

**TECO ELECTRIC & MACHINERY CO., LTD.  
AND SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REVIEW REPORT  
MARCH 31, 2022 AND 2021**

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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 March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

### ***Scope of Review***

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

### ***Basis for Qualified Conclusion***

As described in Notes 4(3) and 6(7) to the consolidated financial statements, the financial statements of certain consolidated subsidiaries and investees accounted for under the equity method were not reviewed by independent auditors. Those statements reflect total assets (including investments accounted for under the equity method) of NT\$23,856,171 thousand and NT\$23,445,498 thousand, constituting 19% and 20% of consolidated total assets as of March 31, 2022 and 2021, respectively, total liabilities (including credit balance of investments accounted for under the equity method) of NT\$5,239,161 thousand and NT\$4,683,111 thousand, constituting 12% and 11% of consolidated total liabilities as of March 31, 2022 and 2021, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of NT\$ 187,358 thousand and NT\$ 166,478 thousand, both constituting 2% of the consolidated total comprehensive income for the three-month periods then ended, respectively. These amounts and the related information disclosed in Note 13 were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

## ***Qualified Conclusion***

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investees accounted for 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 March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

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Wu, Yu-Lung

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Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

May 13, 2022

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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**  
**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**  
(Expressed in thousands of New Taiwan dollars)  
(The consolidated balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Assets	Notes	March 31, 2022		December 31, 2021		March 31, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current assets</b>								
1100	Cash and cash equivalents	6(1) and 8	\$ 19,298,415	16	\$ 17,274,143	13	\$ 21,565,432	19
1110	Current financial assets at fair value through profit or loss	6(2)	1,250,496	1	2,312,233	2	127,171	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	1,005,039	1	1,064,454	1	1,475,573	1
1140	Current contract assets		1,777,153	1	2,319,092	2	1,387,116	1
1150	Notes receivable, net	6(5) and 8	784,817	1	996,956	1	929,638	1
1160	Notes receivable - related parties	7	8,145	-	4,201	-	8,238	-
1170	Accounts receivable, net	6(5)	10,040,866	8	9,926,625	7	8,691,789	7
1180	Accounts receivable - related parties	7	235,363	-	274,873	-	216,296	-
1200	Other receivables		339,838	-	420,113	-	273,160	-
1210	Other receivables - related parties	7	113,383	-	118,561	-	69,575	-
130X	Inventories, net	6(6)	13,053,986	11	12,252,098	9	10,319,388	9
1410	Prepayments		509,581	-	515,811	-	547,302	1
1470	Other current assets	6(1) and 8	1,605,064	1	1,854,511	1	1,633,334	1
11XX	<b>Total current assets</b>		<u>50,022,146</u>	<u>40</u>	<u>49,333,671</u>	<u>36</u>	<u>47,244,012</u>	<u>40</u>
<b>Non-current assets</b>								
1510	Non-current financial assets at fair value through profit or loss	6(2)	3,882,944	3	4,538,374	4	3,896,867	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	32,985,146	26	45,160,394	33	28,177,645	24
1535	Non-current financial assets at amortised cost, net	6(4) and 8	313,159	-	392,232	-	435,663	-
1550	Investments accounted for under the equity method	6(7) and 7	3,625,951	3	3,478,685	3	4,137,978	4
1600	Property, plant and equipment, net	6(8) and 8	15,164,543	12	15,196,458	11	15,722,353	14
1755	Right-of-use assets	6(9) and 8	6,904,735	6	6,776,467	5	6,670,502	6
1760	Investment property, net	6(10)	2,827,316	2	2,828,899	2	2,831,851	3
1780	Intangible assets	6(11)	4,538,944	4	4,439,567	3	5,033,828	4
1840	Deferred income tax assets	6(30)	1,263,827	1	1,417,175	1	1,370,285	1
1900	Other non-current assets	6(1)(12) and 8	3,613,322	3	3,050,528	2	1,437,639	1
15XX	<b>Total non-current assets</b>		<u>75,119,887</u>	<u>60</u>	<u>87,278,779</u>	<u>64</u>	<u>69,714,611</u>	<u>60</u>
1XXX	<b>Total assets</b>		<u>\$ 125,142,033</u>	<u>100</u>	<u>\$ 136,612,450</u>	<u>100</u>	<u>\$ 116,958,623</u>	<u>100</u>

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

**MARCH 31, 2022, DECEMBER 31, 2021 AND MARCH 31, 2021**

(Expressed in thousands of New Taiwan dollars)

(The consolidated balance sheets as of March 31, 2022 and 2021 are reviewed, not audited)

Liabilities and Equity	Notes	March 31, 2022		December 31, 2021		March 31, 2021		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>								
2100	Short-term borrowings	6(13) and 8	\$ 1,672,201	1	\$ 2,042,697	2	\$ 3,189,293	3
2120	Current financial liabilities at fair value through profit or loss	6(14)	694	-	-	-	2,547	-
2130	Current contract liabilities	6(23)	1,888,235	2	1,490,821	1	1,533,294	1
2150	Notes payable		904,871	1	1,021,039	1	346,228	-
2160	Notes payable - related parties	7	34,860	-	6,154	-	53,802	-
2170	Accounts payable		8,815,455	7	9,268,228	7	7,989,661	7
2180	Accounts payable - related parties	7	65,393	-	78,999	-	124,113	-
2200	Other payables	6(15)	7,934,862	6	5,544,765	4	6,936,250	6
2230	Current income tax liabilities	6(29)	892,358	1	646,719	-	602,240	1
2250	Provisions for liabilities - current		336,110	-	320,207	-	379,883	-
2280	Current lease liabilities		512,367	-	503,953	-	447,510	-
2320	Long-term liabilities, current portion	6(16)(17) and 8	1,488,070	1	1,491,683	1	295,657	-
2399	Other current liabilities, others		687,548	1	658,746	1	747,124	1
21XX	<b>Total current liabilities</b>		<u>25,233,024</u>	<u>20</u>	<u>23,074,011</u>	<u>17</u>	<u>22,647,602</u>	<u>19</u>
<b>Non-current liabilities</b>								
2530	Corporate bonds payable	6(16)	5,000,000	4	5,000,000	4	6,000,000	5
2540	Long-term borrowings	6(17) and 8	3,677,673	3	3,603,574	2	3,000,030	3
2550	Provisions for liabilities - non-current		105,565	-	115,391	-	104,922	-
2570	Deferred income tax liabilities	6(29)	2,315,116	2	2,350,403	2	2,588,696	2
2580	Non-current lease liabilities		4,640,686	3	4,558,141	3	4,384,419	4
2600	Other non-current liabilities	6(7)(18)	2,190,476	2	2,248,999	2	2,288,899	2
25XX	<b>Total non-current liabilities</b>		<u>17,929,516</u>	<u>14</u>	<u>17,876,508</u>	<u>13</u>	<u>18,366,966</u>	<u>16</u>
2XXX	<b>Total liabilities</b>		<u>43,162,540</u>	<u>34</u>	<u>40,950,519</u>	<u>30</u>	<u>41,014,568</u>	<u>35</u>
<b>Equity attributable to owners of parent</b>								
Share capital								
3110	Common stock	6(19)	21,387,966	17	21,387,966	16	21,387,966	18
Capital surplus								
3200	Capital surplus	6(20)	9,574,797	7	9,529,520	7	9,521,110	8
Retained earnings								
3310	Legal reserve	6(21)	7,374,048	6	7,374,048	5	7,024,636	6
3320	Special reserve		3,640,779	3	3,640,779	3	3,640,778	3
3350	Unappropriated retained earnings		17,173,409	14	19,712,565	14	15,914,341	14
Other equity interest								
3400	Other equity interest	6(22)	17,099,175	14	28,080,595	20	12,908,463	11
3500	Treasury stocks	6(19)	( 511,710)	-	( 511,710)	-	( 511,710)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>75,738,464</u>	<u>61</u>	<u>89,213,763</u>	<u>65</u>	<u>69,885,584</u>	<u>60</u>
36XX	Non-controlling interest	6(33)	6,241,029	5	6,448,168	5	6,058,471	5
3XXX	<b>Total equity</b>		<u>81,979,493</u>	<u>66</u>	<u>95,661,931</u>	<u>70</u>	<u>75,944,055</u>	<u>65</u>
Significant contingent liabilities and unrecognized contract commitments								
Significant events after the balance sheet date								
3X2X	<b>Total liabilities and equity</b>		<u>\$ 125,142,033</u>	<u>100</u>	<u>\$ 136,612,450</u>	<u>100</u>	<u>\$ 116,958,623</u>	<u>100</u>

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except earnings per share)  
(REVIEWED, NOT AUDITED)

	Items	Notes	Three-month periods ended March 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(9)(10)(23) and 7	\$ 13,897,288	100	\$ 11,539,669	100
5000	Operating costs	6(6)(8)(9)(18)(28) and 7	( 10,853,308)	( 78)	( 8,822,330)	( 77)
5900	Net operating margin		3,043,980	22	2,717,339	23
5910	Unrealized profit from sales		( 8,354)	-	( 10,262)	-
5920	Realized profit from sales		8,354	-	9,517	-
5950	Net operating margin		3,043,980	22	2,716,594	23
	Operating expenses	6(8)(9)(18)(28)				
6100	Selling expenses		( 1,036,464)	( 8)	( 965,783)	( 8)
6200	General and administrative expenses		( 581,866)	( 4)	( 661,819)	( 6)
6300	Research and development expenses		( 266,548)	( 2)	( 265,327)	( 2)
6450	Expected credit impairment (losses) gains	12(2)	( 8,456)	-	2,387	-
6000	Total operating expenses		( 1,893,334)	( 14)	( 1,890,542)	( 16)
6900	Operating profit		1,150,646	8	826,052	7
	Non-operating income and expenses					
7100	Interest income	6(4)(24)	31,836	-	32,468	-
7010	Other income	6(3)(10)(25) and 7	81,856	1	104,792	1
7020	Other gains and losses	6(2)(9)(14)(26)	( 509,954)	( 4)	394,827	4
7050	Finance costs	6(9)(27)	( 52,206)	-	( 49,747)	-
7060	Share of profit of associates and joint ventures accounted for under the equity method	6(7)	97,614	1	123,757	1
7000	Total non-operating income and expenses		( 350,854)	( 2)	606,097	6
7900	<b>Profit before income tax</b>		799,792	6	1,432,149	13
7950	Income tax expense	6(29)	( 345,733)	( 3)	( 201,282)	( 2)
8200	<b>Profit for the period</b>		\$ 454,059	3	\$ 1,230,867	11

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TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except earnings per share)  
(REVIEWED, NOT AUDITED)

Items	Notes	Three-month periods ended March 31			
		2022		2021	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive (loss) income, before tax, actuarial losses on defined benefit plans	(\$ 325)	-	\$ 93	-
8316	Unrealized losses and gains on valuation of investments measured at fair value through other comprehensive income	( 12,137,762)	( 87)	5,932,019	51
8320	Share of other comprehensive (loss) 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	( 1,967)	-	3,829	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss	( 12,140,054)	( 87)	5,935,941	51
<b>Other comprehensive income that will be reclassified to profit or loss</b>					
8361	Currency translation differences of foreign operations	1,035,413	7	( 278,089)	( 2)
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	( 174,889)	( 1)	61,867	-
8360	Components of other comprehensive income that will be reclassified to profit or loss	860,524	6	( 216,222)	( 2)
8300	<b>Other comprehensive (loss) income for the period</b>	<u>(\$ 11,279,530)</u>	<u>( 81)</u>	<u>\$ 5,719,719</u>	<u>49</u>
8500	<b>Total comprehensive (loss) income for the period</b>	<u>(\$ 10,825,471)</u>	<u>( 78)</u>	<u>\$ 6,950,586</u>	<u>60</u>
Profit attributable to:					
8610	Owners of the parent	\$ 348,439	2	\$ 1,101,644	10
8620	Non-controlling interest	105,620	1	129,223	1
		<u>\$ 454,059</u>	<u>3</u>	<u>\$ 1,230,867</u>	<u>11</u>
Comprehensive (loss) income attributable to:					
8710	Owners of the parent	(\$ 10,633,201)	( 77)	\$ 6,671,659	58
8720	Non-controlling interest	( 192,270)	( 1)	278,927	2
		<u>(\$ 10,825,471)</u>	<u>( 78)</u>	<u>\$ 6,950,586</u>	<u>60</u>
Earnings per share (in dollars) 6(30)					
9750	Basic earnings per share	<u>\$ 0.17</u>		<u>\$ 0.53</u>	
9850	Diluted earnings per share	<u>\$ 0.17</u>		<u>\$ 0.53</u>	

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

**TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

Equity attributable to owners of the parent												
	Notes	Retained Earnings				Other equity interest			Treasury stocks	Total	Non-controlling interest	Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<b>For the three-month period ended March 31, 2021</b>												
Balance at January 1, 2021		\$ 19,676,929	\$ 7,386,901	\$ 7,024,636	\$ 3,640,778	\$ 17,271,503	(\$ 3,017,676)	\$ 10,356,934	(\$ 511,710)	\$ 61,828,295	\$ 5,796,937	\$ 67,625,232
Profit for the period		-	-	-	-	1,101,644	-	-	-	1,101,644	129,223	1,230,867
Other comprehensive (loss) income for the period	6(22)	-	-	-	-	(590)	(215,926)	5,786,531	-	5,570,015	149,704	5,719,719
Total comprehensive income (loss)		-	-	-	-	1,101,054	(215,926)	5,786,531	-	6,671,659	278,927	6,950,586
Appropriations of 2020 earnings	6(21)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends declared		-	-	-	-	(2,459,616)	-	-	-	(2,459,616)	-	(2,459,616)
Common shares issued for share conversion	6(19)	1,711,037	2,097,884	-	-	-	-	-	-	3,808,921	-	3,808,921
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	27,715	-	-	-	-	-	-	27,715	-	27,715
Transactions with non-controlling interest		-	8,610	-	-	-	-	-	-	8,610	(8,610)	-
Changes in other non-controlling equity		-	-	-	-	-	-	-	-	-	(8,783)	(8,783)
Disposal of investments in equity instrument at fair value through other comprehensive income	6(3)(22)	-	-	-	-	1,400	-	(1,400)	-	-	-	-
Balance at March 31, 2021		\$ 21,387,966	\$ 9,521,110	\$ 7,024,636	\$ 3,640,778	\$ 15,914,341	(\$ 3,233,602)	\$ 16,142,065	(\$ 511,710)	\$ 69,885,584	\$ 6,058,471	\$ 75,944,055
<b>For the three-month period ended March 31, 2022</b>												
Balance at January 1, 2022		\$ 21,387,966	\$ 9,529,520	\$ 7,374,048	\$ 3,640,779	\$ 19,712,565	(\$ 4,033,116)	\$ 32,113,711	(\$ 511,710)	\$ 89,213,763	\$ 6,448,168	\$ 95,661,931
Profit for the period		-	-	-	-	348,439	-	-	-	348,439	105,620	454,059
Other comprehensive (loss) income for the period	6(22)	-	-	-	-	(220)	846,886	(11,828,306)	-	(10,981,640)	(297,890)	(11,279,530)
Total comprehensive income (loss)		-	-	-	-	348,219	846,886	(11,828,306)	-	(10,633,201)	(192,270)	(10,825,471)
Appropriations of 2021 earnings	6(21)	-	-	-	-	-	-	-	-	-	-	-
Cash dividends declared		-	-	-	-	(2,887,375)	-	-	-	(2,887,375)	-	(2,887,375)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	49,165	-	-	-	-	-	-	49,165	-	49,165
Transactions with non-controlling interest	4(3)	-	(3,888)	-	-	-	-	-	-	(3,888)	3,888	-
Changes in other non-controlling equity		-	-	-	-	-	-	-	-	-	(18,757)	(18,757)
Balance at March 31, 2022		\$ 21,387,966	\$ 9,574,797	\$ 7,374,048	\$ 3,640,779	\$ 17,173,409	(\$ 3,186,230)	\$ 20,285,405	(\$ 511,710)	\$ 75,738,464	\$ 6,241,029	\$ 81,979,493

