

**TECO ELECTRIC & MACHINERY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT
ACCOUNTANTS
SEPTEMBER 30, 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.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Teco Electric & Machinery Co., Ltd. and subsidiaries (the “Group”) as at September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the related statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As described in Notes 4(3) and 6(7) to the consolidated financial statements, the financial statements of certain consolidated subsidiaries and investees accounted for under the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for under the equity method) of NT\$37,355,221 thousand and NT\$31,351,413 thousand, constituting 35% and 32% of consolidated total assets as of September 30, 2020 and 2019, respectively, total liabilities (including credit balance of investments accounted for under the equity method) of NT\$4,525,863 thousand and NT\$4,254,846 thousand, constituting 12% and 11% of consolidated total liabilities as of September 30, 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\$167,425 thousand, NT\$298,659 thousand, NT\$880,148 thousand and NT\$793,944 thousand, constituting 49%, 17%, 12% and 16% of the consolidated total comprehensive income for the three-month and nine-month periods then ended, respectively. These amounts and the related information disclosed in Note 13 were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investees accounted for under the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2020 and 2019, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 13, 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 independent auditors' review report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

Assets		Notes	September 30, 2020		December 31, 2019		September 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$ 20,308,158	19	\$ 19,111,371	19	\$ 18,616,097	19
1110	Financial assets at fair value through profit or loss - current	6(2)	161,624	-	126,945	-	178,476	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,213,439	1	1,065,729	1	1,114,980	1
1140	Current contract assets		1,213,082	1	1,521,080	2	1,200,564	1
1150	Notes receivable, net	6(5) and 8	1,278,504	1	1,118,731	1	1,124,204	1
1160	Notes receivable - related parties	7	8,259	-	1,457	-	3,409	-
1170	Accounts receivable, net	6(5)	8,035,771	8	8,780,047	9	9,173,296	9
1180	Accounts receivable - related parties	7	364,360	-	232,293	-	245,691	-
1200	Other receivables		231,516	-	497,877	-	374,720	1
1210	Other receivables - related parties	7	168,041	-	81,369	-	174,243	-
130X	Inventories, net	6(6)	10,008,929	10	9,853,585	10	10,307,603	11
1410	Prepayments		479,176	1	662,456	1	693,195	1
1470	Other current assets	6(1) and 8	1,828,692	2	893,636	1	1,011,310	1
11XX	Total current assets		45,299,551	43	43,946,576	44	44,217,788	45
Total Non-current assets								
1510	Financial assets at fair value through profit or loss – non-current	6(2)	3,453,019	3	2,291,217	2	2,214,166	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	19,440,855	18	14,473,017	15	13,358,000	14
1535	Non-current financial assets at amortised cost, net	6(4) and 8	410,074	-	377,256	1	190,126	-
1550	Investments accounted for under the equity method	6(7)	3,892,620	4	3,897,316	4	3,939,695	4
1600	Property, plant and equipment, net	6(8) and 8	16,060,198	15	16,742,830	17	16,883,836	17
1755	Right-of-use assets	6(9) and 8	6,836,879	7	7,119,164	7	7,174,456	7
1760	Investment property, net	6(10)	2,857,944	3	2,762,570	3	2,752,352	3
1780	Intangible assets	6(11)	5,207,089	5	5,200,634	5	5,225,587	6
1840	Deferred income tax assets	6(29)	1,341,545	1	1,346,817	1	1,264,167	1
1900	Other non-current assets	6(12) and 8	1,268,726	1	937,007	1	815,874	1
15XX	Non-current assets		60,768,949	57	55,147,828	56	53,818,259	55
1XXX	Total assets		\$ 106,068,500	100	\$ 99,094,404	100	\$ 98,036,047	100

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2020, DECEMBER 31, 2019 AND SEPTEMBER 30, 2019
(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2020		December 31, 2019		September 30, 2019	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13) and 8	\$ 2,938,004	3	\$ 1,857,637	2	\$ 2,026,526	2
2120	Financial liabilities at fair value through profit or loss - current	6(14)	-	-	50	-	116	-
2130	Current contract liabilities	6(23)	2,104,106	2	1,001,440	1	969,868	1
2150	Notes payable		438,000	-	284,661	-	273,669	-
2160	Notes payable - related parties	7	78,260	-	81,176	-	82,205	-
2170	Accounts payable		6,398,973	6	6,783,872	7	6,628,011	7
2180	Accounts payable - related parties	7	72,974	-	128,569	-	135,701	-
2200	Other payables	6(15)	4,509,540	4	4,676,588	5	4,544,519	5
2230	Current income tax liabilities	6(29)	490,837	1	584,071	1	742,336	1
2250	Provisions for liabilities - current		488,518	1	273,575	-	263,637	-
2280	Current lease liabilities		431,537	-	475,786	1	362,073	-
2320	Long-term liabilities, current portion	6(16)(17) and 8	365,752	-	3,410,798	3	3,856,184	4
2399	Other current liabilities, others		882,886	1	735,603	1	786,454	1
21XX	Total current liabilities		<u>19,199,387</u>	<u>18</u>	<u>20,293,826</u>	<u>21</u>	<u>20,671,299</u>	<u>21</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(16)	6,000,000	6	1,000,000	1	1,000,000	1
2540	Long-term borrowings	6(17) and 8	4,305,834	4	6,673,954	7	6,434,536	7
2550	Provisions for liabilities - non-current		123,971	-	125,014	-	101,652	-
2570	Deferred income tax liabilities	6(29)	2,513,071	2	2,400,752	2	2,357,739	2
2580	Non-current lease liabilities		4,515,525	4	4,743,306	5	4,835,309	5
2600	Other non-current liabilities	6(7)(18)	2,016,050	2	2,152,762	2	2,111,852	2
25XX	Total non-current liabilities		<u>19,474,451</u>	<u>18</u>	<u>17,095,788</u>	<u>17</u>	<u>16,841,088</u>	<u>17</u>
2XXX	Total liabilities		<u>38,673,838</u>	<u>36</u>	<u>37,389,614</u>	<u>38</u>	<u>37,512,387</u>	<u>38</u>
	Equity attributable to owners of parent							
	Share capital	6(19)						
3110	Common stock		19,676,929	19	19,676,929	20	19,676,929	20
	Capital surplus	6(20)						
3200	Capital surplus		7,453,962	6	7,389,577	7	7,355,483	7
	Retained earnings	6(21)						
3310	Legal reserve		7,024,635	7	6,702,463	7	6,702,463	7
3320	Special reserve		3,640,779	3	3,640,779	4	3,640,779	4
3350	Unappropriated retained earnings		16,496,734	16	16,047,563	16	15,501,552	16
	Other equity interest	6(22)						
3400	Other equity interest		7,891,410	7	3,570,756	3	3,143,291	3
3500	Treasury stocks	6(19) and 8	(511,710)	-	(321,563)	-	(321,563)	-
31XX	Equity attributable to owners of the parent		<u>61,672,739</u>	<u>58</u>	<u>56,706,504</u>	<u>57</u>	<u>55,698,934</u>	<u>57</u>
36XX	Non-controlling interest	6(33)	5,721,923	6	4,998,286	5	4,824,726	5
3XXX	Total equity		<u>67,394,662</u>	<u>64</u>	<u>61,704,790</u>	<u>62</u>	<u>60,523,660</u>	<u>62</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 106,068,500</u>	<u>100</u>	<u>\$ 99,094,404</u>	<u>100</u>	<u>\$ 98,036,047</u>	<u>100</u>

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

Items	Notes	Three-month periods ended September 30				Nine-month periods ended September 30			
		2020		2019		2020		2019	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(9)(10)(23) and 7	\$ 11,447,811	100	\$ 11,601,033	100	\$ 33,348,808	100	\$ 35,849,590	100
5000 Operating costs	6(6)(8)(9)(18)(28) and 7	(8,903,952)	(78)	(8,611,221)	(74)	(25,155,764)	(75)	(26,854,625)	(75)
5900 Net operating margin		2,543,859	22	2,989,812	26	8,193,044	25	8,994,965	25
5910 Unrealized loss from sales		(1,587)	-	223	-	(9,843)	-	(8,552)	-
5920 Realized profit from sales		-	-	-	-	8,263	-	9,160	-
5950 Net operating margin		2,542,272	22	2,990,035	26	8,191,464	25	8,995,573	25
Operating expenses	6(8)(9)(18)(28)								
6100 Selling expenses		(965,788)	(9)	(1,125,455)	(10)	(2,943,032)	(9)	(3,369,291)	(10)
6200 General and administrative expenses		(596,096)	(5)	(643,174)	(6)	(1,769,828)	(5)	(1,906,172)	(5)
6300 Research and development expenses		(258,857)	(2)	(286,245)	(2)	(779,574)	(3)	(838,901)	(3)
6450 Expected credit impairment gains (losses)	12(2)	(10,584)	-	1,812	-	(25,695)	-	(5,656)	-
6000 Total operating expenses		(1,831,325)	(16)	(2,053,062)	(18)	(5,518,129)	(17)	(6,120,020)	(18)
6900 Operating profit		710,947	6	936,973	8	2,673,335	8	2,875,553	7
Non-operating income and expenses									
7100 Interest income	6(4)(24)	37,664	1	66,858	1	163,888	-	208,789	1
7010 Other income	6(3)(10)(25) and 7	240,505	2	241,148	2	953,041	3	909,092	3
7020 Other gains and losses	6(2)(9)(14)(26) and 7	3,452	-	(115,163)	(1)	(150,124)	-	(200,543)	(1)
7050 Finance costs	6(9)(27)	(57,422)	-	(65,567)	-	(193,704)	(1)	(205,025)	(1)
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(7)	30,014	-	40,984	-	(50,931)	-	26,285	-
7000 Total non-operating income and expenses		254,213	3	168,260	2	722,170	2	738,598	2
7900 Profit before income tax		965,160	9	1,105,233	10	3,395,505	10	3,614,151	9
7950 Income tax expense	6(29)	(184,676)	(2)	(232,528)	(2)	(483,727)	(1)	(752,136)	(2)
8200 Profit for the period		\$ 780,484	7	\$ 872,705	8	\$ 2,911,778	9	\$ 2,862,015	7

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(REVIEWED, NOT AUDITED)

		Three-month periods ended September 30				Nine-month periods ended September 30			
		2020		2019		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income									
Other comprehensive income that will not be reclassified to profit or loss									
8311	Other comprehensive income, before tax, actuarial losses on defined benefit plans	(\$ 12)	-	\$ -	-	(\$ 8,746)	-	\$ -	-
8316	Unrealized gains and losses on valuation of investments in equity instruments measured at fair value through other comprehensive income	(1,215,479)	(11)	(2,266,353)	(19)	4,893,048	15	2,241,982	6
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	5,087	-	6,235	-	4,878	-	11,867	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss	(1,210,404)	(11)	(2,260,118)	(19)	4,889,180	15	2,253,849	6
Other comprehensive income that will be reclassified to profit or loss									
8361	Currency translation differences of foreign operations	60,116	1	(426,101)	(4)	(616,271)	(2)	(61,054)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified	25,662	-	21,320	-	80,052	-	(27,993)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss	85,778	1	(404,781)	(4)	(536,219)	(2)	(89,047)	-
8300	Other comprehensive income (loss) for the period	(\$ 1,124,626)	(10)	(\$ 2,664,899)	(23)	\$ 4,352,961	13	\$ 2,164,802	6
8500	Total comprehensive income (loss) for the period	(\$ 344,142)	(3)	(\$ 1,792,194)	(15)	\$ 7,264,739	22	\$ 5,026,817	13
Profit attributable to:									
8610	Owners of the parent	\$ 801,977	7	\$ 785,214	7	\$ 2,727,719	8	\$ 2,586,884	6
8620	Non-controlling interest	(21,493)	-	87,491	1	184,059	1	275,131	1
		\$ 780,484	7	\$ 872,705	8	\$ 2,911,778	9	\$ 2,862,015	7
Comprehensive income attributable to:									
8710	Owners of the parent	(\$ 256,260)	(2)	(\$ 1,811,742)	(15)	\$ 7,040,013	21	\$ 4,702,158	12
8720	Non-controlling interest	(87,882)	(1)	19,548	-	224,726	1	324,659	1
		(\$ 344,142)	(3)	(\$ 1,792,194)	(15)	\$ 7,264,739	22	\$ 5,026,817	13
Earnings per share (in dollars)									
9750	Basic earnings per share	\$ 0.41		\$ 0.40		\$ 1.41		\$ 1.33	
9850	Diluted earnings per share	\$ 0.41		\$ 0.40		\$ 1.41		\$ 1.33	

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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 nine-month period ended September 30, 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 and retrospective restatement		-	-	-	-	(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		-	-	-	-	2,586,884	-	-	-	2,586,884	275,131	2,862,015
Other comprehensive (loss) income for the period	6(22)	-	-	-	-	-	(89,139)	2,204,413	-	2,115,274	49,528	2,164,802
Total comprehensive (loss) income		-	-	-	-	2,586,884	(89,139)	2,204,413	-	4,702,158	324,659	5,026,817
Appropriation of 2018 earnings												
Legal reserve		-	-	315,009	-	(315,009)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,770,924)	-	-	-	(1,770,924)	-	(1,770,924)
Reacquisition of treasury shares		-	-	-	-	-	-	-	(675,840)	(675,840)	-	(675,840)
Retirement of treasury shares	6(19)	(350,000)	(325,840)	-	-	-	-	-	675,840	-	-	-
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	34,108	-	-	-	-	-	-	34,108	-	34,108
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(103,767)	(103,767)
Disposal of investment in equity instrument at fair value through other comprehensive income	6(3)(22)	-	-	-	-	77,041	-	(77,041)	-	-	-	-
Balance at September 30, 2019		\$ 19,676,929	\$ 7,355,483	\$ 6,702,463	\$ 3,640,779	\$ 15,501,552	(\$ 1,990,863)	\$ 5,134,154	(\$ 321,563)	\$ 55,698,934	\$ 4,824,726	\$ 60,523,660
For the nine-month period ended September 30, 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		-	-	-	-	2,727,719	-	-	-	2,727,719	184,059	2,911,778
Other comprehensive (loss) income for the period	6(22)	-	-	-	-	(8,808)	(525,337)	4,846,439	-	4,312,294	40,667	4,352,961
Total comprehensive (loss) income		-	-	-	-	2,718,911	(525,337)	4,846,439	-	7,040,013	224,726	7,264,739
Appropriation of 2019 earnings												
Legal reserve		-	-	322,172	-	(322,172)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,948,016)	-	-	-	(1,948,016)	-	(1,948,016)
Acquisition of parent company's share by subsidiaries recognized as treasury shares	6(19)	-	-	-	-	-	-	-	(190,147)	(190,147)	-	(190,147)
Transactions with non-controlling interest	6(33)	-	40,727	-	-	-	-	-	-	40,727	(40,727)	-
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	23,658	-	-	-	-	-	-	23,658	-	23,658
Changes in other non-controlling equity		-	-	-	-	-	-	-	-	-	(160,362)	(160,362)
Proceeds from capital increase of non-controlling interests	6(33)	-	-	-	-	-	-	-	-	-	700,000	700,000
Disposal of investment in equity instrument at fair value through other comprehensive income	6(3)(22)	-	-	-	-	448	-	(448)	-	-	-	-
Balance at September 30, 2020		\$ 19,676,929	\$ 7,453,962	\$ 7,024,635	\$ 3,640,779	\$ 16,496,734	(\$ 3,202,062)	\$ 11,093,472	(\$ 511,710)	\$ 61,672,739	\$ 5,721,923	\$ 67,394,662

