

**TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020**

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

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Teco Electric & Machinery Co., Ltd. and subsidiaries (the “Group”) as at September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the related statements of changes in equity and of cash flows for the nine-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\$24,105,686 thousand and NT\$37,355,221 thousand, constituting 18% and 35% of consolidated total assets as of September 30, 2021 and 2020, respectively, total liabilities (including credit balance of investments accounted for under the equity method) of NT\$5,639,126 thousand and NT\$4,525,863 thousand, constituting 14% and 12% of consolidated total liabilities as of September 30, 2021 and 2020, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of NT\$251,230 thousand, NT\$167,425 thousand, NT\$698,894 thousand and NT\$880,148 thousand, constituting 8%, 49%, 3% and 12% of the consolidated total comprehensive income for the three-month and nine-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 September 30, 2021 and 2020, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-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

November 5, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and 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
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

Assets		Notes	September 30, 2021		December 31, 2020		September 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$ 17,920,142	13	\$ 20,397,260	19	\$ 20,308,158	19
1110	Current financial assets at fair value through profit or loss	6(2)	2,331,675	2	114,185	-	161,624	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,222,189	1	1,280,081	1	1,213,439	1
1140	Current contract assets		1,945,489	2	1,452,202	2	1,213,082	1
1150	Notes receivable, net	6(5) and 8	988,104	1	1,172,638	1	1,278,504	1
1160	Notes receivable - related parties	7	168	-	12,264	-	8,259	-
1170	Accounts receivable, net	6(5)	8,722,951	7	8,867,397	9	8,035,771	8
1180	Accounts receivable - related parties	7	249,009	-	235,939	-	364,360	-
1200	Other receivables		504,624	-	282,185	-	231,516	-
1210	Other receivables - related parties	7	82,416	-	72,460	-	168,041	-
130X	Inventories, net	6(6)	11,983,175	9	9,627,248	9	10,008,929	10
1410	Prepayments		595,875	-	370,475	-	479,176	1
1470	Other current assets	6(1) and 8	1,791,474	1	1,908,018	2	1,828,692	2
11XX	Total current assets		<u>48,337,291</u>	<u>36</u>	<u>45,792,352</u>	<u>43</u>	<u>45,299,551</u>	<u>43</u>
Total Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)	4,397,390	3	3,460,272	3	3,453,019	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	44,692,167	33	18,567,933	18	19,440,855	18
1535	Non-current financial assets at amortised cost, net	6(4) and 8	390,166	-	481,530	1	410,074	-
1550	Investments accounted for under the equity method	6(7) and 7	3,667,788	3	3,912,645	4	3,892,620	4
1600	Property, plant and equipment, net	6(8) and 8	15,318,556	11	15,912,788	15	16,060,198	15
1755	Right-of-use assets	6(9) and 8	6,866,189	5	6,752,232	6	6,836,879	7
1760	Investment property, net	6(10)	2,790,855	2	2,850,964	3	2,857,944	3
1780	Intangible assets	6(11)	4,856,837	4	5,269,715	5	5,207,089	5
1840	Deferred income tax assets	6(29)	1,375,183	1	1,365,301	1	1,341,545	1
1900	Other non-current assets	6(1)(12) and 8	2,396,685	2	1,313,339	1	1,268,726	1
15XX	Non-current assets		<u>86,751,816</u>	<u>64</u>	<u>59,886,719</u>	<u>57</u>	<u>60,768,949</u>	<u>57</u>
1XXX	Total assets		<u>\$ 135,089,107</u>	<u>100</u>	<u>\$ 105,679,071</u>	<u>100</u>	<u>\$ 106,068,500</u>	<u>100</u>

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13) and 8	\$ 2,148,828	2	\$ 2,816,832	3	\$ 2,938,004	3
2120	Current financial liabilities at fair value through profit or loss	6(14)	576	-	-	-	-	-
2130	Current contract liabilities	6(23)	1,577,518	1	1,493,931	1	2,104,106	2
2150	Notes payable		722,079	-	340,672	-	438,000	-
2160	Notes payable - related parties	7	40,575	-	55,048	-	78,260	-
2170	Accounts payable		8,823,360	7	7,509,868	7	6,398,973	6
2180	Accounts payable - related parties	7	78,982	-	113,055	-	72,974	-
2200	Other payables	6(15)	5,361,506	4	4,902,975	5	4,509,540	4
2230	Current income tax liabilities	6(29)	573,315	-	490,113	1	490,837	1
2250	Provisions for liabilities - current		316,623	-	406,874	-	488,518	1
2280	Current lease liabilities		525,002	-	462,876	1	431,537	-
2320	Long-term liabilities, current portion	6(16)(17) and 8	1,497,217	1	302,331	-	365,752	-
2399	Other current liabilities, others		720,563	1	724,393	1	882,886	1
21XX	Total current liabilities		<u>22,386,144</u>	<u>16</u>	<u>19,618,968</u>	<u>19</u>	<u>19,199,387</u>	<u>18</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(16)	5,000,000	4	6,000,000	6	6,000,000	6
2540	Long-term borrowings	6(17) and 8	3,983,737	3	3,309,400	3	4,305,834	4
2550	Provisions for liabilities - non-current		115,864	-	132,414	-	123,971	-
2570	Deferred income tax liabilities	6(29)	2,638,562	2	2,539,962	2	2,513,071	2
2580	Non-current lease liabilities		4,576,665	3	4,423,897	4	4,515,525	4
2600	Other non-current liabilities	6(7)	2,226,405	2	2,029,198	-	2,016,050	2
25XX	Total non-current liabilities		<u>18,541,233</u>	<u>14</u>	<u>18,434,871</u>	<u>15</u>	<u>19,474,451</u>	<u>18</u>
2XXX	Total liabilities		<u>40,927,377</u>	<u>30</u>	<u>38,053,839</u>	<u>34</u>	<u>38,673,838</u>	<u>36</u>
	Equity attributable to owners of parent							
	Share capital	6(19)						
3110	Common stock		21,387,966	16	19,676,929	19	19,676,929	19
	Capital surplus	6(20)						
3200	Capital surplus		9,519,796	7	7,386,901	9	7,453,962	6
	Retained earnings	6(21)						
3310	Legal reserve		7,374,048	5	7,024,635	8	7,024,635	7
3320	Special reserve		3,640,779	3	3,640,779	3	3,640,779	3
3350	Unappropriated retained earnings		18,810,848	14	17,271,503	15	16,496,734	16
	Other equity interest	6(22)						
3400	Other equity interest		27,551,986	20	7,339,258	7	7,891,410	7
3500	Treasury stocks	6(19)	(511,710)	-	(511,710)	-	(511,710)	-
31XX	Equity attributable to owners of the parent		<u>87,773,713</u>	<u>65</u>	<u>61,828,295</u>	<u>61</u>	<u>61,672,739</u>	<u>58</u>
36XX	Non-controlling interest	6(33)	6,388,017	5	5,796,937	5	5,721,923	6
3XXX	Total equity		<u>94,161,730</u>	<u>70</u>	<u>67,625,232</u>	<u>66</u>	<u>67,394,662</u>	<u>64</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 135,089,107</u>	<u>100</u>	<u>\$ 105,679,071</u>	<u>100</u>	<u>\$ 106,068,500</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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(REVIEWED, NOT AUDITED)

Items	Notes	For the three-month period ended September 30				For the nine-month period ended September 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(2)(9)(10)(23) and 7	\$ 13,241,260	100	\$ 11,447,811	100	\$ 38,718,953	100	\$ 33,348,808	100
5000 Operating costs	6(6)(8)(9)(18)(28) and 7	(10,366,751)	(79)	(8,903,952)	(78)	(28,944,224)	(75)	(25,155,764)	(75)
5900 Net operating margin		2,874,509	21	2,543,859	22	9,774,729	25	8,193,044	25
5910 Unrealized loss from sales		(697)	-	(1,587)	-	(9,313)	-	(9,843)	-
5920 Realized profit from sales		-	-	-	-	9,518	-	8,263	-
5950 Net operating margin		2,873,812	21	2,542,272	22	9,774,934	25	8,191,464	25
Operating expenses	6(8)(9)(18)(28)								
6100 Selling expenses		(1,036,693)	(8)	(965,788)	(9)	(3,060,667)	(8)	(2,943,032)	(9)
6200 General and administrative expenses		(695,704)	(5)	(596,096)	(5)	(2,055,508)	(5)	(1,769,828)	(5)
6300 Research and development expenses		(291,672)	(2)	(258,857)	(2)	(825,909)	(2)	(779,574)	(3)
6450 Expected credit impairment gains (losses)	12(2)	49	-	(10,584)	-	19,590	-	(25,695)	-
6000 Total operating expenses		(2,024,020)	(15)	(1,831,325)	(16)	(5,922,494)	(15)	(5,518,129)	(17)
6900 Operating profit		849,792	6	710,947	6	3,852,440	10	2,673,335	8
Non-operating income and expenses									
7100 Interest income	6(4)(24)	29,301	-	37,664	1	94,891	-	163,888	-
7010 Other income	6(3)(10)(25) and 7	1,094,084	8	240,505	2	1,285,703	3	953,041	3
7020 Other gains and losses	6(2)(9)(14)(26)	149,215	1	3,452	-	9,437	-	(150,124)	-
7050 Finance costs	6(9)(27)	(49,865)	-	(57,422)	-	(150,948)	-	(193,704)	(1)
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(7)	42,643	1	30,014	-	213,483	1	(50,931)	-
7000 Total non-operating income and expenses		1,265,378	10	254,213	3	1,452,566	4	722,170	2
7900 Profit before income tax		2,115,170	16	965,160	9	5,305,006	14	3,395,505	10
7950 Income tax expense	6(29)	(405,530)	(3)	(184,676)	(2)	(785,658)	(2)	(483,727)	(1)
8200 Profit for the period		\$ 1,709,640	13	\$ 780,484	7	\$ 4,519,348	12	\$ 2,911,778	9

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(REVIEWED, NOT AUDITED)

Items	Notes	For the three-month period ended September 30				For the nine-month period ended September 30			
		2021		2020		2021		2020	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Other comprehensive income that will not be reclassified to profit or loss									
8311 Other comprehensive (loss) income, before tax, actuarial losses on defined benefit plans	6(18)	\$ 304	-	(\$ 12)	-	(\$ 190)	-	(\$ 8,746)	-
8316 Unrealized gains on valuation of investments measured at fair value through other comprehensive income	6(3)	1,833,576	14	(1,215,479)	(11)	21,920,115	56	4,893,048	15
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		24,500	-	5,087	-	28,835	-	4,878	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	-	-	-	-	(85,977)	-	-	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		<u>1,858,380</u>	<u>14</u>	<u>(1,210,404)</u>	<u>(11)</u>	<u>21,862,783</u>	<u>56</u>	<u>4,889,180</u>	<u>15</u>
Other comprehensive income that will be reclassified to profit or loss									
8361 Currency translation differences of foreign operations	6(22)	(284,681)	(2)	60,116	1	(1,074,068)	(3)	(616,271)	(2)
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(29)	<u>23,980</u>	<u>-</u>	<u>25,662</u>	<u>-</u>	<u>146,608</u>	<u>1</u>	<u>80,052</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss		<u>(260,701)</u>	<u>(2)</u>	<u>85,778</u>	<u>1</u>	<u>(927,460)</u>	<u>(2)</u>	<u>(536,219)</u>	<u>(2)</u>
8300 Other comprehensive income (loss) for the period		<u>\$ 1,597,679</u>	<u>12</u>	<u>(\$ 1,124,626)</u>	<u>(10)</u>	<u>\$ 20,935,323</u>	<u>54</u>	<u>\$ 4,352,961</u>	<u>13</u>
8500 Total comprehensive income (loss) for the period		<u>\$ 3,307,319</u>	<u>25</u>	<u>(\$ 344,142)</u>	<u>(3)</u>	<u>\$ 25,454,671</u>	<u>66</u>	<u>\$ 7,264,739</u>	<u>22</u>
Profit (loss) attributable to:									
8610 Owners of the parent		\$ 1,578,749	12	\$ 801,977	7	\$ 4,116,999	11	\$ 2,727,719	8
8620 Non-controlling interest		<u>130,891</u>	<u>1</u>	<u>(21,493)</u>	<u>-</u>	<u>402,349</u>	<u>1</u>	<u>184,059</u>	<u>1</u>
		<u>\$ 1,709,640</u>	<u>13</u>	<u>\$ 780,484</u>	<u>7</u>	<u>\$ 4,519,348</u>	<u>12</u>	<u>\$ 2,911,778</u>	<u>9</u>
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		\$ 3,118,109	24	(\$ 256,260)	(2)	\$ 24,551,193	64	\$ 7,040,013	21
8720 Non-controlling interest		<u>189,210</u>	<u>1</u>	<u>(87,882)</u>	<u>(1)</u>	<u>903,478</u>	<u>2</u>	<u>224,726</u>	<u>1</u>
		<u>\$ 3,307,319</u>	<u>25</u>	<u>(\$ 344,142)</u>	<u>(3)</u>	<u>\$ 25,454,671</u>	<u>66</u>	<u>\$ 7,264,739</u>	<u>22</u>
Earnings per share (in dollars)	6(30)								
9750 Basic earnings per share		<u>\$ 0.75</u>		<u>\$ 0.41</u>		<u>\$ 1.96</u>		<u>\$ 1.41</u>	
9850 Diluted earnings per share		<u>\$ 0.75</u>		<u>\$ 0.41</u>		<u>\$ 1.96</u>		<u>\$ 1.41</u>	

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

Equity attributable to owners of the parent											
Notes	Share capital - common stock	Capital surplus	Retained Earnings			Other equity interest		Treasury stocks	Total	Non-controlling interest	Total equity
			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				
<u>For the nine-month period ended September 30, 2020</u>											
Balance at January 1, 2020	\$ 19,676,929	\$ 7,389,577	\$ 6,702,463	\$ 3,640,779	\$ 16,047,563	(\$ 2,676,725)	\$ 6,247,481	(\$ 321,563)	\$ 56,706,504	\$ 4,998,286	\$ 61,704,790
Profit for the period	-	-	-	-	2,727,719	-	-	-	2,727,719	184,059	2,911,778
Other comprehensive (loss) income for the period	6(22)	-	-	-	(8,808)	(525,337)	4,846,439	-	4,312,294	40,667	4,352,961
Total comprehensive income (loss)		-	-	-	2,718,911	(525,337)	4,846,439	-	7,040,013	224,726	7,264,739
Appropriation of 2019 earnings	6(21)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	322,172	(322,172)	-	-	-	-	-	-
Cash dividends		-	-	-	(1,948,016)	-	-	-	(1,948,016)	-	(1,948,016)
Acquisition of parent company's share by subsidiaries recognized as treasury shares	6(19)	-	-	-	-	-	-	(190,147)	(190,147)	-	(190,147)
Transactions with non-controlling interest		-	40,727	-	-	-	-	-	40,727	(40,727)	-
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	23,658	-	-	-	-	-	23,658	-	23,658
Changes in other non-controlling equity		-	-	-	-	-	-	-	-	(160,362)	(160,362)
Proceeds from capital increase of non-controlling interests	6(33)	-	-	-	-	-	-	-	-	700,000	700,000
Disposal of investment in equity instrument at fair value through other comprehensive income	6(3)(22)	-	-	-	448	-	(448)	-	-	-	-
Balance at September 30, 2020		\$ 19,676,929	\$ 7,453,962	\$ 7,024,635	\$ 3,640,779	\$ 16,496,734	(\$ 3,202,062)	\$ 11,093,472	(\$ 511,710)	\$ 61,672,739	\$ 67,394,662
<u>For the nine-month period ended September 30, 2021</u>											
Balance at January 1, 2021		\$ 19,676,929	\$ 7,386,901	\$ 7,024,635	\$ 3,640,779	\$ 17,271,503	(\$ 3,017,676)	\$ 10,356,934	(\$ 511,710)	\$ 61,828,295	\$ 67,625,232
Profit for the period		-	-	-	-	4,116,999	-	-	4,116,999	402,349	4,519,348
Other comprehensive (loss) income for the period	6(22)	-	-	-	(241)	(918,381)	21,352,816	-	20,434,194	501,129	20,935,323
Total comprehensive income (loss)		-	-	-	-	4,116,758	(918,381)	-	24,551,193	903,478	25,454,671
Appropriations of 2020 earnings	6(21)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	349,413	(349,413)	-	-	-	-	-	-
Cash dividends		-	-	-	(2,459,616)	-	-	-	(2,459,616)	-	(2,459,616)
Common shares issued for share conversion	6(19)	1,711,037	2,097,884	-	-	-	-	-	3,808,921	-	3,808,921
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	26,404	-	-	-	-	-	26,404	-	26,404
Transactions with non-controlling interest	4(3)	-	8,607	-	-	-	-	-	8,607	(8,607)	-
Changes in other non-controlling equity		-	-	-	-	-	-	-	-	(303,791)	(303,791)
Disposal of investment in equity instrument at fair value through other comprehensive income	6(3)(22)	-	-	-	246,131	-	(246,131)	-	-	-	-
Effect of changes in decrease in entities of associates	6(22)	-	-	-	(14,515)	9,909	14,515	-	9,909	-	9,909
Balance at September 30, 2021		\$ 21,387,966	\$ 9,519,796	\$ 7,374,048	\$ 3,640,779	\$ 18,810,848	(\$ 3,926,148)	\$ 31,478,134	(\$ 511,710)	\$ 87,773,713	\$ 94,161,730