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	Three-month periods ended March 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 799,792	\$ 1,432,149
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(23)(26)	546,451	( 488,480 )
Expected credit impairment losses (gains)	12(2)	8,456	( 2,387 )
Net loss on financial liabilities at fair value through profit or loss	6(14)(26)	660	2,559
Provision for decline in value of inventories	6(6)	37,226	61,226
Interest income	6(24)	( 31,836 )	( 32,468 )
Dividend income	6(25)	( 11,428 )	( 6,427 )
Interest expense	6(27)	52,206	49,747
Depreciation and amortization	6(8)(9)(10)(28)	451,104	469,440
Loss (gain) on disposal of property, plant and equipment	6(26)	163	( 588 )
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	( 97,614 )	( 123,757 )
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		541,939	65,086
Notes receivable		212,224	242,990
Notes receivable - related parties	(	3,944 )	4,026
Accounts receivable	(	127,317 )	178,005
Accounts receivable - related parties		50,128	19,643
Other receivables		80,275	9,025
Other receivables - related parties		5,178	2,885
Inventories	(	839,114 )	( 753,366 )
Prepayments		6,230	( 176,827 )
Other current assets	(	30,787 )	198,624
Changes in operating liabilities			
Current contract liabilities		397,414	39,363
Notes payable	(	116,168 )	5,556
Notes payable - related parties		28,706	( 1,246 )
Accounts payable	(	452,773 )	479,793
Accounts payable - related parties	(	13,606 )	11,058
Other payables	(	455,300 )	( 304,099 )
Provisions for liabilities		6,077	( 54,483 )
Other current liabilities		28,801	22,731
Other non-current liabilities	(	46,974 )	260,858
Cash inflow generated from operations		1,026,169	1,610,636
Interest received	6(24)	31,836	32,468
Interest paid	(	34,694 )	( 35,603 )
Income tax paid		14,289	16,462
Net cash flows from operating activities		<u>1,037,600</u>	<u>1,623,963</u>

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars)  
(REVIEWED, NOT AUDITED)

	Notes	Three-month periods ended March 31	
		2022	2021
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in current financial assets at fair value through profit or loss		(\$ 7,537 )	(\$ 10,689 )
Decrease in non-current financial assets at fair value through profit or loss		107,698	49,588
Increase in non-current financial assets at fair value through other comprehensive income	6(31)	-	( 3,856 )
Proceeds from disposal of current financial assets at fair value through profit or loss	6(2)	1,070,555	-
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(3)	-	2,934
Decrease in non-current financial assets at amortized cost	6(4)	79,073	45,867
Decrease in pledged and restricted bank and time deposits	6(1) and 8	311,816	76,060
Increase in investments accounted for under the equity method and capital reduction to recover investment cost		( 2,582 )	( 30,694 )
Acquisition of property, plant and equipment	6(8)(31)	( 153,019 )	( 277,397 )
Proceeds from disposal of property, plant and equipment		1,053	10,947
Increase in other non-current assets		( 562,794 )	( 124,300 )
Dividends received from investments of financial instruments		11,428	6,427
Net cash flows (used in) from investing activities		<u>855,691</u>	<u>( 255,113 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term loans	6(32)	( 370,496 )	372,461
Increase (decrease) in long-term loans	6(32)	70,487	( 316,044 )
Lease liabilities paid	6(9)(32)	( 152,967 )	( 144,023 )
Net cash flows used in financing activities		<u>( 452,976 )</u>	<u>( 87,606 )</u>
Exchange rate effect		583,957	( 113,072 )
Net increase in cash and cash equivalents		2,024,272	1,168,172
Cash and cash equivalents at beginning of period		17,274,143	20,397,260
Cash and cash equivalents at end of period		<u>\$ 19,298,415</u>	<u>\$ 21,565,432</u>

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021  
(REVIEWED, NOT AUDITED)

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

1. History and Organization

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 13, 2022.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

None.

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

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

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

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2021.

(2) Basis of preparation

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

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

B. Subsidiaries included in the consolidated financial statements:

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

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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Teco Electric & Machinery Co., Ltd.	Taian (Malaysia) Electric Sdn. Bhd.	Manufacturing and sales of switches	-	-	66.85	Notes 1 and 7
Teco Electric & Machinery Co., Ltd.	Micropac Worldwide (BVI) and subsidiaries	International trading. Its investees are primarily engaged in the investment holdings and manufacturing, sales and technical services of fiber electric equipment and aerogenerator components in Mainland China.	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	E-Joy International Co., Ltd.	Wholesale and retail of electric appliances	98.3	98.3	98.53	Notes 1 and 10
Teco Electric & Machinery Co., Ltd.	A-Ok Technical Co., Ltd.	Repair of electric appliances	86.67	86.67	86.67	Note 1
Teco Electric & Machinery Co., Ltd.	Tecom Co., Ltd. and subsidiaries	Manufacturing and sales of touch-tone phone system and billing box. Its investees are primarily engaged in the various investments, research and development of software and hardware products related to fiber optic communications products in domestic area and Mainland China and technology development, manufacturing, sales and technology services of products related to communication network information.	63.52	63.52	63.52	Notes 5 and 11

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Teco Electric & Machinery Co., Ltd.	Information Technology Total Services Co., Ltd. and subsidiaries	Import sales, leases of franking machines and mail processing and delivery. Its investees are primarily engaged in the services related to information software, data processing and electronic information supply in domestic area and Mainland China.	49.01	49.01	49.01	Note 3
Teco Electric & Machinery Co., Ltd.	Teco Smart Technologies Co., Ltd.	Commissioned sales of phone cards and IC cards, and production of data storage and processing equipment	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Teco International Investment Co., Ltd. and subsidiaries	Various productions, investments in securities and construction of commercial buildings. Its investees are primarily engaged in the various investments and sales of motors in Japan.	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Tong-An Investment Co., Ltd. and subsidiaries	Various investments. Its investees are primarily engaged in the building management servicing in domestic area, development and sales of software in Mainland China and Science Park development and business operations consulting services.	100	100	100	
Teco Electric & Machinery Co., Ltd.	Tecnos International Consultant Co., Ltd.	Business management consulting	73.54	73.54	73.54	Note 1

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Teco Electric & Machinery Co., Ltd.	An-Tai International Investment Co., Ltd.	Various investments	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Taiwan Pelican Express Co., Ltd. and subsidiaries	Delivery and logistics services. Its investees are primarily engaged in the storage services in Mainland China.	33.38	33.38	32.15	Notes 1 and 2
Teco Electric & Machinery Co., Ltd.	Teco Technology (Vietnam) Co., Ltd.	Manufacturing and sales of mechatronic products	100	100	100	Note 1
Teco Electric & Machinery Co., Ltd.	Eagle Holding Co. and subsidiaries	Holding company investing in companies in Europe. Its investees are primarily engaged in the manufacturing and sales of reducers and motors.	100	100	100	Note 8
Teco Electric & Machinery Co., Ltd.	Century Development Corporation and subsidiaries	Real estate and industrial park management and development. Its investees are primarily engaged in the construction industry, trades and related operation and investment of materials and sandstone used in construction and machinery, and investment consultancy service for domestic and foreign industrial parks and land.	52.75	52.75	52.75	
Teco Electric & Machinery Co., Ltd.	Teco.Sun Energy Co., Ltd.	Energy technical services	60	60	60	Note 1
Teco Electric & Machinery Co., Ltd.	Tong An Energy Co., Ltd.	Energy technical services	100	-	-	Notes 1 and 12

Note 1: The financial statements of the entity as of and for the three-month periods ended March 31, 2022 and 2021 were not reviewed by independent auditors as the entity did not meet the definition of a significant subsidiary.

Note 2: The Company sold part of its ownership in Taiwan Pelican Express Co., Ltd. in

August, 2012, and accordingly, its ownership fell below 50% of the voting shares of Taiwan Pelican Express Co., Ltd.. However, the Company still has control over the finance, operations and personnel affairs of Taiwan Pelican Express Co., Ltd., thus Taiwan Pelican Express Co., Ltd. continues to be included in the consolidated financial statements.

Note 3: The Company has control over the Board of Directors of Information Technology Total Services Co., Ltd., and has absolute control over the subsidiary. Thus, the subsidiary was included in the consolidated financial statements.

Note 4: The Group repurchased a 1.77% equity interest of Wuxi Teco Electric & Machinery Co., Ltd. as resolved by the Board of Directors in the first quarter of 2021. Therefore, the Group recognised \$8,610 of increase in stockholders' equity from the transactions with non-controlling interest.

Note 5: The liquidation of Tecom Tech (Wuxi) Co., Ltd. was completed in 2021.

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

Note 7: The liquidation of Taian (Malaysia) Electric Sdn. Bhd. was completed in 2021.

Note 8: The liquidation of Motovario Power Transmission Co. Ltd. was completed in 2021.

Note 9: The liquidation of Teco Electric Europe Limited was completed in 2021.

Note 10: In 2021, E-Joy International Co., Ltd. distributed employees' compensation for the year 2020 in the form of shares, and the Group's shareholding ratio to the company was decreased to 98.3%. Additionally, Group recognized a change of equity from transactions with non-controlling interest amounting to (\$3).

Note 11: The liquidation of Tecom Global Tech Investment Pte Limited was completed in 2021.

Note 12: Tong An Energy Co., Ltd. was a newly established subsidiary in 2022.

Note 13: The Company sold 517,000 of shares in Teco Electro Devices Co., Ltd. in January 2022. Therefore, the Group's shareholding ratio in the subsidiary decreased to 61.07% and the Group recognized a decrease in equity from transactions with non-controlling interest by \$3,888.

Consolidated financial statements of certain consolidated subsidiaries and investees accounted for under equity method, which statements reflect total assets (including investments accounted for under the equity method) of NT\$23,856,171 and \$23,445,498 as of March 31, 2022 and 2021, respectively, total liabilities (including credit balance of investments accounted for under equity method) of NT\$5,239,161 and \$4,683,111 as of March 31, 2022 and 2021, respectively, and comprehensive income (including share of profit or loss and share of other comprehensive income of associates and joint ventures accounted for under the equity method) of NT\$187,358 and \$166,478 for the three-month periods then ended, respectively, were based on the unreviewed financial statements of such consolidated subsidiaries and investee companies.

C. Subsidiaries not included in the consolidated financial statements:

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

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Tasia (Pte) Ltd.	TECO Technology & Marketing Center Co., Ltd.	Engaged in a variety of investment businesses	100	100	100	Note 1
Jie Zheng Property Service & Management Company	Qingdao Jie Zheng Property Service & Management Company	Property management and related services	100	100	100	Note 1
Tong-An Investment Co., Ltd.	Eurasia Food Service Co., Ltd. and its affiliates	Restaurant chain	100	100	100	Notes 1 and 2

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

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

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

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

E. Significant restrictions: None.

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

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

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

##### 6. Details of Significant Accounts

###### (1) Cash and cash equivalents

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand and revolving funds	\$ 1,722	\$ 7,763	\$ 7,228
Checking accounts and demand deposits	9,198,873	11,708,591	9,388,399
Time deposits and notes issued under repurchase agreement	10,097,820	5,557,789	12,169,805
	<u>\$ 19,298,415</u>	<u>\$ 17,274,143</u>	<u>\$ 21,565,432</u>

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

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, certain bank deposits amounting to \$1,460,561, \$1,772,377 and \$1,320,120, respectively, were restricted due to earmarked construction projects, loans for purchasing materials and the regulation governing the management, utilization, and taxation of repatriated offshore funds reserved in special account (listed as '1470 Other current assets' and '1900 Other non-current assets'). Please refer to Note 8 for details.

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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ -	\$ -	\$ 19,625
Money market fund	1,240,397	2,304,904	106,549
Derivative instruments	5,535	4,046	3,410
	1,245,932	2,308,950	129,584
Valuation adjustments	4,564	3,283	( 2,413)
	\$ 1,250,496	\$ 2,312,233	\$ 127,171
Non-current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Listed and OTC stocks	\$ 889,145	\$ 889,145	\$ 895,590
Non-listed and OTC stocks	810,394	810,394	810,394
Fund beneficiary certificate	737,049	734,299	772,927
	2,436,588	2,433,838	2,478,911
Valuation adjustments	1,446,356	2,104,536	1,417,956
	\$ 3,882,944	\$ 4,538,374	\$ 3,896,867

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

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Financial assets mandatorily measured at fair value through profit or loss		
Equity instruments	(\$ 546,451)	\$ 488,480

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

Derivative instrument	Contract period	Contract amount (Notional principal)	Fair value
Forward foreign exchange contracts			
SELL USD/BUY RMB	November 29, 2021 ~ August 31, 2022	USD 20,520,000	\$ 5,535

				December 31, 2021	
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value	
Forward foreign exchange contracts					
SELL USD/BUY RMB	January 18, 2021 ~ April 29, 2022	USD	16,205,000	<u>\$ 4,046</u>	
				March 31, 2021	
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value	
Forward foreign exchange contracts					
SELL USD/BUY RMB	December 29, 2020 ~ April 30, 2021	USD	500,000	\$ 34	
SELL USD/BUY EUR	February 2, 2021 ~ November 29, 2021	USD	400,000	3,159	
SELL AUD/BUY USD	February 22, 2021 ~ April 21, 2021	USD	300,000	<u>217</u>	
				<u>\$ 3,410</u>	

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

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

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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Listed and OTC stocks	\$ 683,202	\$ 683,202	\$ 1,090,985
Emerging stocks	<u>6,579</u>	<u>6,579</u>	<u>19,672</u>
	689,781	689,781	1,110,657
Valuation adjustments	<u>315,258</u>	<u>374,673</u>	<u>364,916</u>
	<u>\$ 1,005,039</u>	<u>\$ 1,064,454</u>	<u>\$ 1,475,573</u>
Non-current items:			
Listed and OTC stocks	\$ 12,508,277	\$ 12,510,333	\$ 11,802,888
Non-listed and OTC stocks	<u>336,055</u>	<u>330,387</u>	<u>336,718</u>
	12,844,332	12,840,720	12,139,606
Valuation adjustments	<u>20,140,814</u>	<u>32,319,674</u>	<u>16,038,039</u>
	<u>\$ 32,985,146</u>	<u>\$ 45,160,394</u>	<u>\$ 28,177,645</u>

A. The Group has elected to classify investments in Taiwan High Speed Rail, etc. that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$33,990,185, \$46,224,848 and \$29,653,218 as at March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

B. For the three-month periods ended March 31, 2022 and 2021, the Group sold stocks with fair values of \$0 and \$2,934, respectively, to raise the capital for operations; the cumulative gains on disposal are \$0 and \$1,400, respectively, and the realized profits were carried forward from other equity to retained earnings.

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

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 12,137,762)	\$ 5,932,019
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ 1,400
Dividend income recognised in profit or loss		
Held at end of period	\$ 6,383	\$ 1,068
Derecognised during the period	-	-
	<u>\$ 6,383</u>	<u>\$ 1,068</u>

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

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

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

(4) Financial assets at amortised cost

Items	March 31, 2022	December 31, 2021	March 31, 2021
Non-current items:			
Time deposits	\$ 313,159	\$ 392,232	\$ 435,663

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

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Interest income	\$ 1,865	\$ 2,873

B. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$313,159, \$392,232 and \$435,663, respectively.

- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Notes receivable	\$ 786,841	\$ 999,065	\$ 931,578
Less: Allowance for bad debts	( 2,024)	( 2,109)	( 1,940)
	<u>\$ 784,817</u>	<u>\$ 996,956</u>	<u>\$ 929,638</u>
Accounts receivable	\$ 10,220,161	\$ 10,092,843	\$ 8,862,000
Less: Allowance for bad debts	( 179,295)	( 166,218)	( 170,211)
	<u>\$ 10,040,866</u>	<u>\$ 9,926,625</u>	<u>\$ 8,691,789</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Not past due	\$ 9,140,034	\$ 9,179,953	\$ 7,958,481
Up to 30 days	786,240	822,447	559,872
31 to 90 days	438,433	439,081	569,293
91 to 180 days	148,432	168,093	198,677
Over 180 days	312,544	314,007	335,104
	<u>\$ 10,825,683</u>	<u>\$ 10,923,581</u>	<u>\$ 9,621,427</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2022, December 31, 2021 and March 31, 2021, the balances of receivables (including notes receivable) from contracts with customers amounted to \$10,786,665, \$10,888,402 and \$9,598,020, respectively.
- C. As at March 31, 2022, December 31, 2021 and March 31, 2021, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$784,817, \$996,956 and \$929,638 and accounts receivable were \$10,040,866, \$9,926,625 and \$8,691,789, respectively.
- D. Details of the Group's notes receivable pledged to others are provided in Note 8.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(6) Inventories

	March 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 4,097,407	(\$ 190,365)	\$ 3,907,042
Work in progress	1,418,753	( 22,178)	1,396,575
Finished goods	6,496,819	( 447,605)	6,049,214
Inventory in transit	942,132	-	942,132
Merchandise inventories	<u>790,714</u>	<u>( 31,691)</u>	<u>759,023</u>
	<u>\$ 13,745,825</u>	<u>(\$ 691,839)</u>	<u>\$ 13,053,986</u>
	December 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 3,779,164	(\$ 183,954)	\$ 3,595,210
Work in progress	1,349,660	( 15,062)	1,334,598
Finished goods	5,782,935	( 433,049)	5,349,886
Inventory in transit	1,002,498	-	1,002,498
Merchandise inventories	<u>1,000,265</u>	<u>( 30,359)</u>	<u>969,906</u>
	<u>\$ 12,914,522</u>	<u>(\$ 662,424)</u>	<u>\$ 12,252,098</u>
	March 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 2,988,000	(\$ 180,717)	\$ 2,807,283
Work in progress	1,357,595	( 9,687)	1,347,908
Finished goods	5,259,709	( 487,456)	4,772,253
Inventory in transit	614,467	-	614,467
Merchandise inventories	<u>796,875</u>	<u>( 19,398)</u>	<u>777,477</u>
	<u>\$ 11,016,646</u>	<u>(\$ 697,258)</u>	<u>\$ 10,319,388</u>

- A. The cost of inventories recognized as expense for the three-month periods ended March 31, 2022 and 2021 were \$7,244,666 and \$5,913,309, respectively, including \$37,226 and \$61,226 that the Group wrote down from cost to the net realizable value accounted for as cost of goods sold for the three-month periods ended March 31, 2022 and 2021, respectively.
- B. The Group has no inventory pledged to others.