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Nine-month periods ended September 30	
	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 3,395,505	\$ 3,614,151
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(23)(26)	(697,385)	(137,314)
Net loss on financial liabilities at fair value through profit or loss	6(14)(26)	-	121
Expected credit impairment loss	12(2)	25,695	5,656
Interest income	6(24)	(163,888)	(208,789)
Dividend income	6(25)	(609,053)	(616,851)
Interest expense	6(27)	193,704	205,025
Depreciation and amortization	6(8)(9)(10)(28)	1,420,506	1,461,500
Gain on disposal of investments	6(26)	(93)	(9,614)
Loss on disposal of property, plant and equipment	6(26)	7,266	11,342
Impairment loss	6(8)(26)	15,867	-
Share of (loss) profit of associates and joint ventures accounted for under the equity method	6(7)	50,931	(26,285)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current	(	17,343)	22,221
Contract assets - current		307,998	149,674
Notes receivable	(	159,813)	(60,254)
Notes receivable - related parties	(	6,802)	(768)
Accounts receivable		738,612	(80,096)
Accounts receivable - related parties	(	132,067)	(4,419)
Other receivables	(	342,692)	(14,114)
Other receivables - related parties	(	86,672)	(103,264)
Inventories	(	155,344)	1,122,082
Prepayments		183,280	(260,776)
Other current assets	(	916,945)	(128,117)
Financial assets at fair value through profit or loss - non-current	(	499,854)	96,747
Changes in operating liabilities			
Contract liabilities - current		1,102,666	70,140
Notes payable		153,339	200,564
Notes payable - related parties	(	2,916)	(54,669)
Accounts payable	(	384,899)	(889,813)
Accounts payable - related parties	(	55,595)	(45,654)
Other payables	(	167,768)	(131,327)
Provisions for liabilities		213,900	(17,912)
Other current liabilities		147,283	(58,022)
Other non-current liabilities	(	189,194)	(146,748)
Cash inflow generated from operations		3,368,229	4,055,725
Interest received	6(24)	163,888	208,789
Dividend received		93,805	119,823
Interest paid	6(27)	(133,115)	(133,338)
Income tax paid	6(29)	(379,318)	(533,770)
Net cash flows from operating activities		3,113,489	3,717,229

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	Nine-month periods ended September 30	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in current financial assets at fair value through other comprehensive income		(\$ 76,684)	(\$ 147,522)
(Increase) decrease in pledged and restricted bank and time deposits	6(1) and 8	(187,522)	97,447
Decrease (increase) in non-current financial assets at fair value through profit or loss		18,101	(40,138)
Increase in financial assets at fair value through other comprehensive income - non-current		(20,800)	(94,557)
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income		3,091	362,365
Increase in non-current financial assets at amortized cost	6(4)	(32,818)	(7,401)
Increase in investments accounted for under the equity method		(5,109)	(2,813)
Acquisition of property, plant and equipment	6(8)(31)	(452,897)	(673,392)
Proceeds from disposal of property, plant and equipment		2,304	27,986
Acquisition of intangible assets		(47,322)	(70,341)
(Increase) decrease in other non-current assets		(192,653)	32,455
Dividends received arising from investment on financial instruments	6(25)	609,053	616,851
Net cash flows (used in) from investing activities		(383,256)	100,940
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(32)	1,080,367	32,166
Proceeds from issuance of bonds		5,000,000	-
Repayment of bonds		(3,000,000)	-
Decrease in long-term loans	6(32)	(2,413,166)	(360,126)
Lease liabilities paid	6(9)(32)	(379,964)	(394,352)
Treasury shares purchased	6(19)	-	(675,840)
Acquisition of the Company's share by subsidiaries recognized as treasury shares	6(19)	(190,147)	-
Cash dividends paid to non-controlling interests		(200,997)	(155,871)
Proceeds from capital increase of non-controlling interests	6(33)	700,000	-
Cash dividends paid	6(21)	(1,918,798)	(1,750,725)
Net cash flows used in financing activities		(1,322,705)	(3,304,748)
Exchange rate effect		(210,741)	567,110
Net increase in cash and cash equivalents		1,196,787	1,080,531
Cash and cash equivalents at beginning of period		19,111,371	17,535,566
Cash and cash equivalents at end of period		\$ 20,308,158	\$ 18,616,097

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 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 November 13, 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	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
Amendments to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note : Earlier application from January 1, 2020 is allowed by FSC.

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRSs 2018-2020 cycle	January 1, 2022
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
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
			September 30, 2020	December 31, 2019	September 30, 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
			September 30, 2020	December 31, 2019	September 30, 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	98.53	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	53.69	Note 5
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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd.	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	
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
			September 30, 2020	December 31, 2019	September 30, 2019	
Century Development Corporation	Century Biotech Development Corp.	Investment consultancy service for domestic industrial parks and land	72	100	100	Note 10
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
			September 30, 2020	December 31, 2019	September 30, 2019	
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	100	-	-	Notes 1 and 9
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	-	-	-	Notes 1 and 11

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 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.	TYM Electric and Machinery Sdn. Bhd.	Distribution of motors	100	100	100	Notes 1 and 13
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
			September 30, 2020	December 31, 2019	September 30, 2019	
Tong Dai Co., Ltd.	Top-Tower Enterprises Co., Ltd.	Sales of motors	40	40	40	Notes 1 and 5
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
			September 30, 2020	December 31, 2019	September 30, 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 7
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
			September 30, 2020	December 31, 2019	September 30, 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 Industry 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	
Motovario Australia Pty. Ltd.	F C R Motion Technology Pty. Ltd.	Sales of motors and electrical appliances	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	-	-	-	Notes 1 and 12

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
Asia Electric & Machinery (Pte) Ltd.	Nanchang Teco Electric & Machinery Co., Ltd.	Manufacturing and sales of air-conditioning equipment	100	100	100	Note 1
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 Electro Devices 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 components	-	100	100	Notes 1 and 6

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 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 8
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	-	-	-	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
			September 30, 2020	December 31, 2019	September 30, 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
			September 30, 2020	December 31, 2019	September 30, 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 nine-month periods ended September 30, 2020 and 2019 were not reviewed by the independent auditors 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 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 6: This company was liquidated in 2020.

Note 7: 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 8: Tecom International Investment Co., Ltd. disposed its subsidiary - WondaLink Inc. in November 2019.

Note 9: Newly established subsidiary this year.

Note 10: Century Biotech Development Corp. increased its cash capital in March 2020. The Group did not acquire shares proportionally to its interest, and therefore, its ownership interest decreased.

Note 11: 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 12: 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 13: Teco Industrial (Malaysia) Sdn. Bhd. issued and granted new shares to Teco Electric & Machinery (Pte) Ltd. in order to exchange the shares of TYE Electric & Machinery Sdn. Bhd. held by Teco Electric & Machinery (Pte) Ltd. due to group reorganization in the third quarter of 2020. This share exchange has no significant effect to the Group.

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\$37,355,221 and NT\$31,351,413 as of September 30, 2020 and 2019, respectively, total liabilities (including credit balance of investments accounted for under the equity method) of NT\$4,525,863 and NT\$4,254,846 as of September 30, 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\$167,425, NT\$298,659, NT\$880,148 and NT\$793,944 for the three-month and nine-month periods then ended, respectively. These amounts were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

C. Subsidiaries not included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			September 30, 2020	December 31, 2019	September 30, 2019	
Great Teco Motor (Pte) Ltd.	Teco Group Science-Technology (Hang Zhou) Co., Ltd.	Electrical machinery electric and automatic control technology development and consultation service	100	100	100	Note 1
An-Tai International Investment Co., Ltd.	Hubbell-Taian Co., Ltd.	Import, export and sales of electric wiring devices, lighting, explosion proofing and other accessory	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(33).

(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 September 30, 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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Cash on hand and revolving funds	\$ 8,145	\$ 19,451	\$ 23,801
Checking accounts and demand	8,016,243	6,694,245	9,026,174
Time deposits and notes issued under repurchase agreement	<u>12,283,770</u>	<u>12,397,675</u>	<u>9,566,122</u>
	<u>\$ 20,308,158</u>	<u>\$ 19,111,371</u>	<u>\$ 18,616,097</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 September 30, 2020, December 31, 2019 and September 30, 2019, certain bank deposits amounting to \$1,462,858, \$440,212 and \$372,882, respectively, were restricted due to earmarked construction projects and loans for purchasing materials (listed as '1470 Other current assets' and '1900 Other non-current assets'). Please refer to Note 8 for details.

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

<u>Items</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 19,625	\$ 17,328	\$ 37,301
Emerging stocks	-	22,268	17,136
Money market fund	137,768	112,769	142,049
Derivative instruments	<u>12,551</u>	<u>236</u>	<u>615</u>
	169,944	152,601	197,101
Valuation adjustments	(8,320)	(25,656)	(18,625)
	<u>\$ 161,624</u>	<u>\$ 126,945</u>	<u>\$ 178,476</u>

Items	September 30, 2020	December 31, 2019	September 30, 2019
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 902,868	\$ 902,868	\$ 901,251
Non-listed and OTC stocks	810,394	810,394	810,394
Fund beneficiary certificate	<u>748,821</u>	<u>269,397</u>	<u>270,583</u>
	2,462,083	1,982,659	1,982,228
Valuation adjustments	<u>990,936</u>	<u>308,558</u>	<u>231,938</u>
	<u>\$ 3,453,019</u>	<u>\$ 2,291,217</u>	<u>\$ 2,214,166</u>

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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 152,153</u>	<u>(\$ 9,850)</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	<u>\$ 697,385</u>	<u>\$ 137,314</u>

B. The non-hedging derivative instrument transactions and contract information are as follows:
September 30, 2020

September 30, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	July 8, 2020 ~ October 30, 2020	USD	500,000	\$ 525
SELL USD/BUY RMB	July 8, 2020 ~ October 30, 2020	USD	500,000	512
SELL USD/BUY RMB	July 16, 2020 ~ November 30, 2020	USD	1,000,000	934
SELL USD/BUY RMB	July 20, 2020 ~ November 30, 2020	USD	500,000	469
SELL USD/BUY RMB	July 27, 2020 ~ November 30, 2020	USD	500,000	493
SELL USD/BUY RMB	July 9, 2020 ~ December 30, 2020	USD	1,000,000	1,003
SELL USD/BUY RMB	July 16, 2020 ~ December 30, 2020	USD	500,000	491
SELL USD/BUY RMB	July 20, 2020 ~ December 30, 2020	USD	500,000	491
SELL USD/BUY RMB	August 10, 2020 ~ December 31, 2020	USD	500,000	466
SELL USD/BUY RMB	August 10, 2020 ~ November 30, 2020	USD	2,000,000	1,248
SELL USD/BUY RMB	July 16, 2020 ~ November 13, 2020	USD	1,000,000	934
SELL USD/BUY RMB	July 27, 2020 ~ November 25, 2020	USD	500,000	493
SELL USD/BUY RMB	August 10, 2020 ~ December 14, 2020	USD	500,000	450
SELL USD/BUY RMB	August 17, 2020 ~ January 22, 2021	USD	500,000	414
SELL USD/BUY RMB	August 31, 2020 ~ October 30, 2020	USD	500,000	131
SELL USD/BUY RMB	August 31, 2020 ~ December 30, 2020	USD	500,000	177
SELL USD/BUY RMB	July 14, 2020 ~ October 30, 2020	USD	500,000	502
SELL USD/BUY RMB	August 31, 2020 ~ October 30, 2020	USD	500,000	131
SELL USD/BUY RMB	July 20, 2020 ~ November 30, 2020	USD	500,000	474
SELL USD/BUY RMB	August 5, 2020 ~ November 30, 2020	USD	500,000	419

September 30, 2020				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
SELL USD/BUY RMB	July 20, 2020 ~ December 30, 2020	USD	500,000	496
SELL USD/BUY RMB	July 27, 2020 ~ December 31, 2020	USD	500,000	513
SELL USD/BUY RMB	August 10, 2020 ~ December 31, 2020	USD	500,000	459
SELL USD/BUY RMB	August 26, 2020 ~ January 29, 2021	USD	500,000	<u>326</u>
				<u>\$ 12,551</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>
September 30, 2019				
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	September 27, 2019 ~ October 30, 2019	USD	1,000,000	\$ 249
SELL USD/BUY RMB	September 25, 2019 ~ October 18, 2019	USD	500,000	102
SELL USD/BUY RMB	September 25, 2019 ~ November 29 , 2019	USD	500,000	102
SELL USD/BUY RMB	September 23, 2019 ~ October 24, 2019	USD	500,000	81
SELL USD/BUY RMB	September 25, 2019 ~ November 29, 2019	USD	500,000	<u>81</u>
				<u>\$ 615</u>

- C. The Group entered into forward foreign exchange contracts to sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts and foreign currency loan are not accounted for under hedge accounting.
- D. Information relating to 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	September 30, 2020	December 31, 2019	September 30, 2019
Current items:			
Listed and OTC stocks	\$ 1,097,529	\$ 1,036,488	\$ 1,100,992
Emerging stocks	19,672	6,672	-
	1,117,201	1,043,160	1,100,992
Valuation adjustments	96,238	22,569	13,988
	<u>\$ 1,213,439</u>	<u>\$ 1,065,729</u>	<u>\$ 1,114,980</u>
Non-current items:			
Listed and OTC stocks	\$ 7,989,909	\$ 7,975,067	\$ 7,976,171
Non-listed and OTC stocks	340,334	341,739	320,329
	8,330,243	8,316,806	8,296,500
Valuation adjustments	11,110,612	6,156,211	5,061,500
	<u>\$ 19,440,855</u>	<u>\$ 14,473,017</u>	<u>\$ 13,358,000</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 \$20,654,294, \$15,538,746 and \$14,472,980 as at September 30, 2020, December 31, 2019 and September 30, 2019, respectively.
- B. For the three-month and nine-month periods ended September 30, 2020 and 2019, the Group sold stocks with fair values of \$911, \$191,683, \$3,091 and \$362,365, respectively, to raise the capital for operations; the cumulative gains on disposal are \$199, \$32,226, \$448 and \$77,041, respectively, and the realized profits were carried forward from other equity to retained earnings.
- C. Amounts recognised in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ <u>1,215,479</u>)	(\$ <u>2,266,353</u>)
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ 199</u>	<u>\$ 32,226</u>
Dividend income recognised in profit or loss		
Held at end of period	\$ 102,906	\$ 152,938
Derecognised during the period	<u>-</u>	<u>-</u>
	<u>\$ 102,906</u>	<u>\$ 152,938</u>

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	\$ <u>4,893,048</u>	\$ <u>2,241,982</u>
Cumulative gains reclassified to retained earnings due to derecognition	\$ <u>448</u>	\$ <u>77,041</u>
Dividend income recognised in profit or loss		
Held at end of period	\$ 501,597	\$ 506,761
Derecognised during the period	\$ <u>-</u>	\$ <u>-</u>
	\$ <u>501,597</u>	\$ <u>506,761</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	September 30, 2020	December 31, 2019	September 30, 2019
Non-current items:			
Time deposits	\$ <u>410,074</u>	\$ <u>377,256</u>	\$ <u>190,126</u>

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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Interest income	\$ <u>1,457</u>	\$ <u>534</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Interest income	\$ <u>5,693</u>	\$ <u>1,356</u>

B. As at September 30, 2020, December 31, 2019 and September 30, 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 \$410,074, \$377,256 and \$190,126, respectively.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Notes receivable	\$ 1,280,612	\$ 1,120,799	\$ 1,126,738
Less: Allowance for bad debts	(2,108)	(2,068)	(2,534)
	<u>\$ 1,278,504</u>	<u>\$ 1,118,731</u>	<u>\$ 1,124,204</u>
Accounts receivable	\$ 8,205,793	\$ 8,944,405	\$ 9,342,386
Less: Allowance for bad debts	(170,022)	(164,358)	(169,090)
	<u>\$ 8,035,771</u>	<u>\$ 8,780,047</u>	<u>\$ 9,173,296</u>

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Not past due	\$ 7,344,389	\$ 7,562,797	\$ 7,562,951
Up to 30 days	794,372	1,097,040	1,197,570
31 to 90 days	616,776	658,164	1,009,785
91 to 180 days	258,212	143,162	276,584
Over 180 days	300,526	437,615	250,610
	<u>\$ 9,314,275</u>	<u>\$ 9,898,778</u>	<u>\$ 10,297,500</u>

The above ageing analysis was based on past due date.

