

**TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
MARCH 31, 2020 AND 2019**

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.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS 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 March 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-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 equity method were not reviewed by independent accountants. Those statements reflect total assets (including investments accounted for under the equity method) of NT\$31,732,992 thousand and NT\$31,371,579 thousand, constituting 31% and 32% of consolidated total assets as of March 31, 2020 and 2019, respectively, total liabilities (including credit balance of investments accounted for under equity method) of NT\$3,906,870 thousand and NT\$4,305,633 thousand, constituting 9% and 11% of consolidated total liabilities as of March 31, 2020 and 2019, 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\$90,074 thousand and NT\$198,374 thousand, constituting (11%) and 6% of the consolidated total comprehensive income for the three-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 using equity method been reviewed by independent accountants, 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 March 31, 2020 and 2019, and of its consolidated financial performance and its consolidated cash flows for the three-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

May 7, 2020

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 report of independent accountants 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
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

Assets		Notes	March 31, 2020		December 31, 2019		March 31, 2019				
			AMOUNT	%	AMOUNT	%	AMOUNT	%			
Current assets											
1100	Cash and cash equivalents	6(1) and 8	\$	23,759,597	23	\$	19,111,371	19	\$	17,519,287	18
1110	Financial assets at fair value	6(2)									
	through profit or loss - current			162,823	-		126,945	-		323,631	-
1120	Current financial assets at fair	6(3)									
	value through other										
	comprehensive income			914,780	1		1,065,729	1		1,119,460	1
1140	Current contract assets			1,542,135	1		1,521,080	2		1,326,622	1
1150	Notes receivable, net	6(5) and 8		942,396	1		1,118,731	1		1,016,665	1
1160	Notes receivable - related	7									
	parties			9,092	-		1,457	-		10,898	-
1170	Accounts receivable, net	6(5)		8,037,643	8		8,780,047	9		8,937,506	9
1180	Accounts receivable - related	7									
	parties			298,559	-		232,293	-		226,644	-
1200	Other receivables			538,726	1		497,877	-		419,726	1
1210	Other receivables - related	7									
	parties			115,376	-		81,369	-		94,148	-
130X	Inventories, net	6(6)		9,832,914	10		9,853,585	10		11,492,629	12
1410	Prepayments			634,774	1		662,456	1		557,939	1
1470	Other current assets	6(1) and 8		873,576	1		893,636	1		1,075,959	1
11XX	Total current assets			47,662,391	47		43,946,576	44		44,121,114	45
Total Non-current assets											
1510	Financial assets at fair value	6(2)									
	through profit or loss - non-										
	current			2,767,075	3		2,291,217	2		2,229,874	2
1517	Non-current financial assets at	6(3) and 8									
	fair value through other										
	comprehensive income			13,648,482	13		14,473,017	15		13,517,552	14
1535	Non-current financial assets at	6(4) and 8									
	amortised cost, net			409,410	-		377,256	1		183,428	-
1550	Investments accounted for	6(7)									
	under the equity method			3,912,089	4		3,897,316	4		3,896,048	4
1600	Property, plant and equipment,	6(8) and 8									
	net			16,269,800	16		16,742,830	17		17,162,909	17
1755	Right-of-use assets	6(9) and 8		7,017,042	7		7,119,164	7		7,394,241	8
1760	Investment property, net	6(10)		2,897,371	3		2,762,570	3		2,799,482	3
1780	Intangible assets	6(11)		5,098,123	5		5,200,634	5		5,333,841	5
1840	Deferred income tax assets	6(28)		1,352,394	1		1,346,817	1		1,344,429	1
1900	Other non-current assets	6(12) and 8		989,605	1		937,007	1		890,131	1
15XX	Non-current assets			54,361,391	53		55,147,828	56		54,751,935	55
1XXX	Total assets		\$	102,023,782	100	\$	99,094,404	100	\$	98,873,049	100

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2020, DECEMBER 31, 2019 AND MARCH 31, 2019
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	March 31, 2020		December 31, 2019		March 31, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13) and 8	\$ 6,083,959	6	\$ 1,857,637	2	\$ 1,947,764	2
2120	Financial liabilities at fair value through profit or loss - current	6(14)	1,600	-	50	-	-	-
2130	Current contract liabilities	6(23)	1,367,761	1	1,001,440	1	1,007,853	1
2150	Notes payable		246,532	-	284,661	-	60,094	-
2160	Notes payable - related parties	7	75,335	-	81,176	-	88,880	-
2170	Accounts payable		6,010,726	6	6,783,872	7	6,714,585	7
2180	Accounts payable - related parties	7	88,697	-	128,569	-	72,280	-
2200	Other payables	6(15)	6,087,122	6	4,676,588	5	4,368,642	4
2230	Current income tax liabilities	6(28)	606,640	1	584,071	1	774,787	1
2250	Provisions for liabilities - current		277,167	-	273,575	-	247,754	-
2280	Current lease liabilities		472,466	1	475,786	1	460,782	1
2320	Long-term liabilities, current portion	6(16)(17) and 8	3,310,836	3	3,410,798	3	1,146,799	1
2399	Other current liabilities, others		757,845	1	735,603	1	834,871	1
21XX	Total current liabilities		<u>25,386,686</u>	<u>25</u>	<u>20,293,826</u>	<u>21</u>	<u>17,725,091</u>	<u>18</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(16)	1,000,000	1	1,000,000	1	4,000,000	4
2540	Long-term borrowings	6(17) and 8	7,116,574	7	6,673,954	7	7,286,112	8
2550	Provisions for liabilities - non-current		139,448	-	125,014	-	110,208	-
2570	Deferred income tax liabilities	6(28)	2,432,736	2	2,400,752	2	2,275,239	2
2580	Non-current lease liabilities		4,599,188	5	4,743,306	5	4,856,007	5
2600	Other non-current liabilities	6(7)(18)	1,972,929	2	2,152,762	2	2,083,323	2
25XX	Total non-current liabilities		<u>17,260,875</u>	<u>17</u>	<u>17,095,788</u>	<u>17</u>	<u>20,610,889</u>	<u>21</u>
2XXX	Total liabilities		<u>42,647,561</u>	<u>42</u>	<u>37,389,614</u>	<u>38</u>	<u>38,335,980</u>	<u>39</u>
	Equity attributable to owners of parent							
	Share capital	6(19)						
3110	Common stock		19,676,929	19	19,676,929	20	20,026,929	20
	Capital surplus	6(20)						
3200	Capital surplus		7,430,304	7	7,389,577	7	7,647,223	7
	Retained earnings	6(21)						
3310	Legal reserve		6,702,463	7	6,702,463	7	6,387,454	7
3320	Special reserve		3,640,779	4	3,640,779	4	3,640,779	4
3350	Unappropriated retained earnings		14,537,874	14	16,047,563	16	15,579,424	16
	Other equity interest	6(22)						
3400	Other equity interest		2,206,410	2	3,570,756	3	3,514,348	3
3500	Treasury stocks	6(19) and 8	(511,710)	-	(321,563)	-	(997,403)	(1)
31XX	Equity attributable to owners of the parent		<u>53,683,049</u>	<u>53</u>	<u>56,706,504</u>	<u>57</u>	<u>55,798,754</u>	<u>56</u>
36XX	Non-controlling interest	6(32)	<u>5,693,172</u>	<u>5</u>	<u>4,998,286</u>	<u>5</u>	<u>4,738,315</u>	<u>5</u>
3XXX	Total equity		<u>59,376,221</u>	<u>58</u>	<u>61,704,790</u>	<u>62</u>	<u>60,537,069</u>	<u>61</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 102,023,782</u>	<u>100</u>	<u>\$ 99,094,404</u>	<u>100</u>	<u>\$ 98,873,049</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 PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three-month periods ended March 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(10)(23) and 7	\$ 10,664,930	100	\$ 11,707,047	100
5000	Operating costs	6(6)(8)(9)(18)(27)) and 7	(8,017,290)	(75)	(8,803,191)	(75)
5900	Net operating margin		2,647,640	25	2,903,856	25
5910	Unrealized loss from sales		(8,801)	-	(8,305)	-
5920	Realized profit from sales		8,263	-	9,160	-
5950	Net operating margin		2,647,102	25	2,904,711	25
	Operating expenses	6(8)(9)(18)(27)				
6100	Selling expenses		(1,005,914)	(10)	(1,099,614)	(10)
6200	General and administrative expenses		(575,355)	(5)	(603,410)	(5)
6300	Research and development expenses		(253,336)	(2)	(275,751)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(3,767)	-	142	-
6000	Total operating expenses		(1,838,372)	(17)	(1,978,633)	(17)
6900	Operating profit		808,730	8	926,078	8
	Non-operating income and expenses					
7010	Other income	6(3)(4)(10)(24)	161,407	1	180,897	2
7020	Other gains and losses	6(2)(14)(25) and 7	(238,062)	(2)	(73,642)	(1)
7050	Finance costs	6(9)(26)	(65,673)	(1)	(72,031)	(1)
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(28,184)	-	8,130	-
7000	Total non-operating income and expenses		(170,512)	(2)	43,354	-
7900	Profit before income tax		638,218	6	969,432	8
7950	Income tax expense	6(28)	(99,013)	(1)	(263,010)	(2)
8200	Profit for the period		\$ 539,205	5	\$ 706,422	6

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

	Items	Notes	Three-month periods ended March 31			
			2020		2019	
			AMOUNT	%	AMOUNT	%
	Other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive loss, before tax, actuarial losses on defined benefit plans		(\$ 8,868)	-	\$ -	-
8316	Total expenses, by nature	6(3)	(960,270)	(9)	2,282,569	19
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		(4,651)	-	7,113	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(973,789)	(9)	2,289,682	19
	Other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences of foreign operations	6(22)	(424,101)	(4)	200,309	2
8399	Income tax relating to the components of other comprehensive income that will be reclassified	6(28)	21,126	-	(1,773)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(402,975)	(4)	198,536	2
8300	Other comprehensive (loss) income for the period		(\$ 1,376,764)	(13)	\$ 2,488,218	21
8500	Total comprehensive (loss) income for the period		(\$ 837,559)	(8)	\$ 3,194,640	27
	Profit attributable to:					
8610	Owners of the parent		\$ 446,995	4	\$ 634,584	5
8620	Non-controlling interest		92,210	1	71,838	1
			<u>\$ 539,205</u>	<u>5</u>	<u>\$ 706,422</u>	<u>6</u>
	Comprehensive (loss) income attributable to:					
8710	Owners of the parent		(\$ 926,019)	(9)	\$ 3,065,154	26
8720	Non-controlling interest		88,460	1	129,486	1
			<u>(\$ 837,559)</u>	<u>(8)</u>	<u>\$ 3,194,640</u>	<u>27</u>
	Earnings per share (in dollars)	6(29)				
9750	Basic earnings per share		\$	0.23	\$	0.32
9850	Diluted earnings per share		\$	0.23	\$	0.32

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
THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

Equity attributable to owners of the parent												
		Retained earnings					Other equity interest					
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations		Treasury stocks	Total	Non-controlling interest	Total equity
For the three-month period ended March 31, 2019												
Balance at January 1, 2019		\$ 20,026,929	\$ 7,647,215	\$ 6,387,454	\$ 3,640,779	\$ 15,192,788	(\$ 1,901,724)	\$ 3,006,782	(\$ 321,563)	\$ 53,678,660	\$ 4,812,255	\$ 58,490,915
Effect of retrospective application		-	-	-	-	(269,228)	-	-	-	(269,228)	(208,421)	(477,649)
Balance at 1 January after adjustments		20,026,929	7,647,215	6,387,454	3,640,779	14,923,560	(1,901,724)	3,006,782	(321,563)	53,409,432	4,603,834	58,013,266
Profit for the period		-	-	-	-	634,584	-	-	-	634,584	71,838	706,422
Other comprehensive income for the period	6(22)	-	-	-	-	-	196,003	2,234,567	-	2,430,570	57,648	2,488,218
Total comprehensive income		-	-	-	-	634,584	196,003	2,234,567	-	3,065,154	129,486	3,194,640
Reacquisition of treasury shares		-	-	-	-	-	-	-	(675,840)	(675,840)	-	(675,840)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	8	-	-	-	-	-	-	8	-	8
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	4,995	4,995
Disposal of investment in equity instrument at fair value through other comprehensive income	6(3)(22)	-	-	-	-	21,280	-	(21,280)	-	-	-	-
Balance at March 31, 2019		\$ 20,026,929	\$ 7,647,223	\$ 6,387,454	\$ 3,640,779	\$ 15,579,424	(\$ 1,705,721)	\$ 5,220,069	(\$ 997,403)	\$ 55,798,754	\$ 4,738,315	\$ 60,537,069
For the three-month period ended March 31, 2020												
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		-	-	-	-	446,995	-	-	-	446,995	92,210	539,205
Other comprehensive loss for the period	6(22)	-	-	-	-	(8,917)	(398,075)	(966,022)	-	(1,373,014)	(3,750)	(1,376,764)
Total comprehensive income (loss)		-	-	-	-	438,078	(398,075)	(966,022)	-	(926,019)	88,460	(837,559)
Appropriations of 2019 earnings	6(21)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends declared		-	-	-	-	(1,948,016)	-	-	-	(1,948,016)	-	(1,948,016)
Acquisition of parent company's share by subsidiaries recognized as treasury share	6(19)	-	-	-	-	-	-	-	(190,147)	(190,147)	-	(190,147)
Transactions with non-controlling interest	6(32)	-	40,727	-	-	-	-	-	-	40,727	(40,727)	-
Changes in other non-controlling equity		-	-	-	-	-	-	-	-	-	(52,847)	(52,847)
Proceeds from capital increase of non-controlling interests	6(32)	-	-	-	-	-	-	-	-	-	700,000	700,000
Disposal of investment in equity instrument at fair value through other comprehensive income	6(3)(22)	-	-	-	-	249	-	(249)	-	-	-	-
Balance at March 31, 2020		\$ 19,676,929	\$ 7,430,304	\$ 6,702,463	\$ 3,640,779	\$ 14,537,874	(\$ 3,074,800)	\$ 5,281,210	(\$ 511,710)	\$ 53,683,049	\$ 5,693,172	\$ 59,376,221

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 THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Three-month periods ended March 31	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 638,218	\$ 969,432
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(23)(25)	65,424 (	93,455)
Expected credit loss (gain)	12(2)	3,767 (	142)
Net loss on financial liabilities at fair value through profit or loss	6(14)(25)	1,616	-
Provision for decline in value of inventories	6(6)	58,775	44,356
Interest income	6(24)	(70,738 ) (	68,487)
Dividend income	6(24)	(1,015 ) (	124)
Interest expense	6(26)	65,673	72,031
Depreciation and amortization	6(8)(9)(10)(27)	484,803	513,299
(Gain) loss on disposal of property, plant and equipment	6(25)	(2,075)	551
Share of loss (profit) of associates and joint ventures accounted for under the equity method	6(7)	28,184 (	8,130)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(39,233 ) (	117,798)
Contract assets - current		(21,055)	23,616
Notes receivable		176,388	47,290
Notes receivable - related parties		(7,635 ) (	8,257)
Accounts receivable		737,784	165,100
Accounts receivable - related parties		(66,266)	14,628
Other receivables		(40,849 ) (	59,120)
Other receivables - related parties		(34,007 ) (	23,169)
Inventories		(38,104 ) (	107,300)
Prepayments		27,682 (	125,520)
Other current assets		(13,017 ) (	74,065)
Changes in operating liabilities			
Contract liabilities - non-current		366,321	108,125
Notes payable		(38,129 ) (	13,011)
Notes payable - related parties		(5,841 ) (	47,994)
Accounts payable		(773,146 ) (	803,239)
Accounts payable - related parties		(39,872 ) (	17,767)
Other payables		(637,172 ) (	428,514)
Provisions for liabilities		18,026 (	25,239)
Other current liabilities		22,242 (	9,612)
Other non-current liabilities		(162,096 ) (	154,535)
Cash inflow (outflow) generated from operations		704,653 (	227,050)
Interest received	6(24)	70,738	68,487
Interest paid	6(26)	(45,397 ) (	46,471)
Income tax paid	6(28)	(28,911) (60,531)
Net cash flows from (used in) operating activities		701,083	265,565

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Three-month periods ended March 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in current financial assets at fair value through other comprehensive income		(\$ 54,059)	(\$ 5,494)
Decrease (increase) in pledged demand and fixed deposits	6(1) and 8	33,077	(21,254)
Increase in non-current financial assets at fair value through profit or loss		(537,927)	(8,094)
Increase in financial assets at fair value through other comprehensive income - non-current		(20,800)	-
Disposal of non-current financial assets at fair value through other comprehensive income		2,180	63,217
Increase in non-current financial assets at amortized cost	6(4)	(32,154)	(703)
Increase in investments accounted for under the equity method		(5,109)	-
Acquisition of property, plant and equipment	6(8)(30)	(87,606)	(83,347)
Proceeds from disposal of property, plant and equipment		3,981	6,537
Acquisition of intangible assets		-	(15,147)
Increase in other non-current assets		(52,598)	(41,802)
Dividend received		1,015	124
Net cash flows used in investing activities		(750,000)	(105,963)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term loans	6(31)	4,226,322	(46,596)
Increase in long-term loans	6(31)	342,658	782,065
Lease liabilities paid	6(9)(31)	(134,743)	(134,265)
Treasury shares purchased	6(19)	-	(675,840)
Acquisition of the Company's share by subsidiaries recognized as treasury share	6(19)	(190,147)	-
Proceeds from capital increase of non-controlling interests	6(32)	700,000	-
Net cash flows from (used in) financing activities		4,944,090	(74,636)
Exchange rate effect		(246,947)	429,885
Net increase (decrease) in cash and cash equivalents		4,648,226	(16,279)
Cash and cash equivalents at beginning of period		19,111,371	17,535,566
Cash and cash equivalents at end of period		<u>\$ 23,759,597</u>	<u>\$ 17,519,287</u>

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2020 AND 2019
(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 May 7, 2020.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021
Amendments to IAS 1, ‘Classification of liabilities as current or noncurrent’	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.

