ 314	\$ 318,856
Dividend income recognised in profit or loss		
Held at end of period	\$ 663,230	\$ 7,868
Derecognised during the period	-	-
	<u>\$ 663,230</u>	<u>\$ 7,868</u>

- D. The Group additionally issued common shares amounting to 171,103,730 shares to exchange 205,332,690 shares of Walsin Lihwa Corporation's common shares. The acquisition cost was the fair value of those shares exchanged at the effective date amounting to \$3,808,921, and the Group held a 5.98% equity interest in Walsin Lihwa Corporation after the exchange. As a result of the share exchange between the Group and Walsin Lihwa Corporation which was a strategical cooperation, those shares acquired through share exchange were designated to reclassify as financial assets at fair value through other comprehensive income.
- E. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.

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

(4) Financial assets at amortised cost

Items	June 30, 2022	December 31, 2021	June 30, 2021
Non-current items:			
Time deposits	\$ 160,967	\$ 392,232	\$ 433,478

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

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Interest income	\$ 1,310	\$ 2,818
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Interest income	\$ 3,175	\$ 5,691

B. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$160,967, \$392,232 and \$433,478, 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

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 912,610	\$ 999,065	\$ 946,275
Less: Allowance for bad debts	(1,967)	(2,109)	(2,228)
	\$ 910,643	\$ 996,956	\$ 944,047
Accounts receivable	\$ 10,651,682	\$ 10,092,843	\$ 9,849,073
Less: Allowance for bad debts	(188,354)	(166,218)	(168,456)
	\$ 10,463,328	\$ 9,926,625	\$ 9,680,617

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

	June 30, 2022	December 31, 2021	June 30, 2021
Not past due	\$ 9,252,542	\$ 9,179,953	\$ 8,772,513
Up to 30 days	982,945	822,447	775,321
31 to 90 days	636,207	439,081	528,969
91 to 180 days	186,331	168,093	152,045
Over 180 days	315,946	314,007	395,816
	\$ 11,373,971	\$ 10,923,581	\$ 10,624,664

The above ageing analysis was based on past due date.

- B. As of June 30, 2022, December 31, 2021 and June 30, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$11,337,275, \$10,888,402 and \$10,598,756, respectively.
- C. As at June 30, 2022, December 31, 2021 and June 30, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$910,643, \$996,956 and \$944,047 and accounts receivable were \$10,463,328, \$9,926,625 and \$9,680,617, 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

	June 30, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,029,340	(\$ 168,714)	\$ 3,860,626
Work in progress	1,680,115	(41,079)	1,639,036
Finished goods	6,292,606	(446,909)	5,845,697
Inventory in transit	934,421	-	934,421
Merchandise inventories	<u>825,316</u>	<u>(56,032)</u>	<u>769,284</u>
	<u>\$ 13,761,798</u>	<u>(\$ 712,734)</u>	<u>\$ 13,049,064</u>
	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,779,164	(\$ 183,954)	\$ 3,595,210
Work in progress	1,349,660	(15,062)	1,334,598
Finished goods	5,782,935	(433,049)	5,349,886
Inventory in transit	1,002,498	-	1,002,498
Merchandise inventories	<u>1,000,265</u>	<u>(30,359)</u>	<u>969,906</u>
	<u>\$ 12,914,522</u>	<u>(\$ 662,424)</u>	<u>\$ 12,252,098</u>
	June 30, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,307,345	(\$ 186,143)	\$ 3,121,202
Work in progress	1,589,611	(18,415)	1,571,196
Finished goods	5,211,127	(501,800)	4,709,327
Inventory in transit	718,810	-	718,810
Merchandise inventories	<u>882,733</u>	<u>(19,368)</u>	<u>863,365</u>
	<u>\$ 11,709,626</u>	<u>(\$ 725,726)</u>	<u>\$ 10,983,900</u>

- A. The cost of inventories recognized as expense for the three-month and six-month periods ended June 30, 2022 and 2021 were \$7,597,624, \$6,845,985, \$14,842,290 and \$12,759,294, respectively, including \$44,996, \$46,023, \$82,222 and \$107,249 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the three-month and six-month periods ended June 30, 2022 and 2021, respectively.

B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Associates:			
1. Tung Pei Industrial Co., Ltd.	\$ 2,336,850	\$ 2,313,312	\$ 2,179,411
2. Lien Chang Electronic Enterprise Co., Ltd.	482,349	498,574	519,573
3. Others	<u>726,874</u>	<u>666,799</u>	<u>718,857</u>
	<u>3,546,073</u>	<u>3,478,685</u>	<u>3,417,841</u>
Less: Credit balance of investments accounted for under the equity method such as Teco Middle East Electrical & Machinery Co., Ltd. and Le - Li Co., Ltd. (shown as deductions on notes receivable - related parties, accounts receivable - related parties as well as other receivables - related parties, and other non-current liabilities)	(<u>175,201</u>)	(<u>135,196</u>)	(<u>142,730</u>)
	<u>\$ 3,370,872</u>	<u>\$ 3,343,489</u>	<u>\$ 3,275,111</u>

The share of profit/loss of associates and joint ventures accounted for under the equity method for the three-month and six-month periods ended June 30, 2022 and 2021 are as follows:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 45,955	\$ 64,767
2. Lien Chang Electronic Enterprise Co., Ltd.	2,396	(7,143)
3. Others	(<u>47,555</u>)	(<u>10,541</u>)
	<u>\$ 796</u>	<u>\$ 47,083</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 140,974	\$ 119,372
2. Lien Chang Electronic Enterprise Co., Ltd.	(2,052)	52,429
3. Others	(<u>40,512</u>)	(<u>961</u>)
	<u>\$ 98,410</u>	<u>\$ 170,840</u>

A. Associates

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

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		June 30, 2022	December 31, 2021	June 30, 2021		
Tung Pei Industrial Co., Ltd.	R.O.C.	31.14%	31.14%	31.14%	Financial investment	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C.	33.84%	33.84%	33.84%	"	"

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

Balance sheet

	Tung Pei Industrial Co., Ltd.		
	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 4,622,371	\$ 4,638,552	\$ 4,233,751
Non-current assets	7,336,578	7,178,933	7,155,444
Current liabilities	(2,778,355)	(2,936,294)	(2,526,201)
Non-current liabilities	(1,674,648)	(1,450,643)	(1,862,997)
Total assets	<u>\$ 7,505,946</u>	<u>\$ 7,430,548</u>	<u>\$ 6,999,997</u>
Share in associate's net assets	\$ 2,336,850	\$ 2,313,312	\$ 2,179,411
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 2,336,850</u>	<u>\$ 2,313,312</u>	<u>\$ 2,179,411</u>
	Lien Chang Electronic Enterprise Co., Ltd.		
	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 1,594,020	\$ 1,610,794	\$ 1,775,887
Non-current assets	389,060	460,488	485,370
Current liabilities	(462,232)	(508,731)	(626,569)
Non-current liabilities	(95,637)	(89,398)	(99,487)
Total net assets	<u>\$ 1,425,211</u>	<u>\$ 1,473,153</u>	<u>\$ 1,535,201</u>
Share in associate's net assets	\$ 482,349	\$ 498,574	\$ 519,573
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 482,349</u>	<u>\$ 498,574</u>	<u>\$ 519,573</u>

Statement of comprehensive income

	Tung Pei Industrial Co., Ltd.	
	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Revenue	\$ 1,410,800	\$ 1,425,360
Profit for the period from continuing operations	\$ 147,383	\$ 208,097
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	\$ 147,383	\$ 208,097
Dividends received from associates	\$ 117,435	\$ 74,376

	Tung Pei Industrial Co., Ltd.	
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Revenue	\$ 2,827,126	\$ 2,726,961
Profit for the period from continuing operations	\$ 452,568	\$ 383,543
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	\$ 452,568	\$ 383,543
Dividends received from associates	\$ 117,435	\$ 74,376

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Revenue	\$ 271,343	\$ 385,331
Profit (loss) for the period from continuing operations	\$ 7,081	(\$ 25,020)
Other comprehensive loss, net of tax	(12,310)	(4,996)
Total comprehensive loss	(\$ 5,229)	(\$ 30,016)
Dividends received from associates	\$ 16,894	\$ -

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Revenue	\$ 520,663	\$ 867,814
(Loss) profit for the period from continuing operations	(\$ 6,063)	\$ 154,913
Other comprehensive income	8,038	3,539
Total comprehensive income	<u>\$ 1,975</u>	<u>\$ 158,452</u>
Dividends received from associates	<u>\$ 16,894</u>	<u>\$ -</u>

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

As of June 30, 2022, December 31, 2021 and June 30, 2021, the carrying amount of the Group's individually immaterial associates amounted to \$726,874, \$666,799 and \$718,857, respectively.

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Loss for the period from continuing operations	(\$ 47,555)	(\$ 10,541)
Total comprehensive loss	<u>(\$ 47,555)</u>	<u>(\$ 10,541)</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Loss for the period from continuing operations	(\$ 40,512)	(\$ 961)
Total comprehensive loss	<u>(\$ 40,512)</u>	<u>(\$ 961)</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Lien Chang Electronic Enterprise Co., Ltd.	<u>\$ 388,561</u>	<u>\$ 519,959</u>	<u>\$ 538,730</u>

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

B. Details on unreviewed investments accounted for under equity method are provided in Note 4(3).

(8) Property, plant and equipment

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 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	\$ 41,369,604
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>\$ 15,196,458</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	\$ 15,196,458
Additions	-	2,006	-	93,574	1,241	26,881	15,874	73,355	212,931
Disposals	-	-	-	(540)	-	(2,086)	(57)	(386)	(3,069)
Reclassifications	-	-	-	(693)	-	-	-	-	(693)
Depreciation charge	-	(97,970)	(87,113)	(139,994)	(7,133)	(43,312)	(18,446)	(154,633)	(548,601)
Net exchange differences	6,797	75,322	-	21,868	-	1,297	(1,924)	8,675	112,035
Closing net book amount	<u>\$ 5,405,225</u>	<u>\$ 3,768,255</u>	<u>\$ 2,813,625</u>	<u>\$ 1,465,540</u>	<u>\$ 28,684</u>	<u>\$ 491,755</u>	<u>\$ 135,014</u>	<u>\$ 860,963</u>	<u>\$ 14,969,061</u>
<u>At June 30, 2022</u>									
Cost	\$ 5,439,922	\$ 8,549,313	\$ 5,280,894	\$ 12,393,704	\$ 632,135	\$ 1,268,628	\$ 634,249	\$ 7,649,435	\$ 41,848,280
Accumulated depreciation and impairment	(34,697)	(4,781,058)	(2,467,269)	(10,928,164)	(603,451)	(776,873)	(499,235)	(6,788,472)	(26,879,219)
	<u>\$ 5,405,225</u>	<u>\$ 3,768,255</u>	<u>\$ 2,813,625</u>	<u>\$ 1,465,540</u>	<u>\$ 28,684</u>	<u>\$ 491,755</u>	<u>\$ 135,014</u>	<u>\$ 860,963</u>	<u>\$ 14,969,061</u>

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2021</u>									
Cost	\$ 5,455,398	\$ 8,566,572	\$ 5,285,406	\$ 12,557,619	\$ 650,463	\$ 1,206,184	\$ 540,536	\$ 7,640,344	\$ 41,902,522
Accumulated depreciation and impairment	(34,697)	(4,503,591)	(2,218,143)	(10,788,960)	(608,062)	(719,570)	(449,086)	(6,667,625)	(25,989,734)
	<u>\$ 5,420,701</u>	<u>\$ 4,062,981</u>	<u>\$ 3,067,263</u>	<u>\$ 1,768,659</u>	<u>\$ 42,401</u>	<u>\$ 486,614</u>	<u>\$ 91,450</u>	<u>\$ 972,719</u>	<u>\$ 15,912,788</u>
<u>2021</u>									
Opening net book amount	\$ 5,420,701	\$ 4,062,981	\$ 3,067,263	\$ 1,768,659	\$ 42,401	\$ 486,614	\$ 91,450	\$ 972,719	\$ 15,912,788
Additions	-	9,487	-	56,331	-	13,304	46,445	140,055	265,622
Disposals	(53)	(2,074)	-	(6,767)	-	(593)	(2)	(4,238)	(13,727)
Reclassifications	-	-	-	(609)	1,380	-	-	(771)	-
Depreciation charge	-	(108,116)	(86,560)	(156,776)	(7,133)	(39,642)	(17,124)	(173,726)	(589,077)
Net exchange differences	(5,528)	(50,544)	-	(19,585)	-	(1,107)	(766)	(9,028)	(86,558)
Closing net book amount	<u>\$ 5,415,120</u>	<u>\$ 3,911,734</u>	<u>\$ 2,980,703</u>	<u>\$ 1,641,253</u>	<u>\$ 36,648</u>	<u>\$ 458,576</u>	<u>\$ 120,003</u>	<u>\$ 925,011</u>	<u>\$ 15,489,048</u>
<u>At June 30, 2021</u>									
Cost	\$ 5,449,817	\$ 8,484,135	\$ 5,274,628	\$ 12,391,116	\$ 651,842	\$ 1,200,992	\$ 583,654	\$ 7,645,636	\$ 41,681,820
Accumulated depreciation and impairment	(34,697)	(4,572,401)	(2,293,925)	(10,749,863)	(615,194)	(742,416)	(463,651)	(6,720,625)	(26,192,772)
	<u>\$ 5,415,120</u>	<u>\$ 3,911,734</u>	<u>\$ 2,980,703</u>	<u>\$ 1,641,253</u>	<u>\$ 36,648</u>	<u>\$ 458,576</u>	<u>\$ 120,003</u>	<u>\$ 925,011</u>	<u>\$ 15,489,048</u>