- B. As of September 30, 2020, December 31, 2019 and September 30, 2019, the balances of receivables (including notes receivable) from contracts with customers amounted to \$9,294,748, \$9,879,488 and \$10,262,191, respectively.
- C. As at September 30, 2020, December 31, 2019 and September 30, 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 \$1,278,504, \$1,118,731 and \$1,124,204, and accounts receivable were \$8,035,771 \$8,780,047 and \$9,173,296, 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

	<u>September 30, 2020</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 2,805,654	(\$ 228,224)	\$ 2,577,430
Work in progress	1,191,854	(9,432)	1,182,422
Finished goods	5,626,917	(478,755)	5,148,162
Inventory in transit	594,710	-	594,710
Merchandise inventories	522,951	(16,746)	506,205
	<u>\$ 10,742,086</u>	<u>(\$ 733,157)</u>	<u>\$ 10,008,929</u>

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>
September 30, 2019			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,922,100	(\$ 138,399)	\$ 2,783,701
Work in progress	1,343,997	(50,223)	1,293,774
Finished goods	5,383,995	(589,680)	4,794,315
Inventory in transit	507,267	-	507,267
Merchandise inventories	940,143	(11,597)	928,546
	<u>\$ 11,097,502</u>	<u>(\$ 789,899)</u>	<u>\$ 10,307,603</u>

- A. The cost of inventories recognized as expense for the three-month and nine-month periods ended September 30, 2020 and 2019 were \$5,882,526, \$6,555,052, \$17,165,160 and \$20,304,670, respectively, including \$18,834, \$28,617, \$147,611 and \$125,845 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively.
- B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Associates:			
1. Tung Pei Industrial Co., Ltd.	\$ 2,086,403	\$ 2,086,821	\$ 2,078,902
2. Creative Sensor Inc.	399,465	398,472	396,390
3. Lien Chang Electronic Enterprise Co., Ltd.	462,560	445,494	445,653
4. Kuen Ling Machinery Refrigerating Co., Ltd.	287,592	286,363	276,720
5. Others	<u>656,600</u>	<u>680,166</u>	<u>742,030</u>
	<u>3,892,620</u>	<u>3,897,316</u>	<u>3,939,695</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>162,808</u>)	(<u>110,326</u>)	(<u>110,912</u>)
	<u>\$ 3,729,812</u>	<u>\$ 3,786,990</u>	<u>\$ 3,828,783</u>

The share of profit/loss of associates and joint ventures accounted for under the equity method for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

	For the three-month period ended <u>September 30, 2020</u>	For the three-month period ended <u>September 30, 2019</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 26,239	\$ 20,028
2. Creative Sensor Inc.	11,190	9,958
3. Lien Chang Electronic Enterprise Co., Ltd.	12,462	14,172
4. Kuen Ling Machinery Refrigerating Co., Ltd.	4,160	4,486
5. Others	(<u>24,037</u>)	(<u>7,660</u>)
	<u>\$ 30,014</u>	<u>\$ 40,984</u>

	For the nine- month period ended September 30, 2020	For the nine- month period ended September 30, 2019
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 54,386	\$ 69,611
2. Creative Sensor Inc.	17,301	22,856
3. Lien Chang Electronic Enterprise Co., Ltd.	14,967	301
4. Kuen Ling Machinery Refrigerating Co., Ltd.	19,956	12,451
5. Others	(157,541)	(78,934)
	<u>(\$ 50,931)</u>	<u>\$ 26,285</u>

A. Associates

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

Company name	Principal place of business	Shareholding ratio			Nature of relationship	Method of measurement
		September 30, 2020	December 31, 2019	September 30, 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%	14.62%	"	Equity method

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

Balance sheet

	Tung Pei Industrial Co., Ltd.		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 3,498,546	\$ 4,672,289	\$ 3,545,690
Non-current assets	7,127,382	7,805,002	7,363,265
Current liabilities	(2,042,555)	(3,128,742)	(2,290,809)
Non-current liabilities	(1,882,235)	(1,927,696)	(1,941,176)
Total assets	<u>\$ 6,701,138</u>	<u>\$ 7,420,853</u>	<u>\$ 6,676,970</u>
Share in associate's net assets	\$ 2,086,403	\$ 2,086,821	\$ 2,078,902
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 2,086,403</u>	<u>\$ 2,086,821</u>	<u>\$ 2,078,902</u>

	Creative Sensor Inc.		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 3,324,822	\$ 3,220,429	\$ 3,473,887
Non-current assets	1,893,074	1,152,753	1,221,600
Current liabilities	(1,764,598)	(920,458)	(1,204,543)
Non-current liabilities	(86,919)	(155,141)	(167,875)
Total net assets	<u>\$ 3,366,379</u>	<u>\$ 3,297,583</u>	<u>\$ 3,323,069</u>
Share in associate's net assets	\$ 399,465	\$ 398,472	\$ 396,390
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 399,465</u>	<u>\$ 398,472</u>	<u>\$ 396,390</u>
	Lien Chang Electronic Enterprise Co., Ltd.		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 1,630,554	\$ 1,583,967	\$ 1,712,977
Non-current assets	609,156	625,742	638,083
Current liabilities	(828,847)	(841,291)	(980,361)
Non-current liabilities	(44,124)	(52,103)	(53,914)
Total net assets	<u>\$ 1,366,739</u>	<u>\$ 1,316,315</u>	<u>\$ 1,316,785</u>
Share in associate's net assets	\$ 462,560	\$ 445,494	\$ 445,653
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 462,560</u>	<u>\$ 445,494</u>	<u>\$ 445,653</u>
	Kuen Ling Machinery Refrigerating Co., Ltd.		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 1,925,854	\$ 1,892,416	\$ 1,736,863
Non-current assets	725,683	711,800	705,821
Current liabilities	(917,661)	(862,521)	(764,888)
Non-current liabilities	(276,276)	(290,893)	(295,977)
Total net assets	<u>\$ 1,457,600</u>	<u>\$ 1,450,802</u>	<u>\$ 1,381,819</u>
Share in associate's net assets	\$ 199,523	\$ 198,294	\$ 188,651
Goodwill	<u>88,069</u>	<u>88,069</u>	<u>88,069</u>
Carrying amount of the associate	<u>\$ 287,592</u>	<u>\$ 286,363</u>	<u>\$ 276,720</u>

Statement of comprehensive income

	Tung Pei Industrial Co., Ltd.	
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 1,141,792	\$ 1,100,975
Profit for the period from continuing operations	\$ 84,256	\$ 64,140
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	\$ 84,256	\$ 64,140
Dividends received from associates	\$ -	\$ -
	Tung Pei Industrial Co., Ltd.	
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 3,261,963	\$ 3,439,935
Profit for the period from continuing operations	\$ 174,762	\$ 223,468
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	\$ 174,762	\$ 223,468
Dividends received from associates	\$ 54,803	\$ 78,290
	Creative Sensor Inc.	
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 949,580	\$ 1,097,033
Profit for the period from continuing operations	\$ 91,716	\$ 86,698
Other comprehensive income (loss), net of tax	115,908	(38,642)
Total comprehensive income	\$ 207,624	\$ 48,056
Dividends received from associates	\$ -	\$ -

Creative Sensor Inc.		
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 2,492,550	\$ 3,322,644
Profit for the period from continuing operations	\$ 149,545	\$ 198,872
Other comprehensive income, net of tax	71,717	51,209
Total comprehensive income	\$ 221,262	\$ 250,081
Dividends received from associates	\$ 17,514	\$ 18,973
Lien Chang Electronic Enterprise Co., Ltd.		
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 677,230	\$ 847,658
Profit for the period from continuing operations	\$ 36,818	\$ 41,875
Other comprehensive income (loss), net of tax	25,198	(14,147)
Total comprehensive income	\$ 62,016	\$ 27,728
Dividends received from associates	\$ -	\$ -
Lien Chang Electronic Enterprise Co., Ltd.		
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 1,728,065	\$ 2,260,137
Profit for the period from continuing operations	\$ 44,221	\$ 890
Other comprehensive income, net of tax	6,203	15,813
Total comprehensive income	\$ 50,424	\$ 16,703
Dividends received from associates	\$ -	\$ -

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 559,602	\$ 633,176
Profit for the period from continuing operations	\$ 29,533	\$ 30,099
Other comprehensive income (loss), net of tax	7,563	(18,150)
Total comprehensive income	\$ 37,096	\$ 11,949
Dividends received from associates	\$ -	\$ -

	Kuen Ling Machinery Refrigerating Co., Ltd.	
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 1,788,812	\$ 1,823,482
Profit for the period from continuing operations	\$ 136,228	\$ 77,604
Other comprehensive loss, net of tax	(6,803)	(12,830)
Total comprehensive income	\$ 129,425	\$ 64,774
Dividends received from associates	\$ 17,811	\$ 22,263

(c) The Group holds less than 20% shares in its material associates, Creative Sensor Inc. and Kuen Ling. However, the Group has significant influence over the associates' Board of Directors, therefore, the associates were accounted for under the equity method.

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

As of September 30, 2020, December 31, 2019 and September 30, 2019, the carrying amount of the Group's individually immaterial associates amounted to \$656,600, \$680,166 and \$742,030, respectively.

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Loss for the period from continuing operations	(\$ 24,037)	(\$ 7,660)
Total comprehensive loss	(\$ 24,037)	(\$ 7,660)
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Loss for the period from continuing operations	(\$ 157,541)	(\$ 78,934)
Total comprehensive loss	(\$ 157,541)	(\$ 78,934)

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

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
1.Lien Chang Electronic Enterprise Co., Ltd.	\$ 368,289	\$ 427,981	\$ 450,506
2.Creative Sensor Inc.	245,922	343,708	318,166
3.Kuen Ling Machinery Refrigerating Co., Ltd.	<u>311,686</u>	<u>270,499</u>	<u>272,725</u>
	<u>\$ 925,897</u>	<u>\$ 1,042,188</u>	<u>\$ 1,041,397</u>

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

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

(8) Property, plant and equipment

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

			Leased assets		Leased assets				
	Land	Buildings and structures	-buildings and structures	Machinery and equipment	-machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2019</u>									
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	-	183,705	2,862	186,720	-	28,691	14,659	212,241	628,878
Disposals	(1,193)	(8,121)	-	(23,147)	-	(392)	(36)	(6,439)	(39,328)
Reclassifications	(12,545)	(5,629)	-	(7,457)	7,953	(46)	30	(480)	(18,174)
Depreciation charge	-	(164,587)	(136,693)	(264,636)	(10,704)	(56,296)	(26,773)	(308,322)	(968,011)
Net exchange differences	(1,999)	(42,415)	(18)	(19,654)	-	(810)	(276)	(17,900)	(83,072)
Closing net book amount	<u>\$ 5,506,745</u>	<u>\$ 4,395,802</u>	<u>\$ 3,276,042</u>	<u>\$ 1,849,019</u>	<u>\$ 36,668</u>	<u>\$ 376,629</u>	<u>\$ 123,802</u>	<u>\$ 1,319,129</u>	<u>\$ 16,883,836</u>
<u>At September 30, 2019</u>									
Cost	\$ 5,541,442	\$ 8,680,779	\$ 5,286,433	\$ 13,387,003	\$ 664,802	\$ 1,095,782	\$ 565,240	\$ 7,856,242	\$ 43,077,723
Accumulated depreciation and impairment	(34,697)	(4,284,977)	(2,010,391)	(11,537,984)	(628,134)	(719,153)	(441,438)	(6,537,113)	(26,193,887)
	<u>\$ 5,506,745</u>	<u>\$ 4,395,802</u>	<u>\$ 3,276,042</u>	<u>\$ 1,849,019</u>	<u>\$ 36,668</u>	<u>\$ 376,629</u>	<u>\$ 123,802</u>	<u>\$ 1,319,129</u>	<u>\$ 16,883,836</u>

- A. For the nine-month periods ended September 30, 2020 and 2019, no borrowing cost was capitalized as part of property, plant and equipment.
- B. On July 2, 2020, the Board of Directors approved the cooperative construction development project of the Company, the subsidiary, Tong-An Assets Management & Development Co., Ltd. and MSIG Mingtai Insurance Co., Ltd. to reconstruct buildings in Zhongshan Dist., Taipei City that the Group and MSIG Mingtai Insurance Co., Ltd. jointly held.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. 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.
- E. Impairment information about the property, plant and equipment is provided in Note 6(26).

(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 and nine-month periods ended September 30, 2020 and 2019, the additions to right-of-use assets were \$6,517, \$47,910, \$44,074 and \$131,763 and the sublease income were \$189,072, \$189,369, \$569,058 and \$566,504, respectively.
- F. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Land (including royalties)	\$ 4,842,733	\$ 4,840,702	\$ 4,907,229
Buildings	1,939,243	2,211,882	2,215,509
Machinery and equipment	30,052	40,476	49,849
Transportation equipment (Business vehicles)	24,851	26,104	1,869
	<u>\$ 6,836,879</u>	<u>\$ 7,119,164</u>	<u>\$ 7,174,456</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>	
	<u>For the three-month</u>	<u>For the three-month</u>	
	<u>period ended</u>	<u>period ended</u>	
	<u>September 30, 2020</u>	<u>September 30, 2019</u>	
Land (including royalties)	\$ 25,236	\$ 30,617	
Buildings	85,840	86,583	
Machinery and equipment	3,278	3,066	
Transportation equipment (Business vehicles)	3,194	230	
	<u>\$ 117,548</u>	<u>\$ 120,496</u>	

	Depreciation charge For the nine-month period ended September 30, 2020	Depreciation charge For the nine-month period ended September 30, 2019
Land (including royalties)	\$ 84,423	\$ 74,331
Buildings	262,090	277,769
Machinery and equipment	9,922	8,303
Transportation equipment (Business vehicles)	9,978	633
	<u>\$ 366,413</u>	<u>\$ 361,036</u>

G. Interest expenses on lease liabilities for the three-month and nine-month periods ended September 30, 2020 and 2019 were \$19,470, \$25,097, \$60,589 and \$71,687 and the cash outflows were \$113,991, \$147,230, \$379,964 and \$394,352, respectively.