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month period ended September 30	
		2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 5,305,006	\$ 3,395,505
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(23)(26)	(1,507,224)	(697,385)
Net loss on financial liabilities at fair value through profit or loss	6(14)(26)	2,635	-
Inventory valuation loss	6(6)	113,698	147,611
Expected credit impairment (gains) losses	12(2)	(19,590)	25,695
Interest income	6(24)	(94,891)	(163,888)
Dividend income	6(25)	(848,406)	(609,053)
Interest expense	6(27)	150,948	193,704
Depreciation and amortization	6(8)(9)(10)(28)	1,380,166	1,420,506
Loss (gain) on disposal of investments	6(26)	11,543	(93)
Loss on disposal of property, plant and equipment	6(26)	305	7,266
Impairment loss	6(8)(26)	-	15,867
Share of (profit) loss of associates and joint ventures accounted for under the equity method	6(7)	(213,483)	50,931
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		132,675	(17,343)
Current contract assets	(	493,287)	307,998
Notes receivable		184,350	(159,813)
Notes receivable - related parties		12,096	(6,802)
Accounts receivable		164,220	738,612
Accounts receivable - related parties	(	13,070)	(132,067)
Other receivables	(	213,053)	(342,692)
Other receivables - related parties		6,821	(86,672)
Inventories	(	2,469,625)	(302,955)
Prepayments	(	225,400)	183,280
Other current assets	(	58,263)	(916,945)
Changes in operating liabilities			
Current contract liabilities		83,587	1,102,666
Notes payable		381,407	153,339
Notes payable - related parties	(	14,473)	(2,916)
Accounts payable		1,313,492	(384,899)
Accounts payable - related parties	(	34,073)	(55,595)
Other payables		568,456	(167,768)
Provisions for liabilities	(	106,801)	213,900
Other current liabilities	(	3,830)	147,283
Other non-current liabilities		188,707	(189,194)
Cash inflow generated from operations		3,684,643	3,868,083
Interest received	6(24)	94,891	163,888
Dividend received		87,747	93,805
Interest paid	(	102,017)	(133,115)
Income tax paid	(	553,107)	(379,318)
Net cash flows from operating activities		3,212,157	3,613,343

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the nine-month period ended September 30 2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in current financial assets at fair value through profit or loss		(\$ 2,228,000)	\$ -
Increase in current financial assets at fair value through other comprehensive income		(2,446)	(76,684)
Decrease (increase) in non-current financial assets at fair value through profit or loss		447,941	(481,753)
Increase in non-current financial assets at fair value through other comprehensive income	6(31)	(143,856)	(20,800)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(3)	377,682	3,091
Decrease (increase) in non-current financial assets at amortized cost	6(4)	91,364	(32,818)
Increase in pledged and restricted bank and time deposits	6(1) and 8	(79,052)	(187,522)
Increase in investments accounted for under the equity method		(373,356)	(5,109)
Acquisition of property, plant and equipment	6(8)(31)	(515,395)	(452,897)
Proceeds from disposal of property, plant and equipment		16,079	2,304
Acquisition of intangible assets		(32,562)	(47,322)
Increase in other non-current assets		(721,485)	(192,653)
Dividends received from investments of financial instruments		839,020	609,053
Net cash flows used in investing activities		(2,324,066)	(883,110)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term loans	6(32)	(668,004)	1,080,367
Proceeds from issuance of bonds	6(32)	-	5,000,000
Repayment of bonds	6(32)	-	(3,000,000)
Increase (decrease) in long-term loans	6(32)	869,223	(2,413,166)
Lease liabilities paid	6(9)(32)	(408,368)	(379,964)
Acquisition of the Company's share by subsidiaries recognized as treasury shares	6(19)	-	(190,147)
Cash dividends paid to non-controlling interests		(226,923)	(200,997)
Proceeds from capital increase of non-controlling interests		-	700,000
Cash dividends paid	6(21)	(2,459,616)	(1,918,798)
Net cash flows used in financing activities		(2,893,688)	(1,322,705)
Exchange rate effect		(471,521)	(210,741)
Net (decrease) increase in cash and cash equivalents		(2,477,118)	1,196,787
Cash and cash equivalents at beginning of period		20,397,260	19,111,371
Cash and cash equivalents at end of period		\$ 17,920,142	\$ 20,308,158

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 NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020
(REVIEWED, NOT AUDITED)

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

1. History and Organization

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

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

These consolidated financial statements were reported to the Board of Directors on November 5, 2021.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	April 1, 2021 (Note)

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

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

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

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.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting
IFRS 17, 'Insurance contracts'	Standards Board
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 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.

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, "Interim financial reporting" as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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, heavy industrial products, green power and other various electrical and electronic products in Mainland China, Southeast Asia and Australia.	100	100	100	Notes 1,4,7 and 9
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	Notes 1 and 5

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Teco Electric & Machinery Co., Ltd.	Tesen Electric & Machinery Co., Ltd.	Manufacturing and sales of home appliances	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Assets Management & Development Co., Ltd.	Real estate business	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electric Europe Limited	Distribution of heavy industrial products	-	100	100	Note 1 and 17
Teco Electric & Machinery Co., Ltd.	Teco Electric & Machinery (Pte) Ltd. and subsidiaries	Distribution of heavy industrial products. Its investees are primarily engaged in the sales of heavy industrial 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 heavy industrial products	83.53	83.53	83.53	Notes 1 and 11
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.	64.08	64.08	64.08	
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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Teco Electric & Machinery Co., Ltd.	Taian (Malaysia) Electric Sdn. Bhd.	Manufacturing and sales of switches	-	66.85	66.85	Notes 1 and 12
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	Notes 1 and 13
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	93.38	98.53	98.53	Notes 1 and 18
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 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 8,10, and 14

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
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
			September 30, 2021	December 31, 2020	September 30, 2020	
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.	32.15	32.15	32.15	Notes 2 and 16
Teco Electric & Machinery Co., Ltd.	Teco Technology (Vietnam) Co., Ltd.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Eagle Holding Co. 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 15
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	Note 6
Teco Electric & Machinery Co., Ltd.	Teco.Sun Energy Co., Ltd.	Energy technical services	60	60	60	Note 1

- Note 1: The financial statements of the entity as of and for the nine-month periods ended September 30, 2021 and 2020 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 liquidation of Great Teco, S.L. was completed in 2020.
- Note 5: Temico Motor India Private Limited was a newly established subsidiary in 2020.
- Note 6: Century Biotech Development Corp. increased its cash capital in March 2020. The Group did not acquire shares proportionally to its interest, and therefore, its ownership interest decreased.
- Note 7: Teco Industrial (Malaysia) Sdn. Bhd. issued and granted new shares to Teco Electric & Machinery (Pte) Ltd. in order to exchange the shares of TYM Electric & Machinery Sdn. Bhd. held by Teco Electric & Machinery (Pte) Ltd. due to group reorganization in the third quarter of 2020. This share exchange has no significant effect to the Group.
- Note 8: Tecom International Investment Co., Ltd. was dissolved after short-form merger with Tecom Co., Ltd. in 2020.
- Note 9: The Group repurchased a 1.77% equity interest of Wuxi Teco Electric & Machinery Co., Ltd. as resolved by the Board of Directors in the first quarter of 2021. Therefore, the Group recognised \$8,610 of increase in stockholders' equity from the transactions with non-controlling interest.
- Note 10: The liquidation of Tecom Tech (Wuxi) Co., Ltd. was completed in 2021.
- Note 11: 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 12: The liquidation of Taian (Malaysia) Electric Sdn. Bhd. was completed in 2021.
- Note 13: The liquidation of Hunan TECO Wind Energy Limited was completed in 2020.
- Note 14: The liquidation of Tecom Tech Investment (B.V. I.) Limited was completed in 2020.
- Note 15: The liquidation of Motovario Power Transmission Co. Ltd. was completed in 2021.
- Note 16: Pelican Express (Vietnam) Co., LTD was a newly established subsidiary in 2020.
- Note 17: The liquidation of Teco Electric Europe Limited was completed in 2021.
- Note 18: 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 93.38%. Additionally, Group recognized a change of equity from transactions with non-controlling interest amounting to (\$3).

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\$24,105,686 and \$37,355,221 as of September 30, 2021 and 2020, respectively, total liabilities (including credit balance of investments accounted for under equity method) of NT\$5,639,126 and \$4,525,863 as of September 30, 2021 and 2020, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures

accounted for under the equity method) of NT\$251,230, NT\$167,425, NT\$698,894 and \$880,148 for the three-month and nine-month periods then ended, respectively. These amounts were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

C. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
Teco Electric & Machinery Co., Ltd.	Teco Appliance (HK) Co., Ltd.	Sales of home appliances	99.99	99.99	99.99	Note 1
Teco Electric & Machinery Co., Ltd.	Taian Electric Co., Ltd.	Manufacturing and sales of switches	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	An-Sheng Travel Co., Ltd.	Travel agency services	89.58	89.58	89.58	Note 1
Teco Electric & Machinery Co., Ltd.	Taian-Jaya Electric Sdn. Bhd.	Manufacturing and sales of air-conditioning equipment	95	95	95	Note 1
Teco Electric & Machinery Co., Ltd.	Teco (Philippines) 3C & Appliances, Inc.	Sales of air conditioning and electrical appliances	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Teco EV Philippines Corporation	Sales of vehicles	100	100	100	Note 1
Great Teco Motor (Pte) Ltd.	Teco Group Science-Technology (Hang Zhou) Co., Ltd.	Electrical machinery electric and automatic control technology development and consultation service	100	100	100	Note 1
An-Tai International Investment Co., Ltd.	Hubbell-Taian Co., Ltd. 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
			September 30, 2021	December 31, 2020	September 30, 2020	
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.	Royal Park Corp. Ltd. Co. and its affiliates	Restaurant chain	49.73	49.73	49.73	Notes 1 and 2

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

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

Note 3: 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 September 30, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2021	December 31, 2020	September 30, 2020
Cash on hand and revolving funds	\$ 7,904	\$ 6,792	\$ 8,145
Checking accounts and demand deposits	10,456,247	8,462,322	8,016,243
Time deposits and notes issued under repurchase agreement	7,455,991	11,928,146	12,283,770
	<u>\$ 17,920,142</u>	<u>\$ 20,397,260</u>	<u>\$ 20,308,158</u>

A. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, certain bank deposits amounting to \$1,639,783, \$1,560,731 and \$1,462,858, respectively, were restricted due to earmarked construction projects, loans for purchasing materials and the regulation governing the management, utilization, and taxation of repatriated offshore funds reserved in special account (listed as '1470 Other current assets' and '1900 Other non-current assets'). Please refer to Note 8 for details.

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ -	\$ 19,625	\$ 19,625
Money market fund	2,321,220	89,548	137,768
Derivative instruments	7,381	9,722	12,551
	2,328,601	118,895	169,944
Valuation adjustments	3,074	(4,710)	(8,320)
	<u>\$ 2,331,675</u>	<u>\$ 114,185</u>	<u>\$ 161,624</u>
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 889,145	\$ 900,589	\$ 902,868
Non-listed and OTC stocks	810,394	810,394	810,394
Fund beneficiary certificate	738,515	747,889	748,821
	2,438,054	2,458,872	2,462,083
Valuation adjustments	1,959,336	1,001,400	990,936
	<u>\$ 4,397,390</u>	<u>\$ 3,460,272</u>	<u>\$ 3,453,019</u>

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

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 312,918</u>	<u>\$ 152,153</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 1,507,224</u>	<u>\$ 697,385</u>

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

September 30, 2021				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL EUR/BUY USD	February 2, 2021 ~ November 29, 2021	USD	4,000,000	\$ 4,889
SELL CAD/BUY USD	June 29, 2021 ~ October 20, 2021	USD	2,000,000	1,246
SELL CAD/BUY USD	June 29, 2021 ~ November 19, 2021	USD	2,000,000	1,246
				<u>\$ 7,381</u>
December 31, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	August 17, 2020 ~ January 25, 2021	USD	500,000	\$ 1,051
SELL USD/BUY RMB	October 12, 2020 ~ January 25, 2021	USD	1,000,000	1,085
SELL USD/BUY RMB	October 30, 2020 ~ January 25, 2021	USD	500,000	437
SELL USD/BUY RMB	October 30, 2020 ~ February 25, 2021	USD	500,000	480
SELL USD/BUY RMB	November 5, 2020 ~ February 26, 2021	USD	500,000	396
SELL USD/BUY RMB	November 5, 2020 ~ February 25, 2021	USD	500,000	379
SELL USD/BUY RMB	November 6, 2020 ~ February 26, 2021	USD	500,000	375
SELL USD/BUY RMB	December 1, 2020 ~ February 26, 2021	USD	500,000	185
SELL USD/BUY RMB	December 16, 2020 ~ March 31, 2021	USD	1,000,000	218
SELL USD/BUY RMB	December 29, 2020 ~ March 31, 2021	USD	1,000,000	218
SELL USD/BUY RMB	August 17, 2020 ~ January 22, 2021	USD	500,000	1,049
SELL USD/BUY RMB	November 5, 2020 ~ January 25, 2021	USD	500,000	361
SELL USD/BUY RMB	November 5, 2020 ~ February 26, 2021	USD	300,000	217
SELL USD/BUY RMB	December 23, 2020 ~ March 31, 2021	USD	500,000	142
SELL USD/BUY RMB	December 23, 2020 ~ February 25, 2021	USD	500,000	110
SELL USD/BUY RMB	August 26, 2020 ~ January 29, 2021	USD	500,000	959
SELL USD/BUY RMB	October 13, 2020 ~ January 25, 2021	USD	500,000	608
SELL USD/BUY RMB	November 5, 2020 ~ February 26, 2021	USD	500,000	386

December 31, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
SELL USD/BUY RMB	November 5, 2020 ~ February 26, 2021	USD	500,000	379
SELL USD/BUY RMB	December 1, 2020 ~ February 26, 2021	USD	500,000	183
SELL USD/BUY RMB	December 16, 2020 ~ March 31, 2021	USD	1,000,000	231
SELL USD/BUY RMB	December 29, 2020 ~ April 30, 2021	USD	500,000	135
SELL USD/BUY RMB	November 5, 2020~ January 25, 2021	USD	200,000	138
				<u>\$ 9,722</u>
September 30, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	July 8, 2020 ~ October 30, 2020	USD	500,000	\$ 525
SELL USD/BUY RMB	July 8, 2020 ~ October 30, 2020	USD	500,000	512
SELL USD/BUY RMB	July 16, 2020 ~ November 30, 2020	USD	1,000,000	934
SELL USD/BUY RMB	July 20, 2020 ~ November 30, 2020	USD	500,000	469
SELL USD/BUY RMB	July 27, 2020 ~ November 30, 2020	USD	500,000	493
SELL USD/BUY RMB	July 9, 2020 ~ December 30, 2020	USD	1,000,000	1,003
SELL USD/BUY RMB	July 16, 2020 ~ December 30, 2020	USD	500,000	491
SELL USD/BUY RMB	July 20, 2020 ~ December 30, 2020	USD	500,000	491
SELL USD/BUY RMB	August 10, 2020 ~ December 31, 2020	USD	500,000	466
SELL USD/BUY RMB	August 10, 2020 ~ November 30, 2020	USD	2,000,000	1,248
SELL USD/BUY RMB	July 16, 2020 ~ November 13, 2020	USD	1,000,000	934
SELL USD/BUY RMB	July 27, 2020 ~ November 25, 2020	USD	500,000	493
SELL USD/BUY RMB	August 10, 2020 ~ December 14, 2020	USD	500,000	450
SELL USD/BUY RMB	August 10, 2020 ~ January 22, 2021	USD	500,000	414
SELL USD/BUY RMB	August 10, 2020 ~ October 30, 2020	USD	500,000	131
SELL USD/BUY RMB	August 31, 2020 ~ December 30, 2020	USD	500,000	177

September 30, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
SELL USD/BUY RMB	July 14, 2020 ~ October 30, 2020	USD	500,000	502
SELL USD/BUY RMB	August 31, 2020 ~ October 30, 2020	USD	500,000	131
SELL USD/BUY RMB	July 20, 2020 ~ November 30, 2020	USD	500,000	474
SELL USD/BUY RMB	August 5, 2020 ~ November 30, 2020	USD	500,000	419
SELL USD/BUY RMB	July 20, 2020 ~ December 30, 2020	USD	500,000	496
SELL USD/BUY RMB	July 27, 2020 ~ December 31, 2020	USD	500,000	513
SELL USD/BUY RMB	August 10, 2020 ~ December 31, 2020	USD	500,000	459
SELL USD/BUY RMB	August 10, 2020 ~ January 29, 2021	USD	500,000	326
				<u>\$ 12,551</u>

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

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

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Listed and OTC stocks	\$ 919,324	\$ 1,090,985	\$ 1,097,529
Emerging stocks	19,579	19,672	19,672
	938,903	1,110,657	1,117,201
Valuation adjustments	283,286	169,424	96,238
	<u>\$ 1,222,189</u>	<u>\$ 1,280,081</u>	<u>\$ 1,213,439</u>
Non-current items:			
Listed and OTC stocks	\$ 12,525,579	\$ 7,997,598	\$ 7,989,909
Non-listed and OTC stocks	349,436	336,664	340,334
	12,875,015	8,334,262	8,330,243
Valuation adjustments	31,817,152	10,233,671	11,110,612
	<u>\$ 44,692,167</u>	<u>\$ 18,567,933</u>	<u>\$ 19,440,855</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 \$45,914,356 \$19,848,014 and \$20,654,294 as at September 30, 2021, December 31, 2020 and September 30, 2020, respectively.
- B. For the three-month and nine-month periods ended September 30, 2021 and 2020, the Group sold stocks with fair values of \$228,580, \$911, \$553,503 and \$3,091, respectively, to raise the capital for operations; the cumulative gains on disposal are \$13,252, \$199, \$332,108 and \$448, 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 September 30, 2021	For the three-month period ended September 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 1,833,576	(\$ 1,215,479)
Cumulative gains reclassified to retained earnings due to derecognition	\$ 13,252	\$ 199
Dividend income recognised in profit or loss		
Held at end of period	\$ 500,236	\$ 102,906
Derecognised during the period	1,927	-
	<u>\$ 502,163</u>	<u>\$ 102,906</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ 21,920,115	\$ 4,893,048
Cumulative gains reclassified to retained earnings due to derecognition	\$ 332,108	\$ 448
Dividend income recognised in profit or loss		
Held at end of period	\$ 508,104	\$ 501,597
Derecognised during the period	1,927	-
	<u>\$ 510,031</u>	<u>\$ 501,597</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 strategic 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	September 30, 2021	December 31, 2020	September 30, 2020
Non-current items:			
Time deposits	\$ 390,166	\$ 481,530	\$ 410,074