(7) Investments accounted for under the equity method

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates:			
1. Tung Pei Industrial Co., Ltd.	\$ 2,408,331	\$ 2,313,312	\$ 2,189,019
2. Lien Chang Electronic Enterprise Co., Ltd.	501,012	498,574	528,407
3. Others	716,608	666,799	1,420,552
	<u>3,625,951</u>	<u>3,478,685</u>	<u>4,137,978</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)			
	( 146,745)	( 135,196)	( 135,774)
	<u>\$ 3,479,206</u>	<u>\$ 3,343,489</u>	<u>\$ 4,002,204</u>

The share of profit/loss of associates and joint ventures accounted for under the equity method for the three-month periods ended March 31, 2022 and 2021 are as follows:

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Associates:		
1. Tung Pei Industrial Co., Ltd.	\$ 95,019	\$ 54,605
2. Lien Chang Electronic Enterprise Co., Ltd.	( 4,448)	59,572
3. Others	7,043	9,580
	<u>\$ 97,614</u>	<u>\$ 123,757</u>

## A. Associates

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

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

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

Balance sheet

	Tung Pei Industrial Co., Ltd.		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 4,708,130	\$ 4,638,552	\$ 4,077,500
Non-current assets	7,335,257	7,178,933	7,115,450
Current liabilities	( 2,543,881)	( 2,936,294)	( 2,304,122)
Non-current liabilities	( 1,763,774)	( 1,450,643)	( 1,858,052)
Total assets	<u>\$ 7,735,732</u>	<u>\$ 7,430,548</u>	<u>\$ 7,030,776</u>
Share in associate's net assets	\$ 2,408,331	\$ 2,313,312	\$ 2,189,019
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 2,408,331</u>	<u>\$ 2,313,312</u>	<u>\$ 2,189,019</u>
	Lien Chang Electronic Enterprise Co., Ltd.		
	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 1,601,139	\$ 1,610,794	\$ 1,985,322
Non-current assets	454,488	460,488	493,214
Current liabilities	( 478,366)	( 508,731)	( 814,578)
Non-current liabilities	( 96,904)	( 89,398)	( 102,657)
Total net assets	<u>\$ 1,480,357</u>	<u>\$ 1,473,153</u>	<u>\$ 1,561,301</u>
Share in associate's net assets	\$ 501,012	\$ 498,574	\$ 528,407
Goodwill	-	-	-
Carrying amount of the associate	<u>\$ 501,012</u>	<u>\$ 498,574</u>	<u>\$ 528,407</u>

Statement of comprehensive income

	Tung Pei Industrial Co., Ltd.	
	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Revenue	\$ 1,416,326	\$ 1,301,601
Profit for the period from continuing operations	\$ 305,185	\$ 175,446
Other comprehensive income (loss), net of tax	-	-
Total comprehensive income	<u>\$ 305,185</u>	<u>\$ 175,446</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

	Lien Chang Electronic Enterprise Co., Ltd.	
	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Revenue	\$ 249,320	\$ 482,483
(Loss) profit for the period from continuing operations	(\$ 13,144)	\$ 179,933
Other comprehensive income, net of tax	20,348	8,535
Total comprehensive income	<u>\$ 7,204</u>	<u>\$ 188,468</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ -</u>

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

As of March 31, 2022, December 31, 2021 and March 31, 2021, the carrying amount of the Group's individually immaterial associates amounted to \$716,608, \$666,799 and \$1,420,552, respectively.

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Profit for the period from continuing operations	\$ 7,043	\$ 9,580
Total comprehensive income	<u>\$ 7,043</u>	<u>\$ 9,580</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Lien Chang Electronic Enterprise Co., Ltd.	<u>\$ 456,137</u>	<u>\$ 519,959</u>	<u>\$ 463,646</u>

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

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

(8) Property, plant and equipment

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2022</u>									
Cost	\$ 5,433,125	\$ 8,427,400	\$ 5,281,166	\$ 12,186,896	\$ 630,894	\$ 1,269,506	\$ 617,288	\$ 7,523,329	\$ 41,369,604
Accumulated depreciation and impairment	( 34,697)	( 4,638,503)	( 2,380,428)	( 10,695,571)	( 596,318)	( 760,531)	( 477,721)	( 6,589,377)	( 26,173,146)
	<u>\$ 5,398,428</u>	<u>\$ 3,788,897</u>	<u>\$ 2,900,738</u>	<u>\$ 1,491,325</u>	<u>\$ 34,576</u>	<u>\$ 508,975</u>	<u>\$ 139,567</u>	<u>\$ 933,952</u>	<u>\$ 15,196,458</u>
<u>2022</u>									
Opening net book amount	\$ 5,398,428	\$ 3,788,897	\$ 2,900,738	\$ 1,491,325	\$ 34,576	\$ 508,975	\$ 139,567	\$ 933,952	\$ 15,196,458
Additions	-	183	-	58,411	806	20,588	5,866	25,176	111,030
Disposals	-	-	-	( 400)	-	( 790)	-	( 26)	( 1,216)
Depreciation charge	-	( 48,733)	( 43,573)	( 70,576)	( 3,567)	( 21,559)	( 9,309)	( 79,472)	( 276,789)
Net exchange differences	6,206	86,572	-	26,224	-	1,776	( 2,050)	16,332	135,060
Closing net book amount	<u>\$ 5,404,634</u>	<u>\$ 3,826,919</u>	<u>\$ 2,857,165</u>	<u>\$ 1,504,984</u>	<u>\$ 31,815</u>	<u>\$ 508,990</u>	<u>\$ 134,074</u>	<u>\$ 895,962</u>	<u>\$ 15,164,543</u>
<u>At March 31, 2022</u>									
Cost	\$ 5,439,331	\$ 8,571,852	\$ 5,280,893	\$ 12,412,180	\$ 631,700	\$ 1,276,298	\$ 624,163	\$ 7,651,705	\$ 41,888,122
Accumulated depreciation and impairment	( 34,697)	( 4,744,933)	( 2,423,728)	( 10,907,196)	( 599,885)	( 767,308)	( 490,089)	( 6,755,743)	( 26,723,579)
	<u>\$ 5,404,634</u>	<u>\$ 3,826,919</u>	<u>\$ 2,857,165</u>	<u>\$ 1,504,984</u>	<u>\$ 31,815</u>	<u>\$ 508,990</u>	<u>\$ 134,074</u>	<u>\$ 895,962</u>	<u>\$ 15,164,543</u>

	Land	Buildings and structures	Leased assets - buildings and structures	Machinery and equipment	Leased assets - machinery and equipment	Transportation equipment	Leasehold improvements	Miscellaneous equipment	Total
<u>At January 1, 2021</u>									
Cost	\$ 5,455,398	\$ 8,566,572	\$ 5,285,406	\$ 12,557,619	\$ 650,463	\$ 1,206,184	\$ 540,536	\$ 7,640,344	\$ 41,902,522
Accumulated depreciation and impairment	( 34,697)	( 4,503,591)	( 2,218,143)	( 10,788,960)	( 608,062)	( 719,570)	( 449,086)	( 6,667,625)	( 25,989,734)
	<u>\$ 5,420,701</u>	<u>\$ 4,062,981</u>	<u>\$ 3,067,263</u>	<u>\$ 1,768,659</u>	<u>\$ 42,401</u>	<u>\$ 486,614</u>	<u>\$ 91,450</u>	<u>\$ 972,719</u>	<u>\$ 15,912,788</u>
<u>2021</u>									
Opening net book amount	\$ 5,420,701	\$ 4,062,981	\$ 3,067,263	\$ 1,768,659	\$ 42,401	\$ 486,614	\$ 91,450	\$ 972,719	\$ 15,912,788
Additions	-	3,622	-	22,076	-	2,341	35,107	92,009	155,155
Disposals	( 53)	( 2,074)	-	( 4,149)	-	( 1,267)	( 2)	( 2,814)	( 10,359)
Reclassifications	-	-	-	( 315)	315	-	-	-	-
Depreciation charge	-	( 54,132)	( 43,284)	( 81,928)	( 3,567)	( 21,281)	( 8,342)	( 88,950)	( 301,484)
Net exchange differences	( 1,724)	( 20,068)	-	( 6,740)	-	( 331)	( 234)	( 4,650)	( 33,747)
Closing net book amount	<u>\$ 5,418,924</u>	<u>\$ 3,990,329</u>	<u>\$ 3,023,979</u>	<u>\$ 1,697,603</u>	<u>\$ 39,149</u>	<u>\$ 466,076</u>	<u>\$ 117,979</u>	<u>\$ 968,314</u>	<u>\$ 15,722,353</u>
<u>At March 31, 2021</u>									
Cost	\$ 5,453,621	\$ 8,531,011	\$ 5,285,406	\$ 12,457,802	\$ 650,778	\$ 1,201,606	\$ 575,269	\$ 7,661,725	\$ 41,817,218
Accumulated depreciation and impairment	( 34,697)	( 4,540,682)	( 2,261,427)	( 10,760,199)	( 611,629)	( 735,530)	( 457,290)	( 6,693,411)	( 26,094,865)
	<u>\$ 5,418,924</u>	<u>\$ 3,990,329</u>	<u>\$ 3,023,979</u>	<u>\$ 1,697,603</u>	<u>\$ 39,149</u>	<u>\$ 466,076</u>	<u>\$ 117,979</u>	<u>\$ 968,314</u>	<u>\$ 15,722,353</u>

- A. For the three-month periods ended March 31, 2022 and 2021, no borrowing cost was capitalized as part of property, plant and equipment.
- B. The Group entered into a development contract for the joint construction and allocation of housing units with Kindom Development Co., Ltd. using the 16 lots located in No. 148, Hong Fu Section, Xin Zhuang District, New Taipei City which were provided by the subsidiary, Tong-An Investment Co., Ltd., as resolved by the Board of Directors on March 23, 2021. Kindom Development Co., Ltd. is responsible for planning and designing, dismantling the existing buildings, constructing and assuming all other expenses. The expected equity ratio is 52%~55% by reference to the appraisal report issued by real estate appraiser firm.
- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. The Group was unable to transfer the title of certain farmland to the Group's name due to legal restrictions. The land title was registered under an individual's name. Accordingly, the Group entered into an agreement with the said individual to secure the title and the first mortgage right.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings, machinery and equipment as well as business vehicles. Rental contracts are typically made for periods of 2 to 99 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but certain leased assets may not be used as security for borrowing purposes.
- B. On January 14, 2005, the Group's subsidiary, Century Development Corporation, completed the registration of right of superficies and paid royalties to Taipei City Government for acquiring land used for construction of the Nankang Software Park. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to Taipei City Government unconditionally upon expiry of the right of superficies. Century Development Corporation's right-of-use assets are amortized over the useful life of right of superficies of 50 years.
- C. On July 4, 2018, the Group's subsidiary, Century Biotech Development Corp., completed the registration of right of superficies and paid royalties to the Taipei City Government for acquiring land used for the construction of the Taipei City Nangang Biotechnology Industry Cluster Development BOT Project. The right of superficies is available for 50 years from the registration date. Land and building shall be returned to the Taipei City Government unconditionally upon expiry of the right of superficies. Century Biotech Development Corp.'s prepaid rents are amortized over the useful life of right of superficies of 50 years.
- D. The Group's subsidiary, CDC Development India Private Limited, acquired the land use right from the local government agency, KIADB, for India industrial park development. The total amount remitted for the land use right was INR \$1,752,409 and acquired land ownership of certificate for 99 years. On July 16, 2021, an agreement was signed with KIADB with a transfer of ownership term, agreeing to transfer the ownership to the lessee at the end of the 10-year lease term for the amount of royalties paid by the lessee and recognized by the landlord, if the lessee completes the development conditions specified in the terms.
- E. For the three-month periods ended March 31, 2022 and 2021, the additions to right-of-use assets were \$90,964 and \$102,230 and the sublease income were \$226,923 and \$201,820, respectively.
- F. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Land (including royalties)	\$ 4,765,992	\$ 4,652,262	\$ 4,774,879
Buildings	2,116,732	2,099,957	1,852,692
Machinery and equipment	8,521	9,689	24,641
Transportation equipment (Business vehicles)	<u>13,490</u>	<u>14,559</u>	<u>18,290</u>
	<u>\$ 6,904,735</u>	<u>\$ 6,776,467</u>	<u>\$ 6,670,502</u>

	<u>Depreciation charge</u> For the three-month period ended March 31, 2022	<u>Depreciation charge</u> For the three-month period ended March 31, 2021
Land (including royalties)	\$ 23,607	\$ 24,070
Buildings	104,586	94,170
Machinery and equipment	1,802	2,995
Transportation equipment (Business vehicles)	2,416	3,046
	<u>\$ 132,411</u>	<u>\$ 124,281</u>

- G. Interest expenses on lease liabilities for the three-month periods ended March 31, 2022 and 2021 were \$17,512 and \$14,144 and the cash outflows were \$152,967 and \$144,023, respectively.
- H. Expenses on short-term leases and leases of low-value assets which are not subject to IFRS 16 for the three-month periods ended March 31, 2022 and 2021 were \$112,216 and \$142,122; \$2,233 and \$4,981, 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 \$2,898 and \$919 in profit from lease modification for the three-month periods ended March 31, 2022 and 2021, respectively.

(10) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>At January 1, 2022</u>				
Cost	\$ 1,510,318	\$ 2,815,538	\$ 49,686	\$ 4,375,542
Accumulated depreciation and impairment	-	( 1,532,321)	( 14,322)	( 1,546,643)
	<u>\$ 1,510,318</u>	<u>\$ 1,283,217</u>	<u>\$ 35,364</u>	<u>\$ 2,828,899</u>
<u>2022</u>				
Opening net book amount	\$ 1,510,318	\$ 1,283,217	\$ 35,364	\$ 2,828,899
Depreciation charge	-	( 17,017)	( 2,045)	( 19,062)
Net exchange differences	5,784	11,391	304	17,479
Closing net book amount	<u>\$ 1,516,102</u>	<u>\$ 1,277,591</u>	<u>\$ 33,623</u>	<u>\$ 2,827,316</u>
<u>At March 31, 2022</u>				
Cost	\$ 1,516,102	\$ 2,841,304	\$ 50,405	\$ 4,407,811
Accumulated depreciation and impairment	-	( 1,563,713)	( 16,782)	( 1,580,495)
	<u>\$ 1,516,102</u>	<u>\$ 1,277,591</u>	<u>\$ 33,623</u>	<u>\$ 2,827,316</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Right-of-use assets</u>	<u>Total</u>
<u>At January 1, 2021</u>				
Cost	\$ 1,505,457	\$ 2,794,910	\$ 27,655	\$ 4,328,022
Accumulated depreciation and impairment	<u>-</u>	<u>( 1,463,829)</u>	<u>( 13,229)</u>	<u>( 1,477,058)</u>
	<u>\$ 1,505,457</u>	<u>\$ 1,331,081</u>	<u>\$ 14,426</u>	<u>\$ 2,850,964</u>
<u>2021</u>				
Opening net book amount	\$ 1,505,457	\$ 1,331,081	\$ 14,426	\$ 2,850,964
Depreciation charge	-	( 16,756)	( 175)	( 16,931)
Net exchange differences	<u>337</u>	<u>( 2,344)</u>	<u>( 175)</u>	<u>( 2,182)</u>
Closing net book amount	<u>\$ 1,505,794</u>	<u>\$ 1,311,981</u>	<u>\$ 14,076</u>	<u>\$ 2,831,851</u>
<u>At March 31, 2021</u>				
Cost	\$ 1,505,794	\$ 2,791,545	\$ 27,286	\$ 4,324,625
Accumulated depreciation and impairment	<u>-</u>	<u>( 1,479,564)</u>	<u>( 13,210)</u>	<u>( 1,492,774)</u>
	<u>\$ 1,505,794</u>	<u>\$ 1,311,981</u>	<u>\$ 14,076</u>	<u>\$ 2,831,851</u>

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

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Rental income from investment property	<u>\$ 39,546</u>	<u>\$ 45,160</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 11,418</u>	<u>\$ 14,387</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ -</u>	<u>\$ -</u>

B. The fair value of the investment property held by the Group as at March 31, 2022, December 31, 2021 and March 31, 2021 were \$5,461,903, \$5,415,841 and \$5,290,890, respectively, which is categorized within Level 3 in the fair value hierarchy.