H. Expenses on short-term leases and leases of low-value assets which are not subject to IFRS 16 for the three-month and nine-month periods ended September 30, 2020 and 2019 were \$81,310, \$83,623, \$257,262 and \$218,805; \$4,899, \$1,910, \$15,450 and \$5,357, respectively.

I. The Group has applied the practical expedient to “Covid-19-related rent concessions”, and recognised the gain from changes in lease payments arising from the rent concessions amounting to \$18,985 in profit from lease modification (shown as ‘7020 Other gains and losses’) for the nine-month period ended September 30, 2020.

(10) Investment property

	Land	Buildings and structures	Right-of-use assets	Total
<u>At January 1, 2020</u>				
Cost	\$ 1,443,225	\$ 2,712,555	\$ -	\$ 4,155,780
Accumulated depreciation and impairment	-	(1,393,210)	-	(1,393,210)
	<u>\$ 1,443,225</u>	<u>\$ 1,319,345</u>	<u>\$ -</u>	<u>\$ 2,762,570</u>
<u>2020</u>				
Opening net book amount	\$ 1,443,225	\$ 1,319,345	\$ -	\$ 2,762,570
Reclassifications (transfer during the period)	71,413	64,837	15,227	151,477
Depreciation charge	-	(49,532)	(313)	(49,845)
Net exchange differences	(5,386)	(493)	(379)	(6,258)
Closing net book amount	<u>\$ 1,509,252</u>	<u>\$ 1,334,157</u>	<u>\$ 14,535</u>	<u>\$ 2,857,944</u>
<u>At September 30, 2020</u>				
Cost	\$ 1,509,252	\$ 2,777,893	\$ 26,861	\$ 4,314,006
Accumulated depreciation and impairment	-	(1,443,736)	(12,326)	(1,456,062)
	<u>\$ 1,509,252</u>	<u>\$ 1,334,157</u>	<u>\$ 14,535</u>	<u>\$ 2,857,944</u>

	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	-	(48,028)	(48,028)
Net exchange differences	1,989	(3,557)	(1,568)
Closing net book amount	<u>\$ 1,449,712</u>	<u>\$ 1,302,640</u>	<u>\$ 2,752,352</u>

At September 30, 2019

Cost	\$ 1,449,712	\$ 2,700,195	\$ 4,149,907
Accumulated depreciation and impairment	-	(1,397,555)	(1,397,555)
	<u>\$ 1,449,712</u>	<u>\$ 1,302,640</u>	<u>\$ 2,752,352</u>

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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Rental income from investment property	<u>\$ 44,734</u>	<u>\$ 34,301</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 13,538</u>	<u>\$ 21,644</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ -</u>	<u>\$ -</u>

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Rental income from investment property	\$ 135,666	\$ 99,912
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 37,907	\$ 37,108
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ -	\$ -

B. The fair value of the investment property held by the Group as at September 30, 2020, December 31, 2019 and September 30, 2019 were \$5,094,779, \$4,850,243 and \$4,815,022, respectively, which is categorized within Level 3 in the fair value hierarchy.

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

	2020	2019
<u>At January 1</u>		
Cost	\$ 5,039,455	\$ 5,233,626
Accumulated amortization and impairment	-	-
	\$ 5,039,455	\$ 5,233,626
Opening net book amount	\$ 5,039,455	\$ 5,233,626
Net exchange differences	38,655	(184,903)
Closing net book amount	\$ 5,078,110	\$ 5,048,723
<u>At September 30</u>		
Cost	\$ 5,078,110	\$ 5,048,723
Accumulated amortization and impairment	-	-
	\$ 5,078,110	\$ 5,048,723

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

	September 30, 2020	December 31, 2019	September 30, 2019
Heavy industrial products division	\$ 5,078,110	\$ 5,039,455	\$ 5,048,723

On October 15, 2015, the Group acquired 100% equity and obtained control over Motovario S.p.A., which is headquartered in Italy and is primarily engaged in manufacturing and sales of power transmission equipment such as motors and gear reducers, and its subsidiaries for a cash consideration of \$3,989,850 (EUR 108,214 thousand). As of September 30, 2020, the goodwill arising from the merger amounted to \$5,052,408.

(12) Other non-current assets

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Prepayment for equipment	\$ 627,416	\$ 335,714	\$ 264,504
Refundable deposits	237,848	305,771	243,660
Long-term notes and accounts receivable	147,821	170,309	162,543
Deferred expenses	38,095	65,289	83,428
Other assets	217,546	59,924	61,739
	<u>\$ 1,268,726</u>	<u>\$ 937,007</u>	<u>\$ 815,874</u>

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	<u>\$ 2,938,004</u>	0.63%~5.00%	Financial assets at fair value through other comprehensive income, notes receivable, land, buildings and structures and right-of-use assets
<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	<u>\$ 1,857,637</u>	0.63%~3.22%	Financial assets at fair value through other comprehensive income, notes receivable, land, buildings and structures, right-of-use assets, treasury stocks
<u>Type of borrowings</u>	<u>September 30, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings	<u>\$ 2,026,526</u>	0.63%~3.92%	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

<u>Items</u>	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 116</u>

- A. The Group recognized net income (loss) of \$91, (\$121), \$0 and (\$121) on financial liabilities held for trading for the three-month and nine-month periods ended September 30, 2020 and 2019, respectively.
- B. Explanations of the transactions and contract information in respect of non-hedged derivative financial liabilities are as follows:

December 31, 2019			
Derivative instrument	Contract period	Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
SELL USD/BUY RMB	2019.11.26~2020.01.21	USD 500,000	\$ <u>50</u>

September 31, 2019			
Financial instrument	Contract period	Contract amount (notional principal)	Fair value
Forward exchange contract			
SELL USD/BUY RMB	2019.09.19~2019.10.31	USD 500,000	\$ <u>116</u>

- C. As at September 30, 2020, information on the non-hedging derivative instrument transactions is provided in Note 6(2).
- D. The Group entered into forward foreign exchange contracts to sell to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts and foreign currency loan are not accounted for under hedge accounting.

(15) Other payables

	September 30, 2020	December 31, 2019	September 30, 2019
Salary and wages payable	\$ 1,688,548	\$ 1,839,455	\$ 1,710,637
Employees' compensation payable	633,890	548,749	574,292
Dealers' bonus commission payable	241,866	189,286	205,250
Directors' and supervisors' remuneration payable	139,610	139,813	116,920
Equipment payable	76,134	75,414	136,678
Dividends payable	25,182	25,612	25,671
Others	1,704,310	1,858,259	1,775,071
	<u>\$ 4,509,540</u>	<u>\$ 4,676,588</u>	<u>\$ 4,544,519</u>

(16) Bonds payable

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Issuance of bonds payable	\$ 6,000,000	\$ 4,000,000	\$ 4,000,000
Less: Current portion of bonds payable (listed as '2320 Long-term liabilities, current portion')	<u>-</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
	<u>\$ 6,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

- A. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2015 are as follows:

The Company issued \$3,000,000, 1.45% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on June 18, 2015. The bonds mature 5 years from the issue date (June 18, 2015 ~ June 18, 2020) and will be redeemed at face value at the maturity date. As of June 18, 2020, the bonds were all redeemed.

- B. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2017 are as follows:

The Company issued \$1,000,000, 1.02% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on September 15, 2017. The bonds mature 5 years from the issue date (September 15, 2017 ~ September 15, 2022) and will be redeemed at face value at the maturity date.

- C. The terms of the first domestic unsecured ordinary corporate bonds issued by the Company in 2020 are as follows:

The Company issued \$3,000,000, 0.70% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on June 9, 2020. The bonds mature 5 years from the issue date (June 12, 2020 ~ June 12, 2025) and will be redeemed at face value at the maturity date.

- D. The terms of the second domestic unsecured ordinary corporate bonds issued by the Company in 2020 are as follows:

The Company issued \$2,000,000, 0.60% first domestic unsecured ordinary corporation bonds, as approved by the regulatory authority on September 4, 2020. The bonds mature 5 years from the issue date (September 15, 2020 ~ September 15, 2025) and will be redeemed at face value at the maturity date.

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range		September 30, 2020
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from Aug. 4, 2016 to March 11, 2035; payable based on the agreed terms.	0.50%~1.75%	Note	\$4,671,586
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(365,752)
				<u>\$4,305,834</u>

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	September 30, 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%~1.75%	Note	\$7,290,720
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				(856,184)
				<u>\$ 6,434,536</u>

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

- A. Under the long-term contracts with certain financial institutions, the Group is required to maintain certain financial ratios and capital requirements as well as meet certain restrictions relative to significant asset acquisitions or disposals.
- B. As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group has undrawn borrowing facilities of \$21,596,198, \$20,190,686 and \$20,651,821, respectively.

(18) Pensions

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

- (b) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2020 and 2019 were \$6,263, \$8,598, \$18,478 and \$25,954, 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 and nine-month periods ended September 30, 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 and nine-month periods ended September 30, 2020 and 2019 were \$89,847, \$105,900, \$275,252 and \$322,155, respectively.

(19) Share capital

- A. As of September 30, 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 September 30	\$ 1,967,693	\$ 1,967,693

Note: Shares in thousands.

- B. The Board of Directors’ meeting on May 13, 2019 resolved a capital reduction through retiring 35,000 thousand of treasury shares and it was registered on June 11, 2019. The purchase amount of treasury shares was \$675,840 and the share capital and capital surplus was decreased by \$350,000 and \$325,840, respectively. As a result, the retirement of treasury shares has no impact to the total amount of stockholders’ equity.
- 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 September 30, 2020, December 31, 2019 and September 30, 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:

	September 30, 2020		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 29.85
An-Tai International Investment Co., Ltd.	2,826	10.37	29.85
Top-Tower Enterprises Co., Ltd.	77	9.37	29.85
Taiwan Pelican Express Co., Ltd.	7,070	26.89	29.85
	<u>29,513</u>		
	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>		
	September 30, 2019		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 25.00
An-Tai International Investment Co., Ltd.	2,826	10.37	25.00
Top-Tower Enterprises Co., Ltd.	77	9.37	25.00
	<u>22,443</u>		

(20) Capital surplus

A. 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.

B. The impact of the share capital retirement of 2019 on capital surplus is provided in Note 6(19).

(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 Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use 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		4,841,561	-	4,841,561
–Associates		4,878	-	4,878
Revaluation transferred to retained earnings		(448)	- (	448)
Currency translation differences:				
–Group		-	(525,337)	(525,337)
At September 30, 2020		\$ 11,093,472	(\$ 3,202,062)	\$ 7,891,410

	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	2,192,546	-	2,192,546
–Associates	11,867	-	11,867
Revaluation transferred to retained earnings	(77,041)	-	(77,041)
Currency translation differences:			
–Group	-	(89,139)	(89,139)
At September 30, 2019	<u>\$ 5,134,154</u>	<u>(\$ 1,990,863)</u>	<u>\$ 3,143,291</u>

(23) Operating revenue

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue from customers	\$ 11,227,517	\$ 11,379,611
Others - rental revenue	209,597	226,473
Others - gain (loss) on financial assets at fair value through profit or loss	10,697	(5,051)
	<u>\$ 11,447,811</u>	<u>\$ 11,601,033</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue from customers	\$ 32,248,792	\$ 35,131,333
Others - rental revenue	628,970	622,606
Others - gain on financial assets at fair value through profit or loss	471,046	95,651
	<u>\$ 33,348,808</u>	<u>\$ 35,849,590</u>

A. Disaggregation of revenue from customers

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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
	Revenue from external customer contracts	Revenue from external customer contracts
Sales of heavy industrial products	\$ 6,210,460	\$ 6,883,773
Sales of home appliances	1,534,185	1,360,197
Others	509,357	385,841
Service revenue	1,834,592	1,836,698
Construction contract	1,138,923	913,102
	<u>\$ 11,227,517</u>	<u>\$ 11,379,611</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
	Revenue from external customer contracts	Revenue from external customer contracts
Sales of heavy industrial products	\$ 18,438,111	\$ 21,865,385
Sales of home appliances	4,117,621	3,985,687
Others	1,282,038	1,714,468
Service revenue	5,583,371	5,530,993
Construction contract	2,827,651	2,034,800
	<u>\$ 32,248,792</u>	<u>\$ 35,131,333</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 September 30, 2020	For the three-month period ended September 30, 2019
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Electromechanical engineering contracts	\$ -	\$ -
Advance sales receipts	74,586	454,750
Royalty received in advance	-	-
	<u>\$ 74,586</u>	<u>\$ 454,750</u>

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Electromechanical engineering contracts	\$ -	\$ -
Advance sales receipts	418,445	933,163
Royalty received in advance	-	821
	<u>\$ 418,445</u>	<u>\$ 933,984</u>

(24) Interest income

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Interest income from bank deposits	\$ 36,207	\$ 66,324
Interest income from financial assets measured at amortised cost	<u>1,457</u>	<u>534</u>
	<u>\$ 37,664</u>	<u>\$ 66,858</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Interest income from bank deposits	\$ 158,195	\$ 207,433
Interest income from financial assets measured at amortised cost	<u>5,693</u>	<u>1,356</u>
	<u>\$ 163,888</u>	<u>\$ 208,789</u>

(25) Other income

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Rental revenue	\$ 51,565	\$ 31,094
Dividend income	117,292	158,279
Other non-operating income	<u>71,648</u>	<u>51,775</u>
	<u>\$ 240,505</u>	<u>\$ 241,148</u>

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Rental revenue	\$ 129,070	\$ 108,105
Dividend income	609,053	616,851
Other non-operating income	214,918	184,136
	<u>\$ 953,041</u>	<u>\$ 909,092</u>

(26) Other gains and losses

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Loss on disposal of property, plant and equipment	(\$ 3,412)	(\$ 5,613)
Gain (loss) on disposal of investments	93 (	615)
Gains arising from lease modifications	307	-
Gains arising from forgiveness of lease payments	18,895	-
Net currency exchange loss	(36,840)	(8,396)
Gain (loss) on financial assets at fair value through profit or loss	141,456 (	4,799)
Gain (loss) on financial liabilities at fair value through profit or loss	91 (	1,722)
Impairment loss	-	-
Miscellaneous disbursements	(117,138)	(94,018)
	<u>\$ 3,452</u>	<u>(\$ 115,163)</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Loss on disposal of property, plant and equipment	(\$ 7,266)	(\$ 11,342)
Gain on disposal of investments	93	9,614
Gains arising from lease modifications	308	-
Gains arising from forgiveness of lease payments	18,985	-
Net currency exchange (loss) gain	(64,184)	42,874
Gain on financial assets at fair value through profit or loss	226,339	41,663
Gain (loss) on financial liabilities at fair value through profit or loss	- (	121)
Impairment loss	(15,867)	-
Miscellaneous disbursements	(308,532)	(283,231)
	<u>(\$ 150,124)</u>	<u>(\$ 200,543)</u>

As the Company's subsidiary - Nanchang Teco Electric & Machinery Co., Ltd. incurred operating losses, there is an indication that the assets have been impaired. Based on the impairment assessment, the Group recognised impairment of property, plant and equipment of \$15,867 in the third quarter of 2020.