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

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Interest income	\$ 1,469	\$ 1,457
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Interest income	\$ 7,160	\$ 5,693

- B. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$390,166, \$481,530 and \$410,074, respectively.
- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	\$ 990,218	\$ 1,174,568	\$ 1,280,612
Less: Allowance for bad debts	(2,114)	(1,930)	(2,108)
	<u>\$ 988,104</u>	<u>\$ 1,172,638</u>	<u>\$ 1,278,504</u>
Accounts receivable	\$ 8,883,148	\$ 9,044,596	\$ 8,205,793
Less: Allowance for bad debts	(160,197)	(177,199)	(170,022)
	<u>\$ 8,722,951</u>	<u>\$ 8,867,397</u>	<u>\$ 8,035,771</u>

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Not past due	\$ 8,099,088	\$ 8,109,155	\$ 7,344,389
Up to 30 days	729,317	741,057	794,372
31 to 90 days	447,828	706,746	616,776
91 to 180 days	141,725	156,230	258,212
Over 180 days	<u>293,097</u>	<u>326,847</u>	<u>300,526</u>
	<u>\$ 9,711,055</u>	<u>\$ 10,040,035</u>	<u>\$ 9,314,275</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2021, December 31, 2020 and September 30, 2020, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,673,110, \$10,021,308 and \$9,286,031, respectively.
- C. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$988,104, \$1,172,638 and \$1,278,504 and accounts receivable were \$8,722,951, \$8,867,397 and \$8,035,771, 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

September 30, 2021			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,545,807	(\$ 190,348)	\$ 3,355,459
Work in progress	1,613,859	(20,512)	1,593,347
Finished goods	5,727,935	(488,095)	5,239,840
Inventory in transit	817,472	-	817,472
Merchandise inventories	1,002,553	(25,496)	977,057
	<u>\$ 12,707,626</u>	<u>(\$ 724,451)</u>	<u>\$ 11,983,175</u>
December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,804,712	(\$ 198,090)	\$ 2,606,622
Work in progress	1,170,476	(11,980)	1,158,496
Finished goods	5,211,272	(487,134)	4,724,138
Inventory in transit	547,592	-	547,592
Merchandise inventories	606,944	(16,544)	590,400
	<u>\$ 10,340,996</u>	<u>(\$ 713,748)</u>	<u>\$ 9,627,248</u>
September 30, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,805,654	(\$ 228,224)	\$ 2,577,430
Work in progress	1,191,854	(9,432)	1,182,422
Finished goods	5,626,917	(478,755)	5,148,162
Inventory in transit	594,710	-	594,710
Merchandise inventories	522,951	(16,746)	506,205
	<u>\$ 10,742,086</u>	<u>(\$ 733,157)</u>	<u>\$ 10,008,929</u>

- A. The cost of inventories recognized as expense for the three-month and nine-month periods ended September 30, 2021 and 2020 were \$6,812,970, \$5,882,526, \$19,572,264 and \$17,165,160, respectively, including \$6,449, \$18,834, \$113,698 and \$147,611 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.
- B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates:			
1. Tung Pei Industrial Co., Ltd.	\$ 2,257,465	\$ 2,134,415	\$ 2,086,403
2. Lien Chang Electronic Enterprise Co., Ltd.	526,524	465,947	462,560
3. Others	<u>883,799</u>	<u>1,312,283</u>	<u>1,343,657</u>
	<u>3,667,788</u>	<u>3,912,645</u>	<u>3,892,620</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>143,117</u>)	(<u>134,617</u>)	(<u>162,808</u>)
	<u>\$ 3,524,671</u>	<u>\$ 3,778,028</u>	<u>\$ 3,729,812</u>

The share of profit/loss of associates and joint ventures accounted for under the equity method for the three-month and nine-month periods ended September 30, 2021 and 2020 are as follows:

	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 78,054	\$ 26,239
2. Lien Chang Electronic Enterprise Co., Ltd.	(6,948)	12,462
3. Others	(28,463)	(8,687)
	<u>\$ 42,643</u>	<u>\$ 30,014</u>
	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 197,426	\$ 54,386
2. Lien Chang Electronic Enterprise Co., Ltd.	45,481	14,967
3. Others	(29,424)	(120,284)
	<u>\$ 213,483</u>	<u>(\$ 50,931)</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
		September 30, 2021	December 31, 2020	September 30, 2020		
Tung Pei Industrial Co., Ltd.	R.O.C.	31.14%	31.14%	31.14%	Financial investment	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C.	33.84%	33.84%	33.84%	"	Equity method

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

Balance sheet

Tung Pei Industrial Co., Ltd.			
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 4,468,318	\$ 5,145,021	\$ 3,498,546
Non-current assets	7,228,029	7,422,413	7,127,382
Current liabilities	(2,669,745)	(3,202,946)	(2,042,555)
Non-current liabilities	(1,775,800)	(1,815,524)	(1,882,235)
Total assets	<u>\$ 7,250,802</u>	<u>\$ 7,548,964</u>	<u>\$ 6,701,138</u>
Share in associate's net assets	\$ 2,257,465	\$ 2,134,415	\$ 2,086,403
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 2,257,465</u>	<u>\$ 2,134,415</u>	<u>\$ 2,086,403</u>
Lien Chang Electronic Enterprise Co., Ltd.			
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 1,608,778	\$ 1,716,152	\$ 1,630,554
Non-current assets	511,092	581,325	609,156
Current liabilities	(484,284)	(880,136)	(828,847)
Non-current liabilities	(151,101)	(40,593)	(44,124)
Total net assets	<u>\$ 1,484,485</u>	<u>\$ 1,376,748</u>	<u>\$ 1,366,739</u>
Share in associate's net assets	\$ 526,524	\$ 465,947	\$ 462,560
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 526,524</u>	<u>\$ 465,947</u>	<u>\$ 462,560</u>

Statement of comprehensive income

Tung Pei Industrial Co., Ltd.		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 1,514,781	\$ 1,141,792
Profit for the period from continuing operations	\$ 250,806	\$ 84,256
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	\$ 250,806	\$ 84,256
Dividends received from associates	\$ -	\$ -
Tung Pei Industrial Co., Ltd.		
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 4,241,742	\$ 3,261,963
Profit for the period from continuing operations	\$ 634,349	\$ 174,762
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	\$ 634,349	\$ 174,762
Dividends received from associates	\$ 74,376	\$ 54,803
Lien Chang Electronic Enterprise Co., Ltd.		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 321,868	\$ 677,230
(Loss) profit for the period from continuing operations	(\$ 20,531)	\$ 36,818
Other comprehensive (loss) income, net of tax	(2,452)	25,198
Total comprehensive (loss) income	(\$ 22,983)	\$ 62,016
Dividends received from associates	\$ -	\$ -

Lien Chang Electronic Enterprise Co., Ltd.		
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 1,189,682	\$ 1,728,065
Profit for the period from continuing operations	\$ 134,382	\$ 44,221
Other comprehensive income, net of tax	1,087	6,203
Total comprehensive income	\$ 135,469	\$ 50,424
Dividends received from associates	\$ -	\$ -

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

As of September 30, 2021, December 31, 2020 and September 30, 2020, the carrying amount of the Group's individually immaterial associates amounted to \$883,799, \$1,312,283 and \$1,343,657, respectively.

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Loss for the period from continuing operations	(\$ 28,463)	(\$ 8,687)
Total comprehensive loss	(\$ 28,463)	(\$ 8,687)
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Loss for the period from continuing operations	(\$ 29,424)	(\$ 120,284)
Total comprehensive loss	(\$ 29,424)	(\$ 120,284)

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

	September 30, 2021	December 31, 2020	September 30, 2020
Lien Chang Electronic Enterprise Co., Ltd.	\$ 429,858	\$ 461,769	\$ 368,289

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

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

(8) Property, plant and equipment

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2021</u>									
Cost	\$ 5,455,398	\$ 8,566,572	\$ 5,285,406	\$ 12,557,619	\$ 650,463	\$ 1,206,184	\$ 540,536	\$ 7,640,344	\$ 41,902,522
Accumulated depreciation and impairment	(34,697)	(4,503,591)	(2,218,143)	(10,788,960)	(608,062)	(719,570)	(449,086)	(6,667,625)	(25,989,734)
	<u>\$ 5,420,701</u>	<u>\$ 4,062,981</u>	<u>\$ 3,067,263</u>	<u>\$ 1,768,659</u>	<u>\$ 42,401</u>	<u>\$ 486,614</u>	<u>\$ 91,450</u>	<u>\$ 972,719</u>	<u>\$ 15,912,788</u>
<u>2021</u>									
Opening net book amount	\$ 5,420,701	\$ 4,062,981	\$ 3,067,263	\$ 1,768,659	\$ 42,401	\$ 486,614	\$ 91,450	\$ 972,719	\$ 15,912,788
Additions	-	12,128	-	104,579	-	18,697	59,544	210,522	405,470
Disposals	(53)	(2,074)	-	(7,976)	-	(1,292)	(2)	(4,989)	(16,386)
Reclassifications	-	-	-	(1,411)	2,379	-	-	(1,770)	(802)
Depreciation charge	-	(162,031)	(129,814)	(229,081)	(10,700)	(59,669)	(25,845)	(255,874)	(873,014)
Net exchange differences	(8,117)	(61,986)	-	(24,728)	-	(1,783)	(995)	(11,891)	(109,500)
Closing net book amount	<u>\$ 5,412,531</u>	<u>\$ 3,849,018</u>	<u>\$ 2,937,449</u>	<u>\$ 1,610,042</u>	<u>\$ 34,080</u>	<u>\$ 442,567</u>	<u>\$ 124,152</u>	<u>\$ 908,717</u>	<u>\$ 15,318,556</u>
<u>At September 30, 2021</u>									
Cost	\$ 5,447,228	\$ 8,464,672	\$ 5,274,629	\$ 12,369,517	\$ 652,841	\$ 1,184,856	\$ 593,331	\$ 7,654,572	\$ 41,641,646
Accumulated depreciation and impairment	(34,697)	(4,615,654)	(2,337,180)	(10,759,475)	(618,761)	(742,289)	(469,179)	(6,745,855)	(26,323,090)
	<u>\$ 5,412,531</u>	<u>\$ 3,849,018</u>	<u>\$ 2,937,449</u>	<u>\$ 1,610,042</u>	<u>\$ 34,080</u>	<u>\$ 442,567</u>	<u>\$ 124,152</u>	<u>\$ 908,717</u>	<u>\$ 15,318,556</u>

			Leased assets		Leased assets				
	Land	Buildings and structures	-buildings and structures	Machinery and equipment	-machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2020</u>									
Cost	\$ 5,538,032	\$ 8,606,403	\$ 5,318,033	\$ 13,141,338	\$ 662,367	\$ 1,143,954	\$ 572,091	\$ 7,640,264	\$ 42,622,482
Accumulated depreciation and impairment	(34,697)	(4,310,726)	(2,052,629)	(11,324,271)	(611,419)	(725,825)	(445,720)	(6,374,365)	(25,879,652)
	<u>\$ 5,503,335</u>	<u>\$ 4,295,677</u>	<u>\$ 3,265,404</u>	<u>\$ 1,817,067</u>	<u>\$ 50,948</u>	<u>\$ 418,129</u>	<u>\$ 126,371</u>	<u>\$ 1,265,899</u>	<u>\$ 16,742,830</u>
<u>2020</u>									
Opening net book amount	\$ 5,503,335	\$ 4,295,677	\$ 3,265,404	\$ 1,817,067	\$ 50,948	\$ 418,129	\$ 126,371	\$ 1,265,899	\$ 16,742,830
Additions	-	41,625	857	155,014	-	113,995	12,629	129,497	453,617
Disposals	(268)	(195)	-	(4,910)	-	(1,288)	(9)	(2,900)	(9,570)
Impairment loss	-	-	-	(15,867)	-	-	-	-	(15,867)
Reclassifications	(82,189)	(50,387)	(37,900)	83,275	2,932	-	(22,816)	(14,047)	(121,132)
Depreciation charge	-	(160,647)	(128,647)	(243,800)	(10,711)	(63,407)	(25,089)	(292,425)	(924,726)
Net exchange differences	(1,839)	(38,556)	62	(14,562)	-	(1,417)	(2,595)	(6,047)	(64,954)
Closing net book amount	<u>\$ 5,419,039</u>	<u>\$ 4,087,517</u>	<u>\$ 3,099,776</u>	<u>\$ 1,776,217</u>	<u>\$ 43,169</u>	<u>\$ 466,012</u>	<u>\$ 88,491</u>	<u>\$ 1,079,977</u>	<u>\$ 16,060,198</u>
<u>At September 30, 2020</u>									
Cost	\$ 5,453,736	\$ 8,516,601	\$ 5,275,134	\$ 12,534,362	\$ 664,907	\$ 1,190,900	\$ 533,694	\$ 7,656,797	\$ 41,826,131
Accumulated depreciation and impairment	(34,697)	(4,429,084)	(2,175,358)	(10,758,145)	(621,738)	(724,888)	(445,203)	(6,576,820)	(25,765,933)
	<u>\$ 5,419,039</u>	<u>\$ 4,087,517</u>	<u>\$ 3,099,776</u>	<u>\$ 1,776,217</u>	<u>\$ 43,169</u>	<u>\$ 466,012</u>	<u>\$ 88,491</u>	<u>\$ 1,079,977</u>	<u>\$ 16,060,198</u>

- A. For the nine-month periods ended September 30, 2021 and 2020, no borrowing cost was capitalized as part of property, plant and equipment.
- B. On July 2, 2020, the Board of Directors of the Company resolved to enter into a joint construction and development agreement with the subsidiary, Tong-An Assets Management & Development Co., Ltd., and MSIG Mingtai Insurance Company, Limited in order to restructure the building located in Zhongshan District, Taipei City which is jointly held by the Group and MSIG Mingtai Insurance Company, Limited.
- C. The Group entered into a development contract for the joint construction and allocation of housing units with Kindom Development Co., Ltd. using the 16 lots located in No. 148, Hong Fu Section, Xin Zhuang District, New Taipei City which were provided by the subsidiary, Tong-An Investment Co., Ltd., as resolved by the Board of Directors on March 23, 2021. Kindom Development Co., Ltd. is responsible for planning and designing, dismantling the existing buildings, constructing and assuming all other expenses. The expected equity ratio is 52%~55% by reference to the appraisal report issued by real estate appraiser firm.
- D. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- E. The Company was unable to transfer the title of certain farmland to the Company's name due to legal restrictions. The land title was registered under an individual's name. Accordingly, the Company entered into an agreement with the said individual to secure the title and the first mortgage right.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 2 to 99 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but certain leased assets may not be used as security for borrowing purposes.
- B. On January 14, 2005, the Group's subsidiary, Century Development Corporation, completed the registration of right of superficies and paid royalties to Taipei City Government for acquiring land used for construction of the Nankang Software Park. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to Taipei City Government unconditionally upon expiry of the right of superficies. Century Development Corporation's right-of-use assets are amortized over the useful life of right of superficies of 50 years.
- C. On July 4, 2018, the Group's subsidiary, Century Biotech Development Corp., completed the registration of right of superficies and paid royalties to the Taipei City Government for acquiring land used for the construction of the Taipei City Nangang Biotechnology Industry Cluster Development BOT Project. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to the Taipei City Government unconditionally upon expiry of the right of superficies. Century Biotech Development Corp.'s prepaid rents are amortized over the useful life of right of superficies of 50 years.
- D. The Group's subsidiary, CDC Development India Private Limited, acquired the land use right from the local government agency, KIADB, for India industrial park development. The total amount remitted for the land use right was INR \$1,752,409 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 nine-month periods ended September 30, 2021 and 2020, the additions to right-of-use assets were \$341,937, \$6,517, \$604,242 and \$44,074 and the sublease income were \$203,034, \$189,072, \$607,628 and \$569,058, 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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Land (including royalties)	\$ 4,681,938	\$ 4,809,179	\$ 4,842,733
Buildings	2,160,076	1,890,989	1,939,243
Machinery and equipment	10,387	30,105	30,052
Transportation equipment			
(Business vehicles)	13,788	21,959	24,851
	<u>\$ 6,866,189</u>	<u>\$ 6,752,232</u>	<u>\$ 6,836,879</u>

	<u>Depreciation charge</u> For the three-month period ended September 30, 2021	<u>Depreciation charge</u> For the three-month period ended September 30, 2020
Land (including royalties)	\$ 23,387	\$ 25,236
Buildings	101,575	85,840
Machinery and equipment	2,457	3,278
Transportation equipment (Business vehicles)	2,491	3,194
	<u>\$ 129,910</u>	<u>\$ 117,548</u>
	<u>Depreciation charge</u> For the nine-month period ended September 30, 2021	<u>Depreciation charge</u> For the nine-month period ended September 30, 2020
Land (including royalties)	\$ 72,647	\$ 84,423
Buildings	291,956	262,090
Machinery and equipment	8,277	9,922
Transportation equipment (Business vehicles)	8,681	9,978
	<u>\$ 381,561</u>	<u>\$ 366,413</u>

- G. Interest expenses on lease liabilities for the three-month and nine-month periods ended September 30, 2021 and 2020 were \$17,461, \$19,470, \$48,931 and \$60,589 and the cash outflows were \$128,655, \$113,991, \$408,368 and \$379,964, respectively.
- H. Expenses on short-term leases and leases of low-value assets for the three-month and nine-month periods ended September 30, 2021 and 2020 were \$120,927, \$81,310, \$352,237 and \$257,262; \$4,727, \$4,899, \$13,933 and \$15,450, 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 \$14,275 and \$18,985 in profit from lease modification for the nine-month periods ended September 30, 2021 and 2020, respectively.