- A. For the six-month periods ended June 30, 2022 and 2021, no borrowing cost was capitalized as part of property, plant and equipment.
- B. The Group entered into a development contract for the joint construction and allocation of housing units with Kindom Development Co., Ltd. using the 16 lots located in No. 148, Hong Fu Section, Xin Zhuang District, New Taipei City which were provided by the subsidiary, Tong-An Investment Co., Ltd., as resolved by the Board of Directors on March 23, 2021. Kindom Development Co., Ltd. is responsible for planning and designing, dismantling the existing buildings, constructing and assuming all other expenses. The expected equity ratio is 52%~55% by reference to the appraisal report issued by real estate appraiser firm.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. The Group was unable to transfer the title of certain farmland to the Group's name due to legal restrictions. The land title was registered under an individual's name. Accordingly, the Group entered into an agreement with the said individual to secure the title and the first mortgage right.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 2 to 99 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but certain leased assets may not be used as security for borrowing purposes.
- B. On January 14, 2005, the Group's subsidiary, Century Development Corporation, completed the registration of right of superficies and paid royalties to Taipei City Government for acquiring land used for construction of the Nankang Software Park. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to Taipei City Government unconditionally upon expiry of the right of superficies. Century Development Corporation's right-of-use assets are amortized over the useful life of right of superficies of 50 years.
- C. On July 4, 2018, the Group's subsidiary, Century Biotech Development Corp., completed the registration of right of superficies and paid royalties to the Taipei City Government for acquiring land used for the construction of the Taipei City Nangang Biotechnology Industry Cluster Development BOT Project. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to the Taipei City Government unconditionally upon expiry of the right of superficies. Century Biotech Development Corp.'s prepaid rents are amortized over the useful life of right of superficies of 50 years.
- D. The Group's subsidiary, CDC Development India Private Limited, acquired the land use right from the local government agency, KIADB, for India industrial park development. The total amount remitted for the land use right was INR \$1,752,409 thousand and acquired land ownership of certificate for 99 years. On July 16, 2021, an agreement was signed with KIADB with a transfer of ownership term, agreeing to transfer the ownership to the lessee at the end of the 10-year lease term for the amount of royalties paid by the lessee and recognized by the landlord, if the lessee completes the development conditions specified in the terms.
- E. For the three-month and six-month periods ended June 30, 2022 and 2021, the additions to right-of-use assets were \$96,873, \$160,075, \$187,837 and \$262,305 and the sublease income were \$228,074, \$202,774, \$454,997 and \$404,594, respectively.
- F. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Land (including royalties)	\$ 4,728,276	\$ 4,652,262	\$ 4,723,044
Buildings	2,082,596	2,099,957	1,911,932
Machinery and equipment	20,664	9,689	21,255
Transportation equipment (Business vehicles)	17,494	14,559	16,449
	<u>\$ 6,849,030</u>	<u>\$ 6,776,467</u>	<u>\$ 6,672,680</u>

	<u>Depreciation charge</u> For the three-month period ended June 30, 2022	<u>Depreciation charge</u> For the three-month period ended June 30, 2021
Land (including royalties)	\$ 26,740	\$ 25,190
Buildings	103,998	96,211
Machinery and equipment	2,519	2,825
Transportation equipment (Business vehicles)	2,267	3,144
	<u>\$ 135,524</u>	<u>\$ 127,370</u>
	<u>Depreciation charge</u> For the six-month period ended June 30, 2022	<u>Depreciation charge</u> For the six-month period ended June 30, 2021
Land (including royalties)	\$ 50,347	\$ 49,260
Buildings	208,584	190,381
Machinery and equipment	4,321	5,820
Transportation equipment (Business vehicles)	4,683	6,190
	<u>\$ 267,935</u>	<u>\$ 251,651</u>

- G. Interest expenses on lease liabilities for the three-month and six-month periods ended June 30, 2022 and 2021 were \$18,865, \$17,326, \$36,377 and \$31,470 and the cash outflows were \$142,881, \$135,690, \$295,848 and \$279,713, respectively.
- H. Expenses on short-term leases and leases of low-value assets which are not subject to IFRS 16 for the three-month and six-month periods ended June 30, 2022 and 2021 were \$82,154, \$126,358, \$194,370 and \$231,310; \$6,063, \$4,499, \$8,296 and \$9,206, respectively.
- I. The Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$5,604 and \$1,322 in profit from lease modification for the six-month periods ended June 30, 2022 and 2021, respectively.

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
<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
Depreciation charge	-	(34,016)	(4,149)	(38,165)
Net exchange differences	12,485	6,773	296	19,554
Closing net book amount	<u>\$ 1,522,803</u>	<u>\$ 1,255,974</u>	<u>\$ 31,511</u>	<u>\$ 2,810,288</u>
<u>At June 30, 2022</u>				
Cost	\$ 1,522,803	\$ 2,841,176	\$ 50,243	\$ 4,414,222
Accumulated depreciation and impairment	-	(1,585,202)	(18,732)	(1,603,934)
	<u>\$ 1,522,803</u>	<u>\$ 1,255,974</u>	<u>\$ 31,511</u>	<u>\$ 2,810,288</u>
	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>At January 1, 2021</u>				
Cost	\$ 1,505,457	\$ 2,794,910	\$ 27,655	\$ 4,328,022
Accumulated depreciation and impairment	-	(1,463,829)	(13,229)	(1,477,058)
	<u>\$ 1,505,457</u>	<u>\$ 1,331,081</u>	<u>\$ 14,426</u>	<u>\$ 2,850,964</u>
<u>2021</u>				
Opening net book amount	\$ 1,505,457	\$ 1,331,081	\$ 14,426	\$ 2,850,964
Depreciation charge	-	(33,476)	(274)	(33,750)
Net exchange differences	(3,794)	(4,848)	(491)	(9,133)
Closing net book amount	<u>\$ 1,501,663</u>	<u>\$ 1,292,757</u>	<u>\$ 13,661</u>	<u>\$ 2,808,081</u>
<u>At June 30, 2021</u>				
Cost	\$ 1,501,663	\$ 2,782,780	\$ 26,641	\$ 4,311,084
Accumulated depreciation and impairment	-	(1,490,023)	(12,980)	(1,503,003)
	<u>\$ 1,501,663</u>	<u>\$ 1,292,757</u>	<u>\$ 13,661</u>	<u>\$ 2,808,081</u>

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

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Rental income from investment property	\$ 30,310	\$ 45,460
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 9,586	\$ 12,972
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ -	\$ -
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Rental income from investment property	\$ 69,856	\$ 90,620
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 21,004	\$ 27,359
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ -	\$ -

B. The fair value of the investment property held by the Group as at June 30, 2022, December 31, 2021 and June 30, 2021 were \$5,469,536, \$5,415,841 and \$5,382,158, respectively, which is categorized within Level 3 in the fair value hierarchy.

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

	2022	2021
<u>At January 1</u>		
Cost	\$ 4,677,015	\$ 5,206,760
Accumulated amortization and impairment	(315,284)	(57,527)
	\$ 4,361,731	\$ 5,149,233
Opening net book amount	\$ 4,361,731	\$ 5,149,233
Net exchange differences	(37,168)	(275,554)
Closing net book amount	\$ 4,324,563	\$ 4,873,679
<u>At June 30</u>		
Cost	\$ 4,324,563	\$ 4,873,679
Accumulated amortization and impairment	-	-
	\$ 4,324,563	\$ 4,873,679

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Green mechatronic solution business group	\$ 4,324,563	\$ 4,361,731	\$ 4,873,679

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 June 30, 2022, the goodwill arising from the merger amounted to \$4,298,795.

(12) Other non-current assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Prepayment for equipment	\$ 3,380,539	\$ 2,205,658	\$ 1,084,048
Deposits account for repatriation of capital from Taiwan's offshore companies	343,784	361,224	61,431
Refundable deposits	272,678	243,614	243,300
Long-term notes and accounts receivable	130,064	165,054	174,061
Deferred expenses	30,649	39,450	44,356
Other assets	58,161	35,528	43,496
	<u>\$ 4,215,875</u>	<u>\$ 3,050,528</u>	<u>\$ 1,650,692</u>

- A. The Group's subsidiary, Century Development Corporation is responsible for the construction of the Taipei City Nangang Biotechnology Industry Cluster Development BOT Project. As of June 30, 2022, the amount of prepayment for equipment was \$2,381,927.
- B. The Group's repatriation of offshore reinvestment income amounting to US\$6,300,000 is allowed to apply a preferential tax rate of 8% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 27, 2020. As of June 30, 2022, the Company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the Company withdrew funds from the specific account for reinvestment.
- C. The Group's repatriation of offshore reinvestment income amounting to US\$10,500,000 is allowed to apply a preferential tax rate of 10% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 26, 2021. As of June 30, 2022, no withdrawal has been made from the specific account.
- D. The Group's repatriation of offshore reinvestment income amounting to US\$4,000,000 is allowed to apply a preferential tax rate of 10% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 27, 2021. As of June 30, 2022, the Company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the Company withdrew US\$1,534,125 (in dollars) of funds from the specific account.

(13) Short-term borrowings

Type of borrowings	June 30, 2022	Interest rate range	Collateral
Bank borrowings	\$ 1,703,444	0.50%~5.00%	Notes receivable, land, buildings and structures, demand deposits and time deposits

Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings	\$ 2,042,697	0.60%~5.00%	Notes receivable, land, buildings and structures, demand deposits and time deposits

Type of borrowings	June 30, 2021	Interest rate range	Collateral
Bank borrowings	\$ 2,075,739	0.40%~6.00%	Notes receivable, land, buildings and structures and right-of-use assets

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

Items	June 30, 2022	December 31, 2021	June 30, 2021
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Current items:

Financial liabilities held
for trading

Non-hedging derivatives	\$ 9,862	\$ -	\$ 1,217
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- A. The Group recognized net gain (loss) of (\$11,044), \$1,332, (\$11,704) and (\$1,227) on financial liabilities held for trading for three-month and six-month periods ended June 30, 2022 and 2021, respectively.
- B. Explanations of the transactions and contract information in respect of non-hedged derivative financial liabilities are as follows:

		June 30, 2022	
Derivative instrument	Contract period	Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
SELL USD/BUY RMB	March 7, 2022 ~ August 3, 2022	USD 7,010,000	\$ 9,862

		June 30, 2021	
Derivative instrument	Contract period	Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
SELL USD/BUY RMB	April 30, 2021 ~ October 29, 2021	USD 10,440,000	\$ 1,217

- C. As at June 30, 2022, information on the non-hedging derivative instruments transaction is provided in Note 6(2).
- D. The Group entered into forward foreign exchange contracts to sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts and foreign currency loan are not accounted for under hedge accounting.

(15) Other payables

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Salary and wages payable	\$ 1,782,185	\$ 2,027,413	\$ 1,744,890
Employees' compensation payable	757,968	644,678	826,540
Dealers' bonus commission payable	286,572	214,584	307,440
Directors' and supervisors' remuneration payable	171,705	165,413	278,068
Equipment payable	102,741	131,883	148,454
Dividends payable	2,915,445	28,353	2,484,623
Others	2,620,155	2,332,441	1,982,328
	<u>\$ 8,636,771</u>	<u>\$ 5,544,765</u>	<u>\$ 7,772,343</u>

(16) Bonds payable

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Issuance of bonds payable	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Less: Current portion of bonds payable (listed as '2320 Long-term liabilities, current portion')	(1,000,000)	(1,000,000)	-
	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 6,000,000</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 will be redeemed at face value at the maturity date.