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

	<u>2022</u>	<u>2021</u>
<u>At January 1</u>		
Cost	\$ 4,677,015	\$ 5,206,760
Accumulated amortization and impairment	( 315,284)	( 57,527)
	<u>\$ 4,361,731</u>	<u>\$ 5,149,233</u>
Opening net book amount	\$ 4,361,731	\$ 5,149,233
Net exchange differences	83,167	( 227,222)
Closing net book amount	<u>\$ 4,444,898</u>	<u>\$ 4,922,011</u>
<u>At March 31</u>		
Cost	\$ 4,760,182	\$ 4,979,538
Accumulated amortization and impairment	( 315,284)	( 57,527)
	<u>\$ 4,444,898</u>	<u>\$ 4,922,011</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Green mechatronic solution business group	<u>\$ 4,444,898</u>	<u>\$ 4,361,731</u>	<u>\$ 4,922,011</u>

On October 15, 2015, the Group acquired 100% equity and obtained control over Motovario S.p.A., which is headquartered in Italy and is primarily engaged in manufacturing and sales of power transmission equipment such as motors and gear reducers, and its subsidiaries for a cash consideration of \$3,989,850 (EUR 108,214 thousand). As of March 31, 2022, the goodwill arising from the merger amounted to \$4,419,245.

(12) Other non-current assets

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Prepayment for equipment	\$ 2,781,297	\$ 2,205,658	\$ 787,013
Deposits account for repatriation of capital from Taiwan's offshore companies	330,437	361,224	165,646
Refundable deposits	276,370	243,614	230,133
Long-term notes and accounts receivable	129,948	165,054	176,783
Deferred expenses	37,886	39,450	41,972
Other assets	57,384	35,528	36,092
	<u>\$ 3,613,322</u>	<u>\$ 3,050,528</u>	<u>\$ 1,437,639</u>

A. The Group's subsidiary, Century Development Corporation is responsible for the construction of the Taipei City Nangang Biotechnology Industry Cluster Development BOT Project. As of March 31, 2022, the amount of prepayment for equipment was \$2,158,341.

B. The Group's repatriation of offshore reinvestment income amounting to US\$6,300,000 is allowed to apply a preferential tax rate of 8% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 27, 2020. As of March 31, 2022, the company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the company withdrew funds from the specific account for reinvestment.

- C. The Group's repatriation of offshore reinvestment income amounting to US\$10,500,000 is allowed to apply a preferential tax rate of 10% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 26, 2021. As of March 31, 2022, no withdrawal has been made from the specific account.
- D. The Group's repatriation of offshore reinvestment income amounting to US\$4,000,000 is allowed to apply a preferential tax rate of 10% and shall be reserved in foreign exchange deposit account before having substantial investments as a result of the Group meeting the requirements of the Management, Utilization, and Taxation of Repatriated Offshore Funds Act as approved by the National Taxation Bureau of Taipei, Ministry of Finance on August 27, 2021. As of March 31, 2022, the Company had submitted the investment plan to the Industrial Development Bureau, Ministry of Economic Affairs, and the investment plan was approved. Also, the Company withdrew US\$1,534,125 (in dollars) of funds from the specific account.

(13) Short-term borrowings

Type of borrowings	March 31, 2022	Interest rate range	Collateral
Bank borrowings	\$ 1,672,201	0.60%~5.00%	Notes receivable, land, buildings and structures, demand deposits and time deposits
Type of borrowings	December 31, 2021	Interest rate range	Collateral
Bank borrowings	\$ 2,042,697	0.60%~5.00%	Notes receivable, land, buildings and structures, demand deposits and time deposits
Type of borrowings	March 31, 2021	Interest rate range	Collateral
Bank borrowings	\$ 3,189,293	0.53%~5.00%	Notes receivable, land, buildings and structures and right-of-use assets

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

Items	March 31, 2022	December 31, 2021	March 31, 2021
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	\$ 694	\$ -	\$ 2,547

- A. The Group recognized net loss of \$660 and \$2,559 on financial liabilities held for trading for three-month periods ended March 31, 2022 and 2021, respectively.
- B. Explanations of the transactions and contract information in respect of non-hedged derivative financial liabilities are as follows:

		March 31, 2022		
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL AUD/BUY USD	March 17, 2022 ~ April 21, 2022	USD	1,000,000	\$ <u>694</u>
		March 31, 2021		
Derivative instrument	Contract period	Contract amount (Notional principal)		Fair value
Forward foreign exchange contracts				
SELL USD/BUY RMB	January 7, 2021 ~ July 30, 2021	USD	1,000,000	\$ <u>2,547</u>

C. As at March 31, 2022, information on the non-hedging derivative instruments transaction is provided in Note 6(2).

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

(15) Other payables

	March 31, 2022	December 31, 2021	March 31, 2021
Salary and wages payable	\$ 1,616,073	\$ 2,027,413	\$ 1,562,315
Employees' compensation payable	666,397	644,678	702,778
Dealers' bonus commission payable	257,500	214,584	259,140
Directors' and supervisors' remuneration payable	180,528	165,413	222,430
Equipment payable	89,894	131,883	74,888
Dividends payable	2,915,592	28,353	2,484,721
Others	2,208,878	2,332,441	1,629,978
	<u>\$ 7,934,862</u>	<u>\$ 5,544,765</u>	<u>\$ 6,936,250</u>

(16) Bonds payable

	March 31, 2022	December 31, 2021	March 31, 2021
Issuance of bonds payable	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
Less: Current portion of bonds payable (listed as '2320 Long-term liabilities, current portion')	( 1,000,000)	( 1,000,000)	-
	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 6,000,000</u>

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

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

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

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

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

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

(17) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2022
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 12, 2025; payable based on the agreed terms.	0.62%~5.70%	Note	\$4,165,743
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				( 488,070)
				<u>\$3,677,673</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2021
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 12, 2025; payable based on the agreed terms.	0.62%~5.70%	Note	\$4,095,257
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				( 491,683)
				<u>\$3,603,574</u>

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2021
Long-term bank borrowings and commercial papers payable	Both borrowing periods are from March 15, 2019 to March 11, 2035; payable based on the agreed terms.	0.75%~1.75%	Note	\$3,295,687
Less: Current portion (listed as '2320 Long-term liabilities, current portion')				( 295,657)
				<u>\$3,000,030</u>

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

A. Under the long-term contracts with certain financial institutions, the Group is required to maintain certain financial ratios and capital requirements as well as meet certain restrictions relative to significant asset acquisitions or disposals.

B. As of March 31, 2022, December 31, 2021 and March 31, 2021, the Group has undrawn borrowing facilities of \$19,242,556, \$20,044,060 and \$21,383,979, respectively.

(18) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year

of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not sufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contribution to cover the deficit by next March.

- (b) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2022 and 2021 were \$3,867 and \$3,535, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2022 is \$94,690.

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

- (b) The Group's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month periods ended March 31, 2022 and 2021 ranged from 13%~20%. Other than the monthly contributions, the Group has no further obligations.
- (c) Monthly contributions to an independent fund administered by the local pension managing agency are based on a certain percentage of monthly salaries and wages of the Group's other overseas subsidiaries' employees.
- (d) The pension costs under the defined contribution pension plans of the Group for the three-month periods ended March 31, 2022 and 2021 were \$103,546 and \$97,015, respectively.

(19) Share capital

A. As of March 31, 2022, the Company's authorized capital was \$30,305,500, consisting of 3,030,550 thousand shares of ordinary stock, including 100 million shares reserved for employee stock options, and the paid-in capital was \$21,387,966 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

	2022	2021
At January 1	2,138,797	1,967,693
Issuance of common shares	-	171,104
At March 31	<u>2,138,797</u>	<u>2,138,797</u>

Note: Shares in thousands.

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

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

Details are as follows:

	March 31, 2022		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 32.15
An-Tai International Investment Co., Ltd.	2,826	10.37	32.15
Top-Tower Enterprises Co., Ltd.	77	9.37	32.15
Taiwan Pelican Express Co., Ltd.	7,070	26.89	32.15
	<u>29,513</u>		
	December 31, 2021		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 31.65
An-Tai International Investment Co., Ltd.	2,826	10.37	31.65
Top-Tower Enterprises Co., Ltd.	77	9.37	31.65
Taiwan Pelican Express Co., Ltd.	7,070	26.89	31.65
	<u>29,513</u>		
	March 31, 2021		
	Shares (in thousands)	Cost (in dollars)	Market value (in dollars)
Tong-An Investment Co., Ltd.	19,540	\$ 14.92	\$ 32.35
An-Tai International Investment Co., Ltd.	2,826	10.37	32.35
Top-Tower Enterprises Co., Ltd.	77	9.37	32.35
Taiwan Pelican Express Co., Ltd.	7,070	26.89	32.35
	<u>29,513</u>		

(20) Capital surplus

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

(21) Retained earnings

- A. As stipulated in the Company's Articles of Incorporation, the current earnings, if any, shall be distributed in the following order:
- (a) Payment of taxes and duties.
  - (b) Covering prior years' accumulated deficit, if any.
  - (c) After deducting items (a) and (b), set aside 10% of the remaining amount as legal reserve.
  - (d) Set aside a certain amount as special reserve, if any.
  - (e) Distributing the remaining amount plus prior years' retained earnings to shareholders according to their shareholding percentage. The distribution rate is principally 80%, of which cash dividends shall account for 5% ~ 50% of the distributed amount. Stock dividends shall be approved by the shareholders at the shareholders' meeting while cash dividends shall be approved by the Board of Directors under a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors and reported to the shareholders at the shareholders' meeting.
- B. The Company's dividend policy is summarized below:  
The Company's operating environment is in the stable growth stage. However, investee companies are still in the growth stage. In view of the future plant expansion and investment plans, the appropriations of earnings are based on the distributable earnings and appropriate principally 80% to shareholders as dividends. Cash dividends shall account for at least 5% up to maximum of 50% of total dividends distributed.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use periods if the assets are investment property other than land. As of March 31, 2021, the amount previously set aside as special reserve on initial application of IFRSs and yet to be reversed amounted to \$3,640,779.
- E. The appropriations of the 2021 net income was proposed by the Board of Directors on March 16, 2022 while the appropriations of the 2020 net income was resolved by the stockholders on July 23, 2021 as follows:

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

(22) Other equity items

	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1, 2022	\$ 32,113,711	(\$ 4,033,116)	\$ 28,080,595
Unrealized gains and losses on financial assets:			
Revaluation - group	( 11,826,339)	-	( 11,826,339)
Revaluation - associates	( 1,967)	-	( 1,967)
Currency translation differences:			
–Group	-	846,886	846,886
At March 31, 2022	<u>\$ 20,285,405</u>	<u>(\$ 3,186,230)</u>	<u>\$ 17,099,175</u>
	Unrealized gains (losses) on valuation	Currency translation	Total
At January 1, 2021	\$ 10,356,934	(\$ 3,017,676)	\$ 7,339,258
Unrealized gains and losses on financial assets:			
–Group	5,782,070	-	5,782,070
–Associates	4,461	-	4,461
Revaluation transferred to retained earnings	( 1,400)	-	( 1,400)
Currency translation differences:			
–Group	-	( 215,926)	( 215,926)
At March 31, 2021	<u>\$ 16,142,065</u>	<u>(\$ 3,233,602)</u>	<u>\$ 12,908,463</u>

(23) Operating revenue

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Revenue from customers	\$ 13,667,256	\$ 11,316,226
Others - rental revenue	230,032	223,443
	<u>\$ 13,897,288</u>	<u>\$ 11,539,669</u>

A. Disaggregation of revenue from customers

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

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
	<u>Revenue from external customer contracts</u>	<u>Revenue from external customer contracts</u>
Sales of green mechatronic solution business group products	\$ 7,822,627	\$ 6,481,452
Sales of air and intelligent life business group products	1,395,101	1,277,039
Others	396,778	384,941
Service revenue	2,124,597	2,113,017
Construction contract	1,928,153	1,059,777
	<u>\$ 13,667,256</u>	<u>\$ 11,316,226</u>

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

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Revenue recognized that was included in the contract liability balance at the beginning of the period		
Advance sales receipts	<u>\$ 293,091</u>	<u>\$ 274,701</u>

(24) Interest income

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Interest income from bank deposits	\$ 29,971	\$ 29,595
Interest income from financial assets measured at amortised cost	<u>1,865</u>	<u>2,873</u>
	<u>\$ 31,836</u>	<u>\$ 32,468</u>

(25) Other income

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Rental revenue	\$ 40,180	\$ 47,563
Dividend income	11,428	6,427
Other non-operating income	<u>30,248</u>	<u>50,802</u>
	<u>\$ 81,856</u>	<u>\$ 104,792</u>

(26) Other gains and losses

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
(Loss) gain on disposal of property, plant and equipment	(\$ 163)	\$ 588
Gain (loss) on disposal of investments	1,522 (	100)
Gain arising from lease modifications	628	1
Gains arising from concession of lease payments	2,898	919
Net currency exchange gain (loss)	47,119 (	7,090)
(Loss) gain on financial assets at fair value through profit or loss	( 546,451)	488,481
Loss on financial liabilities at fair value through profit or loss	( 660) (	2,559)
Miscellaneous disbursements	( 14,847)	( 85,413)
	<u>(\$ 509,954)</u>	<u>\$ 394,827</u>

(27) Finance costs

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Interest expense	\$ 50,939	\$ 48,917
Other finance expenses	1,267	830
	<u>\$ 52,206</u>	<u>\$ 49,747</u>

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

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Wages and salaries	\$ 2,182,985	\$ 2,109,264
Employees' compensation and directors' remuneration	70,781	185,913
Labor and health insurance fees	272,404	253,885
Pension costs	107,413	100,550
Other personnel expenses	96,954	89,756
Depreciation charges on property, plant and equipment as well as investment property	295,851	318,415
Depreciation charges on right-of- -use assets and amortization charges on intangible assets	155,253	151,025

- A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 1%~10% for employees' compensation and shall not be higher than 5% for directors' remuneration.

B. For the three-month periods ended March 31, 2022 and 2021, employees' compensation was accrued at \$17,770 and \$90,269, respectively; while directors' remuneration was accrued at \$7,898 and \$40,119, respectively. The aforementioned amounts were recognized in salary expenses.

C. For the year ended December 31, 2021, after considering each year's earnings, the employee benefit expenses were accrued based on past experience and ratio. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were \$303,727 and \$85,273, and the employees' compensation will be distributed in the form of cash.

The difference of \$367 between employees' compensation of \$303,438 and directors' remuneration of \$85,195 as resolved by the Board of Directors which is mainly arising from changes in estimate of directors' remuneration and the amount recognised in the 2021 financial statements had been adjusted in the profit or loss of 2022.

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

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Current tax:		
Current tax on profits for the period	\$ 402,561	\$ 95,665
Total current tax	<u>402,561</u>	<u>95,665</u>
Deferred tax:		
Origination and reversal of temporary differences	( 56,828)	105,617
Total deferred tax	<u>( 56,828)</u>	<u>105,617</u>
Income tax expense	<u>\$ 345,733</u>	<u>\$ 201,282</u>

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

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Currency translation differences	<u>\$ 174,889</u>	<u>(\$ 61,867)</u>

B. As of March 31, 2022, the Company's and its subsidiaries' income tax returns through various years between 2018 and 2020, respectively, have been assessed and approved by the Tax Authority.

