

**TECO Electric & Machinery Co., Ltd.**  
**Minutes of the 2025 Annual General Shareholders' Meeting**  
**(Translation)**

Time: 09:00am, June 3, 2025 (Tuesday)

Place: 2F., No. 508, Section 7, Zhongxiao East Road, Taipei City, Taiwan  
(Multipurpose Hall of Taipei Bioinnovation Park)

Shares represented at the meeting:

The total number of issued shares of the Company 2,138,796,616, net of shares without voting rights 24,515,800 the total number of valid issued shares of the Company is 2,114,280,816. A total of 1,448,282,218 valid issued shares of the Company were presented at the above meeting (including a total of 1,342,821,320 shares were presented by electronic voting), representing 68.49% of the above total valid issued shares of the Company.

Chairman: Ming-Shieh Li (Chairman)

Attendance: Ming-Shieh Li (Chairman), Hsieh-Hsing Huang (Independent Director, Convenor of Audit Committee), Chao-Chin Tung (Independent Director), Hui-Yiu Chen (Independent Director), Su-Chiu Wu (Director), Chwen-Jy Chiu (Director), Jack Hou (Director), Jong-Chin Shen (Director). A total of 8 directors attended the meeting in person, which is more than half of the 11 director seats.

Professional Consultant:

Attorney: Ms. Lynn Lin

Certificated Public Accountant: Mr. Chan-Yuan Tu & Mr. Sheng-Chung Hsu

Recorder: Hans Jian

**1. Meeting called to order**

As the share of shareholders and representatives exceeded quorum, chairman called the meeting to order.

**2. Address by the Chairman (Omitted)**

**3. Report**

3.1 Business Report for 2024 (Please see Appendix 1)

3.2 Inspection Report of Audit Committee for 2024 (Please see Appendix 2)

3.3 Remuneration Distribution to Employees and Directors for 2024 (Please see page 3 of the Meeting Agenda)

3.4 Distribution of Cash Dividends from Profits in 2024 (Please see page 3 of the Meeting Agenda)

3.5 Report on the Merger with Teco Electro Devices Co., Ltd. (Please see page 4 of the Meeting Agenda)

### 3.6 Report on the Execution of Treasury Share Buyback (Please see page 5 of the Meeting Agenda)

#### 【Shareholders' Questions and Company's responses】

- A. Shareholder ID 00130645 briefly mentioned that, first of all, commendation is due for holding this year's Annual General Shareholders' Meeting at the modern and conveniently located Taipei Bioinnovation Park Multipurpose Conference Hall. In addition, one of the key aspects of sustainable corporate development is how to attract outstanding young talents to join the company. Kindly ask the Chairman to share insights on this matter with the shareholders.

The chairman responded that thank you to our shareholders for your recognition of TECO. Retaining talent to support TECO's continued growth is one of the most important goals of both the Board of Directors and the management team. TECO is a well-established brand that has earned the trust of customers both at home and abroad. The company has long been home to many outstanding talents. Building on this solid foundation, the new management team and board members are committed to identifying and promoting individuals who embrace TECO's values and corporate culture, ensuring sustained business development. A prime example is our newly appointed President, Mr. Fei-Yuan Kao, who has been with TECO for 30 years and has consistently demonstrated exceptional performance.

After consulting with the shareholders and confirming that there were no further questions, the chairman noted that all the above reports were acknowledged.

#### 4. Ratification

- 4.1 Business Report and Financial Statements for 2024 (proposed by the board of directors)

Explanatory note:

1. The Board of Directors entrusted certified public accountants Hsu, Sheng-Chung and Tu, Chan-Yuan with Pricewaterhouse Coopers to audit and certify the Business Report and Financial Statements (includes Consolidated Financial Statements) for 2024, both of which were subsequently inspected by Audit Committee and are hereby submitted for ratification.
2. For business report, Auditors' Report and the Financial Statements, please see Appendix 1 and Appendix 3 for details.

Proceedings: No shareholders raised any questions in this case.

Resolution:

The total voting rights present at the shareholders' meeting were 1,433,775,718 shares. Of these, 1,404,838,664 shares were in favor (including 1,316,784,031 shares voted electronically), against were 253,871 shares (including 253,871 shares

voted electronically), and abstentions/non-votes totaled 28,683,183 shares (including 25,783,418 shares voted electronically). The affirmative votes accounted for 97.98% of the total voting shares present, thus the proposal was approved as proposed.

#### 4.2 Distribution of 2024 profits (proposed by the board of directors)

Explanatory note:

1. Distribution of 2024 profits was resolved by Subject to the Board of Directors and audited by Audit Committee.
2. For profit distribution plan please see Appendix 4 for details.

Proceedings: No shareholders raised any questions in this case.

Resolution:

The total voting rights present at the shareholders' meeting were 1,433,775,718 shares. Of these, 1,405,577,157 shares were in favor (including 1,317,522,524 shares voted electronically), against were 266,471 shares (including 266,471 shares voted electronically), and abstentions/non-votes totaled 27,932,090 shares (including 25,032,325 shares voted electronically). The affirmative votes accounted for 98.03% of the total voting shares present, thus the proposal was approved as proposed.