(10) Investment property

	Land	Buildings and structures	Right-of-use assets	Total
<u>At January 1, 2021</u>				
Cost	\$ 1,505,457	\$ 2,794,910	\$ 27,655	\$ 4,328,022
Accumulated depreciation and impairment	-	(1,463,829)	(13,229)	(1,477,058)
	<u>\$ 1,505,457</u>	<u>\$ 1,331,081</u>	<u>\$ 14,426</u>	<u>\$ 2,850,964</u>
<u>2021</u>				
Opening net book amount	\$ 1,505,457	\$ 1,331,081	\$ 14,426	\$ 2,850,964
Depreciation charge	-	(50,182)	(372)	(50,554)
Net exchange differences	(3,855)	(5,125)	(575)	(9,555)
Closing net book amount	<u>\$ 1,501,602</u>	<u>\$ 1,275,774</u>	<u>\$ 13,479</u>	<u>\$ 2,790,855</u>
<u>At September 30, 2021</u>				
Cost	\$ 1,501,602	\$ 2,782,252	\$ 26,460	\$ 4,310,314
Accumulated depreciation and impairment	-	(1,506,478)	(12,981)	(1,519,459)
	<u>\$ 1,501,602</u>	<u>\$ 1,275,774</u>	<u>\$ 13,479</u>	<u>\$ 2,790,855</u>
	Land	Buildings and structures	Right-of-use assets	Total
<u>At January 1, 2020</u>				
Cost	\$ 1,443,225	\$ 2,712,555	\$ -	\$ 4,155,780
Accumulated depreciation and impairment	-	(1,393,210)	-	(1,393,210)
	<u>\$ 1,443,225</u>	<u>\$ 1,319,345</u>	<u>\$ -</u>	<u>\$ 2,762,570</u>
<u>2020</u>				
Opening net book amount	\$ 1,443,225	\$ 1,319,345	\$ -	\$ 2,762,570
Reclassifications (transfers during the period)	71,413	64,837	15,227	151,477
Depreciation charge	-	(49,532)	(313)	(49,845)
Net exchange differences	(5,386)	(493)	(379)	(6,258)
Closing net book amount	<u>\$ 1,509,252</u>	<u>\$ 1,334,157</u>	<u>\$ 14,535</u>	<u>\$ 2,857,944</u>
<u>At September 30, 2020</u>				
Cost	\$ 1,509,252	\$ 2,777,893	\$ 26,861	\$ 4,314,006
Accumulated depreciation and impairment	-	(1,443,736)	(12,326)	(1,456,062)
	<u>\$ 1,509,252</u>	<u>\$ 1,334,157</u>	<u>\$ 14,535</u>	<u>\$ 2,857,944</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 September 30, 2021	For the three-month period ended September 30, 2020
Rental income from investment property	\$ 45,171	\$ 44,734
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 13,746	\$ 13,538
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ -	\$ -
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Rental income from investment property	\$ 135,791	\$ 135,666
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 41,105	\$ 37,907
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 September 30, 2021, December 31, 2020 and September 30, 2020 were \$5,413,780, \$5,223,819 and \$5,094,779, respectively, which is categorized within Level 3 in the fair value hierarchy.

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

	2021	2020
<u>At January 1</u>		
Cost	\$ 5,206,760	\$ 5,039,455
Accumulated amortization and impairment	(57,527)	-
	<u>\$ 5,149,233</u>	<u>\$ 5,039,455</u>
Opening net book amount	\$ 5,149,233	\$ 5,039,455
Net exchange differences	(396,941)	38,655
Closing net book amount	<u>\$ 4,752,292</u>	<u>\$ 5,078,110</u>
<u>At September 30</u>		
Cost	\$ 4,752,292	\$ 5,078,110
Accumulated amortization and impairment	-	-
	<u>\$ 4,752,292</u>	<u>\$ 5,078,110</u>

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

	September 30, 2021	December 31, 2020	September 30, 2020
Heavy industrial products division	<u>\$ 4,752,292</u>	<u>\$ 5,149,233</u>	<u>\$ 5,078,110</u>

On October 15, 2015, the Group acquired 100% equity and obtained control over Motovario S.p.A., which is headquartered in Italy and is primarily engaged in manufacturing and sales of power transmission equipment such as motors and gear reducers, and its subsidiaries for a cash consideration of \$3,989,850 (EUR 108,214 thousand). As of September 30, 2021, the goodwill arising from the merger amounted to \$4,726,720.

(12) Other non-current assets

	September 30, 2021	December 31, 2020	September 30, 2020
Prepayment for equipment	\$ 1,469,294	\$ 692,736	\$ 627,416
Deposits account for repatriation of capital from Taiwan's offshore companies	423,270	169,411	-
Refundable deposits	247,947	236,051	237,848
Long-term notes and accounts receivable	174,130	146,784	147,821
Deferred expenses	38,893	35,934	38,095
Other assets	43,151	32,423	217,546
	<u>\$ 2,396,685</u>	<u>\$ 1,313,339</u>	<u>\$ 1,268,726</u>

- A. The Group's repatriation of offshore reinvestment income amounting to US\$6,300,000 is allowed to apply a preferential tax rate of 8% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 27, 2020. As of September 30, 2021, the Group had submitted the investment plan to the competent authority, and the investment plan was approved. Also, the Group withdrew US\$3,595,430 from the specific account.
- B. The Group's repatriation of offshore reinvestment income amounting to US\$10,500,000 is allowed to apply a preferential tax rate of 10% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 26, 2021. As of September 30, 2021, no withdrawal has been made from the specific account.
- C. The Group's repatriation of offshore reinvestment income amounting to US\$4,000,000 is allowed to apply a preferential tax rate of 10% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 27, 2021. As of September 30, 2021, no withdrawal has been made from the specific account.

(13) Short-term borrowings

Type of borrowings	September 30, 2021	Interest rate range	Collateral
Bank borrowings	\$ 2,148,828	0.60%~3.87%	Notes receivable, land, buildings and structures and right-of-use assets
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings	\$ 2,816,832	0.60%~5.00%	Notes receivable, land, buildings and structures and right-of-use assets
Type of borrowings	September 30, 2020	Interest rate range	Collateral
Bank borrowings	\$ 2,938,004	0.63%~5.00%	Notes receivable, land, buildings and structures and right-of-use assets

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

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	\$ 576	\$ -	\$ -

A. The Group recognized net (loss) income of (\$1,408), \$91, (\$2,635) and \$0 on financial liabilities held for trading for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

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

September 30, 2021			
Derivative instrument	Contract period	Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
SELL USD/BUY RMB	June 03, 2021 ~ October 29, 2021	USD 500,000	\$ 97
SELL USD/BUY RMB	June 16, 2021 ~ October 29, 2021	USD 500,000	62
SELL USD/BUY RMB	June 02, 2021 ~ October 29, 2021	USD 1,000,000	181
SELL USD/BUY RMB	June 03, 2021 ~ October 29, 2021	USD 500,000	105
SELL USD/BUY RMB	June 16, 2021 ~ October 29, 2022	USD 500,000	71
SELL USD/BUY RMB	June 03, 2021 ~ October 29, 2021	USD 300,000	60
			\$ 576

C. As of December 31, 2020 and September 30, 2020, information on the non-hedging derivative instruments transaction is provided in Note 6(2).

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

(15) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Salary and wages payable	\$ 1,859,910	\$ 1,900,645	\$ 1,688,548
Employees' compensation payable	762,932	616,912	633,890
Dealers' bonus commission payable	281,009	200,189	241,866
Directors' and supervisors' remuneration payable	221,346	168,282	139,610
Equipment payable	87,205	197,130	76,134
Dividends payable	24,933	25,156	25,182
Others	2,124,171	1,794,661	1,704,310
	<u>\$ 5,361,506</u>	<u>\$ 4,902,975</u>	<u>\$ 4,509,540</u>

(16) Bonds payable

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</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)	-	-
	<u>\$ 5,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>

- A. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2015 are as follows:
The Company issued \$3,000,000, 1.45% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on June 18, 2015. The bonds mature 5 years from the issue date (June 18, 2015 ~ June 18, 2020) and will be redeemed at face value at the maturity date. As of June 18, 2020, the bonds were all redeemed.
- B. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2017 are as follows:
The Company issued \$1,000,000, 1.02% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on September 15, 2017. The bonds mature 5 years from the issue date (September 15, 2017 ~ September 15, 2022) and will be redeemed at face value at the maturity date.
- C. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2020 are as follows:
The Company issued \$3,000,000, 0.70% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on June 9, 2020. The bonds mature 5 years from the issue date (June 12, 2020 ~ June 12, 2025) and will be redeemed at face value at the maturity date.
- D. The terms of the second domestic unsecured ordinary corporate bonds issued by the Company in 2020 are as follows:
The Company issued \$2,000,000, 0.60% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on September 4, 2020. The bonds mature 5 years from the issue date (September 15, 2020 ~ September 15, 2025) and will be redeemed at face value at the maturity date.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 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	\$4,480,954
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(497,217)
				<u>\$3,983,737</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 11, 2035; payable based on the agreed terms.	0.50%~1.75%	Note	\$3,611,731
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(302,331)
				<u>\$3,309,400</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	September 30, 2020
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from August 4, 2016 to March 11, 2035; payable based on the agreed terms.	0.50%~1.75%	Note	\$4,671,586
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(365,752)
				<u>\$4,305,834</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 September 30, 2021, December 31, 2020 and September 30, 2020, the Group has undrawn borrowing facilities of \$21,192,143, \$22,248,893 and \$21,596,198, 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 nine-month periods ended September 30, 2021 and 2020 were \$3,548, \$6,263, \$10,715 and \$18,478, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 is \$114,015.
- B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Group’s mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the three-month and nine-month periods ended September 30, 2021 and 2020 ranged from 13%~20%. Other than the monthly contributions, the Group has no further obligations.
- (c) Monthly contributions to an independent fund administered by the local pension managing agency are based on a certain percentage of monthly salaries and wages of the Group’s other overseas subsidiaries’ employees.
- (d) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2021 and 2020 were \$105,786, \$89,847, \$309,565 and \$275,252, respectively.

(19) Share capital

- A. As of September 30, 2021, the Company’s authorized capital was \$30,305,500, consisting of 3,030,550 thousand shares of ordinary stock, including 100 million shares reserved for employee stock options, and the paid-in capital was \$21,387,966 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

	2021	2020
At January 1	1,967,693	1,967,693
Issuance of common shares	171,104	-
At September 30	<u>2,138,797</u>	<u>1,967,693</u>

Note: Shares in thousands.

- B. The conversion ratio is 1 share of the Walsin Lihwa Corporation’s common share converted to 0.8333 share of the Company, and the Company additionally issued 171,103,730 shares of common shares to exchange 205,332,690 shares of Walsin Lihwa Corporation’s common shares. The effective date for the share exchange was set on January 6, 2021, and the registration for the share exchange was completed on January 14, 2021. The Company’s paid-in capital was \$21,387,966 after the conversion.
- C. All of the shares of the Company held by the Company’s subsidiaries-Tong-An Investment Co., Ltd. and An-Tai International Investment Co., Ltd. were acquired in or before 2000 for the purpose of general investment. In addition, Top-Tower Enterprises Co., Ltd. also held the Company’s shares before the Company obtained control of Top-Tower Enterprises Co., Ltd. in August 2013, 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 September 30, 2021, December 31, 2020 and September 30, 2020, book value of the shares of the Company held by the subsidiaries and second-tier subsidiaries were all \$511,710.

Details are as follows:

	September 30, 2021		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 31.25
An-Tai International Investment Co., Ltd.	2,826	10.37	31.25
Top-Tower Enterprises Co., Ltd.	77	9.37	31.25
Taiwan Pelican Express Co., Ltd.	7,070	26.89	31.25
	<u>29,513</u>		
	December 31, 2020		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 27.65
An-Tai International Investment Co., Ltd.	2,826	10.37	27.65
Top-Tower Enterprises Co., Ltd.	77	9.37	27.65
Taiwan Pelican Express Co., Ltd.	7,070	26.89	27.65
	<u>29,513</u>		
	September 30, 2020		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 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>		

(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. Furthermore, 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:
- Payment of taxes and duties.
 - Covering prior years' accumulated deficit, if any.
 - After deducting items (a) and (b), set aside 10% of the remaining amount as legal reserve.
 - Set aside a certain amount as special reserve, if any.
 - Distributing the remaining amount plus prior years' retained earnings to shareholders according to their shareholding percentage. The distribution rate is principally 80%, of which cash dividends shall account for 5% ~ 50% of the distributed amount. Stock dividends shall be approved by the shareholders at the shareholders' meeting while cash dividends shall be approved by the Board of Directors under a resolution adopted by a

majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and reported to the shareholders at the shareholders' meeting.

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

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

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

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use periods if the assets are investment property other than land. As of March 31, 2021, the amount previously set aside as special reserve on initial application of IFRSs and yet to be reversed amounted to \$3,640,779.

E. The appropriations of the 2020 net income was proposed by the Board of Directors on March 23, 2021 while the appropriations of the 2019 net income was resolved by the stockholders on May 11, 2020 as follows:

	For the year ended December 31, 2020		For the year ended December 31, 2019	
	Dividend per share		Dividend per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 349,413		\$ 322,172	
Cash dividends	2,459,616	\$ 1.15	1,948,016	\$ 0.99

On July 23, 2021, the appropriation of 2020 earnings approved by the Company's shareholders was in agreement with the abovementioned proposals made by the Board of Directors.

(22) Other equity items

	Unrealized gains on valuation	Currency translation	Total
At January 1, 2021	\$ 10,356,934	(\$ 3,017,676)	\$ 7,339,258
Unrealized gains and losses on financial assets:			-
Revaluation	21,409,958	-	21,409,958
Revaluation - tax	(85,977)	-	(85,977)
Revaluation - associates	28,835	-	28,835
Revaluation transferred to profit or loss	-	9,909	9,909
Revaluation transferred to retained earnings	(332,108)	-	(332,108)
Revaluation transferred to retained earnings - tax	85,977	-	85,977
Revaluation transferred to retained earnings - associates	14,515	-	14,515
Currency translation differences:			
–Group	-	(918,381)	(918,381)
At September 30, 2021	<u>\$ 31,478,134</u>	<u>(\$ 3,926,148)</u>	<u>\$ 27,551,986</u>
	Unrealized gains on valuation	Currency translation	Total
At January 1, 2020	\$ 6,247,481	(\$ 2,676,725)	\$ 3,570,756
Unrealized gains and losses on financial assets:			
–Group	4,841,561	-	4,841,561
–Associates	4,878	-	4,878
Revaluation transferred to retained earnings	(448)	-	(448)
Currency translation differences:			
–Group	-	(525,337)	(525,337)
At September 30, 2020	<u>\$ 11,093,472</u>	<u>(\$ 3,202,062)</u>	<u>\$ 7,891,410</u>

(23) Operating revenue

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue from customers	\$ 12,913,833	\$ 11,227,517
Others - rental revenue	223,449	209,597
Others - gain on financial assets at fair value through profit or loss	103,978	10,697
	<u>\$ 13,241,260</u>	<u>\$ 11,447,811</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue from customers	\$ 36,821,452	\$ 32,248,792
Others - rental revenue	668,619	628,970
Others - gain on financial assets at fair value through profit or loss	1,228,882	471,046
	<u>\$ 38,718,953</u>	<u>\$ 33,348,808</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 September 30, 2021	For the three-month period ended September 30, 2020
	Revenue from external customer contracts	Revenue from external customer contracts
Sales of heavy industrial products	\$ 7,196,928	\$ 6,210,460
Sales of home appliances	1,574,392	1,534,185
Others	380,024	509,357
Service revenue	2,044,637	1,834,592
Construction contract	1,717,852	1,138,923
	<u>\$ 12,913,833</u>	<u>\$ 11,227,517</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
	Revenue from external customer contracts	Revenue from external customer contracts
Sales of heavy industrial products	\$ 20,999,325	\$ 18,438,111
Sales of home appliances	4,445,903	4,117,621
Others	1,143,841	1,282,038
Service revenue	6,281,386	5,583,371
Construction contract	3,950,997	2,827,651
	<u>\$ 36,821,452</u>	<u>\$ 32,248,792</u>

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

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 37,109	\$ 74,586
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	\$ 392,750	\$ 418,445
(24) <u>Interest income</u>		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Interest income from bank deposits	\$ 27,832	\$ 36,207
Interest income from financial assets measured at amortised cost	1,469	1,457
	\$ 29,301	\$ 37,664
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Interest income from bank deposits	\$ 87,731	\$ 158,195
Interest income from financial assets measured at amortised cost	7,160	5,693
	\$ 94,891	\$ 163,888

(25) Other income

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Rental revenue	\$ 49,488	\$ 51,565
Dividend income	830,801	117,292
Other non-operating income	213,795	71,648
	<u>\$ 1,094,084</u>	<u>\$ 240,505</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Rental revenue	\$ 144,374	\$ 129,070
Dividend income	848,406	609,053
Other non-operating income	292,923	214,918
	<u>\$ 1,285,703</u>	<u>\$ 953,041</u>

(26) Other gains and losses

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Loss on disposal of property, plant and equipment	(\$ 2,239)	(\$ 3,412)
Gain on disposal of investments	11,949	93
Loss arising from lease modifications	(993)	(728)
Gains arising from concession of lease payments	12,953	18,985
Net currency exchange gain (loss)	7,847	(36,840)
Gain on financial assets at fair value through profit or loss	208,940	141,456
(Loss) gain on financial liabilities at fair value through profit or loss	(1,408)	91
Miscellaneous disbursements	(87,834)	(116,193)
	<u>\$ 149,215</u>	<u>\$ 3,452</u>

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Loss on disposal of property, plant and equipment	(\$ 305)	(\$ 7,266)
(Loss) gain on disposal of investments	(11,543)	93
(Loss) gain arising from lease modifications	(988)	308
Gains arising from concession of lease payments	14,275	18,985
Net currency exchange loss	(44,643)	(64,184)
Gain on financial assets at fair value through profit or loss	278,342	226,339
Loss on financial liabilities at fair value through profit or loss	(2,635)	-
Impairment loss	-	(15,867)
Miscellaneous disbursements	(223,066)	(308,532)
	<u>\$ 9,437</u>	<u>(\$ 150,124)</u>

The Company's subsidiary, Nanchang Teco, had incurred operating losses, which is an indicator of assets impairment. After conducting an impairment assessment, the Group recognized an impairment loss of \$15,867 on property, plant and equipment in the third quarter of 2020.