(30) Earnings per share

	<u>For the three-month period ended March 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 348,439</u>	<u>2,109,284</u>	<u>\$ 0.17</u>

Note: The earnings per share of \$0.16 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

	<u>For the three-month period ended March 31, 2021</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic (Diluted) earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 1,101,644</u>	<u>2,097,877</u>	<u>\$ 0.53</u>

Note: The earnings per share of \$0.52 (in dollars) given the shares of the Company held by the subsidiary, which were deemed as treasury shares, were excluded from the weighted average number of ordinary shares outstanding.

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Acquisition of property, plant and equipment	\$ 111,030	\$ 155,155
Add:		
Payables at beginning of the period	131,883	197,130
Less:		
Payables at end of the period	( 89,894)	( 74,888)
Cash paid	<u>\$ 153,019</u>	<u>\$ 277,397</u>

B. Investing and financing activities with partial cash payments:

	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Acquisition of financial assets at fair value through other comprehensive income - non-current	\$ -	\$ 3,812,777
Less:		
Conversion through issuing common shares	-	( 3,808,921)
Cash paid	<u>\$ -</u>	<u>\$ 3,856</u>

C. Financing activities with no cash flow effects:

	For the three-month period ended				For the three-month period ended	
	March 31, 2022				March 31, 2021	
	<u>\$ 2,887,375</u>				<u>\$ 2,459,616</u>	
Cash dividends declared						
<b>(32) Changes in liabilities from financing activities</b>						
	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2022	\$ 2,042,697	\$ 28,353	\$ 6,000,000	\$ 4,095,256	\$ 5,062,094	\$ 17,228,400
Interest expenses on lease liabilities	-	-	-	-	17,512	17,512
Recognised in right-of-use assets	-	-	-	-	90,788	90,788
Remeasurement	-	-	-	-	97,622	97,622
Changes in cash flow from financing activities	( 370,496)	( 136)	-	70,487	( 152,967)	( 453,112)
Cash dividends declared	-	2,887,375	-	-	-	2,887,375
Effect of foreign exchange	-	-	-	-	38,004	38,004
March 31, 2022	<u>\$ 1,672,201</u>	<u>\$ 2,915,592</u>	<u>\$ 6,000,000</u>	<u>\$ 4,165,743</u>	<u>\$ 5,153,053</u>	<u>\$ 19,906,589</u>
	Short-term borrowings	Dividends payable (Note 1)	Bonds payable (Note 2)	Long-term borrowings (Note 2)	Lease liabilities	Liabilities from financing activities - gross
January 1, 2021	\$ 2,816,832	\$ 25,156	\$ 6,000,000	\$ 3,611,731	\$ 4,886,773	\$ 17,340,492
Interest expenses on lease liabilities	-	-	-	-	14,144	14,144
Recognised in right-of-use assets	-	-	-	-	102,230	102,230
Remeasurement	-	-	-	-	13,972	13,972
Changes in cash flow from financing activities	372,461	( 51)	-	( 316,044)	( 144,023)	( 87,657)
Cash dividends declared	-	2,459,616	-	-	-	2,459,616
Effect of foreign exchange	-	-	-	-	( 41,167)	( 41,167)
March 31, 2021	<u>\$ 3,189,293</u>	<u>\$ 2,484,721</u>	<u>\$ 6,000,000</u>	<u>\$ 3,295,687</u>	<u>\$ 4,831,929</u>	<u>\$ 19,801,630</u>

Note 1: Shown as 'other payables'.

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

(33) Details of significant non-controlling interests

A. As of March 31, 2022, December 31, 2021 and March 31, 2021, the non-controlling interest amounted to \$6,241,029, \$6,448,168 and \$6,058,471, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Non-controlling interest</u>			
		<u>March 31, 2022</u>		<u>December 31, 2021</u>	
		<u>Amount</u>	<u>Ownership</u>	<u>Amount</u>	<u>Ownership</u>
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 297,502	36.48%	\$ 300,195	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,587,306	66.62%	1,832,601	66.62%
Century Development Corporation and subsidiaries	R.O.C	2,870,158	47.25%	2,804,257	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	290,530	50.99%	279,263	50.99%

<u>Name of subsidiary</u>	<u>Principal place of business</u>	<u>Non-controlling interest</u>	
		<u>March 31, 2021</u>	
		<u>Amount</u>	<u>Ownership</u>
Tecom Co., Ltd. and subsidiaries	R.O.C	\$ 305,007	36.48%
Taiwan Pelican Express Co., Ltd. and subsidiaries	R.O.C	1,520,343	67.85%
Century Development Corporation and subsidiaries	R.O.C	2,695,838	47.25%
Information Technology Total Services Co., Ltd. and subsidiaries	R.O.C	283,053	50.99%

B. Summarized financial information of the subsidiaries:

Balance sheets

	<u>Tecom Co., Ltd. and subsidiaries</u>		
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current assets	\$ 990,198	\$ 1,083,023	\$ 919,454
Non-current assets	939,258	959,170	998,532
Current liabilities	( 1,008,724)	( 1,099,856)	( 863,073)
Non-current liabilities	( 459,401)	( 463,807)	( 560,197)
Total net assets	<u>\$ 461,331</u>	<u>\$ 478,530</u>	<u>\$ 494,716</u>
	<u>Taiwan Pelican Express Co., Ltd. and subsidiaries</u>		
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current assets	\$ 1,769,703	\$ 1,856,384	\$ 1,695,409
Non-current assets	2,759,773	3,154,073	2,298,692
Current liabilities	( 988,680)	( 1,116,058)	( 863,472)
Non-current liabilities	( 1,158,169)	( 1,143,572)	( 889,888)
Total net assets	<u>\$ 2,382,627</u>	<u>\$ 2,750,827</u>	<u>\$ 2,240,741</u>
	<u>Century Development Corporation and subsidiaries</u>		
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current assets	\$ 1,015,695	\$ 1,484,032	\$ 2,051,472
Non-current assets	9,427,300	8,878,166	7,910,499
Current liabilities	( 1,000,600)	( 1,003,461)	( 698,883)
Non-current liabilities	( 2,814,550)	( 2,793,047)	( 2,872,991)
Total net assets	<u>\$ 6,627,845</u>	<u>\$ 6,565,690</u>	<u>\$ 6,390,097</u>
	<u>Information Technology Total Services Co., Ltd. and subsidiaries</u>		
	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Current assets	\$ 760,725	\$ 567,611	\$ 869,323
Non-current assets	260,012	282,442	309,403
Current liabilities	( 436,004)	( 287,813)	( 598,642)
Non-current liabilities	( 15,032)	( 14,546)	( 24,860)
Total net assets	<u>\$ 569,701</u>	<u>\$ 547,694</u>	<u>\$ 555,224</u>

Statements of comprehensive income

	<u>Tecom Co., Ltd. and subsidiaries</u>	
	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Revenue	\$ 273,124	\$ 247,163
Profit before income tax	9,501	6,452
Income tax expense	( 1,903)	( 1,566)
Profit for the period	7,598	4,886
Other comprehensive (loss) income (net of tax)	( 24,797)	10,836
Total comprehensive (loss) income for the period	<u>(\$ 17,199)</u>	<u>\$ 15,722</u>
Comprehensive (loss) income attributable to non-controlling interest	<u>(\$ 13,467)</u>	<u>\$ 929</u>
	<u>Taiwan Pelican Express Co., Ltd. and subsidiaries</u>	
	<u>For the three-month period ended March 31, 2022</u>	<u>For the three-month period ended March 31, 2021</u>
Revenue	\$ 1,102,211	\$ 1,048,305
Profit before income tax	45,131	76,453
Income tax expense	( 8,943)	( 15,259)
Profit for the period	36,188	61,194
Other comprehensive (loss) income (net of tax)	( 404,388)	195,275
Total comprehensive (loss) income for the period	<u>(\$ 368,200)</u>	<u>\$ 256,469</u>
Comprehensive (loss) income attributable to non-controlling interest	<u>(\$ 245,295)</u>	<u>\$ 49,315</u>

Century Development Corporation and subsidiaries		
	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Revenue	\$ 218,055	\$ 201,403
Profit before income tax	105,838	100,441
Income tax expense	( 20,936)	( 20,225)
Profit for the period	84,902	80,216
Other comprehensive income (net of tax)	22,252	435
Total comprehensive income for the period	<u>\$ 107,154</u>	<u>\$ 80,651</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 46,081</u>	<u>\$ 41,862</u>
Information Technology Total Services Co., Ltd. and subsidiaries		
	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Revenue	\$ 437,722	\$ 498,102
Profit before income tax	23,849	30,243
Income tax expense	( 4,267)	( 5,957)
Profit for the period	19,582	24,286
Other comprehensive income (net of tax)	2,425	68
Total comprehensive income for the period	<u>\$ 22,007</u>	<u>\$ 24,354</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 9,860</u>	<u>\$ 12,253</u>

Statements of cash flows

	Tecom Co., Ltd. and subsidiaries	
	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Net cash used in operating activities	(\$ 14,630)	(\$ 2,505)
Net cash provided by (used in) investing activities	4,460	( 24,250)
Net cash used in financing activities	( 42,721)	( 2,306)
Decrease in cash and cash equivalents	( 52,891)	( 29,061)
Cash and cash equivalents, beginning of period	183,656	95,778
Cash and cash equivalents, end of period	<u>\$ 130,765</u>	<u>\$ 66,717</u>
	Taiwan Pelican Express Co., Ltd. and subsidiaries	
	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Net cash provided by operating activities	\$ 140,329	\$ 109,573
Net cash used in investing activities	( 41,631)	( 10,857)
Net cash used in financing activities	( 48,782)	( 39,012)
Effect of exchange rates on cash and cash equivalents	276	34
Increase in cash and cash equivalents	50,192	59,738
Cash and cash equivalents, beginning of period	905,342	899,305
Cash and cash equivalents, end of period	<u>\$ 955,534</u>	<u>\$ 959,043</u>

<u>Century Development Corporation and subsidiaries</u>				
	<u>For the three-month period ended March 31, 2022</u>		<u>For the three-month period ended March 31, 2021</u>	
Net cash provided by operating activities	\$	137,982	\$	263,894
Net cash used in investing activities	(	236,436)	(	104,403)
Net cash used in financing activities	(	75,608)	(	121,450)
Effect of exchange rates on cash and cash equivalents		<u>2,316</u>		<u>5,129</u>
(Decrease) increase in cash and cash equivalents	(	<u>171,746)</u>		<u>43,170</u>
Cash and cash equivalents, beginning of period		<u>613,545</u>		<u>230,836</u>
Cash and cash equivalents, end of period	\$	<u><u>441,799</u></u>	\$	<u><u>274,006</u></u>
<u>Information Technology Total Services Co., Ltd. and subsidiaries</u>				
	<u>For the three-month period ended March 31, 2022</u>		<u>For the three-month period ended March 31, 2021</u>	
Net cash provided by operating activities	\$	74,555	\$	119,158
Net cash provided by (used in) investing activities		22,229	(	30,139)
Net cash used in financing activities	(	1,434)	(	1,662)
Effect of exchange rates on cash and cash equivalents		<u>1,412</u>	(	<u>88)</u>
Increase in cash and cash equivalents		<u>96,762</u>		<u>87,269</u>
Cash and cash equivalents, beginning of period		<u>140,280</u>		<u>85,874</u>
Cash and cash equivalents, end of period	\$	<u><u>237,042</u></u>	\$	<u><u>173,143</u></u>

## 7. Related Party Transactions

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

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

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

(2) Significant related party transactions

A. Operating revenue:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Sales of goods and services:		
Associates	\$ 111,754	\$ 100,149
Other related parties	<u>92,490</u>	<u>80,188</u>
	<u>\$ 204,244</u>	<u>\$ 180,337</u>

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

B. Purchases of goods:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Purchases of goods:		
Associates	\$ 39,289	\$ 47,764
Other related parties	<u>659</u>	<u>10,134</u>
	<u>\$ 39,948</u>	<u>\$ 57,898</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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Receivables from related parties:			
Associates	\$ 177,178	\$ 197,304	\$ 166,794
Other related parties	<u>66,330</u>	<u>81,770</u>	<u>57,740</u>
	<u>243,508</u>	<u>279,074</u>	<u>224,534</u>
Other receivables - others			
Associates			
TTMC	36,072	36,869	39,508
Le-Li	8,446	4,074	15,016
Others	57,521	70,293	10,055
Other related parties	<u>11,344</u>	<u>7,325</u>	<u>4,996</u>
	<u>113,383</u>	<u>118,561</u>	<u>69,575</u>
	<u>\$ 356,891</u>	<u>\$ 397,635</u>	<u>\$ 294,109</u>

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

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

D. Payables to related parties:

	March 31, 2022	December 31, 2021	March 31, 2021
Payables to related parties:			
Associates	\$ 99,528	\$ 84,465	\$ 170,012
Other related parties	725	688	7,903
	<u>\$ 100,253</u>	<u>\$ 85,153</u>	<u>\$ 177,915</u>

The payables to related parties arise mainly from purchase transactions and are due 180 days after the date of purchase. The payables bear no interest.

E. Rent income

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Associates	\$ 5,269	\$ 6,644
Other related parties	5,352	6,683
	<u>\$ 10,621</u>	<u>\$ 13,327</u>

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

F. Endorsements and guarantees provided to related parties:

	March 31, 2022	December 31, 2021	March 31, 2021
Associates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167</u>

G. Others

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

(3) Key management compensation

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Salaries and other short-term employee benefits	\$ 116,121	\$ 118,856
Post-employment benefits	2,285	2,292
	<u>\$ 118,406</u>	<u>\$ 121,148</u>

## 8. Pledged Assets

Pledged asset	March 31, 2022	December 31, 2021	Purpose
Notes receivable	\$ 37,258	\$ 64,257	Short-term borrowings and deposits for acceptance bill
Other current assets			
Demand deposits	428,007	474,942	Short-term borrowings, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, tariff guarantees, merchandise loans, provisional seizure guarantee, deposits for the exemption from provisional execution and guarantee
Demand deposits	471,844	710,447	Earmarked construction projects
Time deposits	230,273	225,764	Engineering bond, merchandise loans, tariff guarantees, long-term and short-term borrowings, engineering guarantees, customs security deposit, warranty margin, exercise guarantee for construction and quality assurance for product sales
Financial assets at fair value through other comprehensive income - non-current			
Taiwan High Speed Rail Corporation	461,600	399,600	Long-term borrowings
Non-current financial assets at amortised cost	160,000	160,000	Litigation guarantee
Property, plant, and equipment			
Land	97,220	98,025	Long-term borrowings, short-term borrowings
Buildings and structures	10,500	10,698	"
Machinery and equipment	164,271	149,575	"
Right-of-use assets	806,814	775,311	"
Other non-current assets			
Refundable deposits	108,528	91,810	Exercise guarantee or warranty for construction and exercise guarantee for tender
Demand deposits	795	-	Restricted by the legislation on repatriating offshore funds
Time deposits	329,642	361,224	"
	\$ 3,306,752	\$ 3,521,653	

Pledged asset	March 31, 2021	Purpose
Notes receivable	\$ 25,417	Short-term borrowings and deposits for acceptance bill
Other current assets		
Demand deposits	174,967	Short-term borrowings, deposits for renting warehouses, deposits for acceptance bill, provisional seizure guarantee of compensation, exercise guarantee for construction, warranty margin, engineering bond, tariff guarantees, merchandise loans, provisional seizure guarantee, deposits for the exemption from provisional execution and guarantee
Demand deposits	744,504	Earmarked construction projects
Time deposits	235,003	Engineering bond, merchandise loans, tariff guarantees, long-term and short-term borrowings, engineering guarantees, customs security deposit, warranty margin, exercise guarantee for construction and quality assurance for product sales
Financial assets at fair value through other comprehensive income - non-current		
Taiwan High Speed Rail Corporation	424,575	Long-term borrowings
Non-current financial assets at amortised cost	160,000	Litigation guarantee
Property, plant, and equipment		
Land	75,800	Long-term borrowings, short-term borrowings
Buildings and structures	10,896	"
Machinery and equipment	158,400	"
Right-of-use assets	788,589	"
Other non-current assets		
Refundable deposits	91,153	Exercise guarantee or warranty for construction and exercise guarantee for tender
Time deposits	165,646	Restricted by the legislation on repatriating offshore funds
	<u>\$ 3,054,950</u>	

## 9. Significant Contingent Liabilities and Unrecognized Contract Commitments

### (1) Contingencies

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

### (2) Commitments

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

	March 31, 2022	December 31, 2021	March 31, 2021
Property, plant and equipment	\$ 2,065,720	\$ 2,605,204	\$ 3,413,636
Intangible assets	1,145	8,996	1,617
	<u>\$ 2,066,865</u>	<u>\$ 2,614,200</u>	<u>\$ 3,415,253</u>

- B. As of March 31, 2022, the outstanding usance L/C used for acquiring raw materials and equipment was \$ 63,644.