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

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2022
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 12, 2025; payable based on the agreed terms.	0.62%~5.70%	Note	\$3,804,406
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(486,218)
				<u>\$3,318,188</u>
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 12, 2025; payable based on the agreed terms.	0.62%~5.70%	Note	\$4,095,257
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(491,683)
				<u>\$3,603,574</u>
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2021
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 11, 2035; payable based on the agreed terms.	0.85%~1.75%	Note	\$4,154,959
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(552,696)
				<u>\$3,602,263</u>

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

- A. Under the long-term contracts with certain financial institutions, the Group is required to maintain certain financial ratios and capital requirements as well as meet certain restrictions relative to significant asset acquisitions or disposals.
- B. As of June 30, 2022, December 31, 2021 and June 30, 2021, the Group has undrawn borrowing facilities of \$19,781,883, \$20,044,060 and \$21,484,089, respectively.

(18) Pensions

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

month and six-month periods ended June 30, 2022 and 2021 were \$3,889, \$3,632, \$7,756 and \$7,167, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2023 is \$94,690.

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

(b) The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the three-month and six-month periods ended June 30, 2022 and 2021 ranged from 13%~20%. Other than the monthly contributions, the Group has no further obligations.

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

(d) The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2022 and 2021 were \$109,098, \$106,764, \$212,644 and \$203,779, respectively.

(19) Share capital

A. As of June 30, 2022, the Company’s authorized capital was \$30,305,500, consisting of 3,030,550 thousand shares of ordinary stock, including 100 million shares reserved for employee stock options, and the paid-in capital was \$21,387,966 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

	2022	2021
At January 1	2,138,797	1,967,693
Issuance of common shares	-	171,104
At June 30	2,138,797	2,138,797

Note: Shares in thousands.

B. The conversion ratio is 1 share of the Walsin Lihwa Corporation’s common share converted to 0.8333 share of the Company, and the Company additionally issued 171,103,730 shares of common shares to exchange 205,332,690 shares of Walsin Lihwa Corporation’s common shares. The effective date for the share exchange was set on January 6, 2021, and the registration for the share exchange was completed on January 14, 2021. The Company’s paid-in capital was \$21,387,966 after the conversion.

C. All of the shares of the Company held by the Company's subsidiaries-Tong-An Investment Co., Ltd. and An-Tai International Investment Co., Ltd. were acquired in or before 2000 for the purpose of general investment. In addition, Top-Tower Enterprises Co., Ltd. also held the Company's shares before the Company obtained control of Top-Tower Enterprises Co., Ltd. in August 2013, and Top-Tower Enterprises Co., Ltd. acquired the Company's shares. Furthermore, the subsidiary - Taiwan Pelican Express Co., Ltd. is a subsidiary over which the Company has substantial control, and such investment on the Company's shares is a general investment. As of June 30, 2022, December 31, 2021 and June 30, 2021, book value of the shares of the Company held by the subsidiaries and second-tier subsidiaries were all \$511,710.

Details are as follows:

	June 30, 2022		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.98	\$ 29.85
An-Tai International Investment Co., Ltd.	2,826	10.37	29.85
Top-Tower Enterprises Co., Ltd.	77	9.37	29.85
Taiwan Pelican Express Co., Ltd.	7,070	26.89	29.85
	<u>29,513</u>		
	December 31, 2021		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 31.65
An-Tai International Investment Co., Ltd.	2,826	10.37	31.65
Top-Tower Enterprises Co., Ltd.	77	9.37	31.65
Taiwan Pelican Express Co., Ltd.	7,070	26.89	31.65
	<u>29,513</u>		
	June 30, 2021		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 33.20
An-Tai International Investment Co., Ltd.	2,826	10.37	33.20
Top-Tower Enterprises Co., Ltd.	77	9.37	33.20
Taiwan Pelican Express Co., Ltd.	7,070	26.89	33.20
	<u>29,513</u>		

(20) Capital surplus

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

(21) Retained earnings

- 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-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use periods if the assets are investment property other than land. As of June 30, 2021, the amount previously set aside as special reserve on initial application of IFRSs and yet to be reversed amounted to \$3,640,779.
- E. The appropriations of the 2021 and 2020 net income was respectively resolved by the stockholders on May 20, 2022 and July 23, 2021 as follows:

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

(22) Other equity items

	<u>Unrealized gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2022	\$ 32,113,711	(\$ 4,033,116)	\$ 28,080,595
Unrealized gains and losses on financial assets:			
Revaluation - group	(13,920,192)	-	(13,920,192)
Revaluation - associates	(1,924)	-	(1,924)
Revaluation transferred to retained earnings	(314)	-	(314)
Currency translation differences:			
-Group	-	945,620	945,620
At June 30, 2022	<u>\$ 18,191,281</u>	<u>(\$ 3,087,496)</u>	<u>\$ 15,103,785</u>
	<u>Unrealized gains (losses) on valuation</u>	<u>Currency translation</u>	<u>Total</u>
At January 1, 2021	\$ 10,356,934	(\$ 3,017,676)	\$ 7,339,258
Unrealized gains and losses on financial assets:			
Revaluation	19,637,239	-	19,637,239
Revaluation - tax	(85,977)	-	(85,977)
Revaluation - associates	4,335	-	4,335
Revaluation transferred to profit or loss	-	13,346	13,346
Revaluation transferred to retained earnings	(318,856)	-	(318,856)
Revaluation transferred to retained earnings - tax	85,977	-	85,977
Revaluation transferred to retained earnings - associates	14,515	-	14,515
Currency translation differences:			
-Group	-	(660,218)	(660,218)
At June 30, 2021	<u>\$ 29,694,167</u>	<u>(\$ 3,664,548)</u>	<u>\$ 26,029,619</u>

(23) Operating revenue

	<u>For the three-month period ended June 30, 2022</u>	<u>For the three-month period ended June 30, 2021</u>
Revenue from customers	\$ 14,312,599	\$ 12,591,393
Others - rental revenue	230,986	221,726
	<u>\$ 14,543,585</u>	<u>\$ 12,813,119</u>

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Revenue from customers	\$ 27,979,855	\$ 23,907,619
Others - rental revenue	461,018	445,170
	<u>\$ 28,440,873</u>	<u>\$ 24,352,789</u>

A. Disaggregation of revenue from customers

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

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
	<u>Revenue from external customer contracts</u>	<u>Revenue from external customer contracts</u>
Sales of green mechatronic solution business group products	\$ 8,259,384	\$ 7,320,945
Sales of air and intelligent life business group products	1,712,865	1,594,472
Others	382,418	378,876
Service revenue	2,213,430	2,123,732
Construction contract	1,744,502	1,173,368
	<u>\$ 14,312,599</u>	<u>\$ 12,591,393</u>
	<u>For the six-month period ended June 30, 2022</u>	<u>For the six-month period ended June 30, 2021</u>
	<u>Revenue from external customer contracts</u>	<u>Revenue from external customer contracts</u>
Sales of green mechatronic solution business group products	\$ 16,082,011	\$ 13,802,397
Sales of air and intelligent life business group products	3,107,966	2,871,511
Others	779,196	763,817
Service revenue	4,338,027	4,236,749
Construction contract	3,672,655	2,233,145
	<u>\$ 27,979,855</u>	<u>\$ 23,907,619</u>

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

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 100,975	\$ 116,273
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 394,066	\$ 390,974
(24) <u>Interest income</u>		
	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Interest income from bank deposits	\$ 35,593	\$ 30,304
Interest income from financial assets measured at amortised cost	1,310	2,818
	\$ 36,903	\$ 33,122
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Interest income from bank deposits	\$ 65,564	\$ 59,899
Interest income from financial assets measured at amortised cost	3,175	5,691
	\$ 68,739	\$ 65,590
(25) <u>Other income</u>		
	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Rental revenue	\$ 35,967	\$ 47,323
Dividend income	737,158	11,178
Other non-operating income	23,110	28,326
	\$ 796,235	\$ 86,827

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Rental revenue	\$ 76,147	\$ 94,886
Dividend income	748,586	17,605
Other non-operating income	53,358	79,128
	<u>\$ 878,091</u>	<u>\$ 191,619</u>

(26) Other gains and losses

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Gain on disposal of property, plant and equipment	\$ 655	\$ 1,346
Loss on disposal of investments	(1,522)	(23,392)
Gain arising from lease modifications	575	4
Gains arising from concession of lease payments	2,706	403
Net currency exchange gain (loss)	53,386	(45,400)
(Loss) gain on financial assets at fair value through profit or loss	(415,582)	705,826
(Loss) gain on financial liabilities at fair value through profit or loss	(11,044)	1,332
Miscellaneous disbursements	(132,467)	(49,819)
	<u>(\$ 503,293)</u>	<u>\$ 590,300</u>

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Gain on disposal of property, plant and equipment	\$ 492	\$ 1,934
Loss on disposal of investments	-	(23,492)
Gain arising from lease modifications	1,203	5
Gains arising from concession of lease payments	5,604	1,322
Net currency exchange gain (loss)	100,505	(52,490)
(Loss) gain on financial assets at fair value through profit or loss	(962,033)	1,194,306
Loss on financial liabilities at fair value through profit or loss	(11,704)	(1,227)
Miscellaneous disbursements	(147,314)	(135,232)
	<u>(\$ 1,013,247)</u>	<u>\$ 985,126</u>

(27) Finance costs

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Interest expense	\$ 49,712	\$ 51,006
Other finance expenses	330	330
	<u>\$ 50,042</u>	<u>\$ 51,336</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Interest expense	\$ 100,651	\$ 99,923
Other finance expenses	1,597	1,160
	<u>\$ 102,248</u>	<u>\$ 101,083</u>

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

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Wages and salaries	\$ 2,182,431	\$ 2,113,091
Employees' compensation and directors' remuneration	188,638	234,528
Labor and health insurance fees	291,355	255,525
Pension costs	112,987	110,396
Other personnel expenses	108,558	108,621
Depreciation charges on property, plant and equipment as well as investment property	290,915	304,412
Depreciation charges on right-of -use assets and amortization charges on intangible assets	157,379	150,317
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Wages and salaries	\$ 4,354,489	\$ 4,244,170
Employees' compensation and directors' remuneration	259,419	420,441
Labor and health insurance fees	563,759	509,410
Pension costs	220,400	210,946
Other personnel expenses	205,512	198,377
Depreciation charges on property, plant and equipment as well as investment property	586,766	622,827
Depreciation charges on right-of -use assets and amortization charges on intangible assets	312,632	301,342

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 5% for directors' remuneration.
- B. For the three-month and six-month periods ended June 30, 2022 and 2021, employees' compensation was accrued at \$95,704, \$115,130, \$113,474 and \$205,399, respectively; while directors' remuneration was accrued at \$42,535, \$51,170, \$50,433 and \$91,289, respectively. The aforementioned amounts were recognized in salary expenses.
- C. For the year ended December 31, 2021, 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 \$303,727 and \$85,273, and the employees' compensation will be distributed in the form of cash.
- The difference of \$367 between employees' compensation of \$303,438 and directors' remuneration of \$85,195 as resolved by the Board of Directors which is mainly arising from changes in estimate of directors' remuneration and the amount recognised in the 2021 financial statements had been adjusted in the profit or loss of 2022.
- Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Current tax:		
Current tax on profits for the period	\$ 206,172	\$ 254,604
Tax on undistributed surplus earnings	90,185	-
Prior year income tax under (over) estimation	<u>37,165</u>	<u>(66,774)</u>
Total current tax	<u>333,522</u>	<u>187,830</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>62,959</u>	<u>(8,984)</u>
Total deferred tax	<u>62,959</u>	<u>(8,984)</u>
Income tax expense	<u>\$ 396,481</u>	<u>\$ 178,846</u>

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Current tax:		
Current tax on profits for the period	\$ 608,733	\$ 350,269
Tax on undistributed surplus earnings	90,185	-
Prior year income tax under (over) estimation	37,165	(66,774)
Total current tax	<u>736,083</u>	<u>283,495</u>
Deferred tax:		
Origination and reversal of temporary differences	6,131	96,633
Total deferred tax	<u>6,131</u>	<u>96,633</u>
Income tax expense	<u>\$ 742,214</u>	<u>\$ 380,128</u>

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

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ 85,977
Currency translation differences	<u>\$ 47,631</u>	<u>(\$ 60,761)</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ 85,977
Currency translation differences	<u>\$ 222,520</u>	<u>(\$ 122,628)</u>

B. As of June 30, 2022, the Company's and its subsidiaries' income tax returns through various years between 2018 and 2020, respectively, have been assessed and approved by the Tax Authority.