(27) Finance costs

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Interest expense	\$ 49,445	\$ 56,055
Other finance expenses	420	1,367
	<u>\$ 49,865</u>	<u>\$ 57,422</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Interest expense	\$ 149,368	\$ 189,862
Other finance expenses	1,580	3,842
	<u>\$ 150,948</u>	<u>\$ 193,704</u>

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

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Wages and salaries	\$ 2,060,641	\$ 1,967,908
Employees' compensation and directors' remuneration	248,021	130,113
Labor and health insurance fees	271,083	231,901
Pension costs	109,334	96,110
Other personnel expenses	96,013	106,448
Depreciation charges on property, plant and equipment as well as investment property	300,741	316,734
Depreciation charges on right-of -use assets and amortization charges on intangible assets	155,256	144,376
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Wages and salaries	\$ 6,258,641	\$ 6,022,851
Employees' compensation and directors' remuneration	668,462	442,139
Labor and health insurance fees	780,493	695,455
Pension costs	320,280	293,730
Other personnel expenses	294,390	312,660
Depreciation charges on property, plant and equipment as well as investment property	923,568	974,571
Depreciation charges on right-of -use assets and amortization charges on intangible assets	456,598	445,935

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 nine-month periods ended September 30, 2021 and 2020, employees' compensation was accrued at \$127,126, \$66,254, \$332,525 and \$220,839, respectively; while directors' remuneration was accrued at \$56,500, \$29,447, \$147,789 and \$98,153, respectively. The aforementioned amounts were recognized in salary expenses.

- C. For the year ended December 31, 2020, after considering each year's earnings, the employees' compensation and directors' remuneration were accrued based on past experience and ratio. The employees' compensation and directors' remuneration resolved by the Board of Directors were \$284,575 and \$109,939, and the employees' compensation will be distributed in the form of cash.

The difference of \$16,539 between employees' compensation of \$284,575 and directors' remuneration of \$126,478 as resolved by the Board of Directors which is mainly arising from changes in estimate of directors' remuneration and the amount recognised in the 2020 financial statements had been adjusted in the profit or loss of 2021.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Current tax:		
Current tax on profits for the period	\$ 232,582	\$ 184,291
Tax on undistributed surplus earnings	34,255	-
Total current tax	266,837	184,291
Deferred tax:		
Origination and reversal of temporary differences	138,693	385
Total deferred tax	138,693	385
Income tax expense	\$ 405,530	\$ 184,676
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Current tax:		
Current tax on profits for the period	\$ 582,851	\$ 415,255
Tax on undistributed surplus earnings	34,255	33,526
Prior year income tax overestimation	(66,774)	(162,697)
Total current tax	550,332	286,084
Deferred tax:		
Origination and reversal of temporary differences	235,326	197,643
Total deferred tax	235,326	197,643
Income tax expense	\$ 785,658	\$ 483,727

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

	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Changes in fair value of financial assets at fair value through other comprehensive income	\$ -	\$ -
Currency translation differences	(\$ 23,980)	(\$ 25,662)
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 85,977	\$ -
Currency translation differences	(\$ 146,608)	(\$ 80,052)

B. As of September 30, 2021, the Company and its subsidiaries' income tax returns through various years between 2017 and 2019, respectively, have been assessed and approved by the Tax Authority.

(30) Earnings per share

	For the three-month period ended September 30, 2021		
		Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic (Diluted) earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	\$ 1,578,749	2,109,284	\$ 0.75

Note: The earnings per share of \$0.74 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

	For the three-month period ended September 30, 2020		
		Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic (Diluted) earnings per share</u>	<u>Amount after tax</u>		
Profit attributable to ordinary shareholders of the parent	\$ 801,977	1,938,180	\$ 0.41

Note: The earnings per share of \$0.41 (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 nine-month period ended September 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	\$ 4,116,999	2,105,523	\$ 1.96

Note: The earnings per share of \$1.93 (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 nine-month period ended September 30, 2020</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	\$ 2,727,719	1,939,872	\$ 1.41

Note: The earnings per share of \$1.39 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Acquisition of property, plant and equipment	\$ 405,470	\$ 453,617
Add:		
Payables at beginning of the period	197,130	75,414
Less:		
Payables at end of the period	(87,205)	(76,134)
Cash paid	<u>\$ 515,395</u>	<u>\$ 452,897</u>

B. Investing and financing activities with partial cash payments:

	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>
Acquisition of financial assets at fair value through other comprehensive income - non-current	\$ 3,952,777	\$ 20,800
Less:		
Conversion through issuing common shares	(3,808,921)	-
Cash paid	<u>\$ 143,856</u>	<u>\$ 20,800</u>

(32) Changes in liabilities from financing activities

	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2021	\$ 2,816,832	\$ 25,156	\$ 6,000,000	\$ 3,611,731	\$ 4,886,773	\$ 17,340,492
Interest expenses on lease liabilities	-	-	-	-	48,931	48,931
Recognised in right -of-use assets	-	-	-	-	604,242	604,242
Remeasurement	-	-	-	-	26,008	26,008
Changes in cash flow from financing activities	(668,004)	-	-	869,223	(408,368)	(207,149)
Other	-	(223)	-	-	-	(223)
Effect of foreign exchange	-	-	-	-	(55,919)	(55,919)
September 30, 2021	<u>\$ 2,148,828</u>	<u>\$ 24,933</u>	<u>\$ 6,000,000</u>	<u>\$ 4,480,954</u>	<u>\$ 5,101,667</u>	<u>\$ 17,756,382</u>
	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2020	\$ 1,857,637	\$ 25,612	\$ 4,000,000	\$ 7,084,752	\$ 5,219,092	\$ 18,187,093
Interest expenses on lease liabilities	-	-	-	-	60,589	60,589
Remeasurement	-	-	-	-	46,040	46,040
Changes in cash flow from financing activities	1,080,367	(430)	2,000,000	(2,413,166)	(379,964)	286,807
Cash dividends declared	-	-	-	-	-	-
Effect of foreign exchange	-	-	-	-	1,305	1,305
September 30, 2020	<u>\$ 2,938,004</u>	<u>\$ 25,182</u>	<u>\$ 6,000,000</u>	<u>\$ 4,671,586</u>	<u>\$ 4,947,062</u>	<u>\$ 18,581,834</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 September 30, 2021, December 31, 2020 and September 30, 2020, the non-controlling interest amounted to \$6,388,017, \$5,796,937 and \$5,721,923, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		September 30, 2021		December 31, 2020	
Name of subsidiary	Principal place of business	Amount	Ownership	Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 289,145	36.48%	\$ 297,607	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,838,528	67.85%	1,356,851	67.85%
Century Development Corporation and subsidiaries	R.O.C	2,735,125	47.25%	2,653,596	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	273,464	50.99%	270,760	50.99%

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2020	
		Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 291,760	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,343,967	67.85%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	263,484	50.99%
Century Development Corporation and subsidiaries	R.O.C	2,585,961	47.25%

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

C. Summarized financial information of the subsidiaries:

Balance sheets

	Tecom Co., Ltd. and subsidiaries		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 1,063,115	\$ 916,013	\$ 965,231
Non-current assets	951,562	986,877	982,728
Current liabilities	(1,293,427)	(863,084)	(901,343)
Non-current liabilities	(270,580)	(560,811)	(577,815)
Total net assets	<u>\$ 450,670</u>	<u>\$ 478,995</u>	<u>\$ 468,801</u>

	Taiwan Pelican Express Co., Ltd. and subsidiaries		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 1,799,167	\$ 1,715,232	\$ 1,581,912
Non-current assets	3,112,619	2,125,175	2,205,078
Current liabilities	(1,042,043)	(966,119)	(900,435)
Non-current liabilities	(1,160,048)	(890,016)	(905,764)
Total net assets	<u>\$ 2,709,695</u>	<u>\$ 1,984,272</u>	<u>\$ 1,980,791</u>

	Century Development Corporation and subsidiaries		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 1,587,767	\$ 2,140,653	\$ 2,316,530
Non-current assets	8,339,970	7,799,434	7,733,110
Current liabilities	(664,778)	(737,816)	(908,564)
Non-current liabilities	(2,783,417)	(2,892,825)	(2,908,815)
Total net assets	<u>\$ 6,479,542</u>	<u>\$ 6,309,446</u>	<u>\$ 6,232,261</u>

	Information Technology Total Services Co., Ltd. and subsidiaries		
	September 30, 2021	December 31, 2020	September 30, 2020
Current assets	\$ 534,493	\$ 680,547	\$ 561,836
Non-current assets	308,256	263,195	268,828
Current liabilities	(289,401)	(399,604)	(218,150)
Non-current liabilities	(16,967)	(13,118)	(95,553)
Total net assets	<u>\$ 536,381</u>	<u>\$ 531,020</u>	<u>\$ 516,961</u>

Statements of comprehensive income

Tecom Co., Ltd. and subsidiaries		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 284,473	\$ 281,343
Profit (loss) before income tax	10,222	(8,732)
Income tax expense	(1,735)	-
Profit (loss) for the period	8,487	(8,732)
Other comprehensive loss (net of tax)	(14,316)	(60,841)
Total comprehensive loss for the period	<u>(\$ 5,829)</u>	<u>(\$ 69,573)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 7,452)</u>	<u>(\$ 25,431)</u>
Tecom Co., Ltd. and subsidiaries		
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 804,800	\$ 831,332
Profit (loss) before income tax	19,021	(35,445)
Income tax expense	(4,412)	(45)
Profit (loss) for the period	14,609	(35,490)
Other comprehensive loss (net of tax)	(37,267)	(95,952)
Total comprehensive loss for the period	<u>(\$ 22,658)</u>	<u>(\$ 131,442)</u>
Comprehensive loss attributable to non-controlling interest	<u>(\$ 21,811)</u>	<u>(\$ 48,148)</u>

Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 1,148,892	\$ 1,016,722
Profit before income tax	68,105	56,166
Income tax expense	(11,394)	(9,957)
Profit for the period	56,711	46,209
Other comprehensive income (net of tax)	87,703	13,867
Total comprehensive income for the period	\$ 144,414	\$ 60,076
Comprehensive income attributable to non-controlling interest	\$ 97,985	\$ 33,063
Dividends paid to non - controlling interest	\$ 116,594	\$ 77,729
Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 3,330,254	\$ 2,966,930
Profit before income tax	242,237	192,057
Income tax expense	(45,017)	(36,390)
Profit for the period	197,220	155,667
Other comprehensive income (net of tax)	700,044	210,436
Total comprehensive income for the period	\$ 897,264	\$ 366,103
Comprehensive income attributable to non-controlling interest	\$ 608,794	\$ 107,383
Dividends paid to non- controlling interest	\$ 116,594	\$ 77,729

Century Development Corporation and subsidiaries		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 205,592	\$ 189,259
Profit (loss) before income tax	113,653	(139,138)
Income tax expense	(22,613)	(18,737)
Profit (loss) for the period	91,040	(157,875)
Other comprehensive (loss) income (net of tax)	(16,628)	369
Total comprehensive income (loss) for the period	<u>\$ 74,412</u>	<u>(\$ 157,506)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 51,197</u>	<u>(\$ 84,988)</u>
Dividends paid to non- controlling interest	<u>\$ 25,431</u>	<u>\$ 33,161</u>
Century Development Corporation and subsidiaries		
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 617,352	\$ 654,979
Profit before income tax	320,533	31,818
Income tax expense	(59,719)	(56,900)
Profit (loss) for the period	260,814	(25,082)
Other comprehensive loss (net of tax)	(36,896)	(48,481)
Total comprehensive income (loss) for the period	<u>\$ 223,918</u>	<u>(\$ 73,563)</u>
Comprehensive income (loss) attributable to non-controlling interest	<u>\$ 142,748</u>	<u>(\$ 7,952)</u>
Dividends paid to non- controlling interest	<u>\$ 25,431</u>	<u>\$ 33,161</u>

Information Technology Total Services Co., Ltd. and subsidiaries		
	For the three-month period ended September 30, 2021	For the three-month period ended September 30, 2020
Revenue	\$ 269,548	\$ 226,396
Profit before income tax	24,150	15,394
Income tax expense	(3,585)	(1,683)
Profit for the period	20,565	13,711
Other comprehensive loss (net of tax)	(29)	(238)
Total comprehensive income for the period	<u>\$ 20,536</u>	<u>\$ 13,473</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 10,616</u>	<u>\$ 7,261</u>
Dividends paid to non- controlling interest	<u>\$ 27,864</u>	<u>\$ 27,864</u>
Information Technology Total Services Co., Ltd. and subsidiaries		
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Revenue	\$ 1,045,576	\$ 851,761
Profit before income tax	74,180	57,668
Income tax expense	(13,017)	(6,177)
Profit for the period	61,163	51,491
Other comprehensive loss (net of tax)	(1,155)	(1,368)
Total comprehensive income for the period	<u>\$ 60,008</u>	<u>\$ 50,123</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 31,237</u>	<u>\$ 26,243</u>
Dividends paid to non- controlling interest	<u>\$ 27,864</u>	<u>\$ 27,864</u>

Statements of cash flows

	Tecom Co., Ltd. and subsidiaries	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Net cash provided by operating activities	\$ 16,646	\$ 48,697
Net cash provided by investing activities	31,204	17,188
Net cash provided by (used in) financing activities	80,065	(127,593)
Increase (decrease) in cash and cash equivalents	127,915	(61,708)
Cash and cash equivalents, beginning of period	95,778	191,761
Cash and cash equivalents, end of period	\$ 223,693	\$ 130,053
	Taiwan Pelican Express Co., Ltd. and subsidiaries	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Net cash provided by operating activities	\$ 379,011	\$ 304,211
Net cash used in investing activities	(55,502)	(350,016)
Net cash used in financing activities	(291,073)	(224,625)
Effect of exchange rates on cash and cash equivalents	404	(29)
Increase (decrease) in cash and cash equivalents	32,840	(270,459)
Cash and cash equivalents, beginning of period	899,305	1,056,827
Cash and cash equivalents, end of period	\$ 932,145	\$ 786,368

Century Development Corporation and subsidiaries		
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Net cash provided by operating activities	\$ 540,286	\$ 468,389
Net cash used in investing activities	(92,372)	(1,928,612)
Net cash (used in) provided by financing activities	(334,257)	1,260,421
Effect of exchange rates on cash and cash equivalents	(2,633)	(3,463)
Increase (decrease) in cash and cash equivalents	111,024	(203,265)
Cash and cash equivalents, beginning of period	230,836	555,324
Cash and cash equivalents, end of period	<u>\$ 341,860</u>	<u>\$ 352,059</u>

Information Technology Total Services Co., Ltd. and subsidiaries		
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Net cash provided by operating activities	\$ 140,451	\$ 154,324
Net cash (used in) provided by investing activities	(56,045)	28,746
Net cash used in financing activities	(61,338)	(171,323)
Effect of exchange rates on cash and cash equivalents	(773)	(279)
Increase in cash and cash equivalents	22,295	11,468
Cash and cash equivalents, beginning of period	85,874	70,474
Cash and cash equivalents, end of period	<u>\$ 108,169</u>	<u>\$ 81,942</u>

7. Related Party Transactions

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

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

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

Note 2: The investee has been liquidated in 2020.