## 10. Significant Disaster Loss

None.

## 11. Significant Events after the Balance Sheet Date

None.

## 12. Others

### (1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 5,133,440	\$ 6,850,607	\$ 4,024,038
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 33,990,185	\$ 46,224,848	\$ 29,653,218
Financial assets at amortised cost /Loans and receivables			
Cash and cash equivalents	\$ 19,298,415	\$ 17,274,143	\$ 21,565,432
Financial assets at amortised cost	313,159	392,232	435,663
Notes receivable	792,962	1,001,157	937,876
Accounts receivable	10,276,229	10,201,498	8,908,085
Other receivables	453,221	538,674	342,735
Guarantee deposits paid and restricted bank deposits	1,736,931	2,015,991	1,550,253
	<u>\$ 32,870,917</u>	<u>\$ 31,423,695</u>	<u>\$ 33,740,044</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 1,672,201	\$ 2,042,697	\$ 3,189,293
Notes payable	939,731	1,027,193	400,030
Accounts payable	8,863,909	9,347,227	8,113,774
Other payables	7,934,862	5,544,765	6,936,250
Lease liabilities	5,153,053	5,062,094	4,831,929
Bonds payable (including current portion)	6,000,000	6,000,000	6,000,000
Long-term borrowings (including current portion)	4,165,743	4,095,256	3,295,687
	<u>\$ 34,729,499</u>	<u>\$ 33,119,232</u>	<u>\$ 32,766,963</u>

## B. Financial risk management policies

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

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

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

March 31, 2022

		Sensitivity Analysis					
		Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	USD	\$ 83,162	28.6250	\$ 2,383,346	1%	\$ 23,833	\$ -
EUR:NTD	EUR	5,171	31.9200	165,058	1%	1,651	-
USD:RMB	USD	45,556	6.3526	1,304,041	1%	13,040	-
RMB:NTD	RMB	48,391	4.5060	218,050	1%	2,181	-
AUD:NTD	AUD	6,910	21.4200	148,012	1%	1,480	-
USD:SGD	USD	8,017	1.3528	229,487	1%	2,295	-
USD:EUR	USD	6,886	0.8968	197,112	1%	1,971	-
USD:MYR	USD	10,922	4.2074	312,642	1%	3,126	-
EUR:USD	EUR	13,206	1.1151	421,536	1%	4,215	-
<u>Non-monetary items</u>							
USD:NTD	USD	719,290	38.6250	20,589,667			
EUR:NTD	EUR	140,103	31.9200	4,472,090			
SGD:NTD	SGD	153,458	21.1600	3,247,169			
VND:NTD	VND	268,896,923	0.0013	349,566			
MYR:NTD	MYR	7,726	6.8035	52,563			
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	50,675	28.6250	1,450,572	1%	14,506	-
USD:VND	USD	4,573	22,019.2308	130,902	1%	1,309	-
USD:MYR	USD	12,578	4.2074	360,045	1%	3,600	-

December 31, 2021

Sensitivity Analysis

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

March 31, 2021

	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	Sensitivity Analysis			
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)							
<u>Financial assets</u>							
<u>Monetary items</u>							
USD:NTD	USD	\$ 101,502	28.5350	\$ 2,896,360	1%	\$ 28,964	\$ -
EUR:NTD	EUR	5,366	33.4800	179,654	1%	1,797	-
USD:RMB	USD	34,267	6.5688	977,809	1%	9,778	-
JPY:NTD	JPY	874,838	0.2577	225,446	1%	2,254	-
RMB:NTD	RMB	65,465	4.3440	284,380	1%	2,844	-
AUD:NTD	AUD	9,189	21.7100	199,493	1%	1,995	-
USD:SGD	USD	7,120	1.3454	203,169	1%	2,032	-
USD:EUR	USD	7,268	0.8523	207,392	1%	2,074	-
EUR:USD	EUR	14,016	1.3748	549,848	1%	5,498	-
RMB:USD	RMB	23,877	0.1522	103,722	1%	1,037	-
USD:MYR	USD	6,103	4.1500	174,149	1%	1,741	-
<u>Non-monetary items</u>							
USD:NTD	USD	706,377	28.5350	20,156,478			
EUR:NTD	EUR	128,949	33.4800	4,317,198			
SGD:NTD	SGD	162,906	21.2100	3,455,235			
VND:NTD	VND	234,060,833	0.0012	280,873			
MYR:NTD	MYR	7,791	6.8759	53,570			
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD:NTD	USD	39,291	28.5350	1,121,169	1%	11,212	-
USD:RMB	USD	3,866	6.5688	110,316	1%	1,103	-
USD:VND	USD	3,971	23,779.1667	113,312	1%	1,133	-
USD:MYR	USD	6,161	4.1500	175,804	1%	1,758	-
USD:SGD	USD	3,512	1.3454	100,215	1%	1,002	-
EUR:NTD	EUR	3,350	33.4800	112,158	1%	1,122	-
JPY:NTD	JPY	733,825	0.2577	189,107	1%	1,891	-

- v. Total exchange loss, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2022 and 2021 amounted to \$47,119 and (\$7,090), respectively.

Price risk

- i. The Group's financial instruments, which are exposed to price risk, are those characterized as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from such investments the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with limits set by the Group.
- ii. The Group's investments in equity securities comprise shares and open-end funds issued by domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 5% with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2022 and 2021 would have increased/decreased by \$138,750 and \$144,582, 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 \$1,688,035 and \$1,470,826, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy is to maintain at least 30% of its borrowings at fixed rate using interest rate swaps to achieve this when necessary. For the three-month periods ended March 31, 2022 and 2021, the Group's borrowings at variable rate were mainly denominated in NTD, USD and RMB.
- ii. The Group's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. As at March 31, 2022 and 2021, if interest rates at that date had been 0.25% higher/lower with all other variables held constant, post-tax profit for the three-month periods ended March 31, 2022 and 2021 would have been \$2,919 and \$3,242 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortized cost.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:  
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Group adopts the assumption under IFRS 9, whereby the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit rating of customer and credit risk on trade. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
- (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
  - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
  - (iii) Default or delinquency in interest or principal repayments;
  - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group uses the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of notes and accounts receivable. As of March 31, 2022, December 31, 2021 and March 31, 2021, the loss rate methodology is as follows:

March 31, 2022			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 9,152,323	(\$ 12,289)
Up to 30 days	0%~2%	798,987	( 12,747)
31 to 90 days	1%~20%	450,117	( 11,684)
91 to 180 days	1%~100%	172,266	( 23,834)
Over 180 days	1%~100%	433,309	( 120,765)
		<u>\$ 11,007,002</u>	<u>(\$ 181,319)</u>
December 31, 2021			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 9,190,412	(\$ 10,459)
Up to 30 days	0%~2%	823,414	( 967)
31 to 90 days	1%~20%	453,634	( 14,553)
91 to 180 days	1%~100%	191,169	( 23,076)
Over 180 days	1%~100%	433,279	( 119,272)
		<u>\$ 11,091,908</u>	<u>(\$ 168,327)</u>

March 31, 2021			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Not past due	0%~1%	\$ 7,973,929	(\$ 15,448)
Up to 30 days	0%~2%	563,550	( 3,678)
31 to 90 days	1%~20%	583,756	( 14,463)
91 to 180 days	1%~100%	212,796	( 14,119)
Over 180 days	1%~100%	459,547	( 124,443)
		<u>\$ 9,793,578</u>	<u>(\$ 172,151)</u>

March 31, 2022			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Individual	100%	\$ 28,966	(\$ 28,966)
Group A	0%~5%	6,024,915	( 11,138)
Group B	0%~10%	1,909,664	( 3,986)
Group C	1%~20%	1,570,949	( 26,805)
Group D	1%~40%	317,543	( 10,117)
Group E	1%~100%	1,154,965	( 100,307)
		<u>\$ 11,007,002</u>	<u>(\$ 181,319)</u>

December 31, 2021			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Individual	100%	\$ 29,379	(\$ 29,379)
Group A	0%~5%	6,611,371	( 8,418)
Group B	0%~10%	1,729,745	( 5,829)
Group C	1%~20%	1,404,993	( 15,949)
Group D	1%~40%	355,691	( 10,446)
Group E	1%~100%	960,729	( 98,306)
		<u>\$ 11,091,908</u>	<u>(\$ 168,327)</u>

March 31, 2021			
	<u>Expected credit loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Individual	100%	\$ 30,630	(\$ 30,630)
Group A	0%~5%	5,020,695	( 10,864)
Group B	0%~10%	2,241,563	( 3,504)
Group C	1%~20%	1,186,548	( 26,270)
Group D	1%~40%	393,095	( 13,276)
Group E	1%~100%	921,047	( 87,607)
		<u>\$ 9,793,578</u>	<u>(\$ 172,151)</u>

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

	<u>2022</u>	
	Notes receivable and accounts receivable	
At January 1	\$	168,327
Provision for impairment		10,447
Write-offs during the year	(	4,362)
Effect of foreign exchange		6,907
At March 31	<u>\$</u>	<u>181,319</u>
	<u>2021</u>	
	Notes receivable and accounts receivable	
At January 1	\$	179,129
Provision for impairment		98
Write-offs during the year	(	6,383)
Effect of foreign exchange	(	693)
At March 31	<u>\$</u>	<u>172,151</u>

For the three-month periods ended March 31, 2022 and 2021, the Group recognised impairment gains from other receivables at amortised cost amounting to \$1,991 and \$2,485, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.
- ii. As of March 31, 2022, December 31, 2021 and March 31, 2021, the undrawn credit amounts are \$19,242,556, \$20,044,060 and \$21,383,979, respectively.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

<u>March 31, 2022</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 1,672,201	\$ -	\$ -	\$ -	\$ -
Notes payable	939,731	-	-	-	-
Accounts payable	8,863,909	-	-	-	-
Lease liabilities	519,598	477,709	322,624	476,651	4,528,427
Other payables	7,934,862	-	-	-	-
Bonds payable (including current portion)	1,000,000	-	-	5,000,000	-
Long-term borrowings (including current portion)	2,695,425	330,105	1,075,297	16,445	61,667

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

<u>March 31, 2021</u>	<u>Up to 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 3,189,293	\$ -	\$ -	\$ -	\$ -
Notes payable	400,030	-	-	-	-
Accounts payable	8,113,774	-	-	-	-
Lease liabilities	484,454	421,119	329,653	483,065	4,345,450
Other payables	6,936,250	-	-	-	-
Bonds payable	-	1,000,000	-	5,000,000	-
Long-term borrowings (including current portion)	1,351,016	599,331	315,865	968,042	74,001

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

(3) Fair value information

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

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

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

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

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

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

<u>March 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 2,774,991	\$ -	\$ 2,352,914	\$ 5,127,905
Non-hedging derivatives	-	5,535	-	5,535
Financial assets at fair value through other comprehensive income				
Equity securities	<u>33,760,702</u>	<u>-</u>	<u>229,483</u>	<u>33,990,185</u>
	<u>\$ 36,535,693</u>	<u>\$ 5,535</u>	<u>\$ 2,582,397</u>	<u>\$ 39,123,625</u>
<u>December 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 3,483,909	\$ -	\$ 3,362,652	\$ 6,846,561
Non-hedging derivatives	-	4,046	-	4,046
Financial assets at fair value through other comprehensive income				
Equity securities	<u>45,966,478</u>	<u>-</u>	<u>258,370</u>	<u>46,224,848</u>
	<u>\$ 49,450,387</u>	<u>\$ 4,046</u>	<u>\$ 3,621,022</u>	<u>\$ 53,075,455</u>

<u>March 31, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 2,891,648	\$ -	\$ 1,128,980	\$ 4,020,628
Non-hedging derivatives	-	3,410	-	3,410
Financial assets at fair value through other comprehensive income				
Equity securities	<u>29,416,527</u>	<u>-</u>	<u>236,691</u>	<u>29,653,218</u>
	<u>\$ 32,308,175</u>	<u>\$ 3,410</u>	<u>\$ 1,365,671</u>	<u>\$ 33,677,256</u>

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

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

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

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

(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

(d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

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

E. For the three-month periods ended March 31, 2022 and 2021, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the three-month periods ended March 31, 2022 and 2021:

	Non-derivative equity	
	For the three-month	For the three-month
	period ended March 31, 2022	period ended March 31, 2021
Beginning balance	\$ 3,621,022	\$ 1,331,806
Gains and losses recognized in profit or loss	56,223	5,422
Gain and loss recognized in other comprehensive income	64,320	3,002
Acquired during the period	-	25,441
Sold during the period	( 1,159,168)	-
Ending balance	<u>\$ 2,582,397</u>	<u>\$ 1,365,671</u>

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

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

	Fair value at March 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 2,582,397	Market comparable companies	Price to earnings ratio multiple	1.94~2.42	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 3,621,022	Market comparable companies	Price to earnings ratio multiple	1.98~2.47	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value

	Fair value at March 31, 2021	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity:					
Unlisted shares	\$ 1,365,671	Market comparable companies	Price to earnings ratio multiple	1.50~5.91	The higher the multiple, the higher the fair value
Private equity fund			Discount for lack of marketability	15%~20%	The higher the discount for lack of marketability, the lower the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

March 31, 2022

	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets Equity instrument	Discount for lack of marketability	±5%	\$ 117,646	(\$ 117,646)	\$ 11,474	(\$ 11,474)
December 31, 2021						

	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets Equity instrument	Discount for lack of marketability	±5%	\$ 168,133	(\$ 168,133)	\$ 12,919	(\$ 12,919)
March 31, 2021						

	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets Equity instrument	Discount for lack of marketability	±5%	\$ 56,449	(\$ 56,449)	\$ 11,835	(\$ 11,835)

### 13. Supplementary Disclosures

#### (1) Significant transactions information

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

#### (2) Information on investees

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

#### (3) Information on investments in Mainland China

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

#### (4) Major shareholders information

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

### 14. Segment Information

#### (1) General information

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

- A. Green Mechatronic Solution Business Group (GM): This Group is primary engaged in manufacture and sales of various motors and generators.
- B. Intelligence Energy Business Group (IE): This Group is primary engaged in research, design, manufacture and sales of electrical equipment and contracting construction of transportation and electricity.
- C. Air and Intelligent Life Business Group (AI): This Group is primary engaged in manufacture and sales of various home appliances and providing data processing, electronic information and logistics services.
- D. Others Group: This Group is primary engaged investment in various businesses and leasing and development of real estate.