(30) Earnings per share

	<u>For the three-month period ended June 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,020,677</u>	<u>2,109,284</u>	<u>\$ 0.48</u>

Note: The earnings per share of \$0.48 (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.

	<u>For the three-month period ended June 30, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,436,606</u>	<u>2,109,284</u>	<u>\$ 0.68</u>

Note: The earnings per share of \$0.66 (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.

	<u>For the six-month period ended June 30, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,369,116</u>	<u>2,109,284</u>	<u>\$ 0.65</u>

Note: The earnings per share of \$0.64 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were included from the weighted average number of ordinary shares outstanding.

	For the six-month period ended June 30, 2021		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,538,250	2,103,612	\$ 1.21

Note: The earnings per share of \$1.19 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were included from the weighted average number of ordinary shares outstanding.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Acquisition of property, plant and equipment	\$ 212,931	\$ 265,622
Add:		
Payables at beginning of the period	131,883	197,130
Less:		
Payables at end of the period	(102,741)	(148,454)
Cash paid	<u>\$ 242,073</u>	<u>\$ 314,298</u>

B. Investing and financing activities with partial cash payments:

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Acquisition of financial assets at fair value through other comprehensive income - non-current	\$ 84,617	\$ 3,952,777
Less:		
Conversion through issuing common shares	-	(3,808,921)
Cash paid	<u>\$ 84,617</u>	<u>\$ 143,856</u>

C. Financing activities with no cash flow effects:

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Cash dividends declared	<u>\$ 2,887,375</u>	<u>\$ 2,459,616</u>

(32) Changes in liabilities from financing activities

	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2022	\$ 2,042,697	\$ 28,353	\$ 6,000,000	\$ 4,095,256	\$ 5,062,094	\$ 17,228,400
Interest expenses on lease liabilities	-	-	-	-	36,377	36,377
Recognised in right -of-use assets	-	-	-	-	187,661	187,661
Remeasurement	-	-	-	-	100,072	100,072
Changes in cash flow from financing activities	(339,253)	(283)	-	(290,850)	(295,848)	(926,234)
Cash dividends declared	-	2,887,375	-	-	-	2,887,375
Effect of foreign exchange	-	-	-	-	32,202	32,202
June 30, 2022	<u>\$ 1,703,444</u>	<u>\$ 2,915,445</u>	<u>\$ 6,000,000</u>	<u>\$ 3,804,406</u>	<u>\$ 5,122,558</u>	<u>\$ 19,545,853</u>
						Liabilities from financing activities - gross
January 1, 2021	\$ 2,816,832	\$ 25,156	\$ 6,000,000	\$ 3,611,731	\$ 4,886,773	\$ 17,340,492
Interest expenses on lease liabilities	-	-	-	-	31,470	31,470
Recognised in right -of-use assets	-	-	-	-	262,305	262,305
Remeasurement	-	-	-	-	21,247	21,247
Changes in cash flow from financing activities	(741,093)	-	-	543,228	(279,713)	(477,578)
Cash dividends declared	-	2,459,616	-	-	-	2,459,616
Other	-	(149)	-	-	-	(149)
Effect of foreign exchange	-	-	-	-	(49,187)	(49,187)
June 30, 2021	<u>\$ 2,075,739</u>	<u>\$ 2,484,623</u>	<u>\$ 6,000,000</u>	<u>\$ 4,154,959</u>	<u>\$ 4,872,895</u>	<u>\$ 19,588,216</u>

Note 1: Shown as 'other payables'.

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

(33) Details of significant non-controlling interests

A. As of June 30, 2022, December 31, 2021 and June 30, 2021, the non-controlling interest amounted to \$5,906,818, \$6,448,168 and \$6,466,216, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Non-controlling interest</u>			
		<u>June 30, 2022</u>		<u>December 31, 2021</u>	
		<u>Amount</u>	<u>Ownership</u>	<u>Amount</u>	<u>Ownership</u>
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 285,416	36.48%	\$ 300,195	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,420,195	66.62%	1,832,601	66.62%
Century Development Corporation and subsidiaries	R.O.C	2,745,997	47.25%	2,804,257	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	272,248	50.99%	279,263	50.99%

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Non-controlling interest</u>	
		<u>June 30, 2021</u>	
		<u>Amount</u>	<u>Ownership</u>
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 293,820	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,857,137	67.85%
Century Development Corporation and subsidiaries	R.O.C	2,727,032	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	290,728	50.99%

B. Summarized financial information of the subsidiaries:

Balance sheets

	<u>Tecom Co., Ltd. and subsidiaries</u>		
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current assets	\$ 1,038,256	\$ 1,083,023	\$ 960,195
Non-current assets	909,991	959,170	968,819
Current liabilities	(1,055,740)	(1,099,856)	(1,191,766)
Non-current liabilities	(455,105)	(463,807)	(275,082)
Total net assets	<u>\$ 437,402</u>	<u>\$ 478,530</u>	<u>\$ 462,166</u>
	<u>Taiwan Pelican Express Co., Ltd. and subsidiaries</u>		
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current assets	\$ 1,885,739	\$ 1,856,384	\$ 1,887,356
Non-current assets	2,609,685	3,154,073	2,738,995
Current liabilities	(1,211,722)	(1,116,058)	(983,005)
Non-current liabilities	(1,151,917)	(1,143,572)	(906,224)
Total net assets	<u>\$ 2,131,785</u>	<u>\$ 2,750,827</u>	<u>\$ 2,737,122</u>
	<u>Century Development Corporation and subsidiaries</u>		
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current assets	\$ 816,947	\$ 1,484,032	\$ 1,886,856
Non-current assets	9,658,328	8,878,166	8,059,291
Current liabilities	(1,180,336)	(1,003,461)	(670,442)
Non-current liabilities	(2,799,691)	(2,793,047)	(2,816,753)
Total net assets	<u>\$ 6,495,248</u>	<u>\$ 6,565,690</u>	<u>\$ 6,458,952</u>
	<u>Information Technology Total Services Co., Ltd. and subsidiaries</u>		
	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Current assets	\$ 690,806	\$ 567,611	\$ 659,603
Non-current assets	260,754	282,442	308,615
Current liabilities	(402,558)	(287,813)	(373,904)
Non-current liabilities	(15,221)	(14,546)	(23,822)
Total net assets	<u>\$ 533,781</u>	<u>\$ 547,694</u>	<u>\$ 570,492</u>

Statements of comprehensive income

	<u>Tecom Co., Ltd. and subsidiaries</u>	
	<u>For the three-month period ended June 30, 2022</u>	<u>For the three-month period ended June 30, 2021</u>
Revenue	\$ 262,089	\$ 273,164
Profit before income tax	12,229	2,347
Income tax expense	(1,287)	(1,111)
Profit for the period	10,942	1,236
Other comprehensive loss (net of tax)	(23,537)	(33,787)
Total comprehensive loss for the period	<u>(\$ 12,595)</u>	<u>(\$ 32,551)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 9,895</u>	<u>(\$ 15,288)</u>
	<u>Tecom Co., Ltd. and subsidiaries</u>	
	<u>For the six-month period ended June 30, 2022</u>	<u>For the six-month period ended June 30, 2021</u>
Revenue	\$ 535,213	\$ 520,327
Profit before income tax	21,730	8,799
Income tax expense	(3,190)	(2,677)
Profit for the period	18,540	6,122
Other comprehensive loss (net of tax)	(48,334)	(22,951)
Total comprehensive loss for the period	<u>(\$ 29,794)</u>	<u>(\$ 16,829)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 3,572)</u>	<u>(\$ 14,359)</u>

Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Revenue	\$ 1,140,680	\$ 1,133,057
Profit before income tax	83,836	97,679
Income tax expense	(13,273)	(18,364)
Profit for the period	70,563	79,315
Other comprehensive (loss) income (net of tax)	(120,924)	417,066
Total comprehensive (loss) income for the period	(\$ 50,361)	\$ 496,381
Comprehensive (loss) income attributable to non-controlling interest	(\$ 33,550)	\$ 336,795
Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Revenue	\$ 2,242,891	\$ 2,181,362
Profit before income tax	128,967	174,132
Income tax expense	(22,216)	(33,623)
Profit for the period	106,751	140,509
Other comprehensive (loss) income (net of tax)	(525,312)	612,341
Total comprehensive (loss) income for the period	(\$ 418,561)	\$ 752,850
Comprehensive (loss) income attributable to non-controlling interest	(\$ 278,845)	\$ 510,809

<u>Century Development Corporation and subsidiaries</u>		
	<u>For the three-month period ended June 30, 2022</u>	<u>For the three-month period ended June 30, 2021</u>
Revenue	\$ 205,537	\$ 210,357
Profit before income tax	109,496	106,439
Income tax expense	(22,032)	(16,881)
Profit for the period	87,464	89,558
Other comprehensive income (loss) (net of tax)	6,719	(20,703)
Total comprehensive income for the period	<u>\$ 94,183</u>	<u>\$ 68,855</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 45,544</u>	<u>\$ 49,689</u>

<u>Century Development Corporation and subsidiaries</u>		
	<u>For the six-month period ended June 30, 2022</u>	<u>For the six-month period ended June 30, 2021</u>
Revenue	\$ 423,592	\$ 411,760
Profit before income tax	215,334	206,880
Income tax expense	(42,968)	(37,106)
Profit for the period	172,366	169,774
Other comprehensive income (loss) (net of tax)	28,971	(20,268)
Total comprehensive income for the period	<u>\$ 201,337</u>	<u>\$ 149,506</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 91,625</u>	<u>\$ 91,551</u>

Information Technology Total Services Co., Ltd.
and subsidiaries

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Revenue	\$ 290,766	\$ 277,926
Profit before income tax	21,461	19,787
Income tax expense	(3,852)	(3,475)
Profit for the period	17,609	16,312
Other comprehensive income (loss) (net of tax)	1,117	(1,194)
Total comprehensive income for the period	<u>\$ 18,726</u>	<u>\$ 15,118</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 9,097</u>	<u>\$ 8,368</u>

Information Technology Total Services Co., Ltd.
and subsidiaries

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Revenue	\$ 728,488	\$ 776,028
Profit before income tax	45,310	50,030
Income tax expense	(8,119)	(9,432)
Profit for the period	37,191	40,598
Other comprehensive income (loss) (net of tax)	3,542	(1,126)
Total comprehensive income for the period	<u>\$ 40,733</u>	<u>\$ 39,472</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 18,957</u>	<u>\$ 20,621</u>

Statements of cash flows

	Tecom Co., Ltd. and subsidiaries	
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Net cash provided by (used in) operating activities	\$ 16,176	(\$ 4,068)
Net cash used in investing activities	(3,190)	(9,701)
Net cash (used in) provided by financing activities	(55,097)	2,796
Decrease in cash and cash equivalents	(42,111)	(10,973)
Cash and cash equivalents, beginning of period	183,656	95,778
Cash and cash equivalents, end of period	<u>\$ 141,545</u>	<u>\$ 84,805</u>
	Taiwan Pelican Express Co., Ltd. and subsidiaries	
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Net cash provided by operating activities	\$ 232,032	\$ 188,250
Net cash used in investing activities	(57,190)	(28,796)
Net cash used in financing activities	(98,468)	(77,055)
Effect of exchange rates on cash and cash equivalents	273	255
Increase in cash and cash equivalents	76,647	82,654
Cash and cash equivalents, beginning of period	905,342	899,305
Cash and cash equivalents, end of period	<u>\$ 981,989</u>	<u>\$ 981,959</u>

<u>Century Development Corporation and subsidiaries</u>				
	<u>For the six-month period ended June 30, 2022</u>		<u>For the six-month period ended June 30, 2021</u>	
Net cash provided by operating activities	\$	221,309	\$	399,925
Net cash used in investing activities	(	192,778)	(	5,372)
Net cash used in financing activities	(	59,846)	(	238,705)
Effect of exchange rates on cash and cash equivalents		<u>2,866</u>	(	<u>1,251)</u>
(Decrease) increase in cash and cash equivalents	(	<u>28,449)</u>		<u>154,597</u>
Cash and cash equivalents, beginning of period		<u>613,545</u>		<u>230,836</u>
Cash and cash equivalents, end of period	\$	<u>585,096</u>	\$	<u>385,433</u>

<u>Information Technology Total Services Co., Ltd. and subsidiaries</u>				
	<u>For the six-month period ended June 30, 2022</u>		<u>For the six-month period ended June 30, 2021</u>	
Net cash provided by operating activities	\$	21,906	\$	131,083
Net cash provided by (used in) investing activities		19,326	(	48,602)
Net cash used in financing activities	(	2,966)	(	4,473)
Effect of exchange rates on cash and cash equivalents		<u>1,376</u>	(	<u>567)</u>
Increase in cash and cash equivalents		<u>39,642</u>		<u>77,441</u>
Cash and cash equivalents, beginning of period		<u>140,280</u>		<u>85,874</u>
Cash and cash equivalents, end of period	\$	<u>179,922</u>	\$	<u>163,315</u>

7. Related Party Transactions

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

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

Note 1: The investee was no longer the related party of the Group after the re-election of directors during the shareholders' meeting in 2021.