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, 2019, 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, 2019.

(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, 2019.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Teco Electric & Machinery Co., Ltd.	Teco Holding USA Inc.	Holding company	100	100	100	
Teco Electric & Machinery Co., Ltd.	United View Global Investment Co., Ltd.	Holding company	100	100	100	
Teco Electric & Machinery Co., Ltd.	Temico International Pte.Ltd.	Holding company	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Tesen Electric & Machinery Co., Ltd.	Manufacturing and sales of home appliances	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Assets Management & Development Co., Ltd.	Real estate business	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electric Europe Limited	Distribution of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco Electric & Machinery (Pte) Ltd.	Distribution of motors	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong Dai Co., Ltd.	Distribution of motors	83.53	83.53	92.63	Notes 1 and 2
Teco Electric & Machinery Co., Ltd.	Tong Tai Jung Co., Ltd.	Expanding the distribution of motors	-	-	60	Notes 1 and 2
Teco Electric & Machinery Co., Ltd.	Teco Electro Devices Co., Ltd.	Manufacturing and sales of step-servo motor	64.08	64.08	64.08	Note 1
Teco Electric & Machinery Co., Ltd.	Yatec Engineering Corporation	Development and maintenance of various electric appliances	64.95	64.95	64.95	Note 1
Yatec Engineering Corporation	Yatec Engineering (VN) Company Limited	Development of various electric appliances	100	100	100	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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Teco Electric & Machinery Co., Ltd.	Taian-Etacom Technology Co., Ltd.	Manufacturing of busway and related components	84.73	84.73	84.73	Note 1
Teco Electric & Machinery Co., Ltd.	Taian (Malaysia) Electric Sdn. Bhd.	Manufacturing of switches	66.85	66.85	66.85	Note 1
Teco Electric & Machinery Co., Ltd.	Micropac Worldwide (BVI)	International trading	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	98.53	98.53	98.5	Note 1
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.	Manufacturing and sales of touch-tone phone system and billing box	63.52	63.52	63.52	
Teco Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd.	Import sales, leases of franking machines and mail processing and delivery	49.01	49.01	67.11	Note 6
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.	Various productions, investments in securities and construction of commercial buildings	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tecnos International Consultant Co., Ltd.	Business management consulting	73.54	73.54	73.54	Note 1
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co., Ltd.	Various investments	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2019	December 31, 2019	March 31, 2018	
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd.	Delivery and logistics services	32.15	32.15	32.15	Note 3
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.	Teco Nanotech Co., Ltd.	Manufacturing and sales of nanotech material products	-	-	86.83	Notes 1 and 4
Teco Electric & Machinery Co., Ltd.	Eagle Holding Co.	Holding company	100	100	100	
Teco Electric & Machinery Co., Ltd.	Century Development Corporation	Real estate and industrial park management and development	52.75	52.75	52.75	
Teco Electric & Machinery Co., Ltd.	Teco.Sun Energy Co., Ltd.	Energy technical services	60	60	60	Note 1
Century Development Corporation	Century Tech. C&M Corp.	Construction industry as well as trades and related operation and investment of materials and sandstone used in construction and machinery	100	100	100	Note 12
Century Development Corporation	United Development Corporation	Investment consultancy service for domestic and foreign industrial parks and land	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2019	December 31, 2019	March 31, 2018	
Century Development Corporation	Century Biotech Development Corp.	Investment consultancy service for domestic industrial parks and land	72	100	100	Note 12
Century Development Corporation	Century Real Estate (International) Pet. Ltd.	Investments in other areas	100	100	100	
Century Real Estate (International) Pte Ltd.	CDC Development India Private Limited	Investment consultancy service for domestic and foreign industrial parks and land	100	100	100	
Eagle Holding Co.	TECO MOTOR B.V.	Holding company	100	100	100	
TECO MOTOR B.V.	Motovario S.p.A.	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario S.A (Spain)	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Ltd.	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario GMBH	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Corp.	Sales of motors and reducers	75	75	75	
Motovario S.p.A.	Motovario S.A (France)	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Int. Trading Co. Ltd.	Sales of motors and reducers	100	100	100	
Motovario S.p.A.	Motovario Power Transmission Co. Ltd.	Sales of motors and reducers	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2019	December 31, 2019	March 31, 2018	
Motovario S.p.A.	Motovario Gear Solution Private Ltd.	Sales of motors and reducers	100	100	100	
Teco Holding USA Inc.	Teco Westinghouse Motor Company Company	Manufacturing and sales of motors and generators	100	100	100	
Teco Holding USA Inc.	Teco Westinghouse Motor Industrial Canada Industrial Canada	Manufacturing and sales of motors and generators	100	100	100	
Temico International Pte. Ltd.	Temico Motor India Private Limited	Sales of motors	60	-	-	Notes 1 and 11
United View Global Investment Co., Ltd.	Great Teco Motor (Pte) Ltd.	Holding company	100	100	100	Note 1
United View Global Investment Co., Ltd.	Asia Air Tech Industrial (Pte) Ltd.	Holding company	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Australia Pty. Ltd.	Manufacturing and sales of motors and home appliances	99.99	99.99	99.99	
United View Global Investment Co., Ltd.	P.T Teco Elektro Indonesia	Manufacturing and sales of motors and home appliances	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Industrial (Malaysia) Sdn. Bhd.	Manufacturing and sales of motors	100	100	100	Note 1
United View Global Investment Co., Ltd.	Tecoson Industrial Development (Pte) Ltd.	Investment in Southeast Asia and Hong Kong	-	-	100	Notes 1 and 5

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
United View Global Investment Co., Ltd.	Asia Electric & Machinery (Pte) Ltd.	Holding company	100	100	100	Note 1
United View Global Investment Co., Ltd.	Great Teco, S.L.	Sales of motors	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Electric & Machinery B.V.	Sales of motors, green power and electric control products	100	100	100	Note 1
United View Global Investment Co., Ltd.	Teco Elektrik Turkey A. S.	Sales of motors and home appliances	100	100	100	Note 1
Teco Industrial (Malaysia) Sdn. Bhd.	Teco (Vietnam) Electric & Machinery Company Ltd.	Manufacturing of motors	80	80	80	Note 1
Teco Electric & Machinery (Pte) Ltd.	P.T Teco Multiguna Electro	Sales of motors in Singapore and neighbouring countries	87.5	87.5	87.5	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco (Thai) Co.	Sales of motors in Singapore and neighbouring countries	55	55	55	Note 1
Teco Electric & Machinery (Pte) Ltd.	Teco Electric & Machinery Sdn. Bhd.	Sales of motors in Singapore and neighbouring countries	100	100	100	Note 1
Teco Electric & Machinery (Pte.) Ltd.	Teco Industrial System Private Limited	Sales of motors in India and neighbouring countries	100	100	100	Note 1
Teco Electric & Machinery (Pte.) Ltd.	Teco Electrical Industries Private Limited	Manufacturing of motors	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Teco Electric & Machinery (Pte) Ltd.	TYM Electric and Machinery Sdn. Bhd.	Distribution of motors	100	100	100	Note 1
Tong Dai Co., Ltd.	Top-Tower Enterprises Co., Ltd.	Sales of motors	40	40	40	Notes 1 and 6
Tong Dai Co., Ltd.	AM SMART Technology CO.,LTD.	Sales of motors	80	80	80	Note 1
Teco Electro Devices Co., Ltd.	Teco Electro Devices Co., Ltd.	Trading and various investments	100	100	100	Note 1
Micropac Worldwide (BVI)	An-Tai International Investment (Singapore) Co., Ltd.	Investment holdings	100	100	100	Note 1
Teco International Investment Co., Ltd.	Tasia (Pte) Ltd.	Various investments	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Jie-Zheng Property Service & Management Co., Ltd.	Building management servicing	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Tecocapital Investment (Samoa) Co., Ltd.	Holding company	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Tecocapital Investment Co., Ltd.	Holding company	100	100	100	Note 1
Taiwan Pelican Express Co., Ltd.	Pelecanus Express Pte. Ltd.	Holding company of overseas companies	100	100	100	
Teco Westinghouse Motor Company	Teco Westinghouse Motor Company S. A. de C.V.	Manufacturing and sales of motors and generators	100	100	100	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Tecom Co., Ltd.	Tecom International Investment Co., Ltd.	Investments in various undertakings	100	100	100	
Tecom Co., Ltd.	Baycom Opto-Electronics Technology Co., Ltd.	Manufacture of fiber optic communications products, providing a full range of fiber optical cables, interconnect, Transceiver/Media converter, patch cord, LC connectors & adapter	51.19	51.19	51.19	Note 9
Tecom Co., Ltd.	Tecom Global Tech Investment (B.V.I.) Limited	Investments in various undertakings	100	100	100	
Tecom Co., Ltd.	Tecom Global Tech Investment Pte Limited	Investments in various undertakings	100	100	100	
Tecom Co., Ltd.	Tecom Tech Investment (B.V.I.) Limited	Investments in various undertakings	100	100	100	
Great Teco Motor (Pte) Ltd.	Wuxi Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of motors and generators	82.35	82.35	82.35	
Great Teco Motor (Pte) Ltd.	Jiangxi Teco Electric & Machinery Co., Ltd.	Coil-wound motors and hydroelectric power	98.07	98.07	98.07	
Great Teco Motor (Pte) Ltd.	Qingdao Teco Precision Mechatronics Co., Ltd.	Manufacturing and sales of motors	87.60	87.60	87.60	
Great Teco Motor (Pte) Ltd.	Fujian Teco Precision Co., Ltd.	Manufacturing and sales of electric components	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Great Teco Motor (Pte) Ltd.	Shanghai Teco Electric & Machinery Co., Ltd.	Agents and sales of motors and electrical appliances	100	100	100	
Great Teco Motor (Pte) Ltd.	Wuxi Teco Precision Machinery Co., Ltd.	Manufacturing and sales of motors and components	100	100	100	
Asia Air Tech Industrial (Pte) Ltd.	Teco (Dong Guang) Air Conditioning Equipment Co., Ltd.	Manufacturing and sales of air-conditioning mechanical equipment	100	100	100	Note 1
Teco Australia Pty. Ltd.	Teco (New Zealand) Limited	Manufacturing and sales of motors and home appliances	100	100	100	
Teco Australia Pty. Ltd.	Ejoy Australia Holdings Pty. Ltd.	Various investments	100	100	100	
Ejoy Australia Holdings Pty. Ltd.	Ejoy Australia Pty. Ltd.	Sales of home appliances	60	60	60	
Teco Australia Pty. Ltd.	Motovario Australia Pty. Ltd.	Various investments	100	100	100	
Teco Australia Pty. Ltd.	Teco Electric Motors Africa Pty. Ltd.	Agents and sales of motors and electrical appliances	100	100	100	
Tecoson Industrial Development (Pte) Ltd.	Tecoson HK Co., Ltd.	Various investments	-	-	100	Notes 1 and 7
Asia Electric & Machinery (Pte) Ltd.	Nanchang Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of air-conditioning equipment	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Asia Electric & Machinery (Pte) Ltd.	Xiamen Teco Technology Co., Ltd.	Distribution and research of motors and home appliances	-	-	100	Notes 1 and 4
Asia Electric & Machinery (Pte) Ltd.	Asia Innovative Technology Co., Ltd.	Research, development, manufacturing and sales of home appliances	100	100	100	Note 1
Asia Electric & Machinery (Pte) Ltd.	Tianjin Teco Technology Co., Ltd.	Operations center in Central China	-	-	100	Notes 1 and 4
Asia Electric & Machinery (Pte) Ltd.	Jiangxi TECO Air Conditioning Equipment Co., Ltd.	Manufacturing and sales of various air-conditioning units	100	100	100	Note 1
Teco Electric & Machinery B.V.	Teco Electric & Machinery GmbH.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Electro Devices Co., Ltd.	Wuxi TECO Precision Industry Co., Ltd.	Manufacturing and sales of motors	100	100	100	Note 1
Teco Westinghouse Motor Company	Jiangxi TECO Westinghouse Motor Coil Co., Ltd.	Manufacturing and sales of motors, winding and related parts	100	100	100	
An-Tai International Investment (Singapore) Co., Ltd.	Tai-An Technology (Wuxi) Co., Ltd.	Manufacturing and sales of fiber electric equipment	100	100	100	Note 1
An-Tai International Investment (Singapore) Co., Ltd.	Hunan TECO Wind Energy Limited	Manufacturing, sales and technical services of 2.0 megawatt and above aerogenerator, wheel bay and other	100	100	100	Notes 1 and 8

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Tecom International Investment Co., Ltd.	WondaLink Inc.	Wired communication equipment and apparatus, manufacturing of telecommunication equipment and apparatus, manufacturing of electronic parts and design of products	-	-	68.08	Note 10
Tecom Global Tech Investment (B.V.I.) Limited	Wuhan Tecom Co., Ltd.	Communication network information technology development, sales and technology services business	100	100	100	
Tecom Global Tech Investment Pte Limited	Tecom Tech (Wuxi) Co., Ltd.	R & D, manufacture of broadband access network communication system equipment, asynchronous transfer mode, IP data communication systems, mobile communication handsets, base stations, switching equipment and digital trunking system equipment, high-end routers, Gigabit switch than the above network, program-controlled switchboards; sale of products to provide technology services	100	100	100	
Tecom Investment (B.V.I.) Limited	Beijing Tecom Innovation Technology Co., Ltd.	Wireless network communication system hardware and software, provide technical advice, technical training and technical services	-	-	100	Note 4
Tasia (Pte) Ltd.	Sankyo Co., Ltd.	Sales of home appliances	100	100	100	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Tecocapital Investment (Samoa) Co., Ltd.	Qingdao TECO Innovation Co., Ltd.	Science Park development and business operations consulting services	100	100	100	Note 1
Tecocapital Investment Co., Ltd.	Technical Information International Co., Ltd.	Development and sales of software	70	70	70	Note 1
Pelecanus Express Pte. Ltd.	Beijing Pelican Express Co., Ltd.	Storage services	100	100	100	Note 1
Teco Westinghouse Motor Company S.A. de C.V.	Teco Westinghouse Colombia S.A.S.	Manufacturing and sales of motors and generators	100	100	100	
Tai-An Technology (Wuxi) Co., Ltd.	Teco Sichuan Trading Co., Ltd.	Distribution of motors and home appliances	-	-	100	Notes 1 and 4
Information Technology Total Services Co., Ltd.	Information Technology Total Service (BVI) Co., Ltd.	Holding company	100	100	100	
Information Technology Total Services Co., Ltd.	Universal Mail Service Ltd.	Engaged in various business documents management, printing and other mail services	100	100	100	
Information Technology Total Services Co., Ltd.	Unison Service Corporation	Engaged in services related to information software, data processing and electronic information supply	100	100	100	
Information Technology Total Service (BVI) Co., Ltd.	Information Technology Total Service (Hang Zhou) Co., Ltd.	Engaged in services related to information software, data processing and electronic information supply	-	-	100	Note 4

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
Information Technology Total Service (BVI) Co., Ltd.	Information Technology (Wuxi) Co., Ltd.	Engaged in services related to information software, data processing and electronic information supply	100	100	100	
Information Technology (Wuxi) Co., Ltd.	Information Technology Total Service (Xiamen) Co., Ltd.	Engaged in services related to information software, data processing and electronic information supply	100	100	100	

Note 1: The financial statements of the entity as of and for the three-month periods ended March 31, 2020 and 2019 were not reviewed by the independent accountants as the entity did not meet the definition of a significant subsidiary.