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

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

(2) Measurement of segment information

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

(3) Financial information by industry

The segment information of the reportable segments provided to the chief operating decision-maker for the three-month periods ended March 31, 2022 and 2021 is as follows:

	For the three-month period ended March 31, 2022					
	Green mechatronic solution business Group	Intelligence energy business Group	Air and intelligent life business Group	Others	Adjustment and elimination	Total
<u>Operating revenues</u>						
Operating revenues from external customers	\$ 7,285,360	\$ 1,619,285	\$ 4,119,275	\$ 873,368	\$ -	\$ 13,897,288
Operating revenues from internal segments	<u>4,732,447</u>	<u>190,943</u>	<u>1,229,067</u>	<u>75,082</u>	<u>( 6,227,539)</u>	<u>-</u>
Total operating revenues	<u>\$ 12,017,807</u>	<u>\$ 1,810,228</u>	<u>\$ 5,348,342</u>	<u>\$ 948,450</u>	<u>(\$ 6,227,539)</u>	<u>\$ 13,897,288</u>
Segment profits and losses	<u>\$ 699,493</u>	<u>\$ 99,002</u>	<u>\$ 193,908</u>	<u>\$ 158,243</u>	<u>\$ -</u>	<u>\$ 1,150,646</u>
	For the three-month period ended March 31, 2021					
	Green mechatronic solution business Group	Intelligence energy business Group	Air and intelligent life business Group	Others	Adjustment and elimination	Total
<u>Operating revenues</u>						
Operating revenues from external customers	\$ 6,072,999	\$ 1,424,595	\$ 3,220,158	\$ 821,917	\$ -	\$ 11,539,669
Operating revenues from internal segments	<u>3,800,900</u>	<u>192,631</u>	<u>971,564</u>	<u>109,824</u>	<u>( 5,074,919)</u>	<u>-</u>
Total operating revenues	<u>\$ 9,873,899</u>	<u>\$ 1,617,226</u>	<u>\$ 4,191,722</u>	<u>\$ 931,741</u>	<u>(\$ 5,074,919)</u>	<u>\$ 11,539,669</u>
Segment profits and losses	<u>\$ 610,220</u>	<u>\$ 83,460</u>	<u>\$ 106,064</u>	<u>\$ 26,308</u>	<u>\$ -</u>	<u>\$ 826,052</u>

(4) Reconciliation for segment profit (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the three-month periods ended March 31, 2022 and 2021 is provided as follows:

	For the three-month period ended March 31, 2022	For the three-month period ended March 31, 2021
Adjusted operating income of reportable segments	\$ 992,403	\$ 799,744
Adjusted operating income of other operating segments	158,243	26,308
Interest income	31,836	32,468
(Losses) gains on financial instruments	( 546,451)	488,481
Financial cost	( 52,206)	( 49,747)
Associates' and joint ventures' profit and loss accounted for under the equity method	97,614	123,757
(Losses) gains on disposals of property, plant and equipment	( 163)	588
Others	118,516	10,550
Income before income tax	<u>\$ 799,792</u>	<u>\$ 1,432,149</u>

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

Loans to others

For the three-month period ended March 31, 2022

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Related party	Maximum outstanding balance during the three- month period ended March 31, 2022	Balance at March 31, 2022 (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	\$ 27,680	\$ -	\$ -	2.26%	Short-term financing	\$ -	For operating capital	\$ -	-	\$ -	\$ 2,277,401	\$ 7,591,335	Note 2
0	TECO ELECTRIC & MACHINERY CO., LTD.	QingDao Teco	"	"	79,902	-	-	4.25%	Short-term financing	-	For operating capital	-	-	-	2,277,401	7,591,335	Note 2
1	U.V.G.	Teco Netherlands	"	"	223,440	223,440	223,440	-	Short-term financing	-	For operating capital	-	-	-	492,670	821,117	Note 3
2	Teco Westinghouse	TWMM	"	"	62,975	62,975	-	2.43%	Short-term financing	-	For operating capital	-	-	-	626,810	1,253,620	Note 4
3	Great Teco Motor (PTE) Ltd.	Teco Netherlands	"	"	191,520	191,520	191,520	1.00%	Short-term financing	-	For operating capital	-	-	-	287,529	479,215	Note 5
4	Wuxi TECO Precision Industry Co. Ltd.	QingDao Teco	"	"	79,902	-	-	3.85%	Short-term financing	-	For operating capital	-	-	-	85,540	85,540	Note 6
5	Motovario Corp.	Motovario S.P.A.	"	"	151,140	151,140	151,140	1.66%	Short-term financing	-	For operating capital	-	-	-	159,283	212,377	Note 7

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

(1)The Company is '0'.

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

Note 2: In accordance with the company's policy, limit on total loans shall not exceed 10% of the Company's net assets based on the latest financial statements (March 31, 2022), and limit on loans to a single party shall not exceed 3% of the Company's net assets based on the latest financial statements (March 31, 2022).

Note 3: In accordance with U.V.G.'s policy, limit on total loans shall not exceed 10% of U.V.G.'s net assets based on the latest financial statements (March 31, 2022), and limit on loans to a single party shall not exceed 6% of U.V.G.'s net assets based on the latest financial statements (March 31, 2022).

Note 4: In accordance with Teco Westinghouse's policy, limit on total loans shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (March 31, 2022), and limit on loans to a single party shall not 10% of Teco Westinghouse's net assets based on the latest financial statements (March 31, 2022).

Note 5: Great Teco Motor (PTE) Ltd.'s limit on total loans shall not exceed 10% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (March 31, 2022), and limit on loans to a single party shall not exceed 6% of Great Teco Motor (PTE) Ltd.'s net assets based on the latest financial statements (March 31, 2022).

Note 6: In accordance with Wuxi TECO Precision Industry Co. Ltd.'s policy, limit on total loans shall not exceed 10% of Wuxi TECO Precision Industry Co. Ltd.'s net assets based on the latest financial statements (March 31, 2022), and limit on loans to a single party shall not exceed 10% of Wuxi TECO Precision Industry Co. Ltd.'s net assets based on the latest financial statements (March 31, 2022).

Note 7: In accordance with Motovario Corp.'s policy, limit on total loans shall not exceed 40% of Motovario Corp.'s net assets based on the latest audited financial statement (March 31, 2022), and limit on loans to a single party shall not exceed 30% of Motovario Corp.'s net assets based on the latest audited financial statement (March 31, 2022).

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

## TECO ELECTRIC &amp; MACHINERY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others  
For the three-month period ended March 31, 2022

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2022	Outstanding endorsement/ guarantee amount at March 31, 2022	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	TECO ELECTRIC & MACHINERY CO., LTD.	Sankyo Co., Ltd	(4)	\$ 15,182,671	\$ 137,408	\$ 132,945	\$ 101,179	-	0.18	\$ 45,548,012	Y	N	N	Note 3
0	"	Teco International	(4)	15,182,671	100,000	-	-	-	-	45,548,012	Y	N	N	"
0	"	An-Tai International	(4)	15,182,671	110,000	-	-	-	-	45,548,012	Y	N	N	"
0	"	Motovario	(4)	15,182,671	1,358,915	1,292,760	1,204,980	-	1.7	45,548,012	Y	N	N	"
1	Teco Westinghouse	TWMM	(4)	626,810	57,250	57,250	34,421	-	0.91	1,253,620	Y	N	N	Note 4
2	Teco Australia Pty. Ltd.	TECO New Zealand Pty Ltd.	(4)	165,598	14,904	14,904	14,904	-	0.9	331,195	Y	N	N	Note 5
3	Century Development	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	448,947	181,195	181,195	60,398	-	4.04	897,893	Y	N	N	Note 6
4	Tong-An Assets	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	531,120	135,896	135,896	45,299	-	2.56	1,062,240	N	N	N	Note 7
5	Tong-An Investment Co., Ltd.	CDC DEVELOPMENT INDIA PRIVATE LIMITED	(6)	150,934	135,896	135,896	45,299	-	0.57	200,000	N	N	N	Note 8

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

(1) The Company is '0'.

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

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

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

Note 3: In accordance with the Company's policy, the total guarantee amount shall not exceed 60% of Company's net assets based on the latest financial statements (March 31, 2022), and the guarantee to a single party shall not

Note 4: In accordance with the Teco Westinghouse's policy, the total guarantee amount shall not exceed 20% of Teco Westinghouse's net assets based on the latest financial statements (March 31, 2022).

Note 5: In accordance with the TECO AUSTRALIA Pty Ltd.'s policy, the total guarantee amount shall not exceed 20% of TECO AUSTRALIA Pty Ltd.'s net assets based on the latest financial statements (March 31, 2022), and the guarantee to a single party shall not exceed 10% of TECO AUSTRALIA Pty Ltd.'s net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 6: In accordance with Century Development's policy, the total guarantee amount shall not exceed 20% of Century Development's net assets based on the latest financial statements (March 31, 2022), and the guarantee to a single party shall not exceed 10% of Century Development's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

Note 7: In accordance with Tong-An Asset's policy, the total guarantee amount shall not exceed 20% of Tong-An Asset's net assets based on the latest financial statements (March 31, 2022), and the guarantee to a single party shall not exceed 10% of Tong-An Asset's net assets. If the guarantee amount is denominated in foreign currency, the amount shall be translated at the exchange rate prevailing on the date of approval by the Board of Directors to assess whether the guarantee amount exceeds the limit.

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

March 31, 2022

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TECO ELECTRIC & MACHINERY CO., LTD.	Stock 1	The Company is a director of the investee	Note 1	11,132	\$ 307,790	14.62	\$ 307,790	
	Stock 2	"	"	2,137	48,297	1.43	48,297	
	Stock 3	None	"	205,333	6,036,781	5.98	6,036,781	
	Stock 4	The Company is a director of the investee	"	190,061	5,483,248	3.38	5,483,248	
	Stock 5	None	"	9,610	161,451	0.09	161,451	
	Stock 6	The Company is a director of the investee	"	5,098	350,244	13.42	350,244	
	Stock 7, etc.	None	"	17,205	4,178	-	4,178	
	Stock 8	"	Note 4	3,200	172,817	0.03	172,817	
	Stock 9	The Company is a director of the investee	"	11,527	443,806	1.96	443,806	
	Stock 10	None	"	47,839	490,348	1.58	490,348	
	Stock 11	"	"	201	1,348	-	1,348	
	Stock 12	The Company is a director of the investee	"	32,980	338,820	10.99	338,820	
	Stock 13	None	"	7,500	462,674	5.00	462,674	
	Stock 14, etc.	"	"	22,578	297,853	-	297,853	
Fund 1	"	"	"	-	125,508	-	125,508	
	Fund 2	"	"	-	106,682	-	106,682	
Teco International	Stock 2	The Company is a director of the investee	Note 1	5,309	119,994	3.56	119,994	
	Stock 15	None	"	720	88,259	0.50	88,259	
	Stock 16	The Company is a director of the investee	"	220	206,738	0.12	206,738	
	Stock 17	None	"	3,177	173,802	0.67	173,802	
	Stock 18, etc.	The Company is a director of the investee	"	9,398	216,029	-	216,029	
Stock 19, etc.	None	Note 3	2,588	191,651	-	191,651		
Tong-An Investment	Stock 2	The Company is a director of the investee	Note 1	7,913	178,841	5.31	178,841	
	Stock 15	None	"	1,225	150,042	0.85	150,042	
	Stock 20	An investee company accounted for under the equity method by the Company	"	19,540	628,213	0.91	628,213	
	Stock 18	Related party in substance	"	8,197	121,308	7.28	121,308	
	Stock 21	None	"	8,692	638,859	0.27	638,859	
	Stock 22	"	"	1,285	134,925	0.04	134,925	
	Stock 16	The Company is a director of the investee	"	18,265	17,187,365	10.03	17,187,365	
	Stock 23	None	"	800	213,600	0.38	213,600	
	Stock 24, etc.	"	"	27,856	419,787	-	419,787	
	Stock 19	"	Note 3	1,076	120,512	0.67	120,512	
Stock 25, etc.	"	"	7,331	528,901	-	528,901		
Stock 16	The Company is a director of the investee	Note 4	909	855,369	0.50	855,369		
Fund 3	None	"	50,000	546,000	-	546,000		
Fund 4	"	"	715	24,800	-	24,800		

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of March 31, 2022				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
U.V.G	Stock 26	None	Note 1	118	\$ 7,426	-	\$ 7,426	
An-Tai International	Stock 2	The Company is a director of the investee	"	653	14,758	0.44	14,758	
	Stock 20	An investee company accounted for under the equity method by the Company	"	2,826	90,848	0.13	90,848	
	Stock 18	Related party in substance	"	1,270	18,798	1.13	18,798	
	Stock 27	"	"	2,756	186,008	8.51	186,008	
	Stock 28	None	"	195	12,932	0.14	12,932	
	Stock 19, etc.	"	Note 3	1,348	122,640	-	122,640	
Jie-Zheng Property	Fund 5	"	Note 2	-	22,860	-	22,860	
Information Technology Total Service	Stock 29, etc.	"	Note 1	3,269	30,324	-	30,324	
Teco Singapore	Stock 16, etc.	Related party in substance	"	304	286,334	-	286,334	
Taiwan Pelican Express	Stock 20	An investee company accounted for under the equity method by the Company	"	7,070	227,300	0.33	227,300	
	Stock 16	None	"	597	561,495	0.32	561,495	
Teco Australia	Stock 16	"	"	300	281,848	0.16	281,848	
Sankyo	Stock 30	"	"	68	6,720	-	6,720	
Tecom and its subsidiaries	Stock 5	"	"	2,175	36,545	0.02	36,545	
	Stock 4	The Company is a corporate director of the investee	"	16,222	468,007	0.29	468,007	
	Stock 7, etc.	None	"	1,202	767	-	767	
	Stock 31	"	Note 3	3,354	41,252	1.77	41,252	
	Fund 6, etc.	"	Note 2	6,225	74,226	-	74,226	
Tong Dai	Stock 20	An investee company accounted for under the equity method by the Company	Note 3	77	2,483	-	2,483	
	Stock 32, etc.	None	"	3	82	-	82	
Teco Holdings	Fund 7	"	Note 2	-	1,147,874	-	1,147,874	

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

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

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

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the three-month period ended March 31, 2022

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2022		Addition		Disposal			Balance as at March 31, 2022		
					Number of shares / units	Amount	Number of shares / units	Amount	Number of shares / units	Selling price	Book value	Gain (loss) on disposal	Number of shares / units	Amount (Note 3)
Teco Holding	OASIS USD Term Liquidity Fund	Note 1	Not applicable	Not applicable	-	\$ 2,216,584	-	\$ -	-	\$ 1,070,555	\$ 1,069,400	\$ 1,155	-	\$ 1,147,874

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

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

Note 3: The balance amount as at March 31, 2022 included unrealised gains or losses from financial assets.

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more  
For the three-month period ended March 31, 2022

Table 5

Expressed in thousands of NTD  
(Except as otherwise indicated)

If the counterparty is a related party, information as to the last  
transaction of the real estate is disclosed below:

Real estate acquired by	Marketable Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount	Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate disposal	Other commitments
Century Biotech Development Corp.	Park permanent work	In October 2019	\$1,660,955	\$1,506,748	FAR EASTERN GENERAL CONTRACTOR INC.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park curtain wall work	In February 2020	410,000	255,503	CHINA WIRE & CABLE CO., LTD.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park electrical and mechanical work	In September 2020	1,375,000	252,462	TECO ELECTRIC & MACHINERY CO., LTD.	Related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None
	Park renovation work	In May 2021	483,900	109,870	CHEN-JIA CONSTRUCTION AND ENGINEERING CO., LTD.	Non-related parties	Not applicable	Not applicable	Not applicable	Not applicable	Comparative price and bargain	Operation needs	None

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES

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

For the three-month period ended March 31, 2022

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)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TECO ELECTRIC & MACHINERY CO., LTD.	Tesen	An investee accounted for under the equity method	Purchases	\$ 797,002	16%	30 days	Note	Note	(\$ 68)	-	
	Wuxi Teco	An indirect investee accounted for under the equity method	"	350,294	7%	"	"	"	( 701,746)	(14%)	
	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	205,939	4%	"	"	"	( 199,021)	(4%)	
	Tai-An Wuxi	"	"	201,364	4%	"	"	"	( 164,667)	(3%)	
	Tong Dai	An investee accounted for under the equity method	Sales	( 394,308)	(6%)	90 days	"	"	364,589	8%	
	Teco Singapore	"	"	( 124,379)	(2%)	"	"	"	44,961	1%	
	Teco Westinghouse	An indirect investee accounted for under the equity method	"	( 642,792)	(11%)	"	"	"	445,574	10%	
	Teco Australia	"	"	( 279,327)	(5%)	"	"	"	209,798	5%	
Teco Westinghouse Canada	"	"	( 227,022)	(4%)	"	"	"	155,483	3%		

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more  
March 31, 2022

Table 7

Expressed in thousands of NTD  
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2022	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	An investee accounted for under the equity method	\$ 365,298	3.59	\$ -	-	\$ 239,515	
"	Motovario	"	132,049	2.04	-	-	19,536	
"	E-Joy International	"	107,435	3.24	-	-	-	
"	Teco Westinghouse	An indirect investee accounted for under the equity method	446,594	7.13	-	-	-	
"	Teco Australia	"	210,131	5.45	-	-	65,724	
"	Teco Westinghouse Canada	"	155,483	7.99	-	-	-	
"	Century Biotech Development Corp.	"	137,817	-	-	-	-	
"	QingDao Teco	"	111,257	-	-	-	793	
"	Wuxi Teco	"	108,579	0.20	-	-	-	
Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	"	701,746	2.05	-	-	148,942	
Tai-An Wuxi	"	"	164,667	4.07	-	-	80,373	
TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	199,021	4.21	-	-	105,622	
U.V.G.	Teco Netherlands	An investee accounted for under the equity method	223,440	-	-	-	-	
Great Teco Motor (PTE) Ltd.	"	Fellow subsidiary	191,520	-	-	-	-	
Motovario Corp.	Motovario	An investee accounted for under the equity method	151,140	-	-	-	-	Total amount was \$9,524

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
Significant inter-company transactions during the reporting period  
For the three-month period ended March 31, 2022