(2) Significant related party transactions

A. Operating revenue:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Sales of goods and services:		
Associates	\$ 75,144	\$ 80,856
Other related parties	<u>89,702</u>	<u>85,010</u>
	<u>\$ 164,846</u>	<u>\$ 165,866</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Sales of goods and services:		
Associates	\$ 186,898	\$ 181,005
Other related parties	<u>182,192</u>	<u>165,198</u>
	<u>\$ 369,090</u>	<u>\$ 346,203</u>

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

B. Purchases of goods:

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Purchases of goods:		
Associates	\$ 43,548	\$ 78,536
Other related parties	<u>6,494</u>	<u>11,399</u>
	<u>\$ 50,042</u>	<u>\$ 89,935</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Purchases of goods:		
Associates	\$ 82,837	\$ 126,300
Other related parties	<u>7,153</u>	<u>21,533</u>
	<u>\$ 89,990</u>	<u>\$ 147,833</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:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Receivables from related parties:			
Associates	\$ 208,041	\$ 197,304	\$ 179,836
Other related parties	<u>62,582</u>	<u>81,770</u>	<u>61,122</u>
	<u>270,623</u>	<u>279,074</u>	<u>240,958</u>
Other receivables - others			
Associates			
TTMC	33,451	36,869	38,648
Le-Li	9,114	4,074	14,783
Shanghai Xiangseng	17,150	17,305	448
Others	31,487	52,988	4,137
Other related parties	<u>9,976</u>	<u>7,325</u>	<u>4,591</u>
	<u>101,178</u>	<u>118,561</u>	<u>62,607</u>
	<u>\$ 371,801</u>	<u>\$ 397,635</u>	<u>\$ 303,565</u>

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

(b) The other receivables arise mainly from other receivables for rental and dividends.

D. Payables to related parties:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Payables to related parties:			
Associates	\$ 175,105	\$ 84,465	\$ 127,629
Other related parties	<u>5,814</u>	<u>688</u>	<u>10,062</u>
	<u>\$ 180,919</u>	<u>\$ 85,153</u>	<u>\$ 137,691</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 three-month period ended <u>June 30, 2022</u>	For the three-month period ended <u>June 30, 2021</u>
Associates	\$ 6,740	\$ 5,487
Other related parties	<u>5,178</u>	<u>6,668</u>
	<u>\$ 11,918</u>	<u>\$ 12,155</u>
	For the six-month period ended <u>June 30, 2022</u>	For the six-month period ended <u>June 30, 2021</u>
Associates	\$ 12,009	\$ 12,131
Other related parties	<u>10,530</u>	<u>13,351</u>
	<u>\$ 22,539</u>	<u>\$ 25,482</u>

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

F. Endorsements and guarantees provided to related parties:

	June 30, 2022	December 31, 2021	June 30, 2021
Associates	\$ -	\$ -	\$ 166

G. Others

(a) On April 12, 2021, the Board of Directors of the Company resolved to participate in the capital increase of ZEPT Inc. to acquire 7,805,555 shares, equivalent to 25% of total equity interest, and the total investment amounted to \$58,542.

(b) On June 29, 2022, the Board of Directors of the Group's subsidiary, Teco Australia, resolved to acquire 40% of the equity interest of Ejoy Australia Pty. Ltd. from another related party, YUBAN, through the wholly-owned subsidiary, Ejoy Australia Holdings Pty. Ltd. for a consideration of AUD 411 thousand. The Group will hold 100% of the equity interest of Ejoy Australia Pty. Ltd. after the transaction is completed.

(3) Key management compensation

	For the three-month period ended June 30, 2022	For the three-month period ended June 30, 2021
Salaries and other short-term employee benefits	\$ 108,465	\$ 150,579
Post-employment benefits	2,060	2,254
	<u>\$ 110,525</u>	<u>\$ 152,833</u>
	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Salaries and other short-term employee benefits	\$ 224,586	\$ 269,435
Post-employment benefits	4,345	4,546
	<u>\$ 228,931</u>	<u>\$ 273,981</u>

8. Pledged Assets

Pledged asset	June 30, 2022	December 31, 2021	Purpose
Notes receivable	\$ 22,517	\$ 64,257	Short-term borrowings and deposits for acceptance bill
Other current assets			
Demand deposits	442,218	474,942	Short-term borrowings, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, tariff guarantees, merchandise loans, provisional seizure guarantee, deposits for the exemption from provisional execution and guarantee
Demand deposits	415,742	710,447	Earmarked construction projects
Demand deposits	297,200	-	Prepayments for investments
Time deposits	236,776	225,764	Engineering bond, merchandise loans, tariff guarantees, long-term and short-term borrowings, engineering guarantees, customs security deposit, warranty margin, exercise guarantee for construction and quality assurance for product sales
Financial assets at fair value through other comprehensive income - non-current			
Taiwan High Speed Rail Corporation	448,800	399,600	Long-term borrowings
Non-current financial assets at amortised cost	10,000	160,000	Performance guarantee
Property, plant, and equipment			
Land	96,414	98,025	Long-term borrowings, short-term borrowings
Buildings and structures	10,401	10,698	"
Machinery and equipment	164,271	149,575	"
Right-of-use assets	802,193	775,311	"
Other non-current assets			
Refundable deposits	110,705	91,810	Exercise guarantee or warranty for construction and exercise guarantee for tender
Demand deposits	1,532	-	Restricted by the legislation on repatriating offshore funds
Time deposits	342,252	361,224	"
	\$ 3,401,021	\$ 3,521,653	

Pledged asset	June 30, 2021	Purpose
Notes receivable	\$ 43,439	Short-term borrowings and deposits for acceptance bill
Other current assets		
Demand deposits	212,120	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	709,357	Earmarked construction projects
Time deposits	232,787	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	403,650	Long-term borrowings
Non-current financial assets at amortised cost	160,000	Performance guarantee
Property, plant, and equipment		
Land	99,636	Long-term borrowings, short-term borrowings
Buildings and structures	10,797	"
Machinery and equipment	153,918	"
Right-of-use assets	784,163	"
Other non-current assets		
Refundable deposits	83,244	Exercise guarantee or warranty for construction and exercise guarantee for tender
Time deposits	61,431	Restricted by the legislation on repatriating offshore funds
	<u>\$ 2,954,542</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

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

(2) Commitments

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Property, plant and equipment	\$ 1,820,011	\$ 2,605,204	\$ 3,547,233
Intangible assets	1,140	8,996	1,426
	<u>\$ 1,821,151</u>	<u>\$ 2,614,200</u>	<u>\$ 3,548,659</u>

B. As of June 30, 2022, the outstanding usance L/C used for acquiring raw materials and equipment was \$ 48,090.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On August 12, 2022, the Company's Board of Directors resolved to merge the Company with the wholly-owned subsidiary, Teco Smart Technologies Co., Ltd. The Company will be the surviving company while Teco Smart Technologies Co. will be the dissolved company. The merger will be effective on October 1, 2022.

12. Others

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 3,552,338	\$ 6,850,607	\$ 4,400,866
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 31,844,909	\$ 46,224,848	\$ 44,395,714
Financial assets at amortised cost /Loans and receivables			
Cash and cash equivalents	\$ 20,167,428	\$ 17,274,143	\$ 21,503,024
Financial assets at amortised cost	160,967	392,232	433,478
Notes receivable	911,309	1,001,157	945,455
Accounts receivable	10,733,285	10,201,498	9,920,167
Other receivables	1,149,426	538,674	331,190
Guarantee deposits paid and restricted bank deposits	2,008,398	2,015,991	1,458,995
	<u>\$ 35,130,813</u>	<u>\$ 31,423,695</u>	<u>\$ 34,592,309</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 9,862	\$ -	\$ 1,217
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,703,444	\$ 2,042,697	\$ 2,075,739
Notes payable	730,135	1,027,193	394,700
Accounts payable	9,126,506	9,347,227	8,562,285
Other payables	8,636,771	5,544,765	7,772,343
Lease liabilities	5,122,558	5,062,094	4,872,895
Bonds payable (including current portion)	6,000,000	6,000,000	6,000,000
Long-term borrowings (including current portion)	3,804,406	4,095,256	4,154,959
	<u>\$ 35,123,820</u>	<u>\$ 33,119,232</u>	<u>\$ 33,832,921</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.
- (c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Notes 6(2) and 6(14).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Foreign exchange risk arises from recognized assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.
- iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and (14).
- iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2022

Sensitivity Analysis

		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	USD	\$ 103,406	29.7200	\$ 3,073,226	1%	\$ 30,732	\$ -
EUR:NTD	EUR	5,647	31.0500	175,339	1%	1,753	-
USD:RMB	USD	43,541	6.6952	1,294,039	1%	12,940	-
RMB:NTD	RMB	29,725	4.4390	131,949	1%	1,319	-
AUD:NTD	AUD	7,947	20.4500	162,516	1%	1,625	-
USD:SGD	USD	10,030	1.3907	298,092	1%	2,981	-
USD:EUR	USD	9,077	0.9572	269,768	1%	2,698	-
USD:MYR	USD	8,268	4.4076	245,725	1%	2,457	-
EUR:USD	EUR	7,116	1.0448	220,952	1%	2,210	-
CAD:USD	CAD	5,275	1.2911	121,431	1%	1,214	-
JPY:NTD	JPY	473,985	0.2182	103,424	1%	1,034	-
<u>Non-monetary items</u>							
USD:NTD	USD	707,174	29.7200	21,071,224			
EUR:NTD	EUR	143,251	31.0500	4,447,937			
SGD:NTD	SGD	149,965	21.3700	3,204,756			
VND:NTD	VND	266,273,077	0.0013	346,155			
MYR:NTD	MYR	8,003	6.7429	53,966			
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	51,645	29.7200	1,534,889	1%	15,349	-
USD:VND	USD	7,084	22,861.5385	210,536	1%	2,105	-
USD:MYR	USD	12,473	4.4076	370,698	1%	3,707	-
USD:AUD	USD	3,909	1.4533	116,175	1%	1,162	-
EUR:NTD	EUR	3,446	31.0500	106,998	1%	1,070	-

December 31, 2021

Sensitivity Analysis

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

June 30, 2021

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	USD	\$ 96,941	27.8600	\$ 2,700,776	1%	\$ 27,008	\$ -
EUR:NTD	EUR	6,941	33.1500	230,094	1%	2,301	-
USD:RMB	USD	43,655	6.4655	1,216,228	1%	12,162	-
JPY:NTD	JPY	401,486	0.2521	101,215	1%	1,012	-
RMB:NTD	RMB	52,752	4.3090	227,308	1%	2,273	-
AUD:NTD	AUD	9,291	20.9400	194,554	1%	1,946	-
USD:SGD	USD	6,959	1.3439	193,878	1%	1,939	-
USD:EUR	USD	8,901	0.8404	247,982	1%	2,480	-
USD:MYR	USD	9,328	4.1523	259,878	1%	2,599	-
<u>Non-monetary items</u>							
USD:NTD	USD	719,724	27.8600	20,051,517			
EUR:NTD	EUR	131,003	33.1500	4,342,753			
SGD:NTD	SGD	175,234	20.7300	3,632,595			
VND:NTD	VND	236,891,667	0.0012	284,270			
MYR:NTD	MYR	6,772	6.7096	45,439			
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	45,811	27.8600	1,276,294	1%	12,763	-
USD:RMB	USD	3,678	6.4655	102,469	1%	1,025	-
USD:VND	USD	5,443	23,216.6667	151,642	1%	1,516	-
USD:MYR	USD	10,019	4.1523	279,129	1%	2,791	-
USD:SGD	USD	4,728	1.3439	131,722	1%	1,317	-