(27) Finance costs

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Interest expense	\$ 56,055	\$ 65,251
Other finance expenses	1,367	316
	<u>\$ 57,422</u>	<u>\$ 65,567</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Interest expense	\$ 189,862	\$ 203,048
Other finance expenses	3,842	1,977
	<u>\$ 193,704</u>	<u>\$ 205,025</u>

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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Wages and salaries	\$ 1,967,908	\$ 2,078,260
Employees' compensation and directors' remuneration	130,113	143,247
Labor and health insurance fees	231,901	212,632
Pension costs	96,110	114,498
Other personnel expenses	106,448	128,965
Depreciation charges on property, plant and equipment as well as investment property	316,734	346,898
Depreciation charges on right-of -use assets and amortization charges on intangible assets	144,376	144,858

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Wages and salaries	\$ 6,022,851	\$ 6,305,414
Employees' compensation and directors' remuneration	442,139	507,629
Labor and health insurance fees	695,455	744,119
Pension costs	293,730	348,109
Other personnel expenses	312,660	348,018
Depreciation charges on property, plant and equipment as well as investment property	974,571	1,016,039
Depreciation charges on right-of- use assets and amortization charges on intangible assets	445,935	445,461
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 September 30, 2020 and 2019, and nine-month periods ended September 30, 2020 and 2019, employees' compensation was accrued at \$66,254, \$57,914, \$220,839 and \$204,144, respectively; while directors' remuneration was accrued at \$29,447, \$25,467, \$98,153 and \$90,731, respectively. The aforementioned amounts were recognized in salary expenses.		
C. For the nine-month periods ended September 30, 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. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.		

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Current tax:		
Current tax on profits for the period	\$ 184,291	\$ 180,268
Prior year income tax underestimation	-	14,895
Total current tax	184,291	195,163
Deferred tax:		
Origination and reversal of temporary differences	385	37,365
Total deferred tax	385	37,365
Income tax expense	\$ 184,676	\$ 232,528
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Current tax:		
Current tax on profits for the period	\$ 415,255	\$ 522,379
Tax on undistributed surplus earnings	33,526	51,180
Prior year income tax (over) underestimation	(162,697)	11,694
Total current tax	286,084	585,253
Deferred tax:		
Origination and reversal of temporary differences	197,643	166,883
Total deferred tax	197,643	166,883
Income tax expense	\$ 483,727	\$ 752,136

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

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Currency translation differences	(\$ 25,662)	(\$ 21,320)

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Currency translation differences	(\$ 80,052)	\$ 27,993

B. As of September 30, 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.

(30) Earnings per share

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

Note: The earnings per share were \$0.41 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

	For the three-month period ended September 30, 2019		
		Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 785,214	1,945,250	\$ 0.40

Note: The earnings per share were \$0.40 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

	For the nine-month period ended September 30, 2020		
		Weighted average number of ordinary shares outstanding (in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 2,727,719	1,939,872	\$ 1.41

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

For the nine-month period ended September 30, 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	\$ 2,586,884	1,951,529	\$ 1.33

Note: The earnings per share were \$1.31 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

(31) Supplemental cash flow information

Investing activities with partial cash payments:

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Acquisition of property, plant and equipment	\$ 453,617	\$ 628,878
Add:		
Payables at beginning of the period	75,414	181,192
Less:		
Payables at end of the period	(76,134)	(136,678)
Cash paid	\$ 452,897	\$ 673,392

(32) Changes in liabilities from financing activities

	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2020	\$ 1,857,637	\$ 25,612	\$ 4,000,000	\$ 7,084,752	\$ 5,219,092	\$ 18,187,093
Interest expenses on lease liabilities	-	-	-	-	60,589	60,589
Remeasurement	-	-	-	-	46,040	46,040
Changes in cash flow from financing activities	1,080,367	(430)	2,000,000	(2,413,166)	(379,964)	286,807
Cash dividends declared	-	-	-	-	-	-
Effect of foreign exchange	-	-	-	-	1,305	1,305
September 30, 2020	\$ 2,938,004	\$ 25,182	\$ 6,000,000	\$ 4,671,586	\$ 4,947,062	\$ 18,581,834

	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2019	\$ 1,994,360	\$ 25,711	\$ 4,000,000	\$ 7,650,846	\$ -	\$ 13,670,917
Effect of retrospective application	-	-	-	-	5,367,109	5,367,109
Interest expenses on lease liabilities	-	-	-	-	71,687	71,687
Recognised in right -of-use assets	-	-	-	-	131,763	131,763
Changes in cash flow from financing activities	32,166 (	40)	- (	360,126) (	394,352) (	722,352)
Effect of foreign exchange	-	-	-	-	21,175	21,175
September 30, 2019	<u>\$ 2,026,526</u>	<u>\$ 25,671</u>	<u>\$ 4,000,000</u>	<u>\$ 7,290,720</u>	<u>\$ 5,197,382</u>	<u>\$ 18,540,299</u>

Note 1: Shown as 'other payables'.

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

(33) Details of significant non-controlling interests

A. As of September 30, 2020, December 31, 2019 and September 30, 2019, the non-controlling interest amounted to \$5,721,923, \$4,998,286 and \$4,824,726, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		September 30, 2020		September 30, 2019	
Name of subsidiary	Principal place of business	Amount	Ownership	Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 291,760	36.48%	\$ 351,444	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,343,967	67.85%	1,173,296	67.85%
Century Development Corporation and subsidiaries	R.O.C	2,585,691	47.25%	2,004,888	46.31%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	263,484	50.99%	268,520	50.99%

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2019	
		Amount	Ownership
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 336,793	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,139,193	67.85%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	205,163	46.31%
Century Development Corporation and subsidiaries	R.O.C	1,963,141	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. and subsidiaries		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 965,231	\$ 1,121,509	\$ 1,172,809
Non-current assets	982,728	1,109,649	1,081,265
Current liabilities	(901,343)	(1,013,097)	(1,041,620)
Non-current liabilities	(577,815)	(604,596)	(629,133)
Total net assets	\$ 468,801	\$ 613,465	\$ 583,321

	Taiwan Pelican Express Co., Ltd. and subsidiaries		
	September 30, 2020	December 31, 2019	September 30, 2019
Current assets	\$ 1,581,912	\$ 1,749,165	\$ 1,828,990
Non-current assets	2,205,078	1,830,120	1,806,348
Current liabilities	(900,435)	(871,696)	(947,873)
Non-current liabilities	(905,764)	(978,339)	(1,008,477)
Total net assets	\$ 1,980,791	\$ 1,729,250	\$ 1,678,988

Century Development Corporation and subsidiaries			
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current assets	\$ 2,316,530	\$ 1,005,500	\$ 837,176
Non-current assets	7,733,110	7,693,801	7,685,355
Current liabilities	(908,564)	(696,540)	(624,594)
Non-current liabilities	(2,908,815)	(2,955,297)	(2,824,982)
Total net assets	<u>\$ 6,232,261</u>	<u>\$ 5,047,464</u>	<u>\$ 5,072,955</u>

Information Technology Total Services Co., Ltd. and subsidiaries			
	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current assets	\$ 561,836	\$ 635,761	\$ 612,827
Non-current assets	268,828	311,364	310,997
Current liabilities	(218,150)	(229,859)	(357,664)
Non-current liabilities	(95,553)	(195,782)	(136,019)
Total net assets	<u>\$ 516,961</u>	<u>\$ 521,484</u>	<u>\$ 430,141</u>

Statements of comprehensive income

Tecom Co., Ltd. and subsidiaries			
	For the three-month period ended <u>September 30, 2020</u>	For the three-month period ended <u>September 30, 2019</u>	
Revenue	\$ 281,343	\$ 292,215	
Loss before income tax	(8,732)	(43,113)	
Income tax expense	-	-	
Loss for the period	(8,732)	(43,113)	
Other comprehensive loss (net of tax)	(60,841)	(169,962)	
Total comprehensive loss for the period	<u>(\$ 69,573)</u>	<u>(\$ 213,075)</u>	
Comprehensive loss attributable to non-controlling interest	<u>(\$ 25,431)</u>	<u>(\$ 76,416)</u>	

Tecom Co., Ltd. and subsidiaries		
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 831,332	\$ 1,191,223
Loss before income tax	(35,445)	(85,843)
Income tax expense	(45)	(345)
Loss for the period	(35,490)	(86,188)
Other comprehensive (loss) income (net of tax)	(95,952)	72,918
Total comprehensive loss for the period	(\$ 131,442)	(\$ 13,270)
Comprehensive loss attributable to non-controlling interest	(\$ 48,148)	(\$ 4,767)
Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 1,016,722	\$ 958,525
Profit before income tax	56,166	52,750
Income tax expense	(9,957)	(10,251)
Profit for the period	46,209	42,499
Other comprehensive income (loss)	13,867	(519)
Total comprehensive income for the period	\$ 60,076	\$ 41,980
Comprehensive income attributable to non-controlling interest	\$ 33,063	\$ 28,834
Dividends paid to non- controlling	\$ 77,729	\$ 38,865

Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 2,966,930	\$ 2,760,047
Profit before income tax	192,057	153,005
Income tax expense	(36,390)	(30,250)
Profit for the period	155,667	122,755
Other comprehensive income (net of tax)	<u>210,436</u>	<u>33,704</u>
Total comprehensive income for the period	<u>\$ 366,103</u>	<u>\$ 156,459</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 107,383</u>	<u>\$ 83,285</u>
Dividends paid to non- controlling	<u>\$ 77,729</u>	<u>\$ 38,865</u>
Century Development Corporation and subsidiaries		
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 189,259	\$ 231,142
(Loss) profit before income tax	(139,138)	79,730
Income tax expense	(18,737)	(17,812)
(Loss) profit for the period	(157,875)	61,918
Other comprehensive income (loss) (net of tax)	<u>369</u>	<u>(18,763)</u>
Total comprehensive (loss) income for the period	<u>(\$ 157,506)</u>	<u>\$ 43,155</u>
Comprehensive (loss) income attributable to non-controlling interest	<u>(\$ 84,988)</u>	<u>\$ 32,931</u>
Dividends paid to non- controlling interests	<u>\$ 33,161</u>	<u>\$ 31,763</u>

Century Development Corporation and subsidiaries		
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 654,979	\$ 702,977
Profit before income tax	31,818	236,206
Income tax expense	(56,900)	(52,667)
(Loss) profit for the period	(25,082)	183,539
Other comprehensive (loss) income (net of tax)	(48,481)	2,261
Total comprehensive (loss) income for the period	<u>(\$ 73,563)</u>	<u>\$ 185,800</u>
Comprehensive (loss) income attributable to non-controlling interest	<u>(\$ 7,952)</u>	<u>\$ 104,532</u>
Dividends paid to non- controlling interests	<u>\$ 33,161</u>	<u>\$ 31,763</u>
Information Technology Total Services Co., Ltd. and subsidiaries		
	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Revenue	\$ 226,396	\$ 270,532
Profit before income tax	15,394	19,832
Income tax expense	(1,683)	(3,636)
Profit for the period	13,711	16,196
Other comprehensive loss (net of tax)	(238)	(489)
Total comprehensive income for the period	<u>\$ 13,473</u>	<u>\$ 15,707</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 7,261</u>	<u>\$ 3,982</u>
Dividends paid to non- controlling interests	<u>\$ 27,864</u>	<u>\$ 20,738</u>

Information Technology Total Services Co., Ltd.
and subsidiaries

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Revenue	\$ 851,761	\$ 952,272
Profit before income tax	57,668	57,210
Income tax expense	(6,177)	(10,511)
Profit for the period	51,491	46,699
Other comprehensive (loss) income (net of tax)	(1,368)	90
Total comprehensive income for the period	<u>\$ 50,123</u>	<u>\$ 46,789</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 26,243</u>	<u>\$ 18,376</u>
Dividends paid to non- controlling interests	<u>\$ 27,864</u>	<u>\$ 20,738</u>

Statements of cash flows

Tecom Co., Ltd. and subsidiaries

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Net cash provided by (used in) operating activities	\$ 48,697	(\$ 132,044)
Net cash provided by investing activities	17,188	40,792
Net cash (used in) provided by financing activities	(127,593)	54,027
Decrease in cash and cash equivalents	(61,708)	(37,225)
Cash and cash equivalents, beginning of period	<u>191,761</u>	<u>181,889</u>
Cash and cash equivalents, end of period	<u>\$ 130,053</u>	<u>\$ 144,664</u>

Taiwan Pelican Express Co., Ltd. and subsidiaries		
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Net cash provided by operating activities	\$ 304,211	\$ 280,683
Net cash used in investing activities	(350,016)	(41,704)
Net cash used in financing activities	(224,625)	(167,793)
Effect of exchange rates on cash and cash equivalents	(29)	(42)
(Decrease) increase in cash and cash equivalents	(270,459)	71,144
Cash and cash equivalents, beginning of period	1,056,827	888,268
Cash and cash equivalents, end of period	<u>\$ 786,368</u>	<u>\$ 959,412</u>
Century Development Corporation and subsidiaries		
	For the six-month period ended September 30, 2020	For the six-month period ended September 30, 2019
Net cash provided by operating activities	\$ 468,389	\$ 327,807
Net cash (used in) provided by investing activities	(1,928,612)	3,995
Net cash provided by (used in) financing activities	1,260,421	(455,520)
Effect of exchange rates on cash and cash equivalents	(3,463)	(5,597)
Decrease in cash and cash equivalents	(203,265)	(129,315)
Cash and cash equivalents, beginning of period	555,324	550,896
Cash and cash equivalents, end of period	<u>\$ 352,059</u>	<u>\$ 421,581</u>

Information Technology Total Services Co., Ltd. and subsidiaries		
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Net cash provided by operating activities	\$ 154,324	\$ 13,584
Net cash provided by (used in) investing activities	28,746 (	6,826)
Net cash used in financing activities	(171,323) (	73,567)
Effect of exchange rates on cash and cash equivalents	(279) (	223)
Increase (decrease) in cash and cash equivalents	11,468 (	67,032)
Cash and cash equivalents, beginning of period	70,474	155,225
Cash and cash equivalents, end of period	<u>\$ 81,942</u>	<u>\$ 88,193</u>

7. Related Party Transactions

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

Names of related parties	Relationship with the Group	Names of related parties	Relationship with the Group
Teco Middle East Electrical & Machinery Co., Ltd. (TME)	Associates	Xianlaoman Food Services Co., Ltd. (Xianlaoman)	Associates
Teco (PHILIPPINES) 3C & Appliances, Inc. (Teco 3C)	"	Teco Group Science Technology (Han Zou) Co., Ltd. (Teco Group)	"
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)	"	Teco EV Philippines Corporation (Teco EV)	"
Lien Chang Electronic Enterprise Co., Ltd. (Lien Chang)	"	Fujio Food System Taiwan Co., Ltd. (Fujio Food)	"
Tung Pei Industrial Co., Ltd. (Tung Pei)	"	Foremost International Food & Beverage Co., Ltd. (Foremost Food)	"
Taian Electric Co., Ltd. (Taian Electric)	"	Teco Technology & Marketing Center Co., Ltd. (TTMC)	"
Royal Host Taiwan Co., Ltd. (Royal Host)	"	Hunan TECO Wind Energy Limited (Hunan TECO) (Note 3)	"
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 investee has been liquidated in 2019.

