



Dear Shareholders,

July 30, 2025

We are pleased to announce that TECO Electric & Machinery Co Ltd ("TECO") (TWSE:1504) and Hon Hai Technology Group ("Foxconn") (TWSE:2317) have entered into a strategic alliance today, July 30. Both boards of directors have approved the formation of a cross-industry partnership through a capital increase via share exchange.

As the global demand for AI data centers (AIDC) accelerates and construction moves toward standardization and modularization, the core of this alliance lies in combining TECO's strengths in electromechanical engineering, energy services, and international manufacturing with Foxconn's expertise in ICT, AI servers, and global supply chain management. Together, we will provide one-stop data center construction solutions—including servers, cooling systems, and power infrastructure—to meet surging market demand across Taiwan, the United States, Southeast Asia, the Middle East, and beyond.

This transaction was approved by both boards and carried out in accordance with Article 156-3 of the Company Act (Taiwan), respectively, TECO will take a 0.519% stake in Foxconn. In turn, Foxconn will own 10% in TECO. The latter will issue 237,644,068 new shares to Foxconn, and Foxconn will issue 72,481,441 new shares to TECO, implying a share exchange ratio of approx. 1 to 0.305. The no-cash transaction is targeted to complete in the fourth quarter of this year, conditional on regulatory approvals.

This share exchange is aimed at maximizing shareholder value. While it may lead to short-term capital expansion and earnings dilution, it allows TECO to leverage the complementary strengths of both parties to drive future growth and enhance overall performance. Under the leadership of TECO's current management team and guided by our established strategy, TECO and Foxconn will form a "Synergy Advancement Team" to focus on AIDC construction solutions, accelerating market expansion and project implementation.

Building on the past cooperation in factory energy saving and emission reduction, and ESCO energy services, TECO and Foxconn marks a strategic expansion into the high-growth AIDC sector. With both companies establishing

local manufacturing bases in the U.S., we will also align with the reshoring trend in American manufacturing and enhance global supply chain resilience.

In response to mounting global trends of low carbon, regional focus, and energy high-efficiency models, I firmly believe that only companies that dare to change, clearly define their goals, and prepare in advance will seize future opportunities. This strategic alliance represents not only a close cross-industry collaboration but also a significant step forward in TECO's transformation journey. We will remain committed to prudent management and continuous innovation to realize our vision: to become the key driver in realizing global electrification, intelligence, and green energy.

Thank you for your continued support and trust. Every major decision at TECO is made with the goal of strengthening the company's fundamentals and enhancing shareholder value. Looking ahead, we remain committed to repaying your trust through concrete actions and continued dedication.

Wishing you good health and all the best.

Sincerely,
Morris Li

A handwritten signature in black ink, appearing to be 'Morris Li', written in a cursive style.

Chairman, TECO Electric & Machinery Co., Ltd.