Table 8

Expressed in thousands of NTD  
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	TECO ELECTRIC & MACHINERY CO., LTD.	Tong Dai	(1)	Notes receivable, accounts receivable and other receivables	\$ 365,298	Because there is no transaction in same type which can be compared with, it is based on the condition and the period specified in the agreement.	-
0	"	Teco Westinghouse	"	Accounts receivable and other receivables	446,594	"	-
0	"	Teco Australia	"	"	210,131	"	-
0	"	Motovario	"	"	132,049	"	-
0	"	QingDao Teco	"	"	111,257	"	-
0	"	Wuxi Teco	"	"	108,579	"	-
0	"	E-Joy International	"	"	107,435	"	-
0	"	Teco Westinghouse Canada	"	Accounts receivable	155,483	"	-
0	"	Century Biotech Development Corp.	"	"	137,817	"	-
1	Wuxi Teco	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	"	701,746	"	1%
2	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	199,021	"	-
3	Tai-An Wuxi	"	"	"	164,667	"	-
4	U.V.G	Teco Netherlands	(3)	Other receivables	223,440	"	-
5	Great Teco Motor (PTE) Ltd.	"	"	"	191,520	"	-
6	Motovario Corp.	Motovario	"	"	151,140	"	-
0	TECO ELECTRIC & MACHINERY CO.,	Teco Westinghouse	(1)	Sales	642,792	"	5%
0	"	Tong Dai	"	"	394,308	"	3%
0	"	Teco Australia	"	"	279,327	"	2%
0	"	Teco Westinghouse Canada	"	"	227,022	"	2%
0	"	Teco Singapore	"	"	124,379	"	1%

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
 Significant inter-company transactions during the reporting period  
 For the three-month period ended March 31, 2022

Table 8

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
7	Tesen	TECO ELECTRIC & MACHINERY CO., LTD.	(2)	Sales	\$ 797,002	Because there is no transaction in same type which can be compared with, it is based on the condition and the period specified in the agreement.	6%
1	Wuxi Teco	"	"	"	350,294	"	3%
2	TECO (VIETNAM) ELECTRIC & MACHINERY	"	"	"	205,939	"	2%
3	Tai-An Wuxi	"	"	"	201,364	"	2%

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

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

Note 2: Relationship with the transaction company:

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

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

## TECO ELECTRIC &amp; MACHINERY CO., LTD. AND SUBSIDIARIES

## Information on investees

For the three-month period ended March 31, 2022

Table 9

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three-month period ended March 31, 2022	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2022	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
TECO ELECTRIC & MACHINERY CO., LTD.	Tung Pei	Taiwan	Manufacturing of bearings	\$ 12,293	\$ 12,293	39,145,044	31.14%	\$ 2,408,331	\$ 305,185	\$ 95,019	None
	Tecom	Taiwan	Manufacturing of key telephone system and nonkey service unit telephone system	431,109	431,109	60,090,307	63.52%	117,600	7,598	1,586	None
	Teco International	Taiwan	Investment holdings, investments in securities and construction of commercial buildings	100,013	100,013	74,409,668	100%	1,662,565	2,063	3,780	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%	10,785,626	35,604	35,800	None
	Teco Singapore and its subsidiaries	Singapore	Distribution of the Company's motor products in Singapore	112,985	112,985	7,200,000	90%	3,247,169	21,033	26,117	None
	Tong-An Investment	Taiwan	Investment holdings	2,490,000	2,490,000	508,860,935	99.60%	22,989,669	( 675,669)	( 663,910)	None
	Teco Electro	Taiwan	Manufacturing of Stepping motors	82,335	82,335	10,253,864	59.56%	226,227	12,835	7,519	None
	UVG and its subsidiaries	Cayman Islands	Manufacturing and distribution of the Company's motor products and home appliances, and investment holdings	8,505,434	8,505,434	195,416,844	100%	8,210,653	129,153	130,732	None
	ITTS	Taiwan	E-business service, mailing and data management	116,346	116,346	11,467,248	41.97%	238,987	19,582	8,110	None
	Tesen	Taiwan	Manufacturing and sales of home appliance	200,000	200,000	20,000,000	100%	233,618	21,600	22,879	None
Lien Chang	Taiwan	Manufacturing of color flybacks transformers, mono flyback transformers and mono deflection yokes	117,744	117,744	37,542,159	33.84%	501,012	( 13,144)	( 4,448)	None	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three-month period ended March 31, 2022	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2022	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
				TECO ELECTRIC & MACHINERY	Tong Dai	Taiwan	Distribution of the Company's motor products in Taichung	\$ 22,444			
	Teco Vietnam	Vietnam	Manufacturing and sales of motors	425,799	425,799	-	-	349,566	( 3,797)	( 39)	None
	Yatec	Taiwan	Development and maintenance of various electric appliances	92,389	92,389	7,799,996	64.95%	152,508	4,471	2,913	None
	Tong-An Assets	Taiwan	Real estate business	2,111,889	2,111,889	395,415,338	100%	5,311,202	19,208	20,241	None
	Taian Subic	Philippines	Manufacturing and sales of switches	165,819	165,819	17,131,155	76.70%	191,280	4,145	3,206	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%	1,256,722	( 3,414)	( 3,098)	None
	Century Development	Taiwan	Development and management of industrial park	951,141	951,141	100,592,884	28.67%	1,390,821	106,482	23,051	None
	An-Tai International	Taiwan	Investment holdings	150,000	150,000	34,850,007	100%	616,715	4,958	4,897	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	255,116	255,116	24,121,700	25.27%	377,131	36,188	9,144	None
	Taian-Etacom	Taiwan	Bus bar and manufacturing of its components	70,330	70,330	7,033,000	84.73%	154,049	9,201	7,797	None
	Eagle Holding Co.	Cayman Islands	Investment holdings	3,691,723	3,691,723	1	100%	4,472,090	101,276	101,276	None
Eagle Holding Co.	TECO MOTOR B.V.	Netherlands	Investment holdings	3,691,723	3,691,723	1	100%	4,472,090	101,276	101,276	None
TECO MOTOR B.V.	Motovario S.p.A	Italy	Production and sale of gear reducers and motors	3,989,850	3,989,850	18,010,000	100%	4,472,090	101,276	101,276	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%	1,950,024	64,931	64,931	None
Tecom	Baycom	Taiwan	Manufacturing and sales of optical telecom products	431,258	431,258	14,700,741	43.76%	200,261	9,371	4,101	None
Tong-An Investment	Century Development	Taiwan	Development and management of industrial park	420,646	420,646	46,235,042	13.18%	684,363	106,482	11,004	None
	Taiwan Pelican Express	Taiwan	Logistics and distribution services	54,874	54,874	6,474,468	6.78%	189,012	36,188	2,454	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	503,514	( 2,199)	( 452)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	203,251	( 2,032)	( 455)	None

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2022			Net profit (loss) of the investee for the three-month period ended March 31, 2022	Investment income (loss) recognized by the Company for the three-month period ended March 31, 2022	Footnote
				Balance as at March 31, 2022	Balance as at December 31, 2021	Number of shares	Ownership (%)	Book value			
Lien Chang	Gen Mao International Corp.	Taiwan	Investment holdings	\$ 92,000	\$ 92,000	12,553,526	100%	\$ 136,240	(\$ 1,773)	(\$ 1,773)	None
	Gen Mao (Singapore)	Singapore	Investment holdings	582,246	582,246	27,502,354	85%	739,690	( 15,184)	( 10,061)	None
Gen Mao International Corp.	Gen Mao (Singapore)	Singapore	Investment holdings	91,079	91,079	4,866,045	15.03%	130,832	( 15,184)	( 1,780)	None
Century Development	Centurytech Construction and Management Corp.	Taiwan	Construction and sales of related raw materials	168,170	168,170	2,250,000	100%	( 37,030)	315	621	None
	Jie-Zheng Property Service & Management Co., Ltd.	Taiwan	Building management servicing	13,750	13,750	1,512,500	50%	79,393	7,876	3,953	None
	United Development	Taiwan	Investment consultancy service for domestic and foreign industrial parks and land	25,536	25,536	5,588,291	51.60%	78,675	2,856	1,474	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	771,460	771,460	77,146,000	30.86%	755,364	( 2,199)	( 679)	None
	Greyback International Property Inc.	Philippines	Housing project in Subic	9,912	9,912	144,600	30.11%	9,755	1	-	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	365,820	365,820	12,160,000	40%	278,156	( 2,032)	( 813)	None
	Teco Electro	Teco Electro Devices Co., Ltd.	British Virgin Islands	Trading and investment holdings	88,108	88,108	2,510,000	100%	237,554	8,517	8,501
Teco Singapore	Century Development	Taiwan	Development and management of industrial park	179,222	179,222	21,264,873	6.06%	2,721	106,482	65	None
Tong-An Assets	Century Development	Taiwan	Leasing of real estate	184,893	184,893	17,013,593	4.85%	217,126	106,482	4,048	None
	Century Biotech Development Corp.	Taiwan	Development and construction of real estate	514,270	514,270	51,427,000	20.57%	503,616	( 2,199)	( 350)	None
	Century Real Estate (International) Pte. Ltd.	Singapore	Investing in other areas	274,856	274,856	9,120,000	30%	202,769	( 2,032)	( 937)	None

## TECO ELECTRIC &amp; MACHINERY CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

For the three-month period ended March 31, 2022

Table 10

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from		Accumulated	Net income of the three-month period ended March 31, 2022	Ownership held by the Company (direct or indirect)(%)	Investment	Book value of investments in Mainland China as of March 31, 2022	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2022	Taiwan to Mainland China/ Amount remitted back to Taiwan for the three-month period ended March 31, 2022	amount of remittance from Taiwan to Mainland China as of March 31, 2022	income (loss) recognized by the Company for the three- month period ended March 31, 2022			amount of investment income remitted back to Taiwan as of March 31, 2022			
Teco (Dong Guang)	Manufacturing and sales of air conditioners mechanical equipment	\$ 268,799	Note 2	\$ 188,139	\$ -	\$ -	\$ 188,139	(\$ 1,967)	100%	(\$ 1,784)	\$ 133,201	\$ -	Note 15
Wuxi Teco	Manufacturing and sales of motors	1,697,276	Note 1	768,259	-	-	768,259	80,000	84.12%	73,600	1,854,509	216,386	Note 14
Taian (Wuxi)	Manufacturing and sales of optical fiber	495,213	Note 10	205,551	-	-	205,551	( 3,364)	100%	( 3,414)	1,091,284	217,858	Note 15
Nanchang Teco	Manufacturing and sales of home appliances	456,293	Note 3	456,293	-	-	456,293	479	100%	479	( 26,443)	-	Note 15
Jiangxi Teco	Manufacturing and sales of motors	1,481,569	Note 1	1,383,653	-	-	1,383,653	16,615	98.07%	16,294	1,580,563	72,823	Note 14
QingDao Teco	Manufacturing and sales of dyes	947,331	Note 1	1,648,510	-	-	1,648,510	3,626	87.60%	3,176	254,066	-	Note 14
Xiamen An-Tai	Development, manufacturing and sales of LCD monitors.	678,681	Note 3	467,577	-	-	467,577	1,049	100%	1,049	284,710	-	Note 14
Teco Han Zhou	Development and consulting of device products	9,837	Note 1	9,837	-	-	9,837	672	100%	335	22,794	11,937	Note 15
Teco Century	Manufacturing and sales of compressor	680,938	Note 3	340,469	-	-	340,469	( 2,790)	24%	( 670)	28,147	-	Note 15
Fujian Teco	Manufacturing and sales of electronic components	391,843	Note 1	391,843	-	-	391,843	( 452)	100%	( 452)	49,507	-	Note 15
Shanghai Xisngseng	Distribution of air conditioner	24,004	Note 2	-	-	-	-	( 2,333)	39.90%	( 931)	( 7,754)	-	Note 15
Jiangxi TECO (AC)	Manufacturing and sales of air conditioning mechanical equipment	79,813	Note 3	79,813	-	-	79,813	( 1,957)	100%	( 1,957)	129,716	-	Note 15
Qingdao Teco Innovation	Science Park development and business operations and consulting services	59,444	Note 12	59,444	-	-	59,444	489	100%	489	42,377	-	Note 15
Shanghai Teco	Sales of home appliances	23,829	Note 1	23,829	-	-	23,829	40,217	100%	38,391	258,468	55,425	Note 14
Jiangxi TECO Westinghouse Motor Coil Co.,Ltd.	Manufacturing and sales of motors, winding and related parts	119,840	Note 11	-	-	-	-	2,054	100%	2,054	123,113	-	Note 15
Wuxi TECO Precision Industry Co. Ltd.	Production and sale of industrial motors and applications	656,500	Note 13	-	-	-	-	5,081	100%	6,580	855,402	-	Note 15
Beijing Pelican Express	Storage services	26,422	Note 4	26,422	-	-	26,422	-	100%	-	-	-	Note 18
Fubon Gehua (Beijing) Trading Co., Ltd.	Merchandise wholesale	336,660	Note 5	24,746	-	-	24,746	-	1.63%	-	-	-	Notes 16 and 17

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the		Accumulated	Net income of investee for the three-month period ended March 31, 2022	Ownership held by the Company (direct or indirect)(%)	Investment	Book value of investments in Mainland China as of March 31, 2022	Accumulated	Footnote
				amount of remittance from Taiwan to Mainland China as of January 1, 2022	three-month period ended March 31, 2022	amount of remittance from Taiwan to Mainland China as of March 31, 2022	income (loss) recognized by the Company for the three- month period ended March 31, 2022			amount of investment income remitted back to Taiwan as of March 31, 2022			
Wuhan Tecom	Communication network information, technology development, sales and technology services business	\$ 6,950	Note 6	\$ 6,950	\$ -	\$ -	\$ 6,950	(\$ 659)	100%	(\$ 633)	(\$ 1,857)	\$ -	Note 14
Information Technology (Wuxi)	ERP building, system maintenance and purchases of information appliance	10,167	Note 8	10,167	-	-	10,167	1,341	100%	1,341	30,982	-	Note 14
Information Technology Total Service (Xiamen)	ERP building, system maintenance and purchases of information appliance	4,421	Note 8	-	-	-	-	( 42)	100%	( 42)	( 386)	-	Note 14
Wuxi TECO Electro Devices Co. Ltd.	R&D, manufacturing and sales of motors and provide products sales skills	115,125	Note 9	86,101	-	-	86,101	8,517	100%	8,517	237,554	43,266	Note 15

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 17: As of March 31, 2022, accumulated impairment of \$24,746 was accrued.

Note 18: The company was dissolved in 2021, but the liquidation of the company has not been completed.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
TECO Electric & Machinery Co., Ltd.	\$ 6,487,880	\$ 8,750,356	\$ 49,187,696
Taiwan Pelican Express Co., Ltd.	51,168	51,168	1,429,576
Tecom Co., Ltd.	6,950	17,400	276,799
Information Technology Total Services Co., Ltd.	10,167	10,167	341,821
Teco Electro Devices Co., Ltd.	86,101	104,259	229,170

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

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

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas  
For the three-month period ended March 31, 2022

Table 11

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements and guarantees		Financing				
	Amount	%	Amount	%	Balance at March 31, 2022	%	Balance at March 31, 2022	Purpose	Maximum balance during the three-month period ended March 31, 2022	Balance at March 31, 2022	Interest rate	Interest during the three-month period ended March 31, 2022	Others
Wuxi Teco	\$ 4,774	-	\$ -	-	\$ 7,078	-	\$ -	-	\$ -	\$ -	-	\$ -	-
Taian (Wuxi)	2,308	-	-	-	3,921	-	-	-	-	-	-	-	-
Jiangxi Teco	6,743	-	-	-	6,688	-	-	-	-	-	-	-	-
QingDao Teco	-	-	-	-	13	-	-	-	79,902	-	4.25%	-	-
Xiamen An-Tai	-	-	-	-	-	-	-	-	27,680	-	2.26%	-	-
Shanghai Teco	360	-	-	-	413	-	-	-	-	-	-	-	-
Wuxi Teco Precision	108	-	-	-	132	-	-	-	-	-	-	-	-
Wuxi Teco	( 350,294)	(7%)	-	-	( 701,746)	(14%)	-	-	-	-	-	-	-
Taian (Wuxi)	( 201,364)	(4%)	-	-	( 164,667)	(3%)	-	-	-	-	-	-	-
QingDao Teco	( 33,568)	(1%)	-	-	( 15,074)	-	-	-	-	-	-	-	-
Jiangxi Teco	( 18,037)	-	-	-	( 32,623)	(1%)	-	-	-	-	-	-	-
Xiamen An-Tai	( 1,436)	-	-	-	-	-	-	-	-	-	-	-	-
Jiangxi TECO (AC)	( 5,465)	-	-	-	( 1,198)	-	-	-	-	-	-	-	-
Wuxi Teco Precision	( 362)	-	-	-	( 3,318)	-	-	-	-	-	-	-	-
Genmao (Suzhao)	( 14,354)	-	-	-	( 1,286)	-	-	-	-	-	-	-	-

TECO ELECTRIC & MACHINERY CO., LTD.

Major shareholders information

March 31, 2022

Table 12

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