Note 2: Tong Dai Co., Ltd. acquired Tong Tai Jung Co., Ltd. with newly issued shares through a share swap for the year ended December 31, 2019 and the effective date of the merger was set on December 31, 2019. Tong Tai Jung Co., Ltd. was the dissolved company and the Group held 83.53% equity interest in the surviving company after the merger.

Note 3: 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 4: This company was liquidated in 2019.

Note 5: The Group sold 100% of share in this company on July 25, 2019. Therefore, the company is no longer included in the Group's consolidated financial statements.

Note 6: The Company has control over the Board of Directors of the subsidiary, and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.

Note 7: The Group sold 100% of shares in the parent company on July 25, 2019, and the Group lost control over the company at the same time.

Note 8: The subsidiary was in the process of dissolution for the year December 31, 2019. However, the process has not yet been completed as of March 31, 2020.

Note 9: The non-material subsidiary - Baycom Opto-Electronics Technology Co., Ltd. ceased to be publicly traded as resolved by the shareholders on June 12, 2019, and it was approved by the Financial Supervisory Commission on June 24, 2019.

Note 10: Tecom International Investment Co., Ltd. disposed its subsidiary - WondaLink Inc. in November 2019.

Note 11: Newly established subsidiary this year.

Note 12: 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.

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\$31,732,992 and \$31,371,579 as of March 31, 2020 and 2019, respectively, total liabilities (including credit balance of investments accounted for under equity method) of NT\$3,906,870 and \$4,305,633 as of March 31, 2020 and 2019, 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\$90,074 and \$198,374 for the three-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
			March 31, 2020	December 31, 2019	March 31, 2019	
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	96	96	96	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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2020	December 31, 2019	March 31, 2019	
An-Tai International Investment Co., Ltd.	Hubbell-Taian Co., Ltd.	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
Hubbell-Taian Co., Ltd.	Hubbell-Anmex International(s) Pte. Ltd.	Distribution of electronic products	100	100	100	Note 1
Tong-An Assets Management & Development Co., Ltd.	Grey Back International Property Inc.	Real estate management and development	100	100	100	Note 1
Tasia (Pte) Ltd.	TECO Technology & Marketing Center Co., Ltd.	Engaged in a variety of investment businesses	100	100	100	Note 1
Jack Property Service & Management Company	Qingdao Jie Zheng Property Service & Management Company	Property management and related services	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Eurasia Food Service Co., Ltd.	Restaurant chain	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Xianlaoman Restaurant Co., Ltd.	Restaurant chain	48.33	48.33	48.33	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: The subsidiary 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 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(32).

(4) Dividends

Cash dividends for the year ended December 31, 2018 are recorded as liabilities in the financial statements in the period in which they are resolved by the shareholders. However, pursuant to amended Article 240 of Company Act, cash dividends for the year ended December 31, 2019 are recorded as liabilities in the financial statements after a special resolution adopted by the Board of Directors.

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

There have been no significant changes as of March 31, 2020. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2019.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand and revolving funds	\$ 18,246	\$ 19,451	\$ 23,876
Checking accounts and demand deposits	13,091,804	6,694,245	8,707,959
Time deposits and notes issued under repurchase agreement	10,649,547	12,397,675	8,787,452
	<u>\$ 23,759,597</u>	<u>\$ 19,111,371</u>	<u>\$ 17,519,287</u>

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

B. As of March 31, 2020, December 31, 2019 and March 31, 2019, cash and cash equivalents amounting to \$407,135, \$440,212 and \$491,583, respectively, were pledged to others as collateral for loans (listed as '1470 Other current assets'). Please refer to Note 8 for details.

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

Items	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 63,651	\$ 17,328	\$ 112,339
Emerging stocks	12,957	22,268	17,136
Money market fund	114,768	112,769	207,645
Derivative instruments	458	236	-
	<u>191,834</u>	<u>152,601</u>	<u>337,120</u>
Valuation adjustments	(29,011)	(25,656)	(13,489)
	<u>\$ 162,823</u>	<u>\$ 126,945</u>	<u>\$ 323,631</u>

Items	March 31, 2020	December 31, 2019	March 31, 2019
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 902,868	\$ 902,868	\$ 910,270
Non-listed and OTC stocks	810,394	810,394	811,774
Fund beneficiary certificate	799,921	269,397	223,858
	2,513,183	1,982,659	1,945,902
Valuation adjustments	253,892	308,558	283,972
	<u>\$ 2,767,075</u>	<u>\$ 2,291,217</u>	<u>\$ 2,229,874</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 March 31, 2020	For the three-month period ended March 31, 2019
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>(\$ 65,424)</u>	<u>\$ 93,455</u>

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

March 31, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	February 18, 2020 ~ May 22, 2020	USD	500,000	\$ 181
SELL USD/BUY RMB	February 21, 2020 ~ May 22, 2020	USD	500,000	96
SELL USD/BUY RMB	March 13, 2020 ~ June 23, 2020	USD	500,000	<u>181</u>
				<u>\$ 458</u>
December 31, 2019				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	November 26, 2019 ~ January 21, 2020	USD	500,000	\$ 128
SELL USD/BUY RMB	November 26, 2019 ~ January 21, 2020	USD	500,000	<u>108</u>
				<u>\$ 236</u>

C. As of March 31, 2019, the Group had no non-hedging derivative financial instrument transactions.

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.

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Listed and OTC stocks	\$ 1,089,277	\$ 1,036,488	\$ 1,099,449
Emerging stocks	6,672	6,672	-
	1,095,949	1,043,160	1,099,449
Valuation adjustments	(181,169)	22,569	20,011
	<u>\$ 914,780</u>	<u>\$ 1,065,729</u>	<u>\$ 1,119,460</u>
Non-current items:			
Listed and OTC stocks	\$ 7,985,714	\$ 7,975,067	\$ 8,022,280
Non-listed and OTC stocks	312,016	341,739	299,806
	8,297,730	8,316,806	8,322,086
Valuation adjustments	5,350,752	6,156,211	5,195,466
	<u>\$ 13,648,482</u>	<u>\$ 14,473,017</u>	<u>\$ 13,517,552</u>

- A. The Group has elected to classify Taiwan High Speed Rail's stocks that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$14,563,262, \$15,538,746 and \$14,637,012 as at March 31, 2020, December 31, 2019 and March 31, 2019, respectively.
- B. For the three-month periods ended March 31, 2020 and 2019, the Group sold stocks with fair values of \$2,180 and \$63,627, respectively, to raise the capital for operations; the cumulative gains (losses) on disposal are \$249 and \$21,280, 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 March 31, 2020	For the three-month period ended March 31, 2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	<u>(\$ 960,270)</u>	<u>\$ 2,282,569</u>
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ 249</u>	<u>\$ 21,280</u>
Dividend income recognised in profit or loss held at end of period	\$ 1,015	\$ -
Derecognised during the period	<u>-</u>	<u>-</u>
	<u>\$ 1,015</u>	<u>\$ -</u>

- D. Details of the Group's financial assets at fair value through other comprehensive income pledged to others as collateral are provided in Note 8.
- E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	March 31, 2020	December 31, 2019	March 31, 2019
Non-current items:			
Time deposits	\$ 409,410	\$ 377,256	\$ 183,428

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

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Interest income	\$ 1,680	\$ 423

- B. As at March 31, 2020, December 31, 2019 and March 31, 2019, 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 \$409,410, \$377,256 and \$183,428, 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

	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable	\$ 944,411	\$ 1,120,799	\$ 1,019,194
Less: Allowance for bad debts	(2,015)	(2,068)	(2,529)
	<u>\$ 942,396</u>	<u>\$ 1,118,731</u>	<u>\$ 1,016,665</u>
Accounts receivable	\$ 8,209,202	\$ 8,944,405	\$ 9,116,844
Less: Allowance for bad debts	(171,559)	(164,358)	(179,338)
	<u>\$ 8,037,643</u>	<u>\$ 8,780,047</u>	<u>\$ 8,937,506</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Not past due	\$ 6,763,486	\$ 7,562,797	\$ 6,623,933
Up to 30 days	922,588	1,097,040	1,522,130
31 to 90 days	743,868	658,164	1,052,845
91 to 180 days	251,544	143,162	206,589
Over 180 days	298,553	437,615	548,674
	<u>\$ 8,980,039</u>	<u>\$ 9,898,778</u>	<u>\$ 9,954,171</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2020, December 31, 2019 and March 31, 2019, the balances of receivables (including notes receivable) from contracts with customers amounted to \$8,870,047,

\$9,879,488 and \$9,923,586, respectively.

- C. As at March 31, 2020, December 31, 2019 and March 31, 2019, 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 \$942,396, \$1,118,731 and \$1,016,665, and accounts receivable were \$8,037,643 \$8,780,047 and \$8,937,506, 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

March 31, 2020			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,779,793	(\$ 150,717)	\$ 2,629,076
Work in progress	1,089,204	(10,428)	1,078,776
Finished goods	5,296,225	(474,565)	4,821,660
Inventory in transit	608,113	-	608,113
Merchandise inventories	705,819	(10,530)	695,289
	<u>\$ 10,479,154</u>	<u>(\$ 646,240)</u>	<u>\$ 9,832,914</u>
December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,703,745	(\$ 184,324)	\$ 2,519,421
Work in progress	1,004,142	(13,430)	990,712
Finished goods	5,476,656	(460,089)	5,016,567
Inventory in transit	417,960	-	417,960
Merchandise inventories	920,284	(11,359)	908,925
	<u>\$ 10,522,787</u>	<u>(\$ 669,202)</u>	<u>\$ 9,853,585</u>
March 31, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,883,549	(\$ 140,692)	\$ 2,742,857
Work in progress	1,796,971	(52,047)	1,744,924
Finished goods	6,031,434	(563,239)	5,468,195
Inventory in transit	618,058	-	618,058
Merchandise inventories	942,852	(24,257)	918,595
	<u>\$ 12,272,864</u>	<u>(\$ 780,235)</u>	<u>\$ 11,492,629</u>

- A. The cost of inventories recognized as expense for the three-month periods ended March 31, 2020 and 2019 were \$5,436,822 and \$6,602,561, respectively, including \$58,775 and \$44,356 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the three-month periods ended March 31, 2020 and 2019, respectively.
- B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Associates:			
1. Tung Pei Industrial Co., Ltd.	\$ 2,096,567	\$ 2,086,821	\$ 2,116,423
2. Creative Sensor Inc.	397,885	398,472	397,344
3. Lien Chang Electronic Enterprise Co., Ltd.	445,771	445,494	440,254
4. Kuen Ling Machinery Refrigerating Co., Ltd.	288,272	286,363	313,119
5. Others	683,594	680,166	628,908
	<u>3,912,089</u>	<u>3,897,316</u>	<u>3,896,048</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>128,063</u>)	(<u>110,326</u>)	(<u>90,170</u>)
	<u>\$ 3,784,026</u>	<u>\$ 3,786,990</u>	<u>\$ 3,805,878</u>

The share of profit/loss of associates and joint ventures accounted for under equity method for the three-month periods ended March 31, 2020 and 2019 are as follows:

	For the three-month period ended <u>March 31, 2020</u>	For the three-month period ended <u>March 31, 2019</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 9,746	\$ 28,841
2. Creative Sensor Inc.	734	4,108
3. Lien Chang Electronic Enterprise Co., Ltd.	5,612	(11,205)
4. Kuen Ling Machinery Refrigerating Co., Ltd.	1,908	3,262
5. Others	(<u>46,184</u>)	(<u>16,876</u>)
	<u>(\$ 28,184)</u>	<u>\$ 8,130</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
		March 31, 2020	December 31, 2019	March 31, 2019		
Tung Pei Industrial Co., Ltd.	R.O.C	31.14%	31.14%	31.14%	Financial investment	Equity method
Creative Sensor Inc.	R.O.C	11.50%	11.50%	11.50%	"	Equity method
Lien Chang Electronic Enterprise Co., Ltd.	R.O.C	33.84%	33.84%	33.84%	"	Equity method
Kuen Ling Machinery Refrigerating Co., Ltd.	R.O.C	14.62%	14.62%	15.63%	"	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.		
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 3,497,222	\$ 4,672,289	\$ 3,889,113
Non-current assets	7,209,009	7,805,002	7,423,528
Current liabilities	(2,073,825)	(3,128,742)	(2,409,586)
Non-current liabilities	(1,898,722)	(1,927,696)	(2,105,581)
Total assets	<u>\$ 6,733,684</u>	<u>\$ 7,420,853</u>	<u>\$ 6,797,474</u>
Share in associate's net assets	\$ 2,096,567	\$ 2,086,821	\$ 2,116,423
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 2,096,567</u>	<u>\$ 2,086,821</u>	<u>\$ 2,116,423</u>

Creative Sensor Inc.			
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 3,286,232	\$ 3,220,429	\$ 3,301,789
Non-current assets	1,060,694	1,152,753	1,211,395
Current liabilities	(992,434)	(920,458)	(1,028,751)
Non-current liabilities	(146,211)	(155,141)	(112,908)
Total net assets	<u>\$ 3,208,281</u>	<u>\$ 3,297,583</u>	<u>\$ 3,371,525</u>
Share in associate's net assets	\$ 397,885	\$ 398,472	\$ 397,344
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 397,885</u>	<u>\$ 398,472</u>	<u>\$ 397,344</u>
Lien Chang Electronic Enterprise Co., Ltd.			
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 1,529,392	\$ 1,583,967	\$ 1,753,188
Non-current assets	604,268	625,742	653,542
Current liabilities	(766,805)	(841,291)	(1,037,971)
Non-current liabilities	(49,723)	(52,103)	(67,925)
Total net assets	<u>\$ 1,317,132</u>	<u>\$ 1,316,315</u>	<u>\$ 1,300,834</u>
Share in associate's net assets	\$ 445,771	\$ 445,494	\$ 440,254
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 445,771</u>	<u>\$ 445,494</u>	<u>\$ 440,254</u>
Kuen Ling Machinery Refrigerating Co., Ltd.			
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 1,889,959	\$ 1,892,416	\$ 1,827,741
Non-current assets	715,292	711,800	699,103
Current liabilities	(858,599)	(862,521)	(796,440)
Non-current liabilities	(282,108)	(290,893)	(228,548)
Total net assets	<u>\$ 1,464,544</u>	<u>\$ 1,450,802</u>	<u>\$ 1,501,856</u>
Share in associate's net assets	\$ 200,203	\$ 198,294	\$ 313,119
Goodwill	88,069	88,069	-
Carrying amount of the associate	<u>\$ 288,272</u>	<u>\$ 286,363</u>	<u>\$ 313,119</u>

Statement of comprehensive income

Tung Pei Industrial Co., Ltd.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue	\$ 1,070,351	\$ 1,208,230
Profit for the period from continuing operations	\$ 31,297	\$ 92,527
Other comprehensive loss, net of tax	-	-
Total comprehensive income	\$ 31,297	\$ 92,527
Dividends received from associates	\$ -	\$ -
Creative Sensor Inc.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue	\$ 571,419	\$ 1,020,669
(Loss) profit for the period from continuing operations	(\$ 10,759)	\$ 38,779
Other comprehensive income (loss), net of tax	(78,543)	94,587
Total comprehensive (loss) income	(\$ 89,302)	\$ 133,366
Dividends received from associates	\$ -	\$ -
Lien Chang Electronic Enterprise Co., Ltd.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue	\$ 619,110	\$ 711,789
Profit (loss) for the period from continuing operations	\$ 16,582	(\$ 33,108)
Other comprehensive income (loss), net of tax	(15,765)	33,860
Total comprehensive income	\$ 817	\$ 752
Dividends received from associates	\$ -	\$ -

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue	\$ 475,681	\$ 561,181
Profit for the period from continuing operations	\$ 17,278	\$ 18,725
Other comprehensive (loss) income, net of tax	(3,536)	13,029
Total comprehensive income	\$ 13,742	\$ 31,754
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 March 31, 2020, December 31, 2019 and March 31, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$683,594, \$680,166 and \$628,908, respectively.