- v. Total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the six-month periods ended June 30, 2022 and 2021 amounted to \$100,505 and (\$52,490), 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 six-month periods ended June 30, 2022 and 2021 would have increased/decreased by \$116,925 and \$163,474, 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 \$1,571,304 and \$2,200,996, 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 six-month periods ended June 30, 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in NTD, USD and RMB.
 - ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. As at June 30, 2022 and 2021, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2022 and 2021 would have been \$5,508 and \$6,231 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 June 30, 2022, December 31, 2021 and June 30, 2021, the loss rate methodology is as follows:

June 30, 2022			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 9,264,145	(\$ 11,603)
Up to 30 days	0%~2%	988,942	(5,997)
31 to 90 days	1%~20%	662,711	(26,504)
91 to 180 days	1%~100%	208,583	(22,252)
Over 180 days	1%~100%	439,911	(123,965)
		<u>\$ 11,564,292</u>	<u>(\$ 190,321)</u>
December 31, 2021			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 9,190,412	(\$ 10,459)
Up to 30 days	0%~2%	823,414	(967)
31 to 90 days	1%~20%	453,634	(14,553)
91 to 180 days	1%~100%	191,169	(23,076)
Over 180 days	1%~100%	433,279	(119,272)
		<u>\$ 11,091,908</u>	<u>(\$ 168,327)</u>

June 30, 2021			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 8,787,495	(\$ 14,982)
Up to 30 days	0%~2%	777,309	(1,988)
31 to 90 days	1%~20%	545,333	(16,364)
91 to 180 days	1%~100%	171,194	(19,149)
Over 180 days	1%~100%	514,017	(118,201)
		<u>\$ 10,795,348</u>	<u>(\$ 170,684)</u>
June 30, 2022			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Individual	100%	\$ 28,254	(\$ 28,254)
Group A	0%~5%	6,356,575	(10,579)
Group B	0%~10%	2,036,257	(4,323)
Group C	1%~20%	1,429,446	(27,384)
Group D	1%~40%	425,145	(12,877)
Group E	1%~100%	1,288,615	(106,904)
		<u>\$ 11,564,292</u>	<u>(\$ 190,321)</u>
December 31, 2021			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Individual	100%	\$ 29,379	(\$ 29,379)
Group A	0%~5%	6,611,371	(8,418)
Group B	0%~10%	1,729,745	(5,829)
Group C	1%~20%	1,404,993	(15,949)
Group D	1%~40%	355,691	(10,446)
Group E	1%~100%	960,729	(98,306)
		<u>\$ 11,091,908</u>	<u>(\$ 168,327)</u>
June 30, 2021			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Individual	100%	\$ 30,625	(\$ 30,625)
Group A	0%~5%	6,067,661	(8,806)
Group B	0%~10%	1,874,751	(5,927)
Group C	1%~20%	1,364,460	(17,215)
Group D	1%~40%	390,490	(10,160)
Group E	1%~100%	1,067,361	(97,951)
		<u>\$ 10,795,348</u>	<u>(\$ 170,684)</u>

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

	2022	
	Notes receivable and accounts receivable	
At January 1	\$	168,327
Provision for impairment		19,831
Write-offs during the period	(	5,460)
Effect of foreign exchange		7,623
At June 30	\$	<u>190,321</u>
	2021	
	Notes receivable and accounts receivable	
At January 1	\$	179,129
Provision for impairment		329
Write-offs during the period	(	6,350)
Effect of foreign exchange	(	2,424)
At June 30	\$	<u>170,684</u>

For the six-month periods ended June 30, 2022 and 2021, the Group recognised impairment gains from other receivables at amortised cost amounting to \$2,194 and \$19,870, 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 June 30, 2022, December 31, 2021 and June 30, 2021, the undrawn credit amounts are \$19,781,883, \$20,044,060 and \$21,484,089, 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>June 30, 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	\$ 1,703,444	\$ -	\$ -	\$ -	\$ -
Notes payable	730,135	-	-	-	-
Accounts payable	9,126,506	-	-	-	-
Lease liabilities	539,075	574,296	402,815	587,522	4,401,868
Other payables	8,636,771	-	-	-	-
Bonds payable (including current portion)	1,000,000	-	3,000,000	2,000,000	-
Long-term borrowings (including current portion)	2,373,623	319,325	1,047,803	16,445	61,667

Non-derivative financial liabilities:

<u>December 31, 2021</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,042,697	\$ -	\$ -	\$ -	\$ -
Notes payable	1,027,193	-	-	-	-
Accounts payable	9,347,227	-	-	-	-
Lease liabilities	515,727	479,294	337,604	555,283	4,423,595
Other payables	5,544,765	-	-	-	-
Bonds payable (including current portion)	1,000,000	-	-	5,000,000	-
Long-term borrowings (including current portion)	2,499,548	322,976	465,075	768,417	67,834

Non-derivative financial liabilities:

<u>June 30, 2021</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,075,739	\$ -	\$ -	\$ -	\$ -
Notes payable	394,700	-	-	-	-
Accounts payable	8,562,285	-	-	-	-
Lease liabilities	466,149	426,894	324,733	507,321	4,386,965
Other payables	7,772,343	-	-	-	-
Bonds payable	-	1,000,000	-	5,000,000	-
Long-term borrowings (including current portion)	2,559,775	314,318	313,709	905,463	71,945

iv. As of June 30, 2022, December 31, 2021 and June 30, 2021, the derivative financial liabilities which were executed by the Group were all due within one year.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).

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

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

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

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

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

<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 2,338,497	\$ -	\$ 1,213,841	\$ 3,552,338
Financial assets at fair value through other comprehensive income				
Equity securities	<u>31,426,076</u>	<u>-</u>	<u>418,833</u>	<u>31,844,909</u>
	<u>\$ 33,764,573</u>	<u>\$ -</u>	<u>\$ 1,632,674</u>	<u>\$ 35,397,247</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,862</u>	<u>\$ 9,862</u>

<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 3,483,909	\$ -	\$ 3,362,652	\$ 6,846,561
Non-hedging derivatives	-	4,046	-	4,046
Financial assets at fair value through other comprehensive income				
Equity securities	<u>45,966,478</u>	<u>-</u>	<u>258,370</u>	<u>46,224,848</u>
	<u>\$ 49,450,387</u>	<u>\$ 4,046</u>	<u>\$ 3,621,022</u>	<u>\$ 53,075,455</u>
<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 3,269,470	\$ -	\$ 1,127,542	\$ 4,397,012
Non-hedging derivatives	-	3,854	-	3,854
Financial assets at fair value through other comprehensive income				
Equity securities	<u>44,019,922</u>	<u>-</u>	<u>375,792</u>	<u>44,395,714</u>
	<u>\$ 47,289,392</u>	<u>\$ 3,854</u>	<u>\$ 1,503,334</u>	<u>\$ 48,796,580</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,217</u>	<u>\$ 1,217</u>

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

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

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	<u>Closing price</u>	<u>Net asset value</u>

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

	Fair value at June 30, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,632,674	Market comparable companies	Price to earnings ratio multiple	1.94~2.35	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 3,621,022	Market comparable companies	Price to earnings ratio multiple	1.98~2.47	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at June 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,503,334	Market comparable companies	Price to earnings ratio multiple	2.01~5.92	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%~20%	The higher the discount for lack of marketability, the lower the fair value

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:

June 30, 2022

	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%	<u>\$ 60,692</u>	($ 60,692)	$ 20,942	($ 20,942)
December 31, 2021							

	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%	<u>\$ 168,133</u>	($ 168,133)	$ 12,919	($ 12,919)
June 30, 2021							

	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%	<u>\$ 56,377</u>	($ 56,377)	$ 18,790	($ 18,790)

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the periods (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative financial instruments undertaken during the reporting periods ended: Please refer to Notes 6(2)and(14).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

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

14. Segment Information

(1) General information

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

- A. Green Mechatronic Solution Business Group (GM): This Group is primarily engaged in manufacture and sales of various motors and generators.
- B. Intelligence Energy Business Group (IE): This Group is primarily 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 primarily engaged in manufacture and sales of various home appliances and providing data processing, electronic information and logistics services.
- D. Others: This Group is primarily engaged in investments in various businesses and leasing and development of real estate.

The Group adjusted the structure of operating segments during the fourth quarter of 2021. Accordingly, the Group reorganised heavy industrial products group, home appliances group and others into GM, IE, AI and Others. In addition, starting from January 1, 2022, the Group adjusted the investment segment according to the current conditions. Because former investment segment had decreased the investment transactions which target the short-term spread on equity shares and gradually disposed such non-operating investments, the

investment strategy was adjusted to be aligned with the Group's long-term and related strategical investments. Thus, this Company's performance was not measured at segment income. The Company excluded the profit or loss in relation to investment units, which is shown as non-operating income and expenses, and remeasured and disclosed in segment information. In the second quarter of 2021, the operating segment information was also remeasured and disclosed according to aforementioned segments.

(2) Measurement of segment information

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

(3) Financial information by industry

The segment information of the reportable segments provided to the chief operating decision-maker for the six-month periods ended June 30, 2022 and 2021 is as follows:

	For the six-month period ended June 30, 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	\$ 15,086,765	\$ 4,012,023	\$ 7,699,843	\$ 1,642,242	\$ -	\$ 28,440,873
Operating revenues from internal segments	9,698,490	390,773	2,510,228	217,881	(12,817,372)	-
Total operating revenues	<u>\$ 24,785,255</u>	<u>\$ 4,402,796</u>	<u>\$ 10,210,071</u>	<u>\$ 1,860,123</u>	<u>(\$ 12,817,372)</u>	<u>\$ 28,440,873</u>
Segment profits and losses	<u>\$ 1,610,081</u>	<u>\$ 232,240</u>	<u>\$ 295,927</u>	<u>\$ 299,505</u>	<u>\$ -</u>	<u>\$ 2,437,753</u>
	For the six-month period ended June 30, 2021					
	Green mechatronic solution business Group	Intelligence energy business Group	Air and intelligent life business Group	Others	Adjustment and elimination	Total
<u>Operating revenues</u>						
Operating revenues from external customers	\$ 12,921,516	\$ 3,163,913	\$ 6,609,946	\$ 1,657,414	\$ -	\$ 24,352,789
Operating revenues from internal segments	9,043,957	389,590	2,197,129	160,571	(11,791,247)	-
Total operating revenues	<u>\$ 21,965,473</u>	<u>\$ 3,553,503</u>	<u>\$ 8,807,075</u>	<u>\$ 1,817,985</u>	<u>(\$ 11,791,247)</u>	<u>\$ 24,352,789</u>
Segment profits and losses	<u>\$ 1,366,871</u>	<u>\$ 156,615</u>	<u>\$ 292,215</u>	<u>\$ 62,043</u>	<u>\$ -</u>	<u>\$ 1,877,744</u>

(4) Reconciliation for segment profit (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the six-month periods ended June 30, 2022 and 2021 is provided as follows:

	For the six-month period ended June 30, 2022	For the six-month period ended June 30, 2021
Adjusted operating income of reportable segments	\$ 2,138,248	\$ 1,815,701
Adjusted operating income of other operating segments	299,505	62,043
Interest income	68,739	65,590
(Losses) gains on financial instruments	(973,737)	1,193,079
Financial cost	(102,248)	(101,083)
Associates' and joint ventures' profit and loss accounted for under the equity method	98,410	170,840
Gains on disposals of property, plant and equipment	492	1,934
Others	838,089	(18,268)
Income before income tax	<u>\$ 2,367,498</u>	<u>\$ 3,189,836</u>

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Loans to others

For the six-month period ended June 30, 2022

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 six-month period ended June 30, 2022	Balance at June 30, 2022 (Note 6)	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	\$ 223,440	\$ 217,350	\$ 217,350	-	Short-term financing	\$ -	For operating capital	\$ -	-	\$ -	\$ 494,513	\$ 824,189	Note 2
2	Teco Westinghouse	TWMM	"	"	65,384	65,384	-	2.43%	Short-term financing	-	For operating capital	-	-	-	654,005	1,308,010	Note 3
3	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	191,520	186,300	186,300	1.00%	Short-term financing	-	For operating capital	-	-	-	293,935	489,892	Note 4
4	Motovario Corp.	Motovario S.P.A.	"	"	156,922	156,922	156,922	2.99%	Short-term financing	-	For operating capital	-	-	-	175,022	233,362	Note 5

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

(1)The Company is '0'.