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

Note 3: The investee has been liquidated in 2020.

(2) Significant related party transactions

A. Operating revenue:

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Sales of goods and services:		
Associates	\$ 130,469	\$ 89,888
Other related parties	90,399	83,144
	<u>\$ 220,868</u>	<u>\$ 173,032</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Sales of goods and services:		
Associates	\$ 331,874	\$ 256,840
Other related parties	250,970	247,839
	<u>\$ 582,844</u>	<u>\$ 504,679</u>

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

B. Purchases of goods:

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Purchases of goods:		
Associates	\$ 55,034	\$ 81,698
Other related parties	18,073	49
	<u>\$ 73,107</u>	<u>\$ 81,747</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Purchases of goods:		
Associates	\$ 214,654	\$ 271,209
Other related parties	18,138	147
	<u>\$ 232,792</u>	<u>\$ 271,356</u>

The purchase terms, including pricing and payments, were based on mutual agreement and have no similar transaction to be compared with.

C. Receivables from related parties:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Receivables from related parties:			
Associates	\$ 312,678	\$ 185,931	\$ 166,000
Other related parties	59,941	53,432	91,711
Less: Reclassified to other receivables	-	(5,613)	(8,611)
	<u>372,619</u>	<u>233,750</u>	<u>249,100</u>
Other receivables - transfer of accounts receivable that were past due			
Associates	-	5,613	8,611
Other receivables - others			
Associates			
TTMC	50,797	50,798	53,592
Le-Li	15,672	14,655	13,459
Others	96,545	5,051	92,680
Other related parties	5,027	5,252	5,901
	<u>168,041</u>	<u>75,756</u>	<u>165,632</u>
	<u>168,041</u>	<u>81,369</u>	<u>174,243</u>
	<u>\$ 540,660</u>	<u>\$ 315,119</u>	<u>\$ 423,343</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 \$5,613 and \$8,611 as of December 31, 2019 and September 30, 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:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Payables to related parties:			
Associates	\$ 144,666	\$ 209,719	\$ 217,906
Other related parties	6,568	26	-
	<u>\$ 151,234</u>	<u>\$ 209,745</u>	<u>\$ 217,906</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. Property transactions

On July 25, 2019, the Group's subsidiary, United View Global Investment Co., Ltd, and Tong-An Investment Co., Ltd. sold 100% ownership in the Group's subsidiary, Tecoson Industrial Development (Pte) Ltd., to YUBAN & COMPANY. The proceeds of disposal amounted to \$5,076 and the loss on disposal amounted to \$3,917. After the disposal, the company is no longer included in the Group's consolidated financial statements.

F. Rent income

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Associates	\$ 1,955	\$ 7,557
Other related parties	6,677	6,396
	<u>\$ 8,632</u>	<u>\$ 13,953</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Associates	\$ 16,960	\$ 22,659
Other related parties	18,950	19,129
	<u>\$ 35,910</u>	<u>\$ 41,788</u>

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

G. Endorsements and guarantees provided to related parties:

	September 30, 2020	December 31, 2019	September 30, 2019
Associates	<u>\$ 171</u>	<u>\$ 43,477</u>	<u>\$ 43,477</u>

(3) Key management compensation

	For the three-month period ended September 30, 2020	For the three-month period ended September 30, 2019
Salaries and other short-term employee benefits	\$ 106,183	\$ 129,831
Post-employment benefits	8,418	2,293
	<u>\$ 114,601</u>	<u>\$ 132,124</u>
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Salaries and other short-term employee benefits	\$ 370,272	\$ 389,366
Post-employment benefits	24,492	4,246
	<u>\$ 394,764</u>	<u>\$ 393,612</u>

8. Pledged Assets

Pledged asset	September 30, 2020	December 31, 2019	Purpose
Notes receivable	\$ 141,780	\$ 344,369	Short-term borrowings
Other current assets			
Demand deposits	143,742	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 guarantees, merchandise loans and seizure guarantee
Demand deposits	835,124	-	Earmarked construction projects
Time deposits	314,581	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	427,275	460,800	Long-term borrowings
Non-current financial assets at amortised cost	160,000	150,000	Performance guarantee
Property, plant, and equipment			
Land	84,643	110,299	Long-term borrowings, short-term borrowings
Buildings and structures	3,099,776	3,287,115	"
Right-of-use assets	880,231	897,465	"
Other non-current assets			
Refundable deposits	34,615	26,155	Exercise guarantee or warranty for construction and exercise guarantee for tender
Time deposits	169,411	-	Restricted by the legislation on the returning capital
Treasury stock	-	247,091	Short-term borrowings
	<u>\$ 6,291,178</u>	<u>\$ 6,179,806</u>	

Pledged asset	September 30, 2019	Purpose
Notes receivable	\$ 212,059	Short-term borrowings
Other current assets		
Demand deposits	65,708	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	307,174	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		
Teco Image System Co., Ltd.	16,440	Short-term borrowings and commercial papers payable
Far Eastone Telecommunications Co., Ltd.	217,500	"
Taiwan High Speed Rail Corporation	423,600	Long-term borrowings
Non-current financial assets at amortised cost	150,000	Performance guarantee
Investments accounted for under the equity method		
Creative Sensor Inc.	121,280	Short-term borrowings
Property, plant, and equipment		
Land	111,111	Long-term borrowings, short-term borrowings
Buildings and structures	3,285,902	"
Right-of-use assets	903,868	Long-term borrowings
Other non-current assets		
Refundable deposits	10,883	Exercise guarantee or warranty for construction and exercise guarantee for tender
Treasury stock	247,091	Short-term borrowings
	<u>\$ 6,072,616</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:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Property, plant and equipment	\$ 3,491,470	\$ 1,769,644	\$ 167,796
Intangible assets	<u>1,902</u>	<u>1,443</u>	<u>1,458</u>
	<u>\$ 3,493,372</u>	<u>\$ 1,771,087</u>	<u>\$ 169,254</u>

C. As of September 30, 2020, the outstanding usance L/C used for acquiring raw materials and equipment was \$700,407.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

There was no significant change in the reporting period. Please refer to Note 10 in the consolidated financial statements for the year ended December 31, 2019.

(2) Financial instruments

A. Financial instruments by category

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 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>\$ 3,614,643</u>	<u>\$ 2,418,162</u>	<u>\$ 2,392,642</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	<u>\$ 20,654,294</u>	<u>\$ 15,538,746</u>	<u>\$ 14,472,980</u>
Financial assets at amortised cost /Loans and receivables			
Cash and cash equivalents	\$ 20,308,158	\$ 19,111,371	\$ 18,616,097
Financial assets at amortised cost	410,074	377,256	190,126
Notes receivable	1,286,763	1,120,188	1,127,613
Accounts receivable	8,400,131	9,012,340	9,418,987
Other receivables	399,557	579,246	548,963
Guarantee deposits paid and restricted bank deposits	<u>407,259</u>	<u>305,771</u>	<u>243,660</u>
	<u>\$ 31,211,942</u>	<u>\$ 30,506,172</u>	<u>\$ 30,145,446</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 116</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 2,938,004	\$ 1,857,637	\$ 2,026,526
Notes payable	516,260	365,837	355,874
Accounts payable	6,471,947	6,912,441	6,763,712
Other payables	4,509,540	4,676,588	4,544,519
Lease liabilities	4,947,062	5,219,092	5,197,382
Bonds payable (including current portion)	6,000,000	4,000,000	4,000,000
Long-term borrowings (including current portion)	<u>4,671,586</u>	<u>7,084,752</u>	<u>7,290,720</u>
	<u>\$ 30,054,399</u>	<u>\$ 30,116,347</u>	<u>\$ 30,178,733</u>

B. Financial risk management policies

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019.

C. Significant financial risks and degrees of financial risks

There was no significant change in the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2019, except for the items explained below:

(a) Market risk

Foreign exchange risk

The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2020

		Sensitivity Analysis						
		Foreign currency amount	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
		(In thousands)						
(Foreign currency: functional currency)								
<u>Financial assets</u>								
<u>Monetary items</u>								
USD:NTD	USD	\$ 139,352	29.1000	\$ 4,055,143	1%	\$ 40,551	\$ -	
EUR:NTD	EUR	12,126	34.1500	414,103	1%	4,141	-	
USD:RMB	USD	42,625	6.8166	1,240,388	1%	12,404	-	
JPY:NTD	JPY	876,344	0.2756	241,520	1%	2,415	-	
RMB:NTD	RMB	90,347	4.2690	385,691	1%	3,857	-	
AUD:NTD	AUD	7,842	20.7150	162,447	1%	1,624	-	
CAD:USD	CAD	6,458	0.7464	140,268	1%	1,403	-	
USD:SGD	USD	6,285	1.3688	182,894	1%	1,829	-	
EUR:USD	EUR	7,000	1.1735	239,050	1%	2,391	-	
<u>Non-monetary items</u>								
USD:NTD	USD	675,776	29.1000	19,665,083				
EUR:NTD	EUR	127,439	34.1500	4,352,045				
SGD:NTD	SGD	158,935	21.2600	3,378,960				
VND:NTD	VND	215,760,769	0.0013	280,489				
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD:NTD	USD	49,190	29.1000	1,431,429	1%	14,314	-	
USD:RMB	USD	7,686	6.8166	223,663	1%	2,237	-	
USD:VND	USD	3,706	22,284.6154	107,845	1%	1,078	-	
USD:AUD	USD	4,338	1.4048	126,236	1%	1,262	-	
USD:MYD	USD	4,882	4.1660	142,066	1%	1,421	-	

December 31, 2019

		Sensitivity Analysis						
		Foreign currency amount				Effect on profit	Effect on other	
		(In thousands)	Exchange rate	Book value (NTD)	Degree of variation	or loss	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	-	

September 30, 2019

						Sensitivity Analysis							
		Foreign currency amount						Effect on other comprehensive					
		(In thousands)		Exchange rate		Book value (NTD)		Degree of variation		Effect on profit or loss		income	
(Foreign currency: functional currency)													
<u>Financial assets</u>													
<u>Monetary items</u>													
USD:NTD	USD	\$	95,970	31.0400	\$	2,978,909	1%	\$	29,789	\$	-		
EUR:NTD	EUR		14,533	33.9500		493,395	1%		4,934		-		
USD:RMB	USD		34,331	7.1356		1,065,634	1%		10,656		-		
JPY:NTD	JPY		948,934	0.2878		273,103	1%		2,731		-		
RMB:NTD	RMB		77,276	4.3500		336,151	1%		3,362		-		
USD:MYR	USD		25,868	4.1872		802,943	1%		8,029		-		
MYR:SGD	MYR		13,700	0.3299		101,559	1%		1,016		-		
AUD:NTD	AUD		4,996	20.9650		104,741	1%		1,047		-		
EUR:MYR	EUR		20,371	4.5800		691,595	1%		6,916		-		
<u>Non-monetary items</u>													
USD:NTD	USD		642,035	31.0400		19,928,772							
EUR:NTD	EUR		129,034	33.9500		4,380,711							
SGD:NTD	SGD		152,018	22.4700		3,415,853							
VND:NTD	VND	252,110,769		0.0013		329,744							
MYR:NTD	MYR		14,609	7.4131		108,298							
<u>Financial liabilities</u>													
<u>Monetary items</u>													
USD:NTD	USD		39,589	1.3814		1,228,843	1%		12,288		-		
USD:RMB	USD		5,230	7.1356		162,339	1%		1,623		-		
USD:MYR	USD		22,516	4.1872		698,897	1%		6,989		-		

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 and 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 nine-month periods ended September 30, 2020 and 2019 would have increased/decreased by \$180,732 and \$119,632, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$1,032,715 and \$723,649, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain at least 30% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. For the nine-month periods ended September 30, 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. As at September 30, 2020 and 2019, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2020 and 2019 would have been \$11,414 and \$13,976 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. The Group uses the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As of September 30, 2020, December 31, 2019 and September 30, 2019, the loss rate methodology is as follows:

September 30, 2020			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 7,350,714	(\$ 6,325)
Up to 30 days	0%~2%	797,150	(2,778)
31 to 90 days	1%~20%	630,248	(13,472)
91 to 180 days	1%~100%	278,761	(20,549)
Over 180 days	1%~100%	429,532	(129,006)
		<u>\$ 9,486,405</u>	<u>(\$ 172,130)</u>

December 31, 2019			
	Expected credit loss rate	Total book value	Loss allowance
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>
September 30, 2019			
	Expected credit loss rate	Total book value	Loss allowance
Not past due	0%~1%	\$ 7,566,116	(\$ 3,165)
Up to 30 days	0%~2%	1,200,027	(2,457)
31 to 90 days	1%~20%	1,028,914	(19,129)
91 to 180 days	1%~100%	288,823	(12,239)
Over 180 days	1%~100%	385,244	(134,634)
		<u>\$ 10,469,124</u>	<u>(\$ 171,624)</u>
September 30, 2020			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 30,328	(\$ 30,328)
Group A	0%~5%	4,950,644	(9,809)
Group B	0%~10%	2,119,079	(7,068)
Group C	1%~20%	1,160,393	(14,945)
Group D	1%~40%	436,711	(22,984)
Group E	1%~100%	789,250	(86,996)
		<u>\$ 9,486,405</u>	<u>(\$ 172,130)</u>
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	0%~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>
September 30, 2019			
	Expected credit loss rate	Total book value	Loss allowance
Individual	100%	\$ 4,002	(\$ 4,002)
Group A	0%~5%	5,308,683	(5,874)
Group B	0%~10%	1,990,946	(14,332)
Group C	1%~20%	1,402,262	(17,937)
Group D	1%~40%	473,352	(7,954)
Group E	1%~100%	1,289,879	(121,525)
		<u>\$ 10,469,124</u>	<u>(\$ 171,624)</u>

- ii. 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		18,337
Write-offs during the period	(	12,350)
Effect of foreign exchange	(	283)
At September 30	\$	172,130
	2019	
	Notes receivable and accounts receivable	
At January 1	\$	183,347
Provision for impairment		893
Write-offs during the period	(	9,003)
Effect of foreign exchange	(	3,613)
At September 30	\$	171,624

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. As of September 30, 2020, December 31, 2019 and September 30, 2019, the undrawn credit amounts are \$21,596,198, \$20,190,686 and \$20,651,821, respectively.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