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Loss for the year from continuing operations	(\$ 46,184)	(\$ 16,876)
Total comprehensive loss	(\$ 46,184)	(\$ 16,876)

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

	March 31, 2020	December 31, 2019	March 31, 2019
1.Lien Chang Electronic Enterprise Co., Ltd.	\$ 254,536	\$ 427,981	\$ 427,981
2.Creative Sensor Inc.	248,841	343,708	324,734
3.Kuen Ling Machinery Refrigerating Co., Ltd.	247,679	270,499	359,994
	<u>\$ 751,056</u>	<u>\$ 1,042,188</u>	<u>\$ 1,112,709</u>

- 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 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, 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	-	13,904	-	19,117	-	13,185	1,806	33,690	81,702
Disposals	-	(197)	-	(725)	-	(841)	-	(143)	(1,906)
Reclassifications	(81,002)	(50,582)	(4,149)	3,381	806	-	(23,410)	(14,189)	(169,145)
Depreciation charge	-	(53,507)	(43,165)	(84,466)	(3,576)	(20,899)	(8,537)	(99,089)	(313,239)
Net exchange differences	(5,089)	(41,979)	(400)	(10,071)	-	(2,450)	(1,378)	(9,075)	(70,442)
Closing net book amount	<u>\$ 5,417,244</u>	<u>\$ 4,163,316</u>	<u>\$ 3,217,690</u>	<u>\$ 1,744,303</u>	<u>\$ 48,178</u>	<u>\$ 407,124</u>	<u>\$ 94,852</u>	<u>\$ 1,177,093</u>	<u>\$ 16,269,800</u>
<u>At March 31, 2020</u>									
Cost	\$ 5,451,941	\$ 8,491,766	\$ 6,067,973	\$ 12,326,302	\$ 662,780	\$ 1,129,684	\$ 524,957	\$ 7,608,534	\$ 42,263,937
Accumulated depreciation and impairment	(34,697)	(4,328,450)	(2,850,283)	(10,581,999)	(614,602)	(722,560)	(430,105)	(6,431,441)	(25,994,137)
	<u>\$ 5,417,244</u>	<u>\$ 4,163,316</u>	<u>\$ 3,217,690</u>	<u>\$ 1,744,303</u>	<u>\$ 48,178</u>	<u>\$ 407,124</u>	<u>\$ 94,852</u>	<u>\$ 1,177,093</u>	<u>\$ 16,269,800</u>

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2019</u>									
(after adjustment)									
Cost	\$ 5,557,179	\$ 8,602,994	\$ 5,283,793	\$ 13,572,413	\$ 656,849	\$ 1,116,937	\$ 578,721	\$ 7,828,161	\$ 43,197,047
Accumulated depreciation and impairment	(34,697)	(4,170,145)	(1,873,902)	(11,595,220)	(617,430)	(711,455)	(442,523)	(6,388,132)	(25,833,504)
	<u>\$ 5,522,482</u>	<u>\$ 4,432,849</u>	<u>\$ 3,409,891</u>	<u>\$ 1,977,193</u>	<u>\$ 39,419</u>	<u>\$ 405,482</u>	<u>\$ 136,198</u>	<u>\$ 1,440,029</u>	<u>\$ 17,363,543</u>
<u>2019</u>									
Opening net book amount	\$ 5,522,482	\$ 4,432,849	\$ 3,409,891	\$ 1,977,193	\$ 39,419	\$ 405,482	\$ 136,198	\$ 1,440,029	\$ 17,363,543
Additions	-	4,209	-	17,841	-	4,489	5,399	40,001	71,939
Disposals	-	-	-	(6,534)	-	(84)	-	(470)	(7,088)
Reclassifications	(12,545)	(5,629)	-	(2,401)	2,597	(1,372)	5	1,171	(18,174)
Depreciation charge	-	(53,179)	(45,979)	(86,689)	(3,568)	(18,591)	(8,977)	(101,567)	(318,550)
Net exchange differences	(21)	39,570	(9)	21,429	-	849	871	8,550	71,239
Closing net book amount	<u>\$ 5,509,916</u>	<u>\$ 4,417,820</u>	<u>\$ 3,363,903</u>	<u>\$ 1,920,839</u>	<u>\$ 38,448</u>	<u>\$ 390,773</u>	<u>\$ 133,496</u>	<u>\$ 1,387,714</u>	<u>\$ 17,162,909</u>
<u>At March 31, 2019</u>									
Cost	\$ 5,544,613	\$ 8,668,819	\$ 5,283,601	\$ 13,556,464	\$ 659,446	\$ 1,087,966	\$ 577,397	\$ 7,894,756	\$ 43,273,062
Accumulated depreciation and impairment	(34,697)	(4,250,999)	(1,919,698)	(11,635,625)	(620,998)	(697,193)	(443,901)	(6,507,042)	(26,110,153)
	<u>\$ 5,509,916</u>	<u>\$ 4,417,820</u>	<u>\$ 3,363,903</u>	<u>\$ 1,920,839</u>	<u>\$ 38,448</u>	<u>\$ 390,773</u>	<u>\$ 133,496</u>	<u>\$ 1,387,714</u>	<u>\$ 17,162,909</u>

- A. For the three-month periods ended March 31, 2020 and 2019, no borrowing cost was capitalized as part of property, plant and equipment.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- C. 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 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but 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 \$1,750,350 and acquired land ownership of certificate.
- E. For the three-month periods ended March 31, 2020 and 2019, the additions to right-of-use assets were \$16,895 and \$52,847 and the sublease income were \$188,719 and \$190,102, 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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Land (including royalties)	\$ 4,925,893	\$ 4,840,702	\$ 4,925,404
Buildings	2,023,570	2,211,882	2,448,847
Machinery and equipment	36,859	40,476	18,168
Transportation equipment (Business vehicles)	30,720	26,104	1,822
	<u>\$ 7,017,042</u>	<u>\$ 7,119,164</u>	<u>\$ 7,394,241</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
	<u>For the three-month period ended March 31, 2020</u>	<u>For the three-month period ended March 31, 2019</u>	
Land (including royalties)	\$ 34,165	\$ 46,509	
Buildings	89,682	97,066	
Machinery and equipment	3,485	1,204	
Transportation equipment (Business vehicles)	3,404	187	
	<u>\$ 130,736</u>	<u>\$ 144,966</u>	

G. Interest expenses on lease liabilities for the three-month periods ended March 31, 2020 and 2019 were \$20,276 and \$25,660 and the cash outflows were \$134,743 and \$134,265, respectively.

H. Expenses on short-term leases and leases of low-value assets which are not subject to IFRS 16 for the three-month periods ended March 31, 2020 and 2019 were \$85,151 and \$61,519; \$4,916 and \$1,655, respectively.

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>At January 1, 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 (transfer during the period)	71,413	64,837	15,330	151,580
Depreciation charge	-	(16,551)	-	(16,551)
Net exchange differences	1,499	(1,364)	(363)	(228)
Closing net book amount	<u>\$ 1,516,137</u>	<u>\$ 1,366,267</u>	<u>\$ 14,967</u>	<u>\$ 2,897,371</u>
<u>At March 31, 2020</u>				
Cost	\$ 1,516,137	\$ 2,784,305	\$ 27,192	\$ 4,327,634
Accumulated depreciation and impairment	-	(1,418,038)	(12,225)	(1,430,263)
	<u>\$ 1,516,137</u>	<u>\$ 1,366,267</u>	<u>\$ 14,967</u>	<u>\$ 2,897,371</u>

	Land	Buildings and structures	Total
<u>At January 1, 2019</u>			
Cost	\$ 1,435,178	\$ 2,705,183	\$ 4,140,361
Accumulated depreciation and impairment	-	(1,356,587)	(1,356,587)
	<u>\$ 1,435,178</u>	<u>\$ 1,348,596</u>	<u>\$ 2,783,774</u>
<u>2019</u>			
Opening net book amount	\$ 1,435,178	\$ 1,348,596	\$ 2,783,774
Reclassifications (transfers during the period)	12,545	5,629	18,174
Depreciation charge	-	(16,866)	(16,866)
Net exchange differences	642	13,758	14,400
Closing net book amount	<u>\$ 1,448,365</u>	<u>\$ 1,351,117</u>	<u>\$ 2,799,482</u>

At March 31, 2019

Cost	\$ 1,448,365	\$ 2,722,992	\$ 4,171,357
Accumulated depreciation and impairment	-	(1,371,875)	(1,371,875)
	<u>\$ 1,448,365</u>	<u>\$ 1,351,117</u>	<u>\$ 2,799,482</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 March 31, 2020	For the three-month period ended March 31, 2019
Rental income from investment property	<u>\$ 46,336</u>	<u>\$ 44,604</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 11,211</u>	<u>\$ 7,075</u>
Direct operating expenses arising from the investment property that did not generate rental income during the year	<u>\$ -</u>	<u>\$ -</u>

B. The fair value of the investment property held by the Group as at March 31, 2020, December 31, 2019 and March 31, 2019 were \$4,996,199, \$4,850,243 and \$4,457,047, respectively, which is categorized within Level 3 in the fair value hierarchy.

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

	<u>2020</u>	<u>2019</u>
<u>At January 1</u>		
Cost	\$ 5,039,455	\$ 5,233,626
Accumulated amortization and impairment	-	-
	<u>\$ 5,039,455</u>	<u>\$ 5,233,626</u>
Opening net book amount	\$ 5,039,455	\$ 5,233,626
Net exchange differences	(95,859)	(87,280)
Closing net book amount	<u>\$ 4,943,596</u>	<u>\$ 5,146,346</u>
<u>At March 31</u>		
Cost	\$ 4,943,596	\$ 5,146,346
Accumulated amortization and impairment	-	-
	<u>\$ 4,943,596</u>	<u>\$ 5,146,346</u>

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

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Heavy industrial products division	<u>\$ 4,943,596</u>	<u>\$ 5,039,455</u>	<u>\$ 5,146,346</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 March 31, 2020, the goodwill arising from the merger amounted to \$4,917,775.

(12) Other non-current assets

	<u>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</u>
Prepayment for equipment	\$ 437,045	\$ 335,714	\$ 244,290
Refundable deposits	291,757	305,771	238,648
Long-term notes and accounts receivable	160,122	170,309	240,381
Deferred expenses	34,536	65,289	89,305
Other assets	66,145	59,924	77,507
	<u>\$ 989,605</u>	<u>\$ 937,007</u>	<u>\$ 890,131</u>

(13) Short-term borrowings

Type of borrowings	March 31, 2020	Interest rate range	Collateral
Bank borrowings	\$ <u>6,083,959</u>	0.63%~3.92%	Financial assets at fair value through other comprehensive income, notes receivable, land, buildings and structures and right-of-use assets
Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings	\$ <u>1,857,637</u>	0.63%~3.22%	Financial assets at fair value through other comprehensive income, notes receivable, investments accounted for under the equity method, land, buildings and structures, right-of-use assets, treasury stocks
Type of borrowings	March 31, 2019	Interest rate range	Collateral
Bank borrowings	\$ <u>1,947,764</u>	0.65%~3.53%	Financial assets at fair value through other comprehensive income, notes receivable, investments accounted for under the equity method, land, buildings and structures, right-of-use assets, treasury stocks

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

Items	March 31, 2020	December 31, 2019	March 31, 2019
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	\$ <u>1,600</u>	\$ <u>50</u>	\$ <u>-</u>

- A. The Group recognized net (loss) income of (\$1,616) and \$0 on financial liabilities held for trading for the three-month periods ended March 31, 2020 and 2019, respectively.
- B. Explanations of the transactions and contract information in respect of non-hedged derivative financial liabilities are as follows:

March 31, 2020				
Derivative instrument	Contract period	Contract amount		Fair value
		(Notional principal)		
Forward foreign exchange contracts				
SELL USD/BUY RMB	2020.2.11~2020.4.30	USD	500,000	\$ 257
SELL USD/BUY RMB	2020.2.18~2020.5.29	USD	500,000	214
SELL USD/BUY RMB	2020.2.21~2020.5.29	USD	500,000	129
SELL USD/BUY RMB	2020.3.13~2020.6.30	USD	500,000	216
SELL USD/BUY RMB	2020.2.11~2020.4.29	USD	500,000	198
SELL USD/BUY RMB	2020.2.18~2020.5.26	USD	500,000	163
SELL USD/BUY RMB	2020.2.21~2020.5.29	USD	500,000	78
SELL USD/BUY RMB	2020.3.13~2020.6.29	USD	500,000	160
SELL USD/BUY RMB	2020.3.13~2020.6.30	USD	500,000	153
SELL USD/BUY RMB	2020.3.31~2020.4.23	USD	500,000	32
				\$ 1,600

	December 31, 2019			
Financial instrument	Contract period	Contract amount (notional principal)		Fair value
Forward exchange contract				
SELL USD/BUY RMB	2019.11.26~2020.01.21	USD	500,000	\$ 50

C. As of March 31, 2019, the Group had no non-hedging derivative financial instrument transactions.

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

	March 31, 2020	December 31, 2019	March 31, 2019
Salary and wages payable	\$ 1,488,509	\$ 1,839,455	\$ 1,416,182
Employees' compensation payable	584,782	548,749	613,425
Dealers' bonus commission payable	216,576	189,286	205,490
Directors' and supervisors' remuneration payable	162,851	139,813	162,351
Equipment payable	69,510	75,414	169,784
Dividends payable	1,973,592	25,612	25,701
Others	1,591,302	1,858,259	1,775,709
	<u>\$ 6,087,122</u>	<u>\$ 4,676,588</u>	<u>\$ 4,368,642</u>

(16) Bonds payable

	March 31, 2020	December 31, 2019	March 31, 2019
Issuance of bonds payable	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000
Less: Current portion of bonds payable (listed as '2320 Long-term liabilities, current portion')	(3,000,000)	(3,000,000)	-
	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 4,000,000</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.

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. On March 20, 2020, the Board of Directors resolved to issue maximum amount of \$5,000,000 of unsecured ordinary corporate bonds. As of March 31, 2020, it has yet to be issued and reported to the competent authority.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2020
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from Aug. 4, 2016 to Dec. 31, 2035; payable based on the agreed terms.	0.8%~1.75%	Note	\$ 7,427,410
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(310,836)
				<u>\$ 7,116,574</u>
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2019
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from Aug. 4, 2016 to Dec. 31, 2021; payable based on the agreed terms.	0.48%~3.92%	Note	\$ 7,084,752
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(410,798)
				<u>\$ 6,673,954</u>
Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2019
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from Aug. 4, 2016 to Aug. 4, 2021; payable based on the agreed terms.	0.49%~2.27%	Note	\$ 8,432,911
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(1,146,799)
				<u>\$ 7,286,112</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 March 31, 2020, December 31, 2019 and March 31, 2019, the Group has undrawn borrowing facilities of \$22,918,781, \$20,190,686 and \$20,015,954, 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 periods ended March 31, 2020 and 2019 were \$5,878 and \$8,797, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 is \$37,892.
- 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 periods ended March 31, 2020 and 2019 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 periods ended March 31, 2020 and 2019 were \$95,999 and \$108,053, respectively.

(19) Share capital

- A. As of March 31, 2020, 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 \$19,676,929 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

	2020	2019
At January 1	\$ 1,967,693	\$ 2,002,693
Share repurchased and retired	-	(35,000)
At March 31	\$ 1,967,693	\$ 1,967,693

Note: Shares in thousands.

B. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	March 31, 2019	
		Number of shares	Carrying amount
The Company	Enhance the Company's credit rating and the stockholders's equity	<u>35,000</u>	<u>\$ 675,840</u>

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.
- (e) The abovementioned treasury shares were retired for the capital reduction as resolved by the Board of Directors on May 13, 2019.
- 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. After a regulation of the Company Act was amended in 2000 wherein the shares of the holding company shall not be purchased nor be accepted as a security or pledge by its subsidiary, the two subsidiaries did not acquire additional shares of the Company. 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 did not acquire additional shares of the Company again after the Company obtained its control. Also, the subsidiary - Taiwan Pelican Express Co., Ltd. is a subsidiary over which the Company has substantial control. The Company, however, holds less than 50% of the subsidiary's shares. Therefore, the shares of the Company acquired by the subsidiary are free from the restrictions of Article 167 of Company Act and such investment on the Company's shares is a general investment. As of March 31, 2020, December 31, 2019 and March 31, 2019, book value of the shares of the Company held by the three subsidiaries amounted to \$511,710, 321,563 and \$321,563, respectively.
- Details are as follows:

	March 31, 2020		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 24.10
Taiwan Pelican Express Co., Ltd	7,070	26.89	24.10
An-Tai International Investment Co., Ltd.	2,826	10.37	24.10
Top-Tower Enterprises Co., Ltd.	77	9.37	24.10
	<u>29,513</u>		
	December 31, 2019		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 26.20
An-Tai International Investment Co., Ltd.	2,826	10.37	26.20
Top-Tower Enterprises Co., Ltd.	77	9.37	26.20
	<u>22,443</u>		
	March 31, 2019		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 21.00
An-Tai International Investment Co., Ltd.	2,826	10.37	21.00
Top-Tower Enterprises Co., Ltd.	77	9.37	21.00
	<u>22,443</u>		

(20) Capital surplus

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

(21) Retained earnings and legal reserve

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

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

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

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

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

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

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land. As of March 31, 2020, 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 2019 net income was proposed by the Board of Directors on March 17, 2020 while the appropriations of the 2018 net income was resolved by the stockholders on June 14, 2019 as follows:

	For the year ended December 31, 2019		For the year ended December 31, 2018	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 322,172		\$ 315,009	
Cash dividends	1,948,016	\$ 0.99	1,770,924	\$ 0.9
(22) <u>Other equity items</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		(961,371)	- (961,371)	
–Associates		(4,651)	- (4,651)	
Revaluation transferred to retained earnings		(249)	- (249)	
Currency translation differences:				
–Group		-	(398,075)	(398,075)
At March 31, 2020		\$ 5,281,210	(\$ 3,074,800)	\$ 2,206,410

	Unrealized gains on valuation	Currency translation	Total
At January 1, 2019	\$ 3,006,782	(\$ 1,901,724)	\$ 1,105,058
Unrealized gains and losses on financial assets:			
–Group	2,227,454	-	2,227,454
–Associates	7,113	-	7,113
Revaluation transferred to retained earnings	(21,280)	-	(21,280)
Currency translation differences:			
–Group	-	196,003	196,003
At March 31, 2019	<u>\$ 5,220,069</u>	<u>(\$ 1,705,721)</u>	<u>\$ 3,514,348</u>

(23) Operating revenue

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue from customers	\$ 10,373,192	\$ 11,419,146
Others-rental revenue	210,742	199,957
Others-gain on financial assets at fair value through profit or loss	80,996	87,944
	<u>\$ 10,664,930</u>	<u>\$ 11,707,047</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 March 31, 2020	For the three-month period ended March 31, 2019
	Revenue from external customer contracts	Revenue from external customer contracts
Sales of heavy industrial products	\$ 6,071,648	\$ 7,288,877
Sales of home appliances	1,138,749	1,217,546
Others	372,625	656,025
Service revenue	1,940,089	1,770,494
Construction contract	850,081	486,204
	<u>\$ 10,373,192</u>	<u>\$ 11,419,146</u>

- B. The Group has recognized the following revenue-related contract assets and liabilities:
Revenue recognized that was included in the contract liability balance at the beginning of the period

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Electromechanical engineering contracts	\$ -	\$ -
Advance sales receipts	292,464	287,909
Royalty received in advance	-	484
	<u>\$ 292,464</u>	<u>\$ 288,393</u>

(24) Other income

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Interest income from bank deposits	\$ 70,738	\$ 68,487
Rental revenue	43,534	46,011
Dividend income	1,015	124
Other non-operating income	46,120	66,275
	<u>\$ 161,407</u>	<u>\$ 180,897</u>

(25) Other gains and losses

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
(Gain) loss on disposal of property, plant and equipment	\$ 2,075	(\$ 551)
Gain on disposal of investments	-	5,491
Net currency exchange (loss) gain	(7,910)	6,664
(Loss) gain on financial assets at fair value through profit or loss	(146,420)	5,511
Loss on financial liabilities at fair value through profit or loss	(1,616)	-
Miscellaneous disbursements	(84,191)	(90,757)
	<u>(\$ 238,062)</u>	<u>(\$ 73,642)</u>

(26) Finance costs

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Interest expense	\$ 64,729	\$ 70,612
Other finance expenses	944	1,419
	<u>\$ 65,673</u>	<u>\$ 72,031</u>

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

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Wages and salaries	\$ 2,010,739	\$ 2,086,357
Employees' compensation and directors' remuneration	104,694	112,206
Labor and health insurance fees	243,341	245,323
Pension costs	101,877	116,850
Other personnel expenses	106,976	103,389
Depreciation charges on property, plant and equipment as well as investment property	329,790	335,416
Depreciation charges on right-of -use assets and amortization charges on intangible assets	155,013	177,883

- 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 periods ended March 31, 2020 and 2019, employees' compensation was accrued at \$34,523 and \$51,380, respectively; while directors' remuneration was accrued at \$15,345 and \$23,109, respectively. The aforementioned amounts were recognized in salary expenses.
- C. For the three-month periods ended March 31, 2020 and 2019, after considering each year's earnings, the employee benefit expenses were accrued based on past experience and ratio. The employees' compensation and directors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2019 financial statements. As of March 31, 2020, abovementioned earnings of prior year have not yet been distributed. 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.

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Current tax:		
Current tax on profits for the period	\$ 156,386	\$ 232,669
Prior year income tax overestimation	(104,906)	-
Total current tax	51,480	232,669
Deferred tax:		
Origination and reversal of temporary differences	47,533	30,341
Total deferred tax	47,533	30,341
Income tax expense	\$ 99,013	\$ 263,010

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

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Currency translation differences	(\$ 21,126)	\$ 1,773

B. As of March 31, 2020, the Company and its subsidiaries' income tax returns through various years between 2014 and 2018, respectively, have been assessed and approved by the Tax Authority.

(29) Earnings per share

	For the three-month period ended March 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 446,995	1,943,275	\$ 0.23
	For the three-month period ended March 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 634,584	1,964,298	\$ 0.32

(30) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Acquisition of property, plant and equipment	\$ 81,702	\$ 71,939
Add:		
Payables at beginning of the period	75,414	181,192
Less:		
Payables at end of the period	(69,510)	(169,784)
Cash paid	<u>\$ 87,606</u>	<u>\$ 83,347</u>

B. Financing activities with no cash flow effects

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Cash dividends declared	<u>\$ 1,948,016</u>	<u>\$ -</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Dividends payable (Note 1)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2020	\$ 1,857,637	\$ 25,612	\$ 7,084,752	\$ 5,219,092	\$ 14,187,093
Interest expenses on lease liabilities	-	-	-	20,276	20,276
Remeasurement	-	-	-	(5,172)	(5,172)
Changes in cash flow from financing activities	4,226,322	(36)	342,658	(134,743)	4,434,201
Cash dividends declared	-	1,948,016	-	-	1,948,016
Effect of foreign exchange	-	-	-	(27,799)	(27,799)
March 31, 2020	<u>\$ 6,083,959</u>	<u>\$ 1,973,592</u>	<u>\$ 7,427,410</u>	<u>\$ 5,071,654</u>	<u>\$ 20,556,615</u>
	Short-term borrowings	Dividends payable (Note 1)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2019	\$ 1,994,360	\$ 25,711	\$ 7,650,846	\$ -	\$ 9,670,917
Effect of retrospective application	-	-	-	5,367,109	5,367,109
Interest expenses on lease liabilities	-	-	-	25,660	25,660
Recognised in right-of-use assets	-	-	-	52,847	52,847
Changes in cash flow from financing activities	(46,596)	(10)	782,065	(134,265)	601,194
Effect of foreign exchange	-	-	-	5,438	5,438
March 31, 2019	<u>\$ 1,947,764</u>	<u>\$ 25,701</u>	<u>\$ 8,432,911</u>	<u>\$ 5,316,789</u>	<u>\$ 15,723,165</u>

Note 1: Shown as ‘other payables’.

Note 2: Including current portion, except for bonds payable.

(32) Details of significant non-controlling interests

A. As of March 31, 2020, December 31, 2019 and March 31, 2019, the non-controlling interest amounted to \$5,693,172, \$4,998,286 and \$4,738,315, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		March 31, 2020		December 31, 2019	
		Amount	Ownership	Amount	Ownership
Tecom Co., Ltd.	R.O.C	\$ 276,443	36.48%	\$ 351,444	36.48%
Taiwan Pelican Express Co., Ltd.	R.O.C	1,225,841	67.85%	1,173,296	67.85%
Century Development Corporation	R.O.C	2,703,840	47.25%	2,004,888	47.25%
Information Technology Total Services Co., Ltd.	R.O.C	278,702	50.99%	268,520	50.99%

Name of subsidiary	Principal place of business	Non-controlling interest	
		March 31, 2019	
		Amount	Ownership
Tecom Co., Ltd.	R.O.C	\$ 362,519	36.48%
Taiwan Pelican Express Co., Ltd.	R.O.C	1,117,986	67.85%
Information Technology Total Services Co., Ltd.	R.O.C	95,210	32.89%
Century Development Corporation	R.O.C	1,891,013	47.25%

B. The Group’s subsidiary - Information Technology Total Services Co., Ltd. raised additional capital amounting to \$147,444 by issuing 5,084 thousand common shares through private placement at an issuance price of \$29 (in dollars) per share with the effective date set on May 15, 2019. Additionally, the subsidiary received the proceeds, less any necessary issuance costs, of \$79,342 from issuing 1,902 thousand common shares with the effective date set on December 24, 2019. The aggregate capital increase raised by the subsidiary during the year ended December 31, 2019 resulted in an increase in the Group’s non-controlling interest by \$226,786.

C. 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.

D. Summarized financial information of the subsidiaries:

Balance sheets

Tecom Co., Ltd.			
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 1,001,131	\$ 1,121,509	\$ 1,291,748
Non-current assets	938,661	1,109,649	1,110,190
Current liabilities	(931,200)	(1,013,097)	(1,214,898)
Non-current liabilities	(599,745)	(604,596)	(531,139)
Total net assets	<u>\$ 408,847</u>	<u>\$ 613,465</u>	<u>\$ 655,901</u>
Taiwan Pelican Express Co., Ltd.			
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 1,562,710	\$ 1,749,165	\$ 1,675,476
Non-current assets	1,995,172	1,830,120	1,866,426
Current liabilities	(798,151)	(871,696)	(857,818)
Non-current liabilities	(953,038)	(978,339)	(1,035,965)
Total net assets	<u>\$ 1,806,693</u>	<u>\$ 1,729,250</u>	<u>\$ 1,648,119</u>
Century Development Corporation			
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 2,450,129	\$ 1,005,500	\$ 811,388
Non-current assets	7,757,027	7,693,801	7,817,031
Current liabilities	(856,998)	(696,540)	(585,661)
Non-current liabilities	(2,938,175)	(2,955,297)	(3,016,916)
Total net assets	<u>\$ 6,411,983</u>	<u>\$ 5,047,464</u>	<u>\$ 5,025,842</u>
Information Technology Total Services Co., Ltd.			
	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ 632,200	\$ 635,761	\$ 400,915
Non-current assets	295,757	311,364	381,562
Current liabilities	(365,136)	(229,859)	(362,116)
Non-current liabilities	(21,056)	(195,782)	(128,148)
Total net assets	<u>\$ 541,765</u>	<u>\$ 521,484</u>	<u>\$ 292,213</u>

Statements of comprehensive income

Tecom Co., Ltd.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue	\$ 251,103	\$ 446,327
Loss before income tax	(27,580)	(34,905)
Income tax expense	-	(137)
Loss for the period	(27,580)	(35,042)
Other comprehensive (loss) income (net of tax)	(177,038)	94,352
Total comprehensive (loss) income for the period	(\$ 204,618)	\$ 59,310
Comprehensive income attributable to non- controlling interest	\$ 10,361	\$ 19,940
Taiwan Pelican Express Co., Ltd.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue	\$ 967,253	\$ 895,500
Profit before income tax	67,522	48,852
Income tax expense	(12,978)	(11,118)
Profit for the period	54,544	37,734
Other comprehensive income (net of tax)	22,899	30,576
Total comprehensive income for the period	\$ 77,443	\$ 68,310
Comprehensive income attributable to non-controlling interest	\$ 37,656	\$ 25,651

Century Development Corporation		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue	\$ 223,053	\$ 215,984
Profit before income tax	84,954	77,761
Income tax expense	(18,115)	(17,495)
Profit for the period	66,839	60,266
Other comprehensive (loss) income (net of tax)	(30,861)	11,131
Total comprehensive income for the period	\$ 35,978	\$ 71,397
Comprehensive income attributable to non-controlling interest	\$ 36,572	\$ 34,902
Information Technology Total Services Co., Ltd.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Revenue	\$ 426,673	\$ 323,270
Profit before income tax	24,058	18,413
Income tax expense	(3,703)	(3,291)
Profit for the period	20,355	15,122
Other comprehensive (loss) income (net of tax)	(74)	509
Total comprehensive income for the period	\$ 20,281	\$ 15,631
Comprehensive income attributable to non-controlling interest	\$ 10,133	\$ 3,374

Statements of cash flows

Tecom Co., Ltd.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Net cash provided by (used in) operating activities	\$ 9,906	(\$ 86,647)
Net cash (used in) provided by investing activities	(23,430)	13,667
Net cash (used in) provided by financing activities	(30,166)	71,225
Decrease in cash and cash equivalents	(43,690)	(1,755)
Cash and cash equivalents, beginning of period	191,761	181,889
Cash and cash equivalents, end of period	<u>\$ 148,071</u>	<u>\$ 180,134</u>
Taiwan Pelican Express Co., Ltd.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Net cash provided by operating activities	\$ 75,282	\$ 88,218
Net cash used in investing activities	(208,224)	(14,859)
Net cash used in financing activities	(36,574)	(34,775)
Effect of exchange rates on cash and cash equivalents	(31)	63
(Decrease) increase in cash and cash equivalents	(169,547)	38,647
Cash and cash equivalents, beginning of period	1,056,827	888,268
Cash and cash equivalents, end of period	<u>\$ 887,280</u>	<u>\$ 926,915</u>

Century Development Corporation		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Net cash provided by operating activities	\$ 164,378	\$ 124,608
Net cash used in investing activities	(36,329)	(889)
Net cash provided by (used in) financing activities	1,390,125	(185,580)
Effect of exchange rates on cash and cash equivalents	(4,803)	(4,355)
Increase (decrease) in cash and cash equivalents	1,513,371	(66,216)
Cash and cash equivalents, beginning of period	555,324	550,896
Cash and cash equivalents, end of period	<u>\$ 2,068,695</u>	<u>\$ 484,680</u>
Information Technology Total Services Co., Ltd.		
	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Net cash provided by operating activities	\$ 262,444	\$ 267,253
Net cash provided by (used in) investing activities	10,658	(76,957)
Net cash used in financing activities	(182,151)	(281,715)
Effect of exchange rates on cash and cash equivalents	(100)	367
Increase (decrease) in cash and cash equivalents	90,851	(91,052)
Cash and cash equivalents, beginning of period	70,474	155,225
Cash and cash equivalents, end of period	<u>\$ 161,325</u>	<u>\$ 64,173</u>

7. Related Party Transactions

(1) Names of related parties and relationship

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)	"
Jiangxi Teco - Lead PM Generator (Jiangxi Teco - Lead) (Note 1)	"	Shanghai Tungpei Enterprise Co., Ltd. (Shanghai Tungpei)	"
Taian-Jaya Electric Sdn. Bhd. (Taian-Jaya)	"	Greyback International Property, Inc. (Greyback)	"
Hubbell-Taian Co., Ltd. (Hubbell) (Note 2)	"	ABC Cooking Studio Taiwan Co., Ltd.	"
An-Sheng Travel Co., Ltd.	"	Qingdao Teco Century Advanced HighTech Mechatronics Co., Ltd. (Teco Century)	"
Le-Li Co., Ltd. (Le-Li)	"		
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)	"	Teco Technology & Marketing Center Co., Ltd. (TTMC)	"
Taisan Electric Co., Ltd. (Taisan Electric)	"	An-shin Food Service Co., Ltd. (An-shin)	Other related parties
Tension Envelope Taiwan Co., Ltd. (Tension)	"	Teco Image System Co., Ltd. (Teco Image)	"
Creative Sensor Inc. (Creative Senso)	"	Ming Full Ltd. (Ming Food)	"
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)	"
Kuen Ling Co., Ltd. (Kuen Ling)	"	Koryo Electronics Co., Ltd. (Koryo)	"
Shanghai Xiangseng Mechanical and Electrical Trading Co., Ltd. (Shanghai Xiangseng)	"	YUBAN & COMPANY	"

Note 1: The Company has been liquidated in 2019.

Note 2: The investee was dissolved on April 14, 2020.