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

Note 2: In accordance with U.V.G.'s policy, limit on total loans shall not exceed 10% of U.V.G.'s net assets based on the latest financial statements (June 30, 2022), and limit on loans to a single party shall not exceed 6% of U.V.G.'s net assets based on the latest financial statements (June 30, 2022).

Note 3: In accordance with Teco Westinghouse's policy, limit on total loans shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (June 30, 2022), and limit on loans to a single party shall not 10% of Teco Westinghouse's net assets based on the latest financial statements (June 30, 2022).

Note 4: Great Teco Motor (PTE) Ltd.'s limit on total loans shall not exceed 10% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (June 30, 2022), and limit on loans to a single party shall not exceed 6% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (June 30, 2022).

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

Note 6: The credit line approved by the Board of Directors.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others
For the six-month period ended June 30, 2022

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 June 30, 2022	Outstanding endorsement/ guarantee amount at June 30, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TECO ELECTRIC & MACHINERY CO., LTD.	Sankyo Co., Ltd	(4)	\$ 14,952,813	\$ 137,408	\$ 123,283	\$ 91,644	-	0.16	\$ 44,858,439	Y	N	N	Note 3
0	"	Motovario	(4)	14,952,813	1,358,915	1,257,525	1,172,138	-	1.68	44,858,439	Y	N	N	"
1	Teco Westinghouse	TWMM	(4)	654,005	59,440	59,440	56,229	-	0.91	1,308,010	Y	N	N	Note 4
2	Teco Australia Pty. Ltd.	TECO New Zealand Pty Ltd.	(4)	156,166	14,904	13,918	13,918	-	0.89	312,333	Y	N	N	Note 5
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	427,926	184,666	180,720	60,240	-	4.22	855,851	Y	N	N	Note 6
4	Tong-An Assets	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	526,052	138,499	135,540	45,180	-	2.58	1,052,104	N	N	N	Note 7
5	Tong-An Investment Co., Ltd.	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	150,934	138,499	135,540	45,180	-	0.68	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 (June 30, 2022), and the guarantee to a single party shall not exceed 20% of the Company's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 4: In accordance with the Teco Westinghouse's policy, the total guarantee amount shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (June 30, 2022), and the guarantee to a single party shall not exceed 10% of Teco Westinghouse's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 5: In accordance with the TECO AUSTRALIA Pty Ltd.'s policy, the total guarantee amount shall not exceed 20% of TECO AUSTRALIA Pty Ltd.'s net assets based on the latest financial statements (June 30, 2022), and the guarantee to a single party shall not exceed 10% of TECO AUSTRALIA Pty Ltd.'s net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 6: In accordance with Century Development's policy, the total guarantee amount shall not exceed 20% of Century Development's net assets based on the latest financial statements (June 30, 2022), and the guarantee to a single party shall not exceed 10% of Century Development's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 7: In accordance with Tong-An Asset's policy, the total guarantee amount shall not exceed 20% of Tong-An Asset's net assets based on the latest financial statements (June 30, 2022), and the guarantee to a single party shall not exceed 10% of Tong-An Asset's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

June 30, 2022

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 June 30, 2022				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	\$ 291,649	14.62	\$ 291,649	
	Stock 2	None	"	2,137	47,336	1.43	47,336	
	Stock 3	"	"	205,333	7,402,243	5.98	7,402,243	
	Stock 4	The Company is a director of the investee	"	190,061	5,331,199	3.38	5,331,199	
	Stock 5	None	"	9,610	116,283	0.09	116,283	
	Stock 6	The Company is a director of the investee	"	5,098	342,597	13.42	342,597	
	Stock 7, etc.	None	"	17,205	4,016	-	4,016	
	Stock 8	"	Note 4	3,200	125,293	0.03	125,293	
	Stock 9	The Company is a director of the investee	"	11,527	432,855	1.96	432,855	
	Stock 10	None	"	47,839	416,198	1.58	416,198	
	Stock 11	"	"	201	1,469	-	1,469	
	Stock 12	The Company is a director of the investee	"	32,980	341,190	10.99	341,190	
	Stock 13	None	"	7,500	480,640	5.00	480,640	
	Stock 14, etc.	"	"	22,578	280,399	-	280,399	
Fund 1	"	"	"	-	114,880	-	114,880	
	Fund 2	"	"	-	106,978	-	106,978	
Teco International	Stock 2	"	Note 1	5,309	117,604	3.56	117,604	
	Stock 15	"	"	720	62,105	0.50	62,105	
Stock 16	The Company is a director of the investee	"	"	220	168,202	0.12	168,202	Note 5
Stock 17	None	"	"	3,177	175,073	0.67	175,073	
Stock 18, etc.	The Company is a director of the investee	"	"	9,398	220,884	-	220,884	
Stock 19, etc.	None	"	Note 3	2,448	170,393	-	170,393	
Tong-An Investment	Stock 2	"	Note 1	7,913	175,280	5.31	175,280	
	Stock 15	"	"	1,225	105,580	0.85	105,580	
Stock 20	An investee company accounted for under the equity method by the Company	"	"	19,540	583,271	0.91	583,271	
Stock 18	Related party in substance	"	"	8,197	122,128	7.28	122,128	
Stock 21	None	"	"	8,692	726,648	0.27	726,648	
Stock 22	"	"	"	1,285	138,780	0.04	138,780	
Stock 16	The Company is a director of the investee	"	"	18,265	13,983,684	10.03	13,983,684	Note 5
Stock 23	None	"	"	821	168,302	0.39	168,302	
Stock 24, etc.	"	"	"	28,756	559,332	-	559,332	
Stock 19	"	"	Note 3	1,076	85,757	0.67	85,757	
Stock 25, etc.	"	"	"	7,616	492,583	-	492,583	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Tong-An Investment	Stock 16	The Company is a director of the investee	Note 4	909	\$ 695,930	0.50	\$ 695,930	Note 5
	Fund 3	None	"	50,000	426,500	-	426,500	
	Fund 4	"	"	698	24,201	-	24,201	
U.V.G	Stock 26	"	Note 1	118	7,711	-	7,711	
An-Tai International	Stock 2	"	"	653	14,464	0.44	14,464	
	Stock 20	An investee company accounted for under the equity method by the Company	"	2,826	84,349	0.13	84,349	
	Stock 18	Related party in substance	"	1,270	18,925	1.13	18,925	
	Stock 27	"	"	2,756	187,386	8.51	187,386	
	Stock 28	None	"	195	13,264	0.14	13,264	
	Stock 19, etc.	"	Note 3	1,348	105,014	-	105,014	
Jie-Zheng Property	Fund 5, etc.	"	Note 2	-	22,860	-	22,860	
Information Technology Total Service	Stock 29, etc.	"	Note 1	3,269	31,482	-	31,482	
Teco Singapore	Stock 16, etc.	Related party in substance	"	304	252,443	-	252,443	Note 5
Taiwan Pelican Express	Stock 20	An investee company accounted for under the equity method by the Company	"	7,070	211,039	0.33	211,039	
	Stock 16	None	"	597	456,834	0.32	456,834	Note 5
Teco Australia	Stock 16	"	"	300	229,313	0.16	229,313	Note 5
Sankyo	Stock 30	"	"	68	6,395	-	6,395	
Tecom and its subsidiaries	Stock 5	"	"	2,175	26,321	0.02	26,321	
	Stock 4	The Company is a corporate director of the investee	"	16,222	455,029	0.29	455,029	
	Stock 7, etc.	None	"	1,202	767	-	767	
	Stock 31	"	Note 3	3,354	40,917	1.76	40,917	
	Fund 6, etc.	"	Note 2	6,715	82,945	-	82,945	
Tong Dai	Stock 20	An investee company accounted for under the equity method by the Company	Note 3	77	2,305	-	2,305	
	Stock 32, etc.	None	"	3	74	-	74	

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

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

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

Note 4: Financial assets at fair value through profit or loss - non-current.

Note 5: The number of shares did not include the stock dividends distributed by the investee on June 30, 2022 from its earnings and capital surplus.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the six-month period ended June 30, 2022

Table 4 Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition		Disposal			Balance as at June 30, 2022		
					Number of shares / units	Amount	Number of shares / units	Amount	Number of shares / units	Selling price	Book value	Gain (loss) on disposal	Number of shares / units	Amount (Note 3)
Teco Holding	OASIS USD Term Liquidity Fund	Note 1	Not applicable	Not applicable	-	\$ 2,216,584	-	\$ -	-	\$ 2,219,164	\$ 2,214,400	\$ 4,764	-	\$ -

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

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

Note 3: The balance amount as at June 30, 2022 included unrealised gains or losses from financial assets.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the six-month period ended June 30, 2022

Table 5

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	\$1,609,406	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	305,876	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	420,228	TECO ELECTRIC & MACHINERY CO., LTD.	Related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park renovation work	In May 2021	483,900	177,619	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 six-month period ended June 30, 2022

Table 6

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	\$ 1,558,757	15%	30 days	Note	Note	\$ -	-	
	Taian Subic	"	"	125,803	1%	"	"	"	(99,480)	(2%)	
	Wuxi Teco	An indirect investee accounted for under the equity method	"	761,587	7%	"	"	"	(785,519)	(15%)	
	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	464,447	4%	"	"	"	(130,534)	(3%)	
	Tai-An Wuxi	"	"	408,249	4%	"	"	"	(146,154)	(3%)	
	Tong Dai	An investee accounted for under the equity method	Sales	(850,492)	(7%)	90 days	"	"	425,886	9%	
	E-Joy International	"	"	(261,391)	(2%)	"	"	"	176,840	4%	
	Teco Singapore	"	"	(232,757)	(2%)	"	"	"	52,200	1%	
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(1,525,553)	(12%)	"	"	"	311,008	7%	
	Teco Australia	"	"	(594,424)	(5%)	"	"	"	240,799	5%	
	Teco Westinghouse Canada	"	"	(409,350)	(3%)	"	"	"	84,453	2%	
	Sankyo	"	"	(148,820)	(1%)	"	"	"	105,935	2%	
	Top-Tower	"	"	(123,270)	(1%)	"	"	"	42,300	1%	
Motovario	"	"	(107,694)	(1%)	"	"	"	78,582	2%		

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
 Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
 June 30, 2022

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECO ELECTRIC & MACHINERY CO., LTD.	Tong-An Investment	An investee accounted for under the equity method	\$ 690,018	-	\$ -	-	\$ 690,018	
"	Tong Dai	"	499,254	3.36	-	-	267,392	
"	E-Joy International	"	177,387	3.38	-	-	-	
"	Tesen	"	149,303	0.02	-	-	149,303	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	312,347	10.40	-	-	-	
"	Teco Australia	"	240,799	5.39	-	-	-	
"	Century Biotech Development Corp.	"	170,288	-	-	-	170,288	
"	Motovario	"	121,001	1.86	-	-	15,377	
"	Sankyo	"	106,477	2.99	-	-	-	
"	QingDao Teco	"	106,221	-	-	-	-	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	"	785,519	2.10	-	-	146,539	
Tai-An Wuxi	"	"	146,154	4.32	-	-	86,111	
TECO (VIETNAM) ELECTRIC & MACHINERY U.V.G.	"	"	130,534	5.75	-	-	30,548	
	Teco Netherlands	An investee accounted for under the equity method	217,350	-	-	-	-	
Great Teco Motor (PTE) Ltd.	"	Fellow subsidiary	186,300	-	-	-	-	
Motovario Corp.	Motovario	An investee accounted for under the equity method	156,922	-	-	-	-	Total amount was \$7,230

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the six-month period ended June 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 499,254	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	312,347	"	-
0	"	E-Joy International	"	"	177,387	"	-
0	"	Motovario	"	"	121,001	"	-
0	"	Sankyo	"	"	106,477	"	-
0	"	QingDao Teco	"	"	106,221	"	-
0	"	Teco Australia	"	Accounts receivable	240,799	"	-
0	"	Century Biotech Development Corp.	"	"	170,288	"	-
0	"	Tong-An Investment	"	Other receivables	690,018	"	1%
0	"	Tesen	"	"	149,303	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Accounts receivable	785,519	"	1%
3	Tai-An Wuxi	"	"	"	146,154	"	-
2	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	130,534	"	-
4	U.V.G	Teco Netherlands	(3)	Other receivables	217,350	"	-
5	Great Teco Motor (PTE) Ltd.	"	"	"	186,300	"	-
6	Motovario Corp.	Motovario	"	"	156,922	"	-
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	1,525,553	"	5%
0	"	Tong Dai	"	"	850,492	"	3%
0	"	Teco Australia	"	"	594,424	"	2%
0	"	Teco Westinghouse Canada	"	"	409,350	"	1%
0	"	E-Joy International	"	"	261,391	"	1%