Note 3: 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 September 30, 2021	For the three-month period ended September 30, 2020
Sales of goods and services:		
Associates	\$ 168,932	\$ 130,469
Other related parties	61,791	90,399
	<u>\$ 230,723</u>	<u>\$ 220,868</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Sales of goods and services:		
Associates	\$ 349,937	\$ 331,874
Other related parties	226,989	250,970
	<u>\$ 576,926</u>	<u>\$ 582,844</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 September 30, 2021	For the three-month period ended September 30, 2020
Purchases of goods:		
Associates	\$ 97,248	\$ 55,034
Other related parties	18,355	18,073
	<u>\$ 115,603</u>	<u>\$ 73,107</u>
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Purchases of goods:		
Associates	\$ 223,548	\$ 214,654
Other related parties	39,888	18,138
	<u>\$ 263,436</u>	<u>\$ 232,792</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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Receivables from related parties:			
Associates	\$ 197,305	\$ 192,528	\$ 312,678
Other related parties	<u>51,872</u>	<u>55,675</u>	<u>59,941</u>
	<u>249,177</u>	<u>248,203</u>	<u>372,619</u>
Other receivables - others			
Associates			
TTMC	38,172	50,924	50,797
Royal Park	15,155	15,413	15,672
Others	13,474	3,061	96,545
Other related parties	<u>15,615</u>	<u>3,062</u>	<u>5,027</u>
	<u>82,416</u>	<u>72,460</u>	<u>168,041</u>
	<u>\$ 331,593</u>	<u>\$ 320,663</u>	<u>\$ 540,660</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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Payables to related parties:			
Associates	\$ 111,581	\$ 163,755	\$ 144,666
Other related parties	<u>7,976</u>	<u>4,348</u>	<u>6,568</u>
	<u>\$ 119,557</u>	<u>\$ 168,103</u>	<u>\$ 151,234</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>September 30, 2021</u>	For the three-month period ended <u>September 30, 2020</u>
Associates	\$ 2,378	\$ 1,955
Other related parties	<u>7,108</u>	<u>6,677</u>
	<u>\$ 9,486</u>	<u>\$ 8,632</u>
	For the nine-month period ended <u>September 30, 2021</u>	For the nine-month period ended <u>September 30, 2020</u>
Associates	\$ 14,509	\$ 16,960
Other related parties	<u>20,459</u>	<u>18,950</u>
	<u>\$ 34,968</u>	<u>\$ 35,910</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. Acquisition of assets

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.

G. Endorsements and guarantees provided to related parties:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Associates	<u>\$ 162</u>	<u>\$ 175</u>	<u>\$ 171</u>
(3) <u>Key management compensation</u>			
	<u>For the three-month period ended September 30, 2021</u>	<u>For the three-month period ended September 30, 2020</u>	
Salaries and other short-term employee benefits	\$ 162,037	\$ 106,183	
Post-employment benefits	2,194	8,418	
	<u>\$ 164,231</u>	<u>\$ 114,601</u>	
	<u>For the nine-month period ended September 30, 2021</u>	<u>For the nine-month period ended September 30, 2020</u>	
Salaries and other short-term employee benefits	\$ 431,472	\$ 370,272	
Post-employment benefits	6,740	24,492	
	<u>\$ 438,212</u>	<u>\$ 394,764</u>	

8. Pledged Assets

Pledged asset	September 30, 2021	December 31, 2020	Purpose
Notes receivable	\$ 91,243	\$ 80,554	Short-term borrowings and deposits for acceptance bill
Other current assets			
Demand deposits	272,923	251,525	Short-term borrowings, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, tariff guarantees, merchandise loans, seizure guarantee, and deposits for the exemption from provisional execution
Demand deposits	706,070	905,290	Earmarked construction projects
Time deposits	237,520	234,505	Engineering bond, merchandise loans, tariff guarantees, long-term and short-term borrowings, engineering guarantees, customs security deposit, warranty margin, exercise guarantee for construction and quality assurance for product sales
Financial assets at fair value through other comprehensive income - non-current			
Taiwan High Speed Rail Corporation	473,600	427,950	Long-term borrowings
Innolux Corporation	35,700	-	"
Edimax Technology Co., Ltd.	35,145	-	"
Non-current financial assets at amortised cost	160,000	160,000	Litigation
Property, plant, and equipment			
Land	98,831	101,247	Long-term borrowings, short-term borrowings
Buildings and structures	10,698	3,078,259	"
Machinery and equipment	151,782	158,400	"
Right-of-use assets	779,737	3,032,127	"
Other non-current assets			
Refundable deposits	83,124	87,451	Exercise guarantee or warranty for construction and exercise guarantee for tender
Time deposits	423,270	169,411	Restricted by the legislation on repatriating offshore funds
	<u>\$ 3,559,643</u>	<u>\$ 8,686,719</u>	

Pledged asset	September 30, 2020	Purpose
Notes receivable	\$ 141,780	Short-term borrowings
Other current assets		
Demand deposits	143,742	Short-term borrowings, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, tariff guarantee, merchandise loans and seizure guarantee
Demand deposits	835,124	Earmarked construction projects
Time deposits	314,581	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	427,275	Long-term borrowings
Non-current financial assets at amortised cost	160,000	Performance guarantee
Property, plant, and equipment	84,643	Long-term borrowings, short-term borrowings
Land		
Buildings and structures	3,099,776	"
Right-of-use assets	880,231	"
Other non-current assets		
Refundable deposits	34,615	Exercise guarantee or warranty for construction and exercise guarantee for tender
Time deposits	169,411	Restricted by the legislation on the repatriating offshore funds
	<u>\$ 6,291,178</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

- A. The Company won the bid to contract New eID project from the Central Engraving and Printing Plant in the amount of \$3,289,928 for the year ended December 31, 2020. On January 27, 2021, the Company received the notification from the Central Engraving and Printing Plant (CEPP) for suspending the project due to the Ministry of the Interior's tentative postponement of New eID project. The Company is currently discussing with relevant authorities about settlement for those purchased equipment, material and the receivables and with the CEPP about equipment mothballing or maintenance projects.
- B. On April 21, 2021, the Company received a civil judgment from the Taiwan Taipei District Court concerning a claim filed by Fu Chang Engineering Co., Ltd. (Fu Chang), which is a subcontractor that undertook the electrical system and air-conditioning electric system for the Company's project 'Mechanical and Electrical Engineering of Songshan Cultural and Creative Park BOT Project' for a total of \$63,525, to request the Company to pay an additional payment amounting to \$68,495 for additional construction works. The Court entered a judgment that the Company shall make a payment in the amount of \$56,846 to Fu Chang. The Company has accrued and recognised an amount for potential payments and filed an appeal with the second instance court.

(2) Commitments

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

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Property, plant and equipment	\$ 3,260,907	\$ 3,308,110	\$ 3,491,470
Intangible assets	<u>1,426</u>	<u>1,521</u>	<u>1,902</u>
	<u>\$ 3,262,333</u>	<u>\$ 3,309,631</u>	<u>\$ 3,493,372</u>

- B. As of September 30, 2021, the outstanding usance L/C used for acquiring raw materials and equipment was \$61,855.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

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>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 6,729,065</u>	<u>\$ 3,574,457</u>	<u>\$ 3,614,643</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 45,914,356</u>	<u>\$ 19,848,014</u>	<u>\$ 20,654,294</u>
Financial assets at amortised cost /Loans and receivables			
Cash and cash equivalents	\$ 17,920,142	\$ 20,397,260	\$ 20,308,158
Financial assets at amortised cost	390,166	481,530	410,074
Notes receivable	988,272	1,184,902	1,286,763
Accounts receivable	8,971,960	9,103,336	8,400,131
Other receivables	587,040	354,645	399,557
Guarantee deposits paid and restricted bank deposits	<u>1,887,730</u>	<u>1,796,782</u>	<u>407,259</u>
	<u>\$ 30,745,310</u>	<u>\$ 33,318,455</u>	<u>\$ 31,211,942</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	<u>\$ 576</u>	<u>\$ -</u>	<u>\$ -</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 2,148,828	\$ 2,816,832	\$ 2,938,004
Notes payable	762,654	395,720	516,260
Accounts payable	8,902,342	7,622,923	6,471,947
Other payables	5,361,506	4,902,975	4,509,540
Lease liabilities	5,101,667	4,886,773	4,947,062
Bonds payable (including current portion)	6,000,000	6,000,000	6,000,000
Long-term borrowings (including current portion)	<u>4,480,954</u>	<u>3,611,731</u>	<u>4,671,586</u>
	<u>\$ 32,757,951</u>	<u>\$ 30,236,954</u>	<u>\$ 30,054,399</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:

September 30, 2021

Sensitivity Analysis											
		Foreign currency amount (In thousands)		Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income			
(Foreign currency: functional currency)											
<u>Financial assets</u>											
<u>Monetary items</u>											
USD:NTD	USD	\$	72,072	27.8500	\$	2,007,205	1%	\$	20,072	\$	-
EUR:NTD	EUR		6,479	32.3200		209,401	1%		2,094		-
USD:RMB	USD		47,160	6.4692		1,313,406	1%		13,134		-
RMB:NTD	RMB		43,834	4.3050		188,705	1%		1,887		-
AUD:NTD	AUD		7,329	20.0700		147,093	1%		1,471		-
USD:SGD	USD		5,853	1.3605		163,006	1%		1,630		-
USD:EUR	USD		8,838	0.8617		246,138	1%		2,461		-
USD:MYR	USD		8,726	4.1869		243,019	1%		2,430		-
EUR:USD	EUR		14,075	1.1605		454,904	1%		4,549		-
<u>Non-monetary items</u>											
USD:NTD	USD		707,365	27.8500		19,700,123					
EUR:NTD	EUR		133,195	32.3200		4,304,858					
SGD:NTD	SGD		157,982	20.4700		3,233,896					
VND:NTD	VND	253,390,833		0.0012		304,069					
MYR:NTD	MYR		7,226	6.6517		48,066					
<u>Financial liabilities</u>											
<u>Monetary items</u>											
USD:NTD	USD		49,717	27.8500		1,384,618	1%		13,846		-
USD:VND	USD		5,435	23,208.3333		151,365	1%		1,514		-
USD:MYR	USD		10,546	4.1869		293,706	1%		2,937		-
USD:SGD	USD		4,509	1.3605		125,576	1%		1,256		-
USD:AUD	USD		5,905	1.3876		164,454	1%		1,645		-
EUR:NTD	EUR		3,526	32.3200		113,960	1%		1,140		-

December 31, 2020

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

September 30, 2020

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	\$ 139,352	29.1000	\$ 4,055,143	1%	\$ 40,551	\$ -
EUR:NTD	EUR	12,126	34.1500	414,103	1%	4,141	-
USD:RMB	USD	42,625	6.8166	1,240,388	1%	12,404	-
JPY:NTD	JPY	876,344	0.2756	241,520	1%	2,415	-
RMB:NTD	RMB	90,347	4.2690	385,691	1%	3,857	-
AUD:NTD	AUD	7,842	20.7150	385,691	1%	1,624	-
CAD:USD	CAD	6,458	0.7464	162,447	1%	1,403	-
USD:SGD	USD	6,285	1.3688	182,894	1%	1,829	-
EUR:USD	EUR	7,000	1.1735	239,050	1%	2,391	-
<u>Non-monetary items</u>							
USD:NTD	USD	675,776	29.1000	19,665,083			
EUR:NTD	EUR	127,439	34.1500	4,352,045			
SGD:NTD	SGD	158,935	21.2600	3,378,960			
VND:NTD	VND	215,760,769	0.0013	280,489			
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	49,190	29.1000	1,431,429	1%	14,314	-
USD:RMB	USD	7,686	6.8166	223,663	1%	2,237	-
USD:VND	USD	3,706	22,284.6154	107,845	1%	1,078	-
USD:AUD	USD	4,338	1.4048	126,236	1%	1,262	-
USD:MYR	USD	4,882	4.1660	142,066	1%	1,421	-

- v. Total exchange loss including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the nine-month periods ended September 30, 2021 and 2020 amounted to \$44,643 and \$64,184, 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 comprise in mainly shares and open-end funds issued by domestic companies. The prices of such securities would change due to the change of the future value of their underlyings. If the prices of these securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2021 and 2020 would have increased/decreased by \$168,905 and \$128,643, respectively, as a result of gains/losses on the securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$2,283,490 and \$1,020,829, 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 nine-month periods ended September 30, 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in NTD, USD and RMB.
 - ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. As at September 30, 2021 and 2020, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2021 and 2020 would have been \$9,945 and \$11,414 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 September 30, 2021, December 31, 2020 and September 30, 2020, the loss rate methodology is as follows:

September 30, 2021			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 8,106,345	(\$ 7,257)
Up to 30 days	0%~2%	731,128	(1,811)
31 to 90 days	1%~20%	463,319	(15,491)
91 to 180 days	1%~100%	158,044	(16,319)
Over 180 days	1%~100%	414,530	(121,433)
		<u>\$ 9,873,366</u>	<u>(\$ 162,311)</u>
December 31, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 8,117,924	(\$ 8,769)
Up to 30 days	0%~2%	743,190	(2,133)
31 to 90 days	1%~20%	725,701	(18,955)
91 to 180 days	1%~100%	175,419	(19,189)
Over 180 days	1%~100%	456,930	(130,083)
		<u>\$ 10,219,164</u>	<u>(\$ 179,129)</u>

September 30, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 7,350,714	(\$ 6,325)
Up to 30 days	0%~2%	797,150	(2,778)
31 to 90 days	1%~20%	630,248	(13,472)
91 to 180 days	1%~100%	278,761	(20,549)
Over 180 days	1%~100%	429,532	(129,006)
		<u>\$ 9,486,405</u>	<u>(\$ 172,130)</u>
September 30, 2021			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 29,373	(\$ 29,373)
Group A	0%~5%	5,294,859	(8,456)
Group B	0%~10%	1,856,602	(5,263)
Group C	1%~20%	1,377,440	(15,386)
Group D	1%~40%	336,984	(17,861)
Group E	1%~100%	978,108	(85,972)
		<u>\$ 9,873,366</u>	<u>(\$ 162,311)</u>
December 31, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 30,636	(\$ 30,636)
Group A	0%~5%	5,802,450	(13,247)
Group B	0%~10%	1,935,919	(922)
Group C	1%~20%	1,293,175	(20,736)
Group D	1%~40%	383,106	(22,865)
Group E	1%~100%	773,878	(90,723)
		<u>\$ 10,219,164</u>	<u>(\$ 179,129)</u>
September 30, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 30,328	(\$ 30,328)
Group A	0%~5%	4,950,644	(9,809)
Group B	0%~10%	2,119,079	(7,068)
Group C	1%~20%	1,160,393	(14,945)
Group D	1%~40%	436,711	(22,984)
Group E	1%~100%	789,250	(86,996)
		<u>\$ 9,486,405</u>	<u>(\$ 172,130)</u>

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

	2021	
	Notes receivable and accounts receivable	
On January 1	\$	179,129
Reversal of impairment	(	6,018)
Write-offs during the period	(	6,370)
Effect of foreign exchange	(	4,430)
On September 30	\$	162,311
	2020	
	Notes receivable and accounts receivable	
On January 1	\$	166,426
Provision for impairment		18,337
Write-offs during the period	(	12,350)
Effect of foreign exchange	(	283)
On September 30	\$	172,130

(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 September 30, 2021, December 31, 2020 and September 30, 2020, the undrawn credit amounts are \$21,192,143, \$22,248,893 and \$21,596,198, 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>September 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	\$ 2,148,828	\$ -	\$ -	\$ -	\$ -
Notes payable	762,654	-	-	-	-
Accounts payable	8,902,342	-	-	-	-
Lease liabilities	529,511	476,748	329,381	560,531	4,486,495
Other payables	5,361,506	-	-	-	-
Bonds payable (including current portion)	1,000,000	-	-	5,000,000	-
Long-term borrowings (including current portion)	3,055,149	318,099	269,519	787,089	71,945

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

<u>September 30, 2020</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 2,938,004	\$ -	\$ -	\$ -	\$ -
Notes payable	516,260	-	-	-	-
Accounts payable	6,471,947	-	-	-	-
Lease liabilities	462,914	379,012	325,851	698,733	3,288,830
Other payables	4,509,540	-	-	-	-
Bonds payable	-	1,000,000	-	5,000,000	-
Long-term borrowings (including current portion)	2,465,628	719,583	318,780	1,091,197	87,104

- iv. As of September 30, 2021, December 31, 2020 and September 30, 2020, the derivative financial liabilities which were executed by the Group were all due within one year.

(3) Fair value information

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

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

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

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

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

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

<u>September 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	\$ 3,378,091	\$ -	\$ 3,343,593	\$ 6,721,684
Non-hedging derivatives	-	7,381	-	7,381
Financial assets at fair value through other comprehensive income				
Equity securities	<u>45,669,803</u>	<u>-</u>	<u>244,553</u>	<u>45,914,356</u>
	<u>\$ 49,047,894</u>	<u>\$ 7,381</u>	<u>\$ 3,588,146</u>	<u>\$ 52,643,421</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 576</u>	<u>\$ -</u>	<u>\$ 576</u>

<u>December 31, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 2,466,216	\$ -	\$ 1,098,519	\$ 3,564,735
Non-hedging derivatives	-	9,722	-	9,722
Financial assets at fair value through other comprehensive income				
Equity securities	<u>19,614,727</u>	<u>-</u>	<u>233,287</u>	<u>19,848,014</u>
	<u>\$ 22,080,943</u>	<u>\$ 9,722</u>	<u>\$ 1,331,806</u>	<u>\$ 23,422,471</u>
<u>September 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 2,572,863	\$ -	\$ 1,029,229	\$ 3,602,092
Non-hedging derivatives	-	12,551	-	12,551
Financial assets at fair value through other comprehensive income				
Equity securities	<u>20,416,589</u>	<u>-</u>	<u>237,705</u>	<u>20,654,294</u>
	<u>\$ 22,989,452</u>	<u>\$ 12,551</u>	<u>\$ 1,266,934</u>	<u>\$ 24,268,937</u>

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

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

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value
(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).		
(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.		
(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation		

models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- (e) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the nine-month periods ended September 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2021 and 2020:

	Non-derivative equity	
	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2020
Beginning balance	\$ 1,331,806	\$ 1,247,785
Gains and losses recognized in profit or loss	36,296	57,897
Gain and loss recognized in other comprehensive income (	21,906) (	16,707)
Acquired during the period	2,293,441	-
Sold during the period	(51,491)	(22,041)
Ending balance	<u>\$ 3,588,146</u>	<u>\$ 1,266,934</u>

- G. Finance and Accounting Department is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement.