(2) Significant related party transactions

A. Operating revenue:

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Sales of goods and services:		
Associates	\$ 107,142	\$ 83,884
Other related parties	87,119	87,466
	<u>\$ 194,261</u>	<u>\$ 171,350</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 March 31, 2020	For the three-month period ended March 31, 2019
Purchases of goods:		
Associates	\$ 78,190	\$ 67,656
Other related parties	35	54
	<u>\$ 78,225</u>	<u>\$ 67,710</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:

	March 31, 2020	December 31, 2019	March 31, 2019
Receivables from related parties:			
Associates	\$ 258,092	\$ 185,931	\$ 147,810
Other related parties	60,476	53,432	95,602
Less: Reclassified to other receivables	(10,917)	(5,613)	(5,870)
	<u>307,651</u>	<u>233,750</u>	<u>237,542</u>
Other receivables - transfer of accounts receivable that were past due			
Associates	10,917	5,613	5,870
Other receivables - others			
Associates			
TTMC	51,424	50,798	51,834
Others	47,486	19,706	30,466
Other related parties	5,549	5,252	5,978
	<u>104,459</u>	<u>75,756</u>	<u>88,278</u>
	<u>115,376</u>	<u>81,369</u>	<u>94,148</u>
	<u>\$ 423,027</u>	<u>\$ 315,119</u>	<u>\$ 331,690</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 aforementioned accounts receivable that were past due were \$10,917, \$5,613 and \$5,870 as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively. The ageing of the past due accounts receivable is beyond 90 days.

(c) The other receivables arise mainly from other receivables for rental.

D. Payables to related parties:

	March 31, 2020	December 31, 2019	March 31, 2019
Payables to related parties:			
Associates	\$ 164,032	\$ 209,719	\$ 160,121
Other related parties	-	26	1,039
	<u>\$ 164,032</u>	<u>\$ 209,745</u>	<u>\$ 161,160</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 March 31, 2020	For the three-month period ended March 31, 2019
Associates	\$ 7,852	\$ 7,156
Other related parties	<u>6,521</u>	<u>6,361</u>
	<u>\$ 14,373</u>	<u>\$ 13,517</u>

F. Endorsements and guarantees provided to related parties:

	March 31, 2020	December 31, 2019	March 31, 2019
Associates	<u>\$ 471</u>	<u>\$ 43,477</u>	<u>\$ 42,405</u>

(3) Key management compensation

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Salaries and other short-term employee benefits	\$ 121,642	\$ 146,808
Post-employment benefits	<u>8,125</u>	<u>2,671</u>
	<u>\$ 129,767</u>	<u>\$ 149,479</u>

8. Pledged Assets

Pledged asset	March 31, 2020	December 31, 2019	Purpose
Notes receivable	\$ 248,165	\$ 344,369	Short-term borrowings, merchandise loans, deposits for acceptance bill
Other current assets			
Demand deposits	142,456	176,735	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
Time deposits	264,679	263,477	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			
Far Eastone Telecommunications Co., Ltd.	-	216,300	Short-term borrowings and commercial papers payable
Taiwan High Speed Rail Corporation	388,125	460,800	Long-term borrowings
Non-current financial assets at amortised cost	160,000	150,000	Performance guarantee
Property, plant, and equipment			
Land	83,342	110,299	Long-term borrowings, short-term borrowings
Buildings and structures	3,201,159	3,287,115	"
Right-of-use assets	891,062	897,465	"
Other non-current assets			
Refundable deposits	28,429	26,155	Exercise guarantee or warranty for construction and exercise guarantee for tender
Treasury stock	-	247,091	Short-term borrowings
	<u>\$ 5,407,417</u>	<u>\$ 6,179,806</u>	

Pledged asset	March 31, 2019	Purpose
Notes receivable	\$ 97,899	Short-term borrowings, merchandise loans, deposits for acceptance bill
Other current assets		
Demand deposits	65,580	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
Time deposits	426,003	Engineering bond, merchandise loans, tariff guarantee, 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		
Teco Image System Co., Ltd.	18,720	Short-term borrowings and commercial papers payable
Far Eastone Telecommunications Co., Ltd.	219,900	"
Innolux Corporation	21,753	Long-term borrowings
Taiwan High Speed Rail Corporation	583,995	"
Non-current financial assets at amortised cost	150,000	Performance guarantee
Investments accounted for under the equity method		
Creative Sensor Inc.	123,784	Short-term borrowings
Property, plant, and equipment		
Land	112,765	Long-term borrowings, short-term borrowings
Buildings and structures	3,372,473	"
Right-of-use assets	916,674	"
Other non-current assets		
Refundable deposits	12,223	Exercise guarantee or warranty for construction and exercise guarantee for tender
Treasury stock	247,091	Short-term borrowings
	<u>\$ 6,368,860</u>	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

	March 31, 2020	December 31, 2019	March 31, 2019
Property, plant and equipment	\$ 1,910,170	\$ 1,769,644	\$ 344,875
Intangible assets	-	1,443	18,974
	<u>\$ 1,910,170</u>	<u>\$ 1,771,087</u>	<u>\$ 363,849</u>

C. As of March 31, 2020, the outstanding usance L/C used for acquiring raw materials and equipment was \$571,347.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The Group is a multinational corporation and the production and sales in some countries were impacted by the outbreak of the new coronavirus (COVID 19) due to the preventive measures, including the reduction in working days and business activities, taken by the governments of some countries such as India, Malaysia and Italy to control the pandemic. The Group has taken countermeasures by keeping close contacts with clients and suppliers, strengthening employee health management and continually focusing on the situation of the pandemic to mitigate the impact on its operations. However, the extent of actual impact would depend on the subsequent development of the pandemic.

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>March 31, 2020</u>	<u>December 31, 2019</u>	<u>March 31, 2019</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>\$ 2,929,898</u>	<u>\$ 2,418,162</u>	<u>\$ 2,553,505</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 14,563,262</u>	<u>\$ 15,538,746</u>	<u>\$ 14,637,012</u>
Financial assets at amortised cost /Loans and receivables			
Cash and cash equivalents	\$ 23,759,597	\$ 19,111,371	\$ 17,519,287
Financial assets at amortised cost	409,410	377,256	183,428
Notes receivable	951,488	1,120,188	1,027,563
Accounts receivable	8,336,202	9,012,340	9,164,150
Other receivables	654,102	579,246	513,874
Guarantee deposits paid	<u>291,757</u>	<u>305,771</u>	<u>238,648</u>
	<u>\$ 34,402,556</u>	<u>\$ 30,506,172</u>	<u>\$ 28,646,950</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	<u>\$ 1,600</u>	<u>\$ 50</u>	<u>\$ -</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 6,083,959	\$ 1,857,637	\$ 1,947,764
Notes payable	321,867	365,837	148,974
Accounts payable	6,099,423	6,912,441	6,786,865
Other payables	6,087,122	4,676,588	4,368,642
Lease liabilities	5,071,654	5,219,092	5,316,790
Bonds payable (including current portion)	4,000,000	4,000,000	4,000,000
Long-term borrowings (including current portion)	<u>7,427,410</u>	<u>7,084,752</u>	<u>8,432,911</u>
	<u>\$ 35,091,435</u>	<u>\$ 30,116,347</u>	<u>\$ 31,001,946</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 Note 6(2) and Note 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 Note 6(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:

March 31, 2020

					Sensitivity Analysis						
Foreign currency amount					Effect on profit or loss			Effect on other comprehensive income			
(In thousands)					Exchange rate	Book value (NTD)	Degree of variation				
(Foreign currency: functional currency)											
Financial assets											
Monetary items											
USD:NTD	USD	\$	106,687	30.2250	\$	3,224,615	1%	\$	32,246	\$	-
EUR:NTD	EUR		13,086	33.2400		434,979	1%		4,350		-
USD:RMB	USD		34,430	7.1034		1,040,647	1%		10,406		-
JPY:NTD	JPY		983,621	0.2788		274,234	1%		2,742		-
RMB:NTD	RMB		96,566	4.2550		410,888	1%		4,109		-
USD:MYR	USD		26,761	4.2898		808,851	1%		8,089		-
AUD:NTD	AUD		5,910	18.6350		110,133	1%		1,101		-
CAD:USD	CAD		7,077	0.7050		150,811	1%		1,508		-
Non-monetary items											
USD:NTD	USD		649,492	30.2250		19,630,897					
EUR:NTD	EUR		126,855	33.2400		4,216,647					
SGD:NTD	SGD		156,479	21.2300		3,322,053					
VND:NTD	VND		221,101,538	0.0013		287,432					
MYR:NTD	MYR		14,309	7.0458		100,820					
Financial liabilities											
Monetary items											
USD:NTD	USD		54,298	30.2250		1,641,157	1%		16,412		-
USD:RMB	USD		4,733	33.2400		143,055	1%		1,431		-

December 31, 2019											
Foreign currency amount (In thousands)					Sensitivity Analysis						
					Degree of variation	Effect on profit or loss		Effect on other comprehensive income			
(Foreign currency: functional currency)											
<u>Financial assets</u>											
<u>Monetary items</u>											
USD:NTD	USD	\$	82,388	29.98	\$	2,469,992	1%	\$	24,700	\$	-
EUR:NTD	EUR		13,693	33.59		459,948	1%		4,599		-
USD:RMB	USD		39,912	6.9640		1,196,562	1%		11,966		-
JPY:NTD	JPY		924,972	0.2760		255,292	1%		2,553		-
RMB:NTD	RMB		91,800	4.3050		395,199	1%		3,952		-
USD:MYR	USD		24,272	4.0978		727,675	1%		7,277		-
USD:SGD	USD		9,308	1.3456		279,054	1%		2,791		-
AUD:NTD	AUD		5,930	21.0050		124,560	1%		1,246		-
CAD:USD	CAD		5,065	0.7668		116,444	1%		1,164		-
<u>Non-monetary items</u>											
USD:NTD	USD		658,303	29.98		19,735,935					-
EUR:NTD	EUR		125,250	33.59		4,207,132					-
SGD:NTD	SGD		150,929	22.28		3,362,698					-
VND:NTD	VND		242,922,038	0.0013		315,799					-
MYR:NTD	MYR		14,387	7.3161		105,260					-
<u>Financial liabilities</u>											
<u>Monetary items</u>											
USD:NTD	USD		49,274	29.98		1,477,235	1%		14,772		-
USD:RMB	USD		4,896	6.9640		146,782	1%		1,468		-
USD:MYR	USD		22,140	4.0978		663,757	1%		6,638		-
USD:SGD	USD		3,748	1.3456		112,365	1%		1,124		-

March 31, 2019

					Sensitivity Analysis						
Foreign currency amount					Effect on profit or loss			Effect on other comprehensive income			
(In thousands)					Exchange rate	Book value (NTD)	Degree of variation				
(Foreign currency: functional currency)											
Financial assets											
Monetary items											
USD:NTD	USD	\$	425,294	30.8200	\$	13,107,561	1%	\$	131,076	\$	-
EUR:USD	EUR		3,619	4.5754		125,254	1%		1,253		-
EUR:NTD	EUR		15,912	34.6100		550,714	1%		5,507		-
USD:RMB	USD		32,718	6.7293		1,008,369	1%		10,084		-
USD:SGD	USD		6,284	1.3547		193,673	1%		1,937		-
JPY:NTD	JPY		967,324	0.2783		269,206	1%		2,692		-
RMB:NTD	RMB		81,383	4.5800		372,734	1%		3,727		-
USD:MYR	USD		8,457	4.0744		260,645	1%		2,606		-
SGD:MYR	MYR		5,513	3.0075		125,421	1%		1,254		-
AUD:NTD	AUD		5,733	21.8550		125,295	1%		1,253		-
SGD:NTD	SGD		7,581	22.7500		172,468	1%		1,725		-
Non-monetary items											
USD:NTD	USD		633,815	30.8200		19,534,187					
EUR:NTD	EUR		122,816	34.6100		4,250,661					
SGD:NTD	SGD		146,215	22.7500		3,326,392					
VND:NTD	VND		259,003,846	0.0013		336,705					
MYR:NTD	MYR		19,340	7.5643		146,296					
Financial liabilities											
Monetary items											
USD:NTD	USD		46,482	30.8200		1,432,575	1%		14,326		-
USD:RMB	USD		6,904	6.7293		212,781	1%		2,128		-
USD:SGD	USD		4,609	1.3547		142,049	1%		1,420		-
USD:AUD	USD		3,490	4.0744		107,562	1%		1,076		-
SGD:NTD	SGD		167,413	22.7500		3,808,646	1%		38,086		-

- v. Total exchange (loss) gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2020 and 2019 amounted to (\$7,910) and \$6,664, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2020 and 2019 would have increased/decreased by \$146,472 and \$127,675, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$728,163 and \$731,851, 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 three-month periods ended March 31, 2020 and 2019, 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. At March 31, 2020, December 31, 2019 and March 31, 2019, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2020 and 2019 would have been \$6,756 and \$5,190 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 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 March 31, 2020, December 31, 2019 and March 31, 2019, the loss rate methodology is as follows:

March 31, 2020

	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 6,766,023	(\$ 2,537)
Up to 30 days	0%~2%	926,762	(4,174)
31 to 90 days	1%~20%	770,320	(26,452)
91 to 180 days	1%~100%	264,973	(13,429)
Over 180 days	1%~100%	425,535	(126,982)
		<u>\$ 9,153,613</u>	<u>(\$ 173,574)</u>

December 31, 2019

	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 7,564,979	(\$ 2,182)
Up to 30 days	0%~2%	1,098,500	(1,460)
31 to 90 days	1%~20%	676,444	(18,280)
91 to 180 days	1%~100%	149,075	(5,913)
Over 180 days	1%~100%	576,206	(138,591)
		<u>\$ 10,065,204</u>	<u>(\$ 166,426)</u>

March 31, 2019

	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 6,624,187	(\$ 254)
Up to 30 days	0%~2%	1,523,941	(1,811)
31 to 90 days	1%~20%	1,062,579	(9,734)
91 to 180 days	1%~100%	218,013	(11,424)
Over 180 days	1%~100%	707,318	(158,644)
		<u>\$ 10,136,038</u>	<u>(\$ 181,867)</u>

March 31, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 34,230	(\$ 34,230)
Group A	0%~5%	4,894,952	(18,177)
Group B	1%~10%	1,687,847	(3,331)
Group C	1%~20%	1,156,200	(17,110)
Group D	1%~40%	402,887	(15,338)
Group E	1%~100%	977,497	(85,388)
		<u>\$ 9,153,613</u>	<u>(\$ 173,574)</u>
December 31, 2019			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 34,202	(\$ 34,202)
Group A	0%~5%	5,558,080	(12,037)
Group B	1%~10%	1,869,342	(7,655)
Group C	1%~20%	1,380,494	(13,620)
Group D	1%~40%	440,742	(6,372)
Group E	1%~100%	782,344	(92,540)
		<u>\$ 10,065,204</u>	<u>(\$ 166,426)</u>
March 31, 2019			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 27,330	(\$ 27,330)
Group A	0%~5%	5,162,036	(6,771)
Group B	1%~10%	2,049,268	(5,973)
Group C	1%~20%	1,226,239	(9,909)
Group D	1%~40%	516,826	(8,356)
Group E	1%~100%	1,154,339	(123,528)
		<u>\$ 10,136,038</u>	<u>(\$ 181,867)</u>

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

2020	
Notes receivable and accounts receivable	
At January 1	\$ 166,426
Provision for impairment	9,408
Write-offs during the period	(1,460)
Effect of foreign exchange	(800)
At March 31	<u>\$ 173,574</u>
2019	
Notes receivable and accounts receivable	
At January 1	\$ 183,347
Provision for impairment	1,509
Effect of foreign exchange	(2,989)
At March 31	<u>\$ 181,867</u>

(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 March 31, 2020, December 31, 2019 and March 31, 2019, the undrawn credit amounts are \$22,146,270, \$20,190,686 and \$20,015,454, 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>March 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	\$ 6,083,959	\$ -	\$ -	\$ -	\$ -
Notes payable	321,867	-	-	-	-
Accounts payable	6,099,423	-	-	-	-
Lease liabilities	498,749	439,190	392,708	460,399	4,630,137
Other payables	6,087,122	-	-	-	-
Bonds payable					
(including current portion)	3,000,000	-	1,000,000	-	-
Long-term borrowings	5,286,804	229,870	585,905	1,227,473	109,912
(including current portion)					

Non-derivative financial liabilities:

<u>December 31, 2019</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,857,637	\$ -	\$ -	\$ -	\$ -
Notes payable	365,837	-	-	-	-
Accounts payable	6,912,441	-	-	-	-
Lease liabilities	487,454	436,444	490,035	630,513	4,820,732
Other payables	4,676,588	-	-	-	-
Bonds payable					
(including current portion)	3,000,000	-	1,000,000	-	-
Long-term borrowings	5,159,554	1,398,674	382,042	150,000	-
(including current portion)					

Non-derivative financial liabilities:

<u>March 31, 2019</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,947,764	\$ -	\$ -	\$ -	\$ -
Notes payable	148,974	-	-	-	-
Accounts payable	6,786,865	-	-	-	-
Lease liabilities	509,121	438,140	420,636	655,294	4,776,896
Other payables	4,368,642	-	-	-	-
Bonds payable	-	3,000,000	1,000,000	-	-
Long-term borrowings (including current portion)	6,551,951	947,349	908,693	-	30,000

iv. As of March 31, 2020 and December 31, 2019, the derivative financial liabilities which were executed by the Group were all due within one year.