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

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 (including current portion)	5,159,554	1,398,674	382,042	150,000	-

Non-derivative financial liabilities:

<u>September 30, 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	\$ 2,026,526	\$ -	\$ -	\$ -	\$ -
Notes payable	355,874	-	-	-	-
Accounts payable	6,763,712	-	-	-	-
Lease liabilities	511,269	461,103	397,683	637,184	4,427,797
Other payables	4,544,519	-	-	-	-
Bonds payable					
(including current portion)	3,000,000	-	1,000,000	-	-
Long-term borrowings					
(including current portion)	5,563,776	1,349,443	294,565	100,000	-

iv. As of September 30, 2020, December 31, 2019 and September 30, 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>September 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 2,572,863	\$ -	\$ 1,029,229	\$ 3,602,092
Non-hedging derivatives	-	12,551	-	12,551
Financial assets at fair value through other comprehensive income				
Equity securities	<u>20,416,589</u>	<u>-</u>	<u>237,705</u>	<u>20,654,294</u>
	<u>\$ 22,989,452</u>	<u>\$ 12,551</u>	<u>\$ 1,266,934</u>	<u>\$ 24,268,937</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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	\$ -	\$ 50	\$ -	\$ 50
<u>September 30, 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	\$ 1,358,304	\$ 615	\$ 1,033,723	\$ 2,392,642
Financial assets at fair value				
through other comprehensive				
income				
Equity securities	<u>14,214,849</u>	<u>-</u>	<u>258,131</u>	<u>14,472,980</u>
	<u>\$ 15,573,153</u>	<u>\$ 615</u>	<u>\$ 1,291,854</u>	<u>\$ 16,865,622</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Non-hedging derivatives	\$ -	\$ 116	\$ -	\$ 116

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

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

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

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques method can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the

- consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).
- (c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.
- (d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (e) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.
- E. For the nine-month periods ended September 30, 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 nine-month periods ended September 30, 2020 and 2019:

	Non-derivative equity	
	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Beginning balance	\$ 1,247,785	\$ 1,278,674
Gains and losses recognized in profit or loss	57,897	-
Gain and loss recognized in other comprehensive income (	16,707) (	26,961)
Acquired during the period	-	42,286
Sold during the period	(22,041) (	2,145)
Ending balance	<u>\$ 1,266,934</u>	<u>\$ 1,291,854</u>

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

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

	Fair value at September 30, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,266,934	Market comparable companies	Price to earnings ratio multiple	1.00~4.56	The higher the multiple 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 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 September 30, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,291,854	Market comparable companies	Price to earnings ratio multiple	1.05~4.61	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:

September 30, 2020						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change					
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ 51,461	(\$ 51,461)	\$ 11,885	(\$ 11,885)
December 31, 2019						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change					
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ 50,413	(\$ 50,413)	\$ 11,977	(\$ 11,977)
September 30, 2019						
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Input	Change					
Financial assets						
Equity instrument	Discount for lack of marketability	±5%	\$ -	\$ -	\$ 64,593	(\$ 64,593)

(4) Other matter

The Company is a multinational corporation and the production and sales in some countries were impacted by the outbreak of the new coronavirus (COVID 19) in the third quarter of 2020 due to the preventive measures, including the reduction in working days and business activities, taken by the governments of some countries to control the pandemic. The Company continually takes countermeasures by maintaining 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, because of the second outbreak of the pandemic in various regions such as America, Europe and India, the impact on the operation of the Group would depend on the subsequent development of the pandemic.

13. Supplementary Disclosures

(1) Significant transactions information

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

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

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

14. Segment Information

(1) General information

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 nine-month periods ended September 30, 2020 and 2019 is as follows:

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

For the nine-month period ended September 30, 2019

	Heavy industrial products division	Home appliance division	Others	Adjustment and elimination	Total
<u>Operating revenues</u>					
Operating revenues from external customers	\$ 24,221,801	\$ 4,151,598	\$ 7,476,191	\$ -	\$ 35,849,590
Operating revenues from internal segments	13,048,586	2,178,045	731,558	(15,958,189)	-
Total operating revenues	<u>\$ 37,270,387</u>	<u>\$ 6,329,643</u>	<u>\$ 8,207,749</u>	<u>(\$ 15,958,189)</u>	<u>\$ 35,849,590</u>
Segment profits and losses	<u>\$ 2,398,007</u>	<u>\$ 44,994</u>	<u>\$ 432,552</u>	<u>\$ -</u>	<u>\$ 2,875,553</u>
Segment profits and losses including:					
Depreciation and amortization	<u>\$ 856,493</u>	<u>\$ 162,785</u>	<u>\$ 442,222</u>	<u>\$ -</u>	<u>\$ 1,461,500</u>
Not included in segment profit, but regularly provided to the chief operating decision-maker:					
<u>Segment assets</u>					
Identifiable assets	<u>\$ 37,793,761</u>	<u>\$ 3,827,644</u>	<u>\$ 22,518,390</u>	<u>(\$ 6,979,455)</u>	<u>\$ 57,160,340</u>
Capital expenditures	<u>\$ 538,577</u>	<u>\$ 35,409</u>	<u>\$ 54,892</u>	<u>\$ -</u>	<u>\$ 628,878</u>
<u>Segment liabilities</u>	<u>\$ 16,655,609</u>	<u>\$ 2,135,830</u>	<u>\$ 9,290,849</u>	<u>(\$ 6,987,338)</u>	<u>\$ 21,094,950</u>

(4) Reconciliation for segment profit (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the nine-month periods ended September 30, 2020 and 2019 is provided as follows:

	For the nine-month period ended September 30, 2020	For the nine-month period ended September 30, 2019
Adjusted operating income of reportable segments	\$ 2,104,600	\$ 2,443,001
Adjusted operating income of other operating segments	568,735	432,552
Interest income	163,888	208,789
Gains on financial instruments	226,339	41,542
Financial cost	(193,704)	(205,025)
Associates' and joint ventures' profit and loss accounted for under the equity method	(50,931)	26,285
Losses on disposals of property, plant and equipment	(7,266)	(11,342)
Impairment loss	(15,867)	-
Others	599,711	678,349
Income before income tax	\$ 3,395,505	\$ 3,614,151

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Loans to others

For the nine-month period ended September 30, 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 nine- month period ended September 30, 2020	Balance at September 30, 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	\$ 58,200	\$ 20,370	2.76%	Short-term financing	\$ -	For operating capital	\$ -	-	\$ -	\$ 1,850,182	\$ 6,167,274	Note 2
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	"	"	129,158	127,515	76,842	3.50%	Short-term financing	-	For operating capital	-	-	-	1,850,182	6,167,274	Note 2
1	U.V.G.	Teco Netherlands	"	"	245,560	239,050	239,050	-	Short-term financing	-	For operating capital	-	-	-	460,674	767,791	Note 3
2	Teco Westinghouse	TWMM	"	"	66,550	64,020	14,550	2.97%	Short-term financing	-	For operating capital	-	-	-	814,236	1,628,472	Note 4
2	Teco Westinghouse	TECO ELECTRIC & MACHINERY CO., LTD.	"	"	302,500	-	-	1.96%	Short-term financing	-	For operating capital	-	-	-	814,236	1,628,472	Note 4
3	Tong-An Assets	TECO ELECTRIC & MACHINERY CO., LTD.	"	"	200,000	-	-	1.05%	Short-term financing	-	For operating capital	-	-	-	528,459	528,459	Note 5
4	Jiangxi Teco	QingDao Teco	"	"	54,000	-	-	3.50%	Short-term financing	-	For operating capital	-	-	-	74,307	148,615	Note 6
5	Century Development	Century Tech. C&M Corp.	"	"	120,000	120,000	70,000	1.2632%	Short-term financing	-	For operating capital	-	-	-	120,709	402,363	Note 7

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

(1)The Company is '0'.

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

Note 2: In accordance with the company's policy, limit on total loans shall not exceed 10% of the Company's net assets based on the latest financial statements (September 30, 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 (September 30, 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 (September 30, 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 (September 30, 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 (September 30, 2020), and limit on loans to a single party shall not 10% of Teco Westinghouse's net assets based on the latest financial statements (September 30, 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 (September 30, 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 (September 30, 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 (September 30, 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 (September 30, 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 (September 30, 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 (September 30, 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 nine-month period ended September 30, 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	Maximum outstanding endorsement/ guarantee amount as of September 30, 2020	Outstanding endorsement/ guarantee amount at September 30, 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 parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor (Note 2)											
0	TECO ELECTRIC & MACHINERY CO., LTD.	Sankyo Co., Ltd.	(2)	\$ 12,334,548	\$ 46,580	\$ 45,474	\$ 24,804	-	0.07	\$ 37,003,643	Y	N	N	Note 3
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco International	(2)	12,334,548	100,000	100,000	-	-	0.16	37,003,643	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	An-Tai International	(2)	12,334,548	110,000	110,000	-	-	0.18	37,003,643	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	Motovario	(2)	12,334,548	1,613,680	1,570,900	1,570,900	-	2.55	37,003,643	Y	N	N	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	(2)	12,334,548	229,710	221,160	-	-	0.36	37,003,643	Y	N	Y	"
0	TECO ELECTRIC & MACHINERY CO., LTD.	TME	(6)	12,334,548	41,140	-	-	-	-	37,003,643	N	N	N	"
1	Teco Westinghouse	TWMM	(4)	814,236	13,036	13,036	13,036	-	0.16	1,628,472	Y	N	N	Note 4
2	Motovario S.p.A.	TECNOFIB SRL	(1)	857,834	475	171	171	-	-	2,573,503	N	N	N	Note 5
2	Motovario S.p.A.	MOTOVARIO SAU (Spain)	(4)	857,834	42,970	40,499	40,499	-	0.94	2,573,503	Y	N	N	"

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of September 30, 2020	Outstanding endorsement/ guarantee amount at September 30, 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)											
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	\$ 402,363	\$ 211,291	\$ 211,291	\$ -	-	5.25	\$ 804,727	Y	N	N	Note 6
4	Tong-An Assets	"	(6)	528,459	152,824	141,642	-	-	2.68	1,056,918	N	N	N	Note 7
5	Tong-an Investment	"	(6)	150,934	152,824	141,642	-	-	0.86	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 (September 30, 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 (September 30, 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 (September 30, 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 (September 30, 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 (September 30, 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)

September 30, 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 September 30, 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	\$ 6,015,417	3.38	\$ 6,015,417	
	Stock 2	None	"	9,610	90,047	0.10	90,047	
	Stock 3	The Company is a director of the investee	"	5,098	103,238	13.42	103,238	
	Stock 4, etc.	None	"	19,055	8,316	-	8,316	
	Stock 5	"	Note 4	10,084	287,907	0.08	287,907	
	Stock 6	The Company is a director of the investee	"	11,527	437,466	1.96	437,466	
	Stock 7	None	"	47,839	321,477	1.76	321,477	
	Stock 8	"	"	1,776	16,874	0.05	16,874	
	Stock 9	The Company is a director of the investee	"	32,980	308,552	10.99	308,552	
	Stock 10	None	"	7,500	314,775	5.00	314,775	
	Stock 11, etc.	"	"	22,579	214,541	-	214,541	
	Fund 1	"	"	-	186,963	-	186,963	
	Fund 2	"	"	-	71,866	-	71,866	
	Stock 12	The Company is a director of the investee	Note 1	169	118,807	0.12	118,807	
Teco International	Stock 13	None	"	3,177	135,674	0.76	135,674	
	Stock 14, etc	The Company is a director of the investee	"	13,062	205,272	-	205,272	
	Stock 15, etc	None	Note 3	3,944	223,173	-	223,173	
	Stock 16, etc	"	Note 2	32	1,757	-	1,757	
	Stock 17	An investee company accounted for under the equity method by the Company	Note 1	19,540	583,271	0.99	583,271	
Tong-an Investment	Stock 14	Related party in substance	"	9,197	107,139	8.17	107,139	
	Stock 18	None	"	8,692	530,209	0.27	530,209	
	Stock 19	"	"	1,285	124,131	0.04	124,131	
	Stock 12	The Company is a director of the investee	"	14,050	9,877,150	10.03	9,877,150	
	Stock 20, etc.	None	"	32,215	485,487	-	485,487	
	Stock 21, etc.	"	Note 2	179	9,866	-	9,866	
	Stock 22, etc.	"	Note 3	14,886	839,871	-	839,871	
	Stock 12	The Company is a director of the investee	Note 4	1,000	703,000	-	703,000	
	Fund 3	None	"	50,000	557,000	-	557,000	
	Fund 4, etc.	"	"	-	32,598	-	32,598	
	Stock 23, etc.	"	Note 1	118	5,388	-	5,388	
	Stock 17	An investee company accounted for under the equity method by the Company	"	2,826	84,349	0.14	84,349	
	Stock 14	Related party in substance	"	1,270	14,797	1.13	14,797	
	Stock 24	"	"	2,756	182,977	8.51	182,977	
	Stock 25	None	"	195	10,822	-	10,822	
U.V.G	Stock 26, etc	"	Note 2	5	275	-	275	
An-Tai International								

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
An-Tai International	Stock 22, etc.	None	Note 3	1,533	\$ 103,399	-	\$ 103,399	
Jie-Zheng Property	Fund 5, etc.	"	Note 2	-	60,862	-	60,862	
Teco Electro	Stock 14	Related party in substance	Note 1	200	2,332	0.18	2,332	
Information Technology Total Service	Stock 26, etc.	None	"	3,269	30,826	-	30,826	
Teco Singapore	Stock 12, etc.	"	"	304	213,716	-	213,716	
Taiwan Pelican express	Stock 17	An investee company accounted for under the equity method by the Company	"	7,070	211,040	0.36	211,040	
	Stock 12	None	"	459	322,677	0.32	322,677	
Teco Australia	Stock 12	"	"	460	323,661	0.33	323,661	
Sankyo	Stock 27	"	"	68	7,346	-	7,346	
Tecom amd its subsidiaries	Stock 2	"	"	2,175	20,382	0.02	20,382	
	Stock 1	The Company is a corporate director of the investee	"	16,222	513,429	0.29	513,429	
	Stock 28	None	Note 3	3,354	46,953	1.69	46,953	
	Stock 4, etc.	"	Note 1	524	767	-	767	
	Fund 6, etc.	"	Note 2	7,166	76,314	-	76,314	
Top-Tower	Stock 17	An investee company accounted for under the equity method by the Company	Note 3	77	2,305	-	2,305	
	Stock 29, etc.	None	"	3	43	-	43	

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

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

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

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the nine-month period ended September 30, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General		Relationship with the investor	Balance as at January 1, 2020		Addition		Disposal				Balance as at September 30, 2020	
		ledger account	Counterparty		Number of shares / units	Amount	Number of shares / units	Amount (Note 2)	Number of shares / units	Selling price	Book value	Gain (loss) on disposal	Number of shares / units	Amount
Tong-An Investment Co., Ltd.	Yuanta Taiwan High-yield Leading Company Fund	Note 1	Not applicable	Not applicable	-	\$ -	50,000,000	\$ 557,000	-	\$ -	\$ -	\$ -	50,000,000	\$ 557,000

Note 1: Financial assets at fair value through profit or loss - non-current.