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the six-month period ended June 30, 2022

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Singapore	(1)	Sales	\$ 232,757	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%
0	"	Sankyo	"	"	148,820	"	1%
0	"	Top-Tower	"	"	123,270	"	-
0	"	Motovario	"	"	107,694	"	-
7	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	1,558,757	"	5%
1	Wuxi Teco	"	"	"	761,587	"	3%
2	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	464,447	"	2%
3	Tai-An Wuxi	"	"	"	408,249	"	1%
8	Taian Subic	"	"	"	125,803	"	-

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

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

Note 2: Relationship with the transaction company:

- (1) The parent company to the subsidiary.
- (2) The subsidiary to the parent company.
- (3) The subsidiary to another subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investees

For the six-month period ended June 30, 2022

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022			Net profit (loss) of the investee for the six-month period ended June 30, 2022	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2022	Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	\$ 12,293	\$ 12,293	39,145,044	31.14%	\$ 2,336,850	\$ 452,568	\$ 140,974	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	60,090,307	63.52%	105,757	18,540	4,693	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	74,409,668	100%	1,580,805	26,923	28,942	None
	Teco Holdings and its subsidiaries	U.S.A	Manufacturing and distribution of motors and generators, and investment and trading in USA	726,428	726,428	1,680	100%	11,181,226	102,281	102,445	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90%	3,204,756	47,372	49,911	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	508,860,935	99.60%	19,296,298	(649,639)	(664,258)	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	71,460	82,335	10,253,864	59.56%	206,824	27,128	15,877	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%	8,241,197	289,582	290,991	None
	ITTS	Taiwan	E-business service, mailing and data management	111,286	111,286	11,467,248	41.97%	224,020	37,191	15,609	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100%	234,639	24,060	28,783	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%	482,349	(6,063)	(2,052)	None	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022			Net profit (loss)	Investment	Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	of the investee	income	
									for the six- month period ended June 30, 2022	(loss) recognized by the Company for the six-month period ended June 30, 2022	
TECO ELECTRIC & MACHINERY	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	\$ 22,444	\$ 22,444	6,615,234	83.53%	\$ 377,520	\$ 69,933	\$ 56,071	None
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	540,453	540,453	-	-	346,155	(7,504)	(3,454)	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95%	137,283	9,026	5,871	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	395,415,338	100%	5,260,521	41,680	42,713	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70%	200,858	7,521	5,412	None
	Micropac (BVI) and its subsidiaries	British Virgin Islands	Manufacturing and distribution of optical fiber apparatus and international trading	454,923	454,923	14,883,591	100%	1,244,724	13,225	8,111	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67%	1,328,804	172,366	46,627	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	34,850,007	100%	602,232	8,920	5,045	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27%	327,600	106,751	24,561	None
	Taian-Etacom	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73%	138,880	24,499	20,760	None
Eagle Holding Co.	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100%	4,447,937	187,705	187,705	None
Eagle Holding Co.	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100%	4,447,937	187,705	187,705	None
TECO MOTOR B.V.	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100%	4,447,937	187,705	187,705	None
Tung Pei	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings and establishment of overseas distribution channel	646,343	646,343	23,031,065	100%	1,954,355	69,262	69,262	None
Tecom	Baycom	Taiwan	Manufacturing and sales of optical telecom products	431,258	431,258	14,700,741	43.76%	196,280	20,428	8,941	None
Tong-An Investment	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18%	654,987	172,366	22,982	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	54,874	54,874	6,474,468	6.78%	144,575	106,751	7,240	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	502,924	(5,067)	(1,042)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	208,550	(2,808)	(870)	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2022			Net profit (loss)	Investment	Footnote
				Balance as at June 30, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value	of the investee	income	
									for the six-month period ended June 30, 2022	(loss) recognized by the Company for the six-month period ended June 30, 2022	
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	\$ 92,000	\$ 92,000	12,553,526	100%	\$ 140,263	\$ 4,125	\$ 4,125	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,354	84.97%	759,471	25,108	22,922	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03%	134,332	25,108	4,056	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	168,170	168,170	2,250,000	100%	(33,680)	3,380	3,970	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50%	84,989	19,037	9,549	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	6,102,973	51.60%	83,692	5,987	3,089	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,460	771,460	77,146,000	30.86%	754,479	(5,067)	(1,564)	None
	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11%	10,126	(2)	(1)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40%	278,067	(2,808)	(1,123)	None
Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100%	239,781	16,090	16,694	None
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	21,264,873	6.06%	2,593	172,366	104	None
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	184,893	184,893	17,013,593	4.85%	221,922	172,366	8,845	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	502,946	(5,067)	(1,020)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	202,686	(2,808)	(1,019)	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the six-month period ended June 30, 2022

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from		Accumulated	Net income of investee for the six-month period ended June 30, 2022	Ownership held by the Company (direct or indirect)(%)	Investment	Book value of investments in Mainland China as of June 30, 2022	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2022	Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2022	amount of remittance from Taiwan to Mainland China as of June 30, 2022	income (loss) recognized by the Company for the six- month period ended June 30, 2022			amount of investment income remitted back to Taiwan as of June 30, 2022			
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ -	\$ -	\$ 188,139	\$ 2,970	100%	\$ 3,152	\$ 136,166	\$ -	Note 15
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	218,905	84.12%	190,431	1,756,589	216,386	Note 14
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 10	205,551	-	-	205,551	13,275	100%	13,225	980,762	217,858	Note 15
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	1,193	100%	1,193 (	25,333)	-	Note 15
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	39,952	98.07%	38,897	1,518,823	72,823	Note 14
QingDao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	-	-	1,648,510	7,801	87.60%	6,834	253,964	-	Note 14
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors.	678,681	Note 3	467,577	-	-	467,577	2,204	100%	2,204	281,637	-	Note 14
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	2,131	100%	1,795	23,920	11,937	Note 15
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469 (	1,951)	24%	(468)	27,929	-	Note 15
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843 (	771)	100%	(771)	48,450	-	Note 15
Shanghai Xisngseng	Distribution of air conditioner	24,004	Note 2	-	-	-	- (	1,924)	39.90%	(767) (	11,953)	-	Note 15
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	9,981	100%	9,981	139,754	-	Note 15
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 12	59,444	-	-	59,444 (	1,120)	100%	(1,120)	40,134	-	Note 15
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	23,829	73,140	100%	71,318	203,401	55,425	Note 14
Jiangxi TECO	Manufacturing and sales of	119,840	Note 11	-	-	-	-	4,431	100%	4,431	117,904	-	Note 15
Westinghouse Motor Coil Co.,Ltd.	motors, winding and related parts												
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 13	-	-	-	-	13,950	100%	15,445	851,589	-	Note 15
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	26,422	-	100%	-	-	-	Note 18
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	344,023	Note 5	24,746	-	-	24,746	-	1.63%	-	-	-	Notes 16 and 17

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from		Accumulated	Net income of investee for the six-month period ended June 30, 2022	Ownership held by the Company (direct or indirect)(%)	Investment	Book value of investments in Mainland China as of June 30, 2022	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2022	Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2022	amount of remittance from Taiwan to Mainland China as of June 30, 2022	income (loss) recognized by the Company for the six- month period ended June 30, 2022			amount of investment income remitted back to Taiwan as of June 30, 2022			
Wuhan Tecom	Communication network information, technology development, sales and technology services business	\$ 6,950	Note 6	\$ 6,950	\$ -	\$ -	\$ 6,950	(\$ 6,889)	100%	(\$ 6,930)	(\$ 8,087)	\$ -	Note 14
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	10,167	Note 8	10,167	-	-	10,167	4,263	100%	4,263	33,429	-	Note 14
Information Technology Total Service (Xiamen)	ERP building, system maintenance and purchases of information appliance	4,421	Note 8	-	-	-	-	761	100%	761	425	-	Note 14
Wuxi TECO Electro Devices Co. Ltd.	R&D, manufacturing and sales of motors and provide products sales skills	115,225	Note 9	86,101	-	-	86,101	16,090	100%	16,694	239,781	43,266	Note 15

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Great Teco Motor (Pte) Ltd. and then invest in Mainland China.

Note 2: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Asia Air Tech Industrial (Pte) Ltd. and then invest in Mainland China.

Note 3: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through United View Global Investment Co., Ltd. and Asia Electric & Machinery (Pte) Ltd. and then invest in Mainland China.

Note 4: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Pelecanus Express Pte. Ltd., and then invest in Mainland China.

Note 5: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Asian Crown International Co., Ltd. and then invest in Mainland China.

Note 6: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Tecom Global Tech Investment (B.V.I) Limited and then invest in Mainland China.

Note 7: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Tecom Global Tech Investment Pte Limited and then invest in Mainland China.

Note 8: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Information Technology Total Service (BVI) Co., Ltd. and then invest in Mainland China.

Note 9: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Teco Electro Devices Co., Ltd. and then invest in Mainland China.

Note 10: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Micropac Worldwide (B.V.I) and An-Tai International Investment (Singapore) Co., Ltd. and then invest in Mainland China.

Note 11: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Teco Holding USA Inc. and Teco Westinghouse Motor Company and then invest in Mainland China.

Note 12: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invested through Tecocapital Investment (Samoa) Co., Ltd. and then invest in Mainland China.

Note 13: Through investing in an existing company in the third area, which then invested in the investee in Mainland China: Invest through Great Teco Motor (Pte) Ltd., Teco Australia Pty. Ltd. and Teco Electric & Machinery (Pte) Ltd. and then invest in Mainland China.

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

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

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

Note 17: As of June 30, 2022, accumulated impairment of \$24,746 was accrued.

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TECO Electric & Machinery Co., Ltd.	\$ 6,487,880	\$ 8,750,356	\$ 48,402,530
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,279,071
Tecom Co., Ltd.	6,950	17,400	262,441
Information Technology Total Services Co., Ltd.	10,167	10,167	320,269
Teco Electro Devices Co., Ltd.	86,101	115,225	209,781

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 six-month period ended June 30, 2022

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
	Amount	%	Amount	%	Balance at June 30, 2022	%	Balance at June 30, 2022	Purpose	Maximum balance during the six-month period ended June 30, 2022	Balance at June 30, 2022	Interest rate	Interest during the six-month period ended June 30, 2022	Others
Wuxi Teco	\$ 7,677	-	\$ -	-	\$ 4,724	-	\$ -	-	\$ -	\$ -	-	\$ -	-
Taian (Wuxi)	5,352	-	-	-	4,220	-	-	-	-	-	-	-	-
Jiangxi Teco	13,446	-	-	-	3,580	-	-	-	-	-	-	-	-
QingDao Teco	44	-	-	-	53	-	-	-	-	-	-	-	-
Xiamen An-Tai	-	-	-	-	-	-	-	-	-	-	-	-	-
Shanghai Teco	11,506	-	-	-	11,227	-	-	-	-	-	-	-	-
Wuxi Teco Precision	108	-	-	-	-	-	-	-	-	-	-	-	-
Wuxi Teco	(761,587)	(7%)	-	-	(785,519)	(15%)	-	-	-	-	-	-	-
Taian (Wuxi)	(408,249)	(4%)	-	-	(146,154)	(3%)	-	-	-	-	-	-	-
QingDao Teco	(38,435)	-	-	-	(231)	-	-	-	-	-	-	-	-
Jiangxi Teco	(57,047)	(1%)	-	-	(40,528)	(1%)	-	-	-	-	-	-	-
Xiamen An-Tai	(3,751)	-	-	-	(1,546)	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	(10,245)	-	-	-	(5,308)	-	-	-	-	-	-	-	-
Wuxi Teco Precision	(4,882)	-	-	-	(356)	-	-	-	-	-	-	-	-
Genmao (Suzhao)	(36,182)	-	-	-	(978)	-	-	-	-	-	-	-	-

TECO ELECTRIC & MACHINERY CO., LTD.

Major shareholders information

June 30, 2022

Table 12

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