	Fair value at September 30, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 3,588,146	Market comparable companies	Price to earnings ratio multiple	1.99~5.83	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%~20%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,331,806	Market comparable companies	Price to earnings ratio multiple	1.31~5.03	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%~20%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,266,934	Market comparable companies	Price to earnings ratio multiple	1.00~4.56	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:

September 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>\$ 167,180</u>	<u>(\$ 167,180)</u>	<u>\$ 12,228</u>	<u>(\$ 12,228)</u>
December 31, 2020						
	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>\$ 54,926</u>	<u>(\$ 54,926)</u>	<u>\$ 11,664</u>	<u>(\$ 11,664)</u>
September 30, 2020						
	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>\$ 51,461</u>	<u>(\$ 51,461)</u>	<u>\$ 11,885</u>	<u>(\$ 11,885)</u>

(4) Other matter

The Group operates internationally. Due to the COVID-19 outbreak in the first quarter of 2020, some operating sites suspended its operations or reduced operating days to cooperate with the anti-epidemic policy of the local governments. However, some operating sites have been resuming its production starting from the second quarter of 2020. As of the third quarter of 2021, the pandemic has varying extent of impact on each operating site. Some of the Group's operating sites in countries such as Taiwan, Vietnam and India, are still experiencing the second and third wave of the pandemic. The Group has initiated the relevant countermeasures to cooperate with the preventive measures of the respective local governments to ensure that orders, production and deliveries at each sales and production site are operating normally. Those measures include taking temperature everyday, wearing face masks, having employees vaccinated, separating office and working area using transparent plastic curtains, restricting unnecessary cross-area movement and suspending business trips and visitors.

The Group takes into account the impact of the pandemic on the Group's operations in the impairment assessment. In 2020, due to a decline in customer orders or postponement of deliveries caused by the pandemic, some subsidiaries' profitability did not meet the expectations. As a result, the Group assessed that there was an indication of impairment on investments in those subsidiaries and thus recognised an impairment loss amounting to \$77,950. In the first three quarters of 2021, the operating revenue increased by 16.10% year over year after each operating site of the Group adopted various preventive measures to maintain its normal operations, and the post-tax profit increased by 55.21% year over year as the price of reinvestments in the domestic securities markets steadily increased and dividends received were significantly higher. The Group's operations did not decline because of another outbreak of the pandemic, and thus it did not recognise further impairment loss.

In addition, the Group has sufficient working capital. As of September 30, 2021, the balance of cash and cash equivalents amounted to \$17,920,142, and the operating activities still generated net cash in-flow. The current ratio reached to 215.93%. Moreover, the Group had undrawn borrowing facilities amounting to \$21,192,143, which was sufficient to repay due liabilities. It shows that the pandemic had no significant impact on the Group's ability to continue as a going concern and financing risks.

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

(4) Major shareholders information

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

14. Segment Information

(1) General information

The Group operates and makes decisions on the basis of products and service line, which the Group uses to identify reportable segments.

The Group's reportable segments include the heavy industrial product division and the home appliance division. The heavy industrial product division primarily engages in the manufacturing and sales of motors and generators. The home appliance division primarily engages in the manufacturing, installation, sales and service of home appliances.

(2) Segment performance

The Group uses the operating income as the basis for segment performance assessment. The operating income excludes non-recurring expenditures, unrealized gain or loss on financial instruments, interest income and interest expense.

(3) Financial information by industry

The segment information of the reportable segments provided to the chief operating decision-maker for the nine-month periods ended September 30, 2021 and 2020 is as follows:

	For the nine-month period ended September 30, 2021				
	Heavy industrial products division	Home appliances division	Others	Adjustment and elimination	Total
<u>Operating revenues</u>					
Operating revenues from external customers	\$ 24,958,915	\$ 5,139,599	\$ 8,620,439	\$ -	\$ 38,718,953
Operating revenues from internal segments	14,782,936	2,766,355	819,153	(18,368,444)	-
Total operating revenues	<u>\$ 39,741,851</u>	<u>\$ 7,905,954</u>	<u>\$ 9,439,592</u>	<u>(\$ 18,368,444)</u>	<u>\$ 38,718,953</u>
Segment profits and losses	<u>\$ 1,939,500</u>	<u>\$ 159,214</u>	<u>\$ 1,753,726</u>	<u>\$ -</u>	<u>\$ 3,852,440</u>
Segment profits and losses including:					
Depreciation and amortization	<u>\$ 802,438</u>	<u>\$ 136,469</u>	<u>\$ 441,259</u>	<u>\$ -</u>	<u>\$ 1,380,166</u>
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
<u>Segment assets</u>					
Identifiable assets	<u>\$ 38,482,710</u>	<u>\$ 4,635,074</u>	<u>\$ 23,108,591</u>	<u>(\$ 7,133,967)</u>	<u>\$ 59,092,408</u>
Capital expenditures	<u>\$ 291,987</u>	<u>\$ 22,386</u>	<u>\$ 91,097</u>	<u>\$ -</u>	<u>\$ 405,470</u>
<u>Segment liabilities</u>	<u>\$ 19,536,098</u>	<u>\$ 2,629,051</u>	<u>\$ 10,053,653</u>	<u>(\$ 7,133,660)</u>	<u>\$ 25,085,142</u>

For the nine-month period ended September 30, 2020					
	Heavy industrial products division	Home appliance division	Others	Adjustment and elimination	Total
<u>Operating revenues</u>					
Operating revenues from external customers	\$ 21,719,585	\$ 4,321,226	\$ 7,307,997	\$ -	\$ 33,348,808
Operating revenues from internal segments	12,098,147	2,139,961	761,587	(14,999,695)	-
Total operating revenues	<u>\$ 33,817,732</u>	<u>\$ 6,461,187</u>	<u>\$ 8,069,584</u>	<u>(\$ 14,999,695)</u>	<u>\$ 33,348,808</u>
Segment profits and losses	<u>\$ 1,978,277</u>	<u>\$ 126,323</u>	<u>\$ 568,735</u>	<u>\$ -</u>	<u>\$ 2,673,335</u>
Segment profits and losses including:					
Depreciation and amortization	<u>\$ 843,332</u>	<u>\$ 141,456</u>	<u>\$ 435,718</u>	<u>\$ -</u>	<u>\$ 1,420,506</u>
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
<u>Segment assets</u>					
Identifiable assets	<u>\$ 35,167,093</u>	<u>\$ 3,663,979</u>	<u>\$ 23,275,669</u>	<u>(\$ 6,259,575)</u>	<u>\$ 55,847,166</u>
Capital expenditures	<u>\$ 365,658</u>	<u>\$ 25,055</u>	<u>\$ 144,685</u>	<u>\$ -</u>	<u>\$ 535,398</u>
<u>Segment liabilities</u>	<u>\$ 16,820,316</u>	<u>\$ 2,157,181</u>	<u>\$ 9,334,731</u>	<u>(\$ 6,251,888)</u>	<u>\$ 22,060,340</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 nine-month periods ended September 30, 2021 and 2020 is provided as follows:

	For the nine-month period ended September 30, 2021	For the nine-month period ended September 30, 2021
Adjusted operating income of reportable segments	\$ 2,098,714	\$ 2,104,600
Adjusted operating income of other operating segments	1,753,726	568,735
Interest income	94,891	163,888
Gains on financial instruments	275,707	226,339
Financial cost	(150,948)	(193,704)
Associates' and joint ventures' profit and loss accounted for under the equity method	213,483	(50,931)
Losses on disposals of property, plant and equipment	(305)	(7,266)
Impairment loss	-	(15,867)
Others	1,019,738	599,711
Income before income tax	<u>\$ 5,305,006</u>	<u>\$ 3,395,505</u>

The total assets amount reported to the chief operating decision-maker is measured in a manner consistent with that in the financial statements.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Loans to others

For the nine-month period ended September 30, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the nine- month period ended	Balance at	Actual amount drawn down	Interest rate (%)	Nature of loans	Amount of transactions with the borrower	Reason for short-term financing	Allowance	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
					September 30, 2021	September 30, 2021 (Note 7)						for doubtful accounts	Item	Value			
0	TECO ELECTRIC & MACHINERY CO., LTD.	Xiamen An-Tai	Other receivables	Yes	\$ 57,070	\$ 27,850	\$ 5,570	1.48%	Short-term financing	\$ -	For operating capital	\$ -	-	\$ -	\$ 2,633,211	\$ 8,777,371	Note 2
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	"	"	130,950	77,490	-	3.30%	Short-term financing	-	For operating capital	-	-	-	2,633,211	8,777,371	Note 2
1	U.V.G.	Teco Netherlands	"	"	245,140	226,240	226,240	-	Short-term financing	-	For operating capital	-	-	-	473,848	789,746	Note 3
2	Teco Westinghouse	TWMM	"	"	62,777	61,270	30,635	2.43%	Short-term financing	-	For operating capital	-	-	-	803,123	1,606,247	Note 4
3	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	241,638	223,008	223,008	1.00%	Short-term financing	-	For operating capital	-	-	-	268,400	447,334	Note 5
4	Wuxi TECO Precision Industry Co. Ltd.	QingDao Teco	"	"	78,210	77,490	-	3.85%	Short-term financing	-	For operating capital	-	-	-	80,880	80,880	Note 6
5	Motovario Corp.	Motovario S.p.A.	"	"	111,840	111,400	111,400	1.00%	Short-term financing	-	For operating capital	-	-	-	145,094	193,458	Note 7

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

(1)The Company is '0'.

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

Note 2: In accordance with the company's policy, limit on total loans shall not exceed 10% of the Company's net assets based on the latest financial statements (September 30, 2021), and limit on loans to a single party shall not exceed 3% of the Company's net assets based on the latest financial statements (September 30, 2021).

Note 3: In accordance with U.V.G.'s policy, limit on total loans shall not exceed 10% of U.V.G.'s net assets based on the latest financial statements (September 30, 2021), and limit on loans to a single party shall not exceed 6% of U.V.G.'s net assets based on the latest financial statements (September 30, 2021).

Note 4: In accordance with Teco Westinghouse's policy, limit on total loans shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (September 30, 2021), and limit on loans to a single party shall not 10% of Teco Westinghouse's net assets based on the latest financial statements (September 30, 2021).

Note 5: In accordance with Great Teco Motor (PTE) Ltd.' policy, limit on total loans shall not exceed 10% of Great Teco Motor (PTE) Ltd.' net assets based on the latest audited financial statement (September 30, 2021), and limit on loans to a single party shall not exceed 6% of Great Teco Motor (PTE) Ltd.' net assets based on the latest audited financial statement (September 30, 2021).

Note 6: In accordance with Wuxi TECO Precision Industry Co. Ltd.'s policy, limit on total loans shall not exceed 10% of Wuxi TECO Precision Industry Co. Ltd.'s net assets based on the latest financial statements (September 30, 2021), and limit on loans to a single party shall not exceed 10% of Wuxi TECO Precision Industry Co. Ltd.'s net assets based on the latest financial statements (September 30, 2021).

Note 7: 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 financial statements (September 30, 2021), and limit on loans to a single party shall not exceed 30% of Motovario Corp.'s net assets based on the latest financial statements (September 30, 2021).

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others
For the nine-month period ended September 30, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2021	Outstanding endorsement/ guarantee amount at September 30, 2021	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco International	(4)	\$ 17,554,743	\$ 100,000	\$ 100,000	\$ -	\$ -	0.11	\$ 52,664,228	Y	N	N	Note 3
0	TECO ELECTRIC & MACHINERY CO., LTD.	An-Tai International	(4)	17,554,743	110,000	110,000	-	-	0.13	52,664,228	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	Sankyo Co., Ltd	(4)	17,554,743	145,601	140,685	129,480	-	0.16	52,664,228	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	Motovario	(4)	17,554,743	1,610,920	1,397,840	1,397,840	-	1.59	52,664,228	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	(2)	17,554,743	216,448	-	-	-	-	52,664,228	Y	N	Y	"
1	Teco Westinghouse	TWMM	(4)	803,123	21,193	19,120	19,120	-	0.24	1,606,247	Y	N	N	Note 4
2	Motovario S.p.A.	TECNOFIB SRL	(1)	848,564	175	162	162	-	-	2,545,692	N	N	N	Note 5
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	430,674	211,291	179,779	59,926	-	4.17	861,348	Y	N	N	Note 6

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2021	Outstanding endorsement/ guarantee amount at September 30, 2021	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
4	Tong-An Assets	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	\$ 528,096	\$ 140,105	\$ 134,834	\$ 44,945	-	2.55	\$ 1,056,192	N	N	N	Note 7
5	Tong-An Investment	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	150,934	140,105	134,834	44,945	-	0.38	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 (September 30, 2021), and the guarantee to a single party shall not exceed 20% of the Company's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 4: In accordance with the Teco Westinghouse's policy, the total guarantee amount shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (September 30, 2021), and the guarantee to a single party shall not exceed 10% of Teco Westinghouse's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 5: In accordance with Motovario S.p.A.'s policy, the total guarantee amount shall not exceed 60% of Motovario S.p.A.'s net assets based on the latest financial statements (September 30, 2021), and the guarantee to a single party shall not exceed 20% of Motovario S.p.A.'s net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 6: In accordance with Century Development's policy, the total guarantee amount shall not exceed 20% of Century Development's net assets based on the latest financial statements (September 30, 2021), and the guarantee to a single party shall not exceed 10% of Century Development's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 7: In accordance with Tong-An Asset's policy, the total guarantee amount shall not exceed 20% of Tong-An Asset's net assets based on the latest financial statements (September 30, 2021), and the guarantee to a single party shall not exceed 10% of Tong-An Asset's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

September 30, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2021				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	\$ 306,120	14.62	\$ 306,120	
	Stock 2	"	"	2,137	55,136	1.68	55,136	
	Stock 3	None	"	205,333	5,174,384	5.98	5,174,384	
	Stock 4	The Company is a director of the investee	"	190,061	5,625,793	3.38	5,625,793	
	Stock 5	None	"	9,610	163,373	0.09	163,373	
	Stock 6	The Company is a director of the investee	"	5,098	91,512	13.42	91,512	
	Stock 7, etc.	None	"	17,205	4,272	-	4,272	
	Stock 8	"	Note 4	3,200	204,820	0.03	204,820	
	Stock 9	The Company is a director of the investee	"	11,527	446,112	1.96	446,112	
	Stock 10	None	"	47,839	364,054	1.58	364,054	
	Stock 11	"	"	201	1,646	-	1,646	
	Stock 12	The Company is a director of the investee	"	32,980	329,262	10.99	329,262	
	Stock 13	None	"	7,500	465,338	5.00	465,338	
	Stock 14, etc.	"	"	22,578	275,891	-	275,891	
	Fund 1	"	"	-	78,768	-	78,768	
	Fund 2	"	"	-	87,905	-	87,905	
	Stock 2	The Company is a director of the investee	Note 1	5,309	136,984	4.18	136,984	
	Stock 15	None	"	720	103,749	0.50	103,749	
	Stock 16	The Company is a director of the investee	"	220	355,914	0.12	355,914	
Teco International	Stock 17	None	"	3,177	154,897	0.67	154,897	
	Stock 18, etc.	The Company is a director of the investee	"	9,593	235,261	-	235,261	
	Stock 19, etc.	None	Note 3	3,152	221,173	-	221,173	
	Stock 2	The Company is a director of the investee	Note 1	7,913	204,163	6.23	204,163	
Tong-An Investment	Stock 15	None	"	1,225	176,376	0.85	176,376	
	Stock 20	An investee company accounted for under the equity method by the Company	"	19,540	610,627	0.91	610,627	
	Stock 18	Related party in substance	"	8,197	155,734	7.28	155,734	
	Stock 21	None	"	8,692	534,555	0.27	534,555	
	Stock 22	"	"	1,285	127,087	0.04	127,087	
	Stock 16	The Company is a director of the investee	"	18,265	29,589,300	10.03	29,589,300	
	Stock 23	None	"	800	218,800	0.38	218,800	
	Stock 24, etc.	"	"	30,801	489,288	-	489,288	
	Stock 19	"	Note 3	1,076	107,062	0.67	107,062	
	Stock 25, etc.	"	"	11,935	736,698	-	736,698	
	Stock 16	The Company is a director of the investee	Note 4	909	1,472,580	-	1,472,580	
	Fund 3	None	"	50,000	642,000	-	642,000	
	Fund 4	"	"	837	29,016	-	29,016	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
U.V.G	Stock 26, etc.	None	Note 1	118	\$ 7,225	-	\$ 7,225	
An-Tai International	Stock 2	The Company is a director of the investee	"	653	16,847	0.51	16,847	
	Stock 20	An investee company accounted for under the equity method by the Company	"	2,826	88,305	0.13	88,305	
	Stock 18	Related party in substance	"	1,270	24,133	1.13	24,133	
	Stock 27	"	"	2,756	192,622	8.51	192,622	
	Stock 28	None	"	195	10,803	0.14	10,803	
	Stock 19, etc.	"	Note 3	1,403	121,446	-	121,446	
Jie-Zheng Property	Fund 5, etc.	"	Note 2	-	15,224	-	15,224	
Information Technology Total Service	Stock 29, etc.	"	Note 1	3,269	29,504	-	29,504	
Teco Singapore	Stock 16, etc.	Related party in substance	"	304	492,098	-	492,098	
Taiwan Pelican Express	Stock 20	An investee company accounted for under the equity method by the Company	"	7,070	220,938	0.33	220,938	
	Stock 16	None	"	597	966,654	0.32	966,654	
Teco Australia	Stock 16	"	"	300	485,222	0.16	485,222	
Sankyo	Stock 30	"	"	68	7,738	-	7,738	
Tecom and its subsidiaries	Stock 5	"	"	2,175	36,979	0.02	36,979	
	Stock 4	The Company is a corporate director of the investee	"	16,222	480,174	0.29	480,174	
	Stock 7, etc.	None	"	1,202	767	-	767	
	Stock 31	"	Note 3	3,354	35,718	1.77	35,718	
	Fund 6, etc.	"	Note 2	6,784	81,071	-	81,071	
Tong-Dai	Stock 20	An investee company accounted for under the equity method by the Company	Note 3	77	2,413	-	2,413	
	Stock 32, etc.	None	"	3	92	-	92	
Teco Holdings	Fund7	"	Note 2	-	2,228,000	-	2,228,000	

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

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

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

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the nine-month period ended September 30, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty (Note 4)	Relationship with the investor (Note 4)	Balance as at January 1, 2021		Addition		Disposal				Balance as at September 30, 2021	
					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 5)
TECO ELECTRIC & MACHINERY CO., LTD.	Kuen Ling Machinery Refrigerating Co., Ltd.	Note 1	Not applicable	Not applicable	-	\$ -	11,132	\$ 326,714	-	\$ -	\$ -	\$ -	11,132	\$ 306,120
	Walsin Lihwa Corporation	"	"	"	-	-	205,333	3,808,921	-	-	-	-	205,333	5,174,384
Teco Australia Pty. Ltd.	MOMO.COM INC.	"	"	"	460	298,075	70	-	230	306,300	33,878	272,422	230	485,017
							(Note 6)							
Tong-An Investment Co., Ltd.	MOMO.COM INC.	Note 2	"	"	1,000	637,000	210	-	301	332,122	6,458	325,664	909	1,472,580
							(Note 6)							
Teco Holdings	OASIS USD Term Liquidity Fund	Note 3	"	"	-	-	-	2,228,000	-	-	-	-	-	2,228,000

Note 1: The general ledger account is 'Non-current financial assets at fair value through other comprehensive income'.