Note 2: Investment cost and gain on valuation of fair value amounted to \$500,000 and \$57,000, respectively.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the nine-month period ended September 30, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

							If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:						
Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitment
Century Biotech Development Corp.	Park permanent works	In October 2019	\$ 1,653,600	\$ 152,744	FAR EASTERN GENERAL CONTRACTOR INC.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park curtain wall	In February 2020	410,000	39,030	CHINA WIRE & CABLE CO., LTD.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

For the nine-month period ended September 30, 2020

Table 6

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)		Percentage of total notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	\$ 1,735,229	15%	30 days	Note 1	Note 1	(\$ 103,729)	(3%)	
	Taian (Subic)	"	"	131,736	1%	"	"	"	(78,333)	(2%)	
	Tai-An Wuxi	An indirect investee accounted for under the equity method	"	485,045	4%	"	"	"	(125,119)	(3%)	
	Wuxi Teco	"	"	773,934	7%	"	"	"	(490,028)	(12%)	
	QingDao Teco	"	"	365,547	3%	"	"	"	(76,207)	(2%)	
	TECO (VIETNAM)	"	"	265,764	2%	"	"	"	(64,520)	(2%)	
	ELECTRIC & MACHINERY										
	Tong Dai	An investee accounted for under the equity method	Sales	(1,066,896)	(7%)	90 days	"	"	257,036	7%	
	Taisan	"	"	(130,769)	(1%)	"	"	"	22,529	1%	
	E-Joy International Co., Ltd.	"	"	(190,906)	(1%)	"	"	"	58,745	2%	
	Teco Singapore	"	"	(472,667)	(3%)	"	"	"	45,541	1%	
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	(2,162,925)	(15%)	"	"	"	396,172	10%	
	Teco Westinghouse Canada	"	"	(531,833)	(4%)	"	"	"	79,406	2%	
	Teco Australia	"	"	(817,851)	(6%)	"	"	"	218,596	6%	
	Top-Tower	"	"	(195,651)	(1%)	"	"	"	76,923	2%	
	Motovario	"	"	(129,956)	(1%)	"	"	"	48,588	1%	
	Sankyo	"	"	(161,089)	(1%)	"	"	"	218,148	6%	
	TECO MIDDLE EAST	"	"	(111,838)	(1%)	"	"	"	71,584	2%	

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
September 30, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 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	\$ 257,704	4.08	\$ -	-	\$ 4,630	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	396,172	8.78	21,686	In the process of collection	-	
"	QingDao Teco	"	210,656	-	-	-	-	
"	Wuxi Teco	"	140,613	0.24	-	-	-	
"	Teco Australia	"	218,697	5.01	-	-	-	
"	Sankyo	"	229,674	0.88	157,073	In the process of collection	-	
"	Teco Netherlands	"	273,848	0.24	239,890	"	-	
"	Motovario	"	124,756	1.47	-	-	5,112	
Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	An investee accounted for under the equity method	103,729	32.64	-	-	16,914	
Wuxi Teco	"	An indirect investee accounted for under the equity method	490,028	2.42	-	-	11,886	
Tai-An Wuxi U.V.G.	"	"	125,119	5.74	-	-	20,429	
	Teco Netherlands	"	239,050	-	-	-	-	Total cumount was \$17,737

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting period

For the nine-month period ended September 30, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 257,704	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	"	QingDao Teco	"	Accounts receivable and other receivables	210,656	"	-
0	"	Teco Netherlands	"	"	273,848	"	-
0	"	Sankyo	"	"	229,674	"	-
0	"	Wuxi Teco	"	"	140,613	"	-
0	"	Motovario	"	"	124,756	"	-
0	"	Teco Australia	"	"	218,697	"	-
0	"	Teco Westinghouse	"	Accounts receivable	396,172	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	490,028	"	-
2	Tai-An Wuxi	"	"	"	125,119	"	-
3	Tesen	"	"	"	103,729	"	-
4	U.V.G	Teco Netherlands	(3)	"	239,050	"	-
0	TECO ELECTRIC & MACHINERY CO., LTD.	Teco Westinghouse	(1)	Sales	2,162,925	"	6%
0	"	Teco Westinghouse Canada	"	"	531,833	"	2%
0	"	Teco Singapore	"	"	472,667	"	1%
0	"	Tong Dai	"	"	1,066,896	"	3%
0	"	Teco Australia	"	"	817,851	"	2%
0	"	Top-Tower	"	"	195,651	"	1%
0	"	Sankyo	"	"	161,089	"	-
0	"	E-Joy International Co., Ltd.	"	"	190,906	"	1%
0	"	Motovario	"	"	129,956	"	-

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
3	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Sales	\$ 1,735,229	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	"	"	"	485,045	"	1%
1	Wuxi Teco	"	"	"	773,934	"	2%
6	QingDao Teco	"	"	"	365,547	"	1%
7	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	265,764	"	1%
8	Taian (Subic)	"	"	"	131,736	"	-

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

(1) Parent company is '0'.

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

Note 2: Relationship with the transaction company:

(1) The parent company to the subsidiary.

(2) The subsidiary to the parent company.

(3) The subsidiary to another subsidiary.

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investees

For the nine-month period ended September 30, 2020

Table 9

Expressed in thousands of NTD (Except as otherwise indicated)											
Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss)	Investment income	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	of the investee	(loss) recognized by the	
									for the nine-month period ended September 30, 2020	Company for the nine-month period ended September 30, 2020	
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	\$ 12,293	\$ 12,293	39,145,044	31.14	\$ 2,086,403	\$ 174,762	\$ 54,386	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	60,090,307	63.52	132,599	(35,490)	(22,315)	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	69,894,485	100	1,287,677	48,008	52,015	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	10,432,301	292,413	291,907	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90	3,378,960	66,090	55,683	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	508,860,935	99.60	15,906,995	664,509	597,309	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	82,335	82,335	10,770,864	62.57	197,514	29,606	18,391	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	7,672,485	238,838	240,117	None
	ITTS	Taiwan	E-business service, mailing and data management	116,346	116,346	11,467,248	41.97	216,962	51,491	21,610	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100	221,807	23,878	20,884	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss)	Investment income	Footnote
				Balance as at September 30, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	of the investee	(loss) recognized	
									for the nine-month period ended September 30, 2020	by the Company for the nine-month period ended September 30, 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	\$ 462,560	\$ 44,221	\$ 14,967	None
	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	22,444	22,444	6,615,254	83.53	334,681	54,391	33,127	Note
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	352,252	352,252	29,013,668	100	280,489	(15,916)	(35,310)	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95	140,867	14,651	9,540	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	395,415,338	100	5,284,590	39,990	39,990	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70	173,445	7,638	5,090	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	1,378,318	(4,653)	(9,788)	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67	1,267,821	(25,082)	(9,913)	None
	An-Tai	Taiwan	Investment holdings	150,000	150,000	33,253,581	100	512,261	17,675	14,929	None
	Pelican	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27	289,448	155,667	37,564	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	287,592	136,228	19,956	None
	Taian-Etacom Technology Co., Ltd.	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73	123,409	7,759	6,575	None
Eagle Holding Co. TECO MOTOR B.V.	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100	4,352,045	59,266	59,149	None
	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100	4,352,045	59,266	59,149	None
	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100	4,352,045	59,266	59,149	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	1,612,009	36,590	36,590	None

Table 9, Page 2

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine-month period ended September 30, 2020	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2020	Footnote
				Balance as at September 30, 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	\$ 216,226	\$ 2,119	\$ 2,119	None
		Taiwan	Manufacturing and sales of optical telecom products	359,656	359,656	9,619,819	28.64	117,279	258	74	None
Tong-An Investment	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	87,464	87,464	7,913,310	6.23	205,385	149,545	9,499	None
	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18	626,057 (	25,082) (	2,160)	None
	Pelican	Taiwan	Logistics and distribution services	54,874	54,874	6,474,468	6.78	120,064	155,667	10,557	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	200,000	51,427,000	20.57	504,281 (	5,850) (	1,877)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30	238,341 (	15,567) (	4,475)	None
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	92,000	92,000	12,553,526	100	135,394	1,868	154	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,354	84.97	723,491	6,947	11,488	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03	127,966	6,947	2,032	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	98,170	98,170	10,000,000	100	(179,903) (	249,799) (	248,868)	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50	68,004	26,418	13,255	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	5,016,880	51.60	70,575	8,344	4,305	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,600	300,000	77,146,000	30.86	756,435 (	5,850) (	2,271)	None
	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11	9,961 (	13) (	4)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40	298,454 (	15,567) (	6,227)	None
Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100	145,650	25,862	29,606	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2020			Net profit (loss) of the investee for the nine-month period ended September 30, 2020	Investment income (loss) recognized by the Company for the nine-month period ended September 30, 2020	Footnote
				Balance as at September 30, 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	\$ 243,832	(\$ 25,082)	(\$ 1,520)	None
Teco International	Creative Sensor Inc.	Taiwan	Manufacturing and sales of electronic components	52,560	52,560	4,326,447	3.41	112,290	149,545	5,194	None
Kuen Ling	CHING CHI INTERNATIONAL LIMITED	British Virgin Islands	Investing in other areas	201,467	201,467	6,200,000	83	418,083	(4,010)	(3,302)	None
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	184,893	184,893	17,018,916	4.85	195,709	(25,082)	(1,018)	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	200,000	51,427,000	20.57	503,306	(5,850)	(2,435)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30	238,229	(15,567)	(4,587)	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the nine-month period ended September 30, 2020

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2020	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income of investee for the nine-month period ended September 30, 2020	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the nine- month period ended September 30, 2020	Book value of investments in Mainland China as of September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020	Footnote
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ - \$ -	\$ 188,139	(\$ 4,236)	100	(\$ 4,236)	\$ 129,895	\$ -	Note 16
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	- -	768,259	131,081	82.35	106,644	1,520,389	-	Note 15
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 11	205,551	- -	205,551	10,359	100	14,060	1,174,599	-	Note 16
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	- -	456,293	177	100	177 (	26,985)	-	Note 16
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	- -	1,383,653	47,898	98.07	46,974	1,457,465	-	Note 15
QingDao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	- -	1,648,510	16,752	87.6	14,674	372,799	-	Note 15
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	(2,579)	100	(2,579)	267,610	-	Note 15
Teco Hang Zhou	Development and consulting of device products	9,837	Note 1	9,837	- -	9,837	4,989	100	5,087	35,706	-	Note 16
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	- -	340,469	8,597	24	2,027	27,343	-	Note 16
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	- -	391,843	(6,478)	100	(6,478)	60,242	-	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 nine-month period ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2020	Net income of investee for the nine-month period ended September 30, 2020	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the nine- month period ended September 30, 2020	Book value of investments in Mainland China as of September 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2020	Footnote
				Remitted to Mainland China	Remitted back to Taiwan	September 30, 2020	September 30, 2020			September 30, 2020	September 30, 2020	September 30, 2020	
Ecoelectric International	Distribution of air conditioner	\$ 24,004	Note 2	\$ -	\$ -	\$ -	\$ -	(\$ 18,094)	40	(\$ 7,219)	(\$ 11,107)	\$ -	Note 16
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	761	100	761	124,352	-	Note 16
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 13	59,444	-	-	59,444	994	100	994	37,706	-	Note 16
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	23,829	61,256	100	61,256	146,462	-	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 19
Jiangxi TECO Westinghouse Motor Coil Co.,Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 12	-	-	-	-	4,320	100	4,320	112,676	-	Note 16
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 14	-	-	-	-	13,502	100	13,504	787,454	-	Note 16
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	26,422	301	100	301	2,490	-	Note 15
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	329,531	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	(3,535)	100	(3,690)	138	-	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	(26)	100	(26)	2,956	-	Note 15
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	10,167	Note 9	10,167	-	-	10,167	8,262	100	8,262	24,528	-	Note 15

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of September 30,	Net income of investee for the nine-month period ended September 30,	Ownership held by the Company (direct or indirect)(%)	Investment income (loss) recognized by the Company for the nine- month period ended September 30,	Book value of investments in Mainland China as of September 30,	Accumulated amount of investment income remitted back to Taiwan as of September 30,	Footnote
				2020	Remitted to Mainland China	Remitted back to Taiwan	2020	2020	2020	2020	2020		
Information Technology Total Service (Xiamen)	ERP building, system maintenance and purchases of information appliance	\$ 4,421	Note 9	\$ -	\$ -	\$ -	\$ -	(\$ 1,151)	100	(\$ 1,151)	(\$ 471)	\$ -	Note 15
Wuxi TECO Electro Devices Co. Ltd.	R&D, manufacturing and sales of motors and provide products sales skills	115,125	Note 10	86,101	-	-	86,101	25,862	100	25,862	146,028	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 September 30, 2020, accumulated impairment of \$24,746 was accrued.

Note 19: The investee has been liquidated in 2020.

Company name	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)		
	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 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	\$ 40,436,797
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,188,475
Tecom Co., Ltd.	541,961	754,000	281,281
Information Technology Total Services Co., Ltd.	10,167	10,167	310,176
Teco Electro Devices Co., Ltd.	86,101	104,259	191,181

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 nine-month period ended September 30, 2020

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
	Amount	%	Amount	%	Balance at September 30, 2020	%	Balance at September 30, 2020	Purpose	Maximum balance during the nine-month period ended September 30, 2020	Balance at September 30, 2020	Interest rate	Interest during the nine-month period ended September 30, 2020	Others
Wuxi Teco	\$ 20,190	-	\$ -	-	5,476	-	\$ -	-	\$ -	-	-	\$ -	-
Taian (Wuxi)	15,537	-	-	-	8,407	-	-	-	-	-	-	-	-
Jiangxi Teco	28,821	-	-	-	7,536	-	-	-	-	-	-	-	-
QingDao Teco	71	-	-	-	2,294	-	-	-	129,158	127,515	3.50%	2,322	-
Xiamen An-Tai	-	-	-	-	-	-	-	-	78,650	58,200	2.76%	513	-
Shanghai Teco	6,007	-	-	-	-	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	47	-	-	-	47	-	-	-	-	-	-	-	-
Wuxi Teco Precision	1,967	-	-	-	180	-	-	-	-	-	-	-	-
Wuxi Teco	(773,934)	(7%)	-	-	(490,028)	(12%)	-	-	-	-	-	-	-
Taian (Wuxi)	(485,045)	(4%)	-	-	(125,119)	(3%)	-	-	-	-	-	-	-
Jiangxi Teco	(66,474)	(1%)	-	-	(11,424)	-	-	-	-	-	-	-	-
QingDao Teco	(365,547)	(3%)	-	-	(76,207)	(2%)	-	-	-	-	-	-	-
Xiamen An-Tai	(3,087)	-	-	-	(469)	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	(19,231)	-	-	-	(4,580)	-	-	-	-	-	-	-	-
Wuxi Teco Precision	(54,485)	-	-	-	-	-	-	-	-	-	-	-	-

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Major shareholders information

September 30, 2020

Table 12

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
PJ Asset Management Co., Ltd	373,237,991	18.97%
Jia-Yuan Investment Co., Ltd	144,369,000	7.34%