(3) Fair value information

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

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

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

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

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

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

<u>March 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	\$ 1,923,293	\$ -	\$ 1,006,147	\$ 2,929,440
Non-hedging derivatives	-	458	-	458
Financial assets at fair value through other comprehensive income				
Equity securities	<u>14,358,759</u>	<u>-</u>	<u>204,503</u>	<u>14,563,262</u>
	<u>\$ 16,282,052</u>	<u>\$ 458</u>	<u>\$ 1,210,650</u>	<u>\$ 17,493,160</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ 1,600</u>

<u>December 31, 2019</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	\$ 1,409,676	\$ -	\$ 1,008,250	\$ 2,417,926
Non-hedging derivatives	-	236	-	236
Financial assets at fair value through other comprehensive income				
Equity securities	<u>15,299,211</u>	<u>-</u>	<u>239,535</u>	<u>15,538,746</u>
	<u>\$ 16,708,887</u>	<u>\$ 236</u>	<u>\$ 1,247,785</u>	<u>\$ 17,956,908</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 50</u>
<u>March 31, 2019</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	\$ 1,606,016	\$ -	\$ 947,489	\$ 2,553,505
Financial assets at fair value through other comprehensive income				
Equity securities	<u>14,490,422</u>	<u>-</u>	<u>146,590</u>	<u>14,637,012</u>
	<u>\$ 16,096,438</u>	<u>\$ -</u>	<u>\$ 1,094,079</u>	<u>\$ 17,190,517</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 three-month periods ended March 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.
- F. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2020 and 2019:
- | | Non-derivative equity | |
|--|--|--|
| | For the three-month period
ended March 31, 2020 | For the three-month period
ended March 31, 2019 |
| Beginning balance | \$ 1,247,785 | \$ 1,278,674 |
| Gains and losses recognized in (profit or loss) | (17,616) | - |
| Gain and loss recognized in other comprehensive income | (18,859) | (184,595) |
| Sold during the period | (660) | - |
| Ending balance | <u>\$ 1,210,650</u> | <u>\$ 1,094,079</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 March 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,210,650	Market comparable companies	Price to earnings ratio multiple	0.80~4.69	The higher the multiple and control premium, the higher the fair value
Private equity fund			Discount for lack of marketability	10%~20%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,247,785	Market comparable companies	Price to earnings ratio multiple	1.04~3.62	The higher the multiple and control premium, 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 March 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,125,131	Market comparable companies	Price to earnings ratio multiple	1.31~3.71	The higher the multiple and control premium, 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:

March 31, 2020						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input	Change				
Equity instrument	Discount for lack of marketability	±5%	\$ 50,307	(\$ 50,307)	\$ 10,225	(\$ 10,225)
December 31, 2019						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input	Change				
Equity instrument	Discount for lack of marketability	±5%	\$ 50,413	(\$ 50,413)	\$ 11,977	(\$ 11,977)
March 31, 2019						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets	Input	Change				
Equity instrument	Discount for lack of marketability	±5%	\$ 47,374	(\$ 47,374)	\$ 7,330	(\$ 7,330)

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: 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 5.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.
- I. Trading in derivative financial instruments undertaken during the reporting periods ended: Please refer to Notes 6(2) and 6(14).

J. Significant inter-company transactions during the reporting periods: Please refer to table 7.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 9.

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

(4) Major shareholders information

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

14. Segment Information

(1) General information

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 motor division and the home appliance division.

The motor 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 three-month periods ended March 31, 2020 and 2019 is as follows:

	For the three-month period ended March 31, 2020				
	Heavy industrial products division	Home appliances division	Others	Adjustment and elimination	Total
<u>Operating revenues</u>					
Operating revenues from external customers	\$ 6,997,052	\$ 1,205,402	\$ 2,462,476	\$ -	\$ 10,664,930
Operating revenues from internal segments	3,764,074	702,572	228,291	(4,694,937)	-
Total operating revenues	<u>\$ 10,761,126</u>	<u>\$ 1,907,974</u>	<u>\$ 2,690,767</u>	<u>(\$ 4,694,937)</u>	<u>\$ 10,664,930</u>
Segment profits and losses	<u>\$ 557,398</u>	<u>\$ 30,824</u>	<u>\$ 220,508</u>	<u>\$ -</u>	<u>\$ 808,730</u>
Segment profits and losses including:					
Depreciation and amortization	<u>\$ 292,778</u>	<u>\$ 48,089</u>	<u>\$ 143,936</u>	<u>\$ -</u>	<u>\$ 484,803</u>
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
<u>Segment assets</u>					
Identifiable assets	<u>\$ 35,847,057</u>	<u>\$ 3,809,204</u>	<u>\$ 21,744,318</u>	<u>(\$ 6,569,168)</u>	<u>\$ 54,831,411</u>
Capital expenditures	<u>\$ 66,600</u>	<u>\$ 3,306</u>	<u>\$ 11,796</u>	<u>\$ -</u>	<u>\$ 81,702</u>
<u>Segment liabilities</u>	<u>\$ 15,825,565</u>	<u>\$ 1,949,345</u>	<u>\$ 10,885,671</u>	<u>(\$ 6,565,364)</u>	<u>\$ 22,095,217</u>

For the three-month period ended March 31, 2019					
	Heavy industrial products division	Home appliance division	Others	Adjustment and elimination	Total
<u>Operating revenues</u>					
Operating revenues from external customers	\$ 7,869,276	\$ 1,281,397	\$ 2,556,374	\$ -	\$ 11,707,047
Operating revenues from internal segments	4,313,258	667,421	232,933	(5,213,612)	-
Total operating revenues	<u>\$ 12,182,534</u>	<u>\$ 1,948,818</u>	<u>\$ 2,789,307</u>	<u>(\$ 5,213,612)</u>	<u>\$ 11,707,047</u>
Segment profits and losses	<u>\$ 732,590</u>	<u>(\$ 4,967)</u>	<u>\$ 198,455</u>	<u>\$ -</u>	<u>\$ 926,078</u>
Segment profits and losses including:					
Depreciation and amortization	<u>\$ 271,735</u>	<u>\$ 69,867</u>	<u>\$ 171,697</u>	<u>\$ -</u>	<u>\$ 513,299</u>
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
<u>Segment assets</u>					
Identifiable assets	<u>\$ 39,605,012</u>	<u>\$ 3,942,664</u>	<u>\$ 21,994,191</u>	<u>(\$ 6,802,527)</u>	<u>\$ 58,739,340</u>
Capital expenditures	<u>\$ 41,661</u>	<u>\$ 12,990</u>	<u>\$ 17,288</u>	<u>\$ -</u>	<u>\$ 71,939</u>
<u>Segment liabilities</u>	<u>\$ 16,722,033</u>	<u>\$ 2,174,537</u>	<u>\$ 9,399,766</u>	<u>(\$ 7,391,056)</u>	<u>\$ 20,905,280</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 three-month periods ended March 31, 2020 and 2019 is provided as follows:

	For the three-month period ended March 31, 2020	For the three-month period ended March 31, 2019
Adjusted operating income of reportable segments	\$ 588,222	\$ 727,624
Adjusted operating income of other operating segments	220,508	198,455
Interest income	70,738	68,487
(Losses) gains on financial instruments	(148,036)	5,511
Financial cost	(65,673)	(72,031)
Associates' and joint ventures' profit and loss accounted for under the equity method	(28,184)	8,130
Losses on disposals of property, plant and equipment	2,075	(551)
Others	(1,432)	33,807
Income before income tax	<u>\$ 638,218</u>	<u>\$ 969,432</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 three-month period ended March 31, 2020

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 three- month period ended March 31, 2020	Balance at March 31, 2020 (Note 8)	Actual amount drawn down	Interest rate (%)	Nature of loans	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	TECO ELECTRIC & MACHINERY CO., LTD.	Xiamen An-Tai	Other receivables	Yes	\$ 78,650	\$ 60,450	\$ 21,158	2.76%	Short-term financing	\$ -	For operating capital	\$ -	-	\$ -	\$ 1,610,491	\$ 5,368,305	Note 2
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	"	"	129,158	127,097	127,097	3.50%	Short-term financing	-	For operating capital	-	-	-	1,610,491	5,368,305	Note 2
1	U.V.G.	Teco Netherlands	"	"	235,130	232,680	232,680	0.00%	Short-term financing	-	For operating capital	-	-	-	451,410	752,350	Note 3
2	Teco Westinghouse	TWMM	"	"	66,550	66,495	15,113	2.97%	Short-term financing	-	For operating capital	-	-	-	832,698	1,665,395	Note 4
2	Teco Westinghouse	TECO ELECTRIC & MACHINERY CO., LTD.	"	"	302,500	302,250	302,250	1.96%	Short-term financing	-	For operating capital	-	-	-	832,698	1,665,395	Note 4
3	Tong-An Assets	TECO ELECTRIC & MACHINERY CO., LTD.	"	"	200,000	-	-	1.05%	Short-term financing	-	For operating capital	-	-	-	526,086	526,086	Note 5
4	Jiangxi Teco	QingDao Teco	"	"	54,000	-	-	3.50%	Short-term financing	-	For operating capital	-	-	-	73,506	147,013	Note 6
5	Century Development	Century Tech. C&M Corp.	"	"	120,000	120,000	100,000	1.5263%	Short-term financing	-	For operating capital	-	-	-	125,600	418,668	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 (March 31, 2020), and limit on loans to a single party shall not exceed 3% of the Company's net assets based on the latest financial statements (March 31, 2020).

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 (March 31, 2020), 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 (March 31, 2020).

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 (March 31, 2020), and limit on loans to a single party shall not 10% of Teco Westinghouse's net assets based on the latest financial statements (March 31, 2020).

Note 5: In accordance with Tong-An Assets’ policy, limit on total loans shall not exceed 10% of Tong-An Assets’ net assets based on the latest audited financial statement (March 31, 2020), and limit on loans to a single party shall not exceed 10% of Tong-An Assets’ net assets based on the latest audited financial statement (March 31, 2020).

Note 6: In accordance with Jiangxi Teco’s policy, limit on total loans shall not exceed 10% of Jiangxi Teco’s net assets based on the latest financial statements (March 31, 2020), and limit on loans to a single party shall not exceed 5% of Jiangxi Teco’s net assets based on the latest financial statements (March 31, 2020).

Note 7: In accordance with Century Development’ policy, limit on total loans shall not exceed 10% of Century Development’ net assets based on the latest audited financial statement (March 31, 2020), and limit on loans to a single party shall not exceed 3% of Century Development’ net assets based on the latest audited financial statement (March 31, 2020).

Note 8: The credit line approved by the Board of Directors.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

For the three-month period ended March 31, 2020

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 (Note 3)	Maximum outstanding endorsement/ guarantee amount as of March 31, 2020	Outstanding endorsement/ guarantee amount at March 31, 2020	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	(2)	\$ 10,736,610	\$ 100,000	\$ 100,000	\$ -	\$ -	0.19	\$ 32,209,829	Y	N	N	Note 3
0	TECO ELECTRIC & MACHINERY CO., LTD.	An-Tai International	(2)	10,736,610	110,000	110,000	-	-	0.20	32,209,829	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	Motovario	(2)	10,736,610	1,542,453	1,529,040	1,529,040	-	2.85	32,209,829	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	(2)	10,736,610	229,710	229,710	-	-	0.43	32,209,829	Y	N	Y	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	Others	(2)、(6)	10,736,610	87,142	46,002	25,092	-	0.09	32,209,829	Y	N	N	"
1	Teco Westinghouse	TWMM	(4)	832,698	10,232	4,198	4,198	-	0.05	1,665,395	Y	N	N	Note 4
2	Motovario S.p.A.	TECNOFIB SRL	(1)	843,329	475	471	471	-	0.01	2,529,988	N	N	N	Note 5
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	418,668	211,291	211,291	-	-	5.05	837,336	Y	N	N	Note 6
4	Tong-An Assets	"	(6)	526,086	152,824	144,490	-	-	2.75	1,052,171	N	N	N	Note 7
5	Tong-an Investment	"	(6)	150,934	152,824	144,490	-	-	1.28	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 as required by the construction contract.
- (6) Due to joint venture, each shareholder provides 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 (March 31, 2020), 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 (March 31, 2020), 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 (March 31, 2020), 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 (March 31, 2020), 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 (March 31, 2020), 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)

March 31, 2020

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 March 31, 2020				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	190,061	\$ 5,464,242	3.38	\$ 5,464,242	
	Stock 2	None	"	9,610	50,261	0.10	50,261	
	Stock 3, etc.	The Company is a director of the investee	"	5,098	64,975	-	64,975	
	Stock 4	None	Note 4	10,084	137,651	0.09	137,651	
	Stock 5	The Company is a director of the investee	"	11,527	338,907	1.96	338,907	
	Stock 6	None	"	47,839	310,474	1.76	310,474	
	Stock 7	"	"	1,776	10,124	0.05	10,124	
	Stock 8	The Company is a director of the investee	"	32,980	308,552	10.99	308,552	
	Stock 9	None	"	7,500	314,775	5.00	314,775	
	Stock 10, etc.	"	"	41,495	190,207	-	190,207	
Teco International	Fund 1, etc.	"	"	-	207,788	-	207,788	
	Stock 11, etc.	"	Note 1	16,376	334,908	-	334,908	
	Stock 12, etc.	"	Note 3	3,814	172,011	-	172,011	
Tong-an Investment	Stock 26, etc.	"	Note 2	637	17,906	-	17,906	
	Stock 13	An investee company accounted for under the equity method by the Company	Note 1	19,540	470,915	0.99	470,915	
	Stock 11	Related party in substance	"	9,197	118,635	8.17	118,635	
	Stock 14	None	"	8,692	550,201	0.27	550,201	
	Stock 15	"	"	1,285	128,372	0.04	128,372	
	Stock 16	The Company is a director of the investee	"	14,050	5,381,150	10.03	5,381,150	
	Stock 17, etc.	"	"	32,158	373,959	-	373,959	
	Stock 29, etc.	"	Note 2	623	28,696	-	28,696	
	Stock 18, etc.	"	Note 3	13,417	644,569	-	644,569	
	Stock 16	"	Note 4	1,000	383,000	-	383,000	
	Fund 2	None	"	50,000	500,000	-	500,000	
	Fund 3, etc.	"	"	-	65,597	-	65,597	
	Stock 19, etc.	"	Note 1	118	3,315	-	3,315	
	Stock 13	An investee company accounted for under the equity method by the Company	"	2,826	68,101	0.14	68,101	
	Stock 11	Related party in substance	"	1,270	16,385	1.13	16,385	
	Stock 20	"	"	2,756	174,159	8.51	174,159	
	Stock 21	None	"	195	9,904	-	9,904	
	Stock 28, etc.	"	Note 2	43	2,437	-	2,437	
	Stock 18, etc.	"	Note 3	1,534	76,037	-	76,037	
Jie-Zheng Property	Fund 4, etc.	None	Note 2	-	35,862	-	35,862	
Teco Electro	Stock 11	Related party in substance	Note 1	200	2,583	0.18	2,583	
Information Technology Total	Stock 22, etc.	None	"	3,269	32,016	-	32,016	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Teco Singapore	Stock 16, etc.	None	Note 1	304	\$ 116,571	-	\$ 116,571	
Taiwan Pelican express	Stock 13	An investee company accounted by the Company using	"	7,070	170,387	0.36	170,387	
	Stock 16	None	"	459	175,797	0.32	175,797	
Teco Australia	Stock 16	"	"	460	176,333	0.33	176,333	
Sankyo	Stock 23	"	"	68	6,484	-	6,484	
Tecom	Stock 2	"	"	2,175	11,377	0.02	11,377	
	Stock 1	The Company is a corporate director of the investee	"	166,222	466,385	0.29	466,385	
Tecom International	Stock 24	None	Note 3	3,354	22,135	1.69	22,135	
	Stock 25, etc.	"	Note 1	524	680	-	680	
	Fund 5, etc.	"	Note 2	1,487	14,878	-	14,878	
Top-Tower	Stock 13	An investee company accounted for under the equity method by the Company	Note 3	77	1,861	-	1,861	
	Stock 27, etc.	None	"	3	27	-	27	