Note 2: The general ledger account is 'Non-current financial assets at fair value through profit or loss'.

Note 3: The general ledger account is 'Current financial assets at fair value through profit or loss'.

Note 4: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 5: The balance amount as at September 30, 2021 included unrealised gains or losses from financial assets.

Note 6: It was the stock dividends distributed by MOMO.COM INC. on July 5, 2021.

)

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 nine-month period ended September 30, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	\$ 2,223,823	17%	30 days	Note	Note	\$ -	-	
	Taian Subic	"	"	138,367	1%	"	"	"	(89,034)	(2%)	
	Wuxi Teco	An indirect investee accounted for under the equity method	"	752,896	6%	"	"	"	(575,350)	(12%)	
	TECO (VIETNAM)	"	"	587,779	4%	"	"	"	(169,750)	(3%)	
	ELECTRIC & MACHINERY Tai-An Wuxi	"	"	472,356	4%	"	"	"	(163,600)	(3%)	
	QingDao Teco	"	"	340,253	3%	"	"	"	(101,596)	(2%)	
	Genmao(Suzhao)	"	"	117,913	1%	"	"	"	(32,358)	(1%)	
	Tong Dai	An investee accounted for under the equity method	Sales	(1,258,021)	(8%)	90 days	"	"	404,136	10%	
	Teco Singapore	"	"	(440,707)	(3%)	"	"	"	87,960	2%	
	E-Joy International Co., Ltd.	"	"	(302,690)	(2%)	"	"	"	119,483	3%	
	Taisan Electric	"	"	(160,531)	(1%)	"	"	"	29,062	1%	
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(2,071,439)	(13%)	"	"	"	460,698	11%	
	Teco Australia	"	"	(932,162)	(6%)	"	"	"	259,570	6%	
	Teco Westinghouse Canada	"	"	(473,293)	(3%)	"	"	"	108,260	3%	
	Sankyo	"	"	(195,985)	(1%)	"	"	"	88,893	2%	
	Top-Tower	"	"	(171,602)	(1%)	"	"	"	42,710	1%	
	Motovario	"	"	(164,815)	(1%)	"	"	"	51,878	1%	
	Teco Netherlands	"	"	(110,523)	(1%)	"	"	"	54,364	1%	
	TECO MIDDLE EAST	"	"	(126,972)	(1%)	"	"	"	83,248	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
September 30, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	An investee accounted for under the equity method	\$ 404,834	4.37	\$ -	-	\$ 181,001	
"	Tesen	"	164,672	0.03	-	-	309,945	
"	E-Joy International Co., Ltd.	"	119,780	4.93	-	-	-	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	461,214	8.08	1,536	In the process of collection	-	
"	Teco Australia	"	259,574	4.51	-	-	-	
"	QingDao Teco	"	110,547	-	-	-	4	
"	Teco Westinghouse Canada	"	108,260	9.45	-	-	-	
"	Motovario	"	106,796	1.99	-	-	-	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	"	575,350	2.10	-	-	29,329	
TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	169,750	5.87	-	-	33,448	
Tai-An Wuxi	"	"	163,600	4.65	-	-	37,705	
QingDao Teco	"	"	101,596	5.30	-	-	45,441	
U.V.G	Teco Netherlands	An investee accounted for under the equity method	226,240	-	-	-	-	
Great Teco Motor (PTE) Ltd.	"	Fellow subsidiary	223,008	-	-	-	-	
Motovario Corp.	Motovario	An investee accounted for under the equity method	111,400	-	-	-	-	Total amount was \$3,725

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction		Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 404,834	Because there is no transaction in same type which can be compared with, it is based on the condition and the period specified in the agreement. -
0	"	Teco Westinghouse	"	Accounts receivable and other receivables	461,214	" -
0	"	Teco Australia	"	"	259,574	" -
0	"	E-Joy International Co., Ltd.	"	"	119,780	" -
0	"	QingDao Teco	"	"	110,547	" -
0	"	Motovario	"	"	106,796	" -
0	"	Teco Westinghouse Canada	"	Accounts receivable	108,260	" -
0	"	Tesen	"	Other receivables	164,672	" -
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Accounts receivable	575,350	" -
2	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	169,750	" -
3	Tai-An Wuxi	"	"	"	163,600	" -
4	QingDao Teco	"	"	"	101,596	" -
5	U.V.G	Teco Netherlands	(3)	Other receivables	226,240	" -
6	Great Teco Motor (PTE) Ltd.	"	"	"	223,008	" -
7	Motovario Corp.	Motovario	(3)	"	111,400	" -
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	2,071,439	" 5%
0	"	Tong Dai	"	"	1,258,021	" 3%
0	"	Teco Australia	"	"	932,162	" 2%
0	"	Teco Westinghouse Canada	"	"	473,293	" 1%
0	"	Teco Singapore	"	"	440,707	" 1%
0	"	E-Joy International Co., Ltd.	"	"	302,690	" 1%
0	"	Sankyo	"	"	195,985	" 1%
0	"	Top-Tower	"	"	171,602	" -
0	"	Motovario	"	"	164,815	" -
0	"	Teco Netherlands	"	"	110,523	" -

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
8	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Sales	\$ 2,223,823	Because there is no transaction in same type which can be compared with, it is based on the condition and the period specified in the agreement.	6%
1	Wuxi Teco	"	"	"	752,896	"	2%
2	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	587,779	"	2%
3	Tai-An Wuxi	"	"	"	472,356	"	1%
4	QingDao Teco	"	"	"	340,253	"	1%
9	Taian Subic	"	"	"	138,367	"	-

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 nine-month period ended September 30, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	\$ 12,293	\$ 12,293	39,145,044	31.14%	\$ 2,257,465	\$ 634,349	\$ 197,426	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	60,090,307	63.52%	115,732	14,609	3,080	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	74,409,668	100%	1,772,565	64,225	64,418	None
	Teco Holdings and its subsidiaries	U.S.A	Manufacturing and distribution of motors and generators, and investment and trading in USA	726,428	726,428	1,680	100%	10,403,115	203,887	204,559	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90%	3,233,896	55,054	47,474	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	508,860,935	99.60%	35,144,020	1,458,804	1,430,587	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	82,335	82,335	10,770,864	62.57%	218,088	50,268	30,940	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%	7,895,285	325,249	327,564	None
	ITTS	Taiwan	E-business service, mailing and data management	116,346	116,346	11,467,248	41.97%	225,111	61,163	25,669	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100%	236,276	38,612	35,452	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%	526,524	134,382	45,481	None	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss)	Investment income	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value	of the investee	(loss) recognized	
									for the nine-month period ended September 30, 2021	by the Company for the nine-month period ended September 30, 2021	
TECO ELECTRIC & MACHINERY	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	\$ 22,444	\$ 22,444	6,615,234	83.53%	\$ 368,534	\$ 72,480	\$ 60,515	None
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	404,121	382,286	-	-	304,069	299	3,285	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95%	140,694	15,567	10,089	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	395,415,338	100%	5,280,959	52,808	52,808	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70%	180,154	12,021	9,230	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%	1,196,917	50,843	53,938	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67%	1,341,953	260,814	70,568	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	34,850,007	100%	575,136	25,175	21,926	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27%	463,723	197,220	47,777	None
	Kuen Ling	Taiwan	Manufacturing, installation, repair, domestic and export sales and leasing of condenser, water cooling, watercooled chiller and freezer	-	186,605	-	-	-	-	12,933	None
	Taian-Etacom	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73%	136,676	22,806	19,325	None
	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100%	4,304,858	193,407	193,407	None
Eagle Holding Co.	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100%	4,304,858	193,407	193,407	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%	4,304,858	193,407	193,407	None
Tung Pei	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings and establishment of overseas	646,343	646,343	23,031,065	100%	1,844,527	192,338	192,338	None
Tecom	Baycom	Taiwan	Manufacturing and sales of optical telecom products	431,258	431,258	14,700,741	43.76%	193,990	17,648	7,723	None
Tong-An Investment	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18%	663,463	260,814	34,765	None
	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	-	87,464	-	-	-	-	2,337	None

Table 8, Page 2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine-month period ended September 30, 2021	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Tong-An Investment	Taiwan Pelican Express	Taiwan	Logistics and distribution services	\$ 54,874	\$ 54,874	6,474,468	6.78%	\$ 136,292	\$ 197,220	\$ 13,375	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	504,368	753	155	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	216,356 (	13,751) (	3,106)	None
	Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	12,553,526	100%	148,191	16,887	16,887	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,354	84.97%	815,188	133,957	114,853	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03%	144,190	133,957	20,316	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	168,170	168,170	5,000,000	100%	(107,846)	2,798	3,726	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50%	69,182	25,383	12,738	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	5,016,448	51.60%	73,378	8,255	4,260	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,460	771,460	77,160,000	30.86%	756,645	753	232	None
	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11%	9,500 (	93) (	28)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40%	272,503 (	13,751) (	5,500)	None
Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100%	211,920	55,448	55,483	None
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	21,264,873	6.06%	2,610	260,814	160	None
Teco International	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	-	52,560	-	-	-	-	1,279	None
Kuen Ling	CHING CHI INTERNATIONAL LIMITED	British Virgin Islands	Investing in other areas	201,467	201,467	6,200,000	83%	444,163 (	4,690) (	3,893)	None
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	184,893	184,893	17,013,593	4.85%	209,028	260,814	12,398	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	504,421	753	208	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	215,183 (	13,751) (	4,279)	None

Table 8, Page 3

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the nine-month period ended September 30, 2021

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2021	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net income of investee for the nine-month period ended September 30, 2021	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the nine- month period ended September 30, 2021	Book value of investments in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ - \$ -	\$ 188,139	(\$ 749)	100%	(\$ 749)	\$ 130,717	\$ -	Note 15
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	- -	768,259	211,026	84.12%	177,515	1,657,666	216,386	Note 14
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 10	205,551	- -	205,551	72,584	100%	72,584	1,031,162	217,858	Note 15
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	- -	456,293	192	100%	192 (	27,029)	-	Note 15
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	- -	1,383,653	54,881	98.07%	51,900	1,481,665	72,823	Note 14
QingDao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	- -	1,648,510	(42,497)	87.60%	(37,227)	332,195	-	Note 14
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors.	678,681	Note 3	467,577	- -	467,577	(1,016)	100%	(1,016)	268,417	-	Note 14
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	- -	9,837	(2,959)	100%	(3,636)	17,900	11,937	Note 15
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	- -	340,469	1,741	24%	377	27,679	-	Note 15
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	- -	391,843	(4,988)	100%	(4,988)	48,999	-	Note 15
Shanghai Xiangseng	Distribution of air conditioner	24,004	Note 2	-	- -	-	(5,304)	39.90%	(2,116) (	11,474)	-	Note 15
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	- -	79,813	6,373	100%	6,373	127,916	-	Note 15
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 12	59,444	- -	59,444	1,167	100%	1,167	40,157	-	Note 15

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30,	Net income of investee for the nine-month period ended September 30,	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the nine- month period ended September 30,	Book value of investments in Mainland China as of September 30,	Accumulated amount of investment income remitted back to Taiwan as of September 30,	Footnote
				2021	Remitted to Mainland China	Remitted back to Taiwan	2021			2021	2021	2021	
Shanghai Teco	Sales of home appliances	\$ 23,829	Note 1	\$ 23,829	\$ -	\$ -	\$ 23,829	\$ 78,161	100%	\$ 78,161	\$ 193,747	\$ 55,425	Note 14
Hunan TECO Wind Energy Limited	Manufacturing, sales and technical services of 2.0 megawatt and above aerogenerator, wheel bay and other components	240,818	Note 10	240,818	-	-	240,818	-	100%	-	-	-	Note 20
Jiangxi TECO Westinghouse Motor Coil Co.,Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 11	-	-	-	-	5,083	100%	5,083	114,543	-	Note 15
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 13	-	-	-	-	18,628	100%	18,628	808,803	-	Note 15
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	26,422	-	100%	-	-	-	Note 19
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	338,829	Note 5	24,746	-	-	24,746	-	1.63%	-	-	-	Notes 16 and 17
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 6	6,950	-	-	6,950	938	100%	825 (	2,365)	-	Note 14
Tecom Tech (Wuxi)	R & D, manufacture of broadband access network communication system equipment; sale of products to provide technology services	485,455	Note 7	485,455	-	2,836	482,619 (	134)	100%	(102)	-	-	Note 18
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	10,167	Note 8	10,167	-	-	10,167	8,187	100%	8,187	34,308	-	Note 14
Information Technology Total Service (Xiamen)	ERP building, system maintenance and purchases of information appliance	4,421	Note 8	-	-	-	-	111	100%	111	262	-	Note 14

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2021		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Net income of investee for the nine-month period ended September 30, 2021	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the nine- month period ended September 30, 2021	Book value of investments in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Wuxi TECO Electro Devices	R&D, manufacturing and sales of motors and provide products sales skills	\$ 115,125	Note 9	\$ 86,101	\$ -	\$ -	\$ 86,101	\$ 55,483	100%	\$ 55,483	\$ 211,920	\$ 43,266	Note 15

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 17: As of September 30, 2021, accumulated impairment of \$24,746 was accrued.

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

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

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

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TECO Electric & Machinery Co., Ltd.	\$ 6,487,880	\$ 8,750,356	\$ 56,497,039
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,625,817
Tecom Co., Ltd.	539,125	754,000	270,401
Information Technology Total Services Co., Ltd.	10,167	10,167	321,828
Teco Electro Devices Co., Ltd.	86,101	104,259	209,729

Note 1: The accounts of the Company are expressed in New Taiwan dollars. Income statement accounts denominated in foreign currencies are translated into New Taiwan dollars at the weighted average exchange rates prevailing at the transaction dates and balance sheet accounts at spot exchange rates prevailing at the balance sheet.

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

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the nine-month period ended September 30, 2021

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
	Amount	%	Amount	%	Balance at September 30, 2021	%	Balance at September 30, 2021	Purpose	Maximum balance during the nine-month period ended September 30, 2021	Balance at September 30, 2021	Interest rate	Interest during the nine-month period ended September 30, 2021	Others
Wuxi Teco	\$ 6,774	-	\$ -	-	\$ 4,097	-	\$ -	-	\$ -	\$ -	-	\$ -	-
Taian (Wuxi)	23,870	-	-	-	7,959	-	-	-	-	-	-	-	-
Jiangxi Teco	31,015	-	-	-	3,943	-	-	-	-	-	-	-	-
QingDao Teco	262	-	-	-	1,901	-	-	-	130,950	77,490	3.30%	1,265	-
Xiamen An-Tai	-	-	-	-	-	-	-	-	57,070	27,850	1.48%	149	-
Shanghai Teco	8,339	-	-	-	1,788	-	-	-	-	-	-	-	-
Wuxi Teco Precision	13,798	-	-	-	6,568	-	-	-	-	-	-	-	-
Wuxi Teco	(752,896)	(6%)	-	-	575,350	(12%)	-	-	-	-	-	-	-
Taian (Wuxi)	(472,356)	(4%)	-	-	163,600	(3%)	-	-	-	-	-	-	-
QingDao Teco	(340,253)	(3%)	-	-	101,596	(2%)	-	-	-	-	-	-	-
Jiangxi Teco	(79,909)	(1%)	-	-	10,886	-	-	-	-	-	-	-	-
Xiamen An-Tai	(2,243)	-	-	-	-	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	(23,703)	-	-	-	4,323	-	-	-	-	-	-	-	-
Wuxi Teco Precision	(16,199)	-	-	-	9,352	-	-	-	-	-	-	-	-
Genmao (Suzhao)	(117,913)	(1%)	-	-	32,358	(1%)	-	-	-	-	-	-	-

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Major shareholders information

September 30, 2021

Table 11

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