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 three-month period ended March 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2020		Addition		Disposal			Gain (loss) on disposal	Balance as at March 31, 2020	
					Number of shares / units	Amount	Number of shares / units	Amount	Number of shares / units	Selling price	Book value		Number of shares / units	Amount
Tong-An Investment Co., Ltd.	Yuanta Taiwan High-yield Leading Company Fund	Note	Not applicable	Not applicable	-	\$ -	50,000,000	\$ 500,000	-	\$ -	\$ -	\$ -	50,000,000	\$ 500,000

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

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 three-month period ended March 31, 2020

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	\$ 580,218	16%	30 days	Note 1	Note 1	(\$ 66,826)	(2%)	
	Tai-An Wuxi	An indirect investee accounted for under the equity method	"	149,673	4%	"	"	"	(108,338)	(3%)	
	Wuxi Teco	"	"	246,260	7%	"	"	"	(442,296)	(12%)	
	Tong Tai	An investee accounted for under the equity method	Sales	(397,635)	(9%)	90 days	"	"	395,827	11%	
	Teco Singapore	"	"	(107,419)	(2%)	"	"	"	78,492	2%	
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(796,706)	(18%)	"	"	"	565,798	16%	
	Teco Westinghouse Canada	"	"	(153,056)	(3%)	"	"	"	100,424	3%	
	Teco Australia	"	"	(237,847)	(5%)	"	"	"	144,195	4%	

Note 1: 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
March 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2020	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	\$ 396,889	3.80	\$ -	-	\$ -	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	565,798	7.71	-	-	2,034	
"	QingDao Teco	"	277,340	-	-	-	-	
"	Wuxi Teco	"	100,011	0.36	-	-	-	
"	Teco Australia	"	146,601	5.23	-	-	-	
"	Sankyo	"	268,021	0.83	172,297	In the process of collection	-	
"	Teco Netherlands	"	317,551	0.12	249,563	"	-	
"	Teco Westinghouse Canada	"	100,424	7.56	-	-	-	
"	Motovario S. P. A.	"	119,819	1.16	-	-	18,945	
Teco Westinghouse	TECO ELECTRIC & MACHINERY CO., LTD.	An indirect investee accounted for under the equity method	302,250	-	-	-	-	
Wuxi Teco	"	"	442,296	2.45	-	-	43,007	
Tai-An Wuxi	"	"	108,338	5.74	-	-	27,618	
Qing Dao Teco	"	"	111,509	2.51	-	-	63,952	
U.V.G.	Teco Netherlands	"	232,680	-	-	-	-	
Century Development	Centurytech Construction and Mangement Corp.	An investee accounted for under the equity method	100,000	-	-	-	-	Total cumount was \$17,888

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the three-month period ended March 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 396,889	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	565,798	"	1%
0	"	QingDao Teco	"	"	277,340	"	-
0	"	Teco Australia	"	"	146,601	"	-
0	"	Teco Netherlands	"	"	317,551	"	-
0	"	Sankyo	"	"	268,021	"	-
0	"	Wuxi Teco	"	"	100,011	"	-
0	"	Motovario S. P. A.	"	"	119,819	"	-
0	"	Teco Westinghouse Canada	"	Accounts receivable	100,424	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	442,296	"	-
2	Tai-An Wuxi	"	"	"	108,338	"	-
3	QingDao Teco	"	"	"	111,509	"	-
4	Teco Westinghouse	"	"	Other receivables	302,250	"	-
5	Century Development	Centurytech Construction and Management Corp.	(3)	"	100,000	"	-
8	U.V.G	Teco Netherlands	"	"	232,680	"	-
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	796,706	"	7%
0	"	Teco Westinghouse Canada	"	"	153,056	"	1%
0	"	Teco Singapore	"	"	107,419	"	1%
0	"	Tong Dai	"	"	397,635	"	4%
0	"	Teco Australia	"	"	237,847	"	2%

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting period
For the three-month period ended March 31, 2020

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	
7	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Sales	\$ 580,218	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.	5%
2	Tai-An Wuxi	"	"	"	149,673	"	1%
1	Wuxi Teco	"	"	"	246,260	"	2%

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 three-month period ended March 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss)	Investment income	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	(loss) of the investee	(loss) recognized by the	
									March 31, 2020	March 31, 2020	
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	\$ 12,293	\$ 12,293	39,145,044	31.14	\$ 2,096,567	\$ 31,297	\$ 9,746	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	200,301,025	63.52	86,021	(27,580)	(17,386)	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	67,537,429	100	1,098,507	1,795	5,656	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	10,543,721	128,468	128,735	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90	3,322,053	23,772	17,556	None
	Tong-An	Taiwan	Investment holdings	2,490,000	2,490,000	495,724,243	99.63	10,764,467	82,021	57,477	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	82,335	82,335	10,770,864	62.57	182,715	3,326	2,073	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	7,518,218	31,486	32,902	None
	ITTS	Taiwan	E-business service, mailing and data management	116,346	116,346	11,467,248	45.11	227,371	20,355	8,543	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100	220,944	10,799	6,517	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three-month period ended March 31, 2020	Investment income	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value		(loss) recognized by the Company for the three-month period ended March 31, 2020	
TECO ELECTRIC & MACHINERY CO., LTD.	Lien Chang	Taiwan	Manufacturing of color flybacks transformers, mono flyback transformers and mono deflection yokes	\$ 117,744	\$ 117,744	37,542,159	33.84	\$ 445,771	\$ 16,582	\$ 5,612	None
	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	22,444	22,444	6,615,234	83.53	372,508	14,136	11,808	Note
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	352,252	352,252	29,013,668	100	287,432	(8,963)	(28,367)	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95	147,901	2,078	1,364	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	388,423,711	100	5,260,857	20,279	20,279	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70	176,371	2,496	1,359	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	1,382,977	(6,360)	(7,410)	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67	1,318,074	66,839	18,186	None
	An-Tai	Taiwan	Investment holdings	150,000	150,000	32,653,581	100	457,543	(1,296)	(1,312)	None
	Pelican	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27	285,087	54,544	13,782	None
	Kuen Ling	Taiwan	Manufacturing, installation, repair, domestic and export sales and leasing of condenser, water cooling, watercooled chiller and freezer	186,605	186,605	11,131,642	14.62	288,272	13,056	1,908	None
	Taian-Etacom Technology Co., Ltd.	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73	142,521	1,265	1,072	None
Eagle Holding Co. TECO MOTOR B.V.	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100	4,216,647	(3,898)	(3,898)	None
	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100	4,216,647	(3,898)	(3,898)	None
	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100	4,216,647	(3,898)	(3,898)	None
Tung Pei	Tung Pei (SAMOA) Industrial Co., Ltd.	Samoa	Investment holdings and establishment of overseas distribution channel	646,343	646,343	23,031,065	100	1,556,041	(9,378)	(9,378)	None

Table 8, Page 2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three-month period ended March 31, 2020	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2020	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Tecom	Tecom International Baycom	Taiwan	Investment holdings	\$ 100,000	\$ 100,000	12,000,000	100	\$ 205,097	\$ 523	\$ 523	None
Tong-An Investment		Taiwan	Manufacturing and sales of optical telecom products	359,656	359,656	9,619,819	28.64	124,153	(73)	(21)	None
	Creative Sensor	Taiwan	Manufacturing and sales of	87,464	87,464	7,913,310	6.23	205,963	(10,759)	581	None
	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18	646,664	66,839	9,201	None
	Pelican	Taiwan	Logistics and distribution services	54,874	54,874	6,474,468	6.78	120,337	54,544	3,061	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	200,000	51,427,000	20.57	505,360	(3,877)	(798)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30	241,777	(2,990)	(1,039)	None
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	12,553,526	100	134,380	725	725	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,354	84.97	716,398	614	5,622	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03	126,711	614	995	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	98,170	98,170	10,000,000	100	68,485	(789)	(480)	None
	Jack Property Service & Management Company	Taiwan	Building management servicing	13,750	13,750	1,512,500	50	75,285	8,700	4,353	None
Century Development	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks	25,536	25,536	4,432,718	51.60	70,607	2,647	1,366	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,600	300,000	77,160,000	30.86	757,044	(3,877)	(1,662)	None
	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11	10,340	(31)	(9)	None
Century Development	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40	308,643	(2,990)	(1,196)	None
Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510	100	120,310	1,009	1,086	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2020			Net profit (loss) of the investee for the three-month period ended March 31, 2020	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2020	Footnote
				Balance as at March 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	\$ 179,222	\$ 179,222	21,264,873	6.06	\$ 253,713	\$ 66,839	\$ 4,216	None
Teco International	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	52,560	52,560	4,326,447	3.41	112,607	(10,759)	318	None
Kuen Ling	CHING CHI INTERNATIONAL LIMITED	British Virgin Islands	Investing in other areas	201,467	201,467	6,200,000	83	413,083	(25,046)	(20,782)	None
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	184,893	184,893	17,018,916	4.85	203,239	66,839	3,383	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	200,000	51,427,000	20.57	505,050	(3,877)	(1,108)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30	241,932	(2,990)	(884)	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the three-month period ended March 31, 2020

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,	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31,	Net income of investee for the three-month period ended March 31, 2020	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the three- month period ended March 31, 2020	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
				2020	Remitted to Mainland China	Remitted back to Taiwan	2020			March 31, 2020	March 31, 2020	March 31, 2020	
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ -	\$ -	\$ 188,139	(\$ 3,058)	100	(\$ 3,058)	\$ 130,679	\$ -	Note 16
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	24,947	82.35	20,544	1,569,935	-	Note 15
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 11	205,551	-	-	205,551	(10,099)	100	(10,099)	1,251,310	-	Note 15
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	101	100	101	(5,944)	-	Note 16
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	2,772	98.07	2,719	1,441,755	-	Note 15
QingDao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	-	-	1,648,510	4,282	87.6	3,751	360,607	-	Note 15
Xiamen Teco	Sales of motors and home appliances	20,590	Note 3	20,590	-	-	20,590	-	100	-	-	-	Note 19
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors. Plant rentals and related real estate management	678,681	Note 3	467,577	-	-	467,577	(400)	100	(400)	238,717	-	Note 15
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	(3,503)	100	(3,505)	26,778	-	Note 16
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	2,341	24	525	25,745	-	Note 16
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	(2,188)	100	(2,188)	64,359	-	Note 16

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, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	Net income of investee for the three-month period ended March 31, 2020	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the three- month period ended March 31, 2020	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	March 31, 2020	March 31, 2020			March 31, 2020			
Ecoelectric International	Distribution of air conditioner	\$ 24,004	Note 2	\$ -	\$ -	\$ -	\$ -	(\$ 4,336)	39.9	(\$ 1,730)	(\$ 5,560)	\$ -	Note 16
Teco (Tianjin) Innovation	Central China area Operation center	15,990	Note 3	15,990	-	-	15,990	-	100	-	-	-	Note 19
Teco (Jiang Xi)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	(4,161)	100	(4,161)	119,061	-	Note 16
Teco Sichuan Trading	Sales of home appliances	26,522	Note 11	-	-	-	-	-	100	-	-	-	Note 19
Jiangxi Teco- Lead	Manufacturing and sales of wind generator	141,079	Note 1	62,865	-	-	62,865	-	45	-	-	-	Note 19
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 13	59,444	-	-	59,444	(411)	100	(411)	36,180	-	Note 16
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	23,829	6,787	100	6,787	91,405	-	Note 15
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 11	240,818	-	-	240,818	-	100	-	-	-	Notes 20
Jiangxi TECO Westinghouse Motor Coil Co.,Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 12	-	-	-	-	1,495	100	1,495	112,413	-	Note 15
Wuxi TECO Precision	Production and sale of industrial motors and applications	656,500	Note 14	-	-	-	-	5,085	100	5,087	776,396	-	Note 16
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	26,422	(67)	100	(67)	2,114	-	Note 15
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	344,643	Note 5	24,746	-	-	24,746	-	1.63	-	-	-	Notes 17 and 18
Wuhan Tecom	Communication network information, technology development, sales and technology services business	6,950	Note 6	6,950	-	-	6,950	(1,259)	100	(820)	2,414	-	Note 15
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	-	-	485,455	(35)	100	(35)	2,948	-	Note 15

Table 9, Page 2

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 three-month period ended March 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of March 31,	Net income of investee for the three-month period ended March 31, 2020	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the three- month period ended March 31, 2020	Book value of investments in Mainland China as of March 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2020	Footnote	
				2020	Remitted to Mainland China	Remitted back to Taiwan	2020			March 31, 2020		March 31, 2020		March 31, 2020
Beijing Tecom Innovation Technology Co., Ltd.	Intelligent home systems and spare parts of the Internet of things, wholesale, import and export of goods and technology import and export, import and export agency, to provide technical advice, technical training and technical services	14,566	Note 8	14,566	-	-	14,566	-	-	-	-	-	Note 19	
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	10,167	Note 9	10,167	-	-	10,167	1,333	100	1,333	17,524	-	Note 15	
Information Technology	ERP building, system maintenance and purchases of information appliance	1,000	Note 9	-	-	-	- (296)	100	(296)	388	-	Note 15
Wuxi TECO Precision Industry Co. Ltd.	R&D, manufacturing and sales of motors and provide products sales skills	115,125	Note 10	86,101	-	-	86,101	1,009	100	1,009	120,670	43,266	Note 16	

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 Tecom Tech Investment (B.V.I) Limited 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 Information Technology Total Service (BVI) Co., Ltd. and then invest in Mainland China.

Note 10: 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 11: 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 then invest in Mainland China.

Note 12: Through investing in investees in the third areas, which then invested in the investee in Mainland China: Invest through Teco Holding USA Inc. and Teco Westinghouse Motor Company and then invest in Mainland China.

Note 13: 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 14: 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 15: The amount recognized was based on the financial statements that were reviewed by R.O.C. parent company's CPA firm.

Note 16: The amount recognized was based on the financial statements that were not reviewed by the other CPA firm.

Note 17: Financial assets at fair value through other comprehensive income.

Note 18: As of March 31, 2020, accumulated impairment of \$24,746 was accrued.

Note 19: The liquidation was completed in May 2019.

Note 20: The liquidation has not been completed.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2020	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	\$ 8,713,487	\$ 35,625,733
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,084,016
Tecom Co., Ltd.	541,961	754,000	254,308
Information Technology Total Services Co., Ltd.	10,167	10,167	325,059
Teco Electro Devices Co., Ltd.	86,101	104,259	175,334

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 transaction dates.

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

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas
For the three-month period ended March 31, 2020

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 March 31, 2020	%	Balance at December 31, 2019	Purpose	Maximum balance during the three-month period ended March 31, 2020	Balance at March 31, 2020	Interest rate	Interest during the three-month period ended March 31, 2020	Others
Wuxi Teco	\$ 8,503	-	\$ -	-	12,296	-	\$ -	-	\$ -	\$ -	-	\$ -	-
Taian (Wuxi)	3,129	-	-	-	3,940	-	-	-	-	-	-	-	-
Jiangxi Teco	4,605	-	-	-	5,909	-	-	-	-	-	-	-	-
QingDao Teco	-	-	-	-	2,517	-	-	-	129,158	127,097	3.50%	1,124	-
Xiamen An-Tai	-	-	-	-	-	-	-	-	78,650	60,450	2.76%	171	-
Shanghai Teco	5,747	-	-	-	5,747	-	-	-	-	-	-	-	-
Wuxi Teco Precision	697	-	-	-	1,697	-	-	-	-	-	-	-	-
Wuxi Teco	(246,260)	(7%)	-	-	(442,296)	(12%)	-	-	-	-	-	-	-
Taian (Wuxi)	(149,673)	(4%)	-	-	(108,338)	(3%)	-	-	-	-	-	-	-
Jiangxi Teco	(29,408)	(1%)	-	-	(10,941)	-	-	-	-	-	-	-	-
QingDao Teco	(86,344)	(2%)	-	-	(111,509)	(3%)	-	-	-	-	-	-	-
Xiamen An-Tai	(502)	-	-	-	-	-	-	-	-	-	-	-	-
Teco (Jiang Xi)	(7,399)	-	-	-	(4,099)	-	-	-	-	-	-	-	-
Wuxi Teco Precision	(22,087)	(1%)	-	-	-	-	-	-	-	-	-	-	-

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Major shareholders information

March 31, 2020

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
PJ Asset Management Co., Ltd	273,198,000	13.88%
Jia-Yuan Investment Co., Ltd	127,360,000	6.47%