### 5. Discussion

#### 5.1 Amendment to "Articles of Incorporation" (proposed by the board of directors)

Explanatory note:

1. In accordance with Article 14, Paragraph 6 of the Securities and Exchange Act, it is proposed to amend the Company's Articles of Incorporation to stipulate that a certain percentage of annual earnings be allocated for salary adjustments or compensation distribution to grassroots employees.
2. For the comparison between the amended and current provisions, please see Appendix 5 for details.
3. Submit for a referendum.

Proceedings: No shareholders raised any questions in this case.

Resolution:

The total voting rights present at the shareholders' meeting were 1,433,775,718 shares. Of these, 1,396,292,415 shares were in favor (including 1,308,237,782 shares voted electronically), against were 269,053 shares (including 269,053 shares voted electronically), and abstentions/non-votes totaled 37,214,250 shares (including 34,314,485 shares voted electronically). The affirmative votes accounted for 97.38% of the total voting shares present, thus the proposal was approved as proposed.

## 5.2 Amendment to "Procedures for Acquisition or Disposal of Assets" (proposed by the board of directors)

Explanatory note:

1. To enhance the flexibility of the Company and its subsidiaries in making strategic investments, and with reference to the practices of major listed companies, the procedures for the acquisition or disposal of assets are proposed to be amended. The remaining revisions are adjustments to align the wording with current regulatory requirements.
2. For the comparison between the amended and current provisions, please see Appendix 6 for details.
3. Submit for a referendum.

Proceedings: No shareholders raised any questions in this case.

Resolution:

The total voting rights present at the shareholders' meeting were 1,433,775,718 shares. Of these, 1,251,489,926 shares were in favor (including 1,163,435,293 shares voted electronically), against were 145,066,024 shares (including 145,066,024 shares voted electronically), and abstentions/non-votes totaled 37,219,768 shares (including 34,320,003 shares voted electronically). The affirmative votes accounted for 87.28% of the total voting shares present, thus the proposal was approved as proposed.

## 5.3 Amendment to "Procedures for Endorsements and Guarantees" (proposed by the board of directors)

Explanatory note:

1. In consideration of the Company's current organizational structure and practices, the approval authority for endorsements and guarantees by relevant executives is proposed to be adjusted. The remaining amendments involve wording modifications to reflect current practices. The procedures for endorsements and guarantees are therefore proposed to be revised.
2. For the comparison between the amended and current provisions, please see Appendix 7 for details.
3. Submit for a referendum.

Proceedings: No shareholders raised any questions in this case.

Resolution:

The total voting rights present at the shareholders' meeting were 1,433,775,718 shares. Of these, 1,251,489,578 shares were in favor (including 1,163,434,945 shares voted electronically), against were 145,064,352 shares (including 145,064,352 shares voted electronically), and abstentions/non-votes totaled 37,221,788 shares (including 34,322,023 shares voted electronically). The affirmative votes accounted for 87.28% of the total voting shares present, thus the proposal was approved as proposed.

**【Meeting Summary】**

- A. Shareholder ID 00549429 briefly mentioned that, following the acquisition of Shenchang Electric, what are the current plans for the transformer business segment? Specifically, when is the existing production line expected to be fully booked with orders? What is the projected timeline for subsequent equipment expansion? Additionally, what are the certification and shipment schedules for new products, such as power-grade transformers?

President Feiyuan Kao, designated by the Chairman, answered that Shenchang's existing plant space is no longer sufficient to meet incoming orders. In the first phase of expansion, a new transformer production line will be established at the Zhongli plant in 2025. Equipment installation is scheduled to be completed by September, with production to begin in October. Simultaneously, the construction of a transformer line at the Guanyin plant is planned and expected to be completed by the fourth quarter of 2027. Once both lines are operational, total production capacity is projected to reach approximately NT\$1 billion in annual revenue. As for power-grade transformer development, the Zhongli line is expected to obtain manufacturing permits by the third quarter of 2026. However, the certification process with Taipower is comparatively lengthy. TECO anticipates passing Taipower's "Shendun" capability review by the first quarter of 2029.

- B. Shareholder ID 00006645 briefly mentioned that in 2021, the company announced its target of reducing carbon emissions by 50% over the next 10 years. What is the current progress toward this goal? Additionally, during the implementation process, has there been an increase in operational costs that has affected the company's profitability?

Chairman answered that, as of the end of 2024—nearly four years into the company's 10-year plan to reduce carbon emissions by 50%—TECO has already achieved a 38% reduction, equivalent to 55,000 metric tons of CO<sub>2</sub> emissions cut. In addition to carbon reduction, TECO has set a target to increase the use of renewable energy to 30% by 2030. By the end of 2024, the proportion of renewable energy in TECO's power consumption—mainly from solar generation—

had already reached 15%. The company is confident that the 2030 target is well within reach. In 2023, TECO also implemented an internal carbon pricing mechanism, setting the price at NT\$1,600 per metric ton of CO<sub>2</sub>. The objective is to establish a carbon fund to incentivize all business units to actively plan for energy-saving and carbon-reduction initiatives. This fund will be allocated toward future investments in decarbonization and energy efficiency projects. Furthermore, TECO has identified ESCO (Energy Service Company) services as a key business strategy. In alignment with government efforts to promote deep decarbonization across both public and private sectors, TECO has established a dedicated professional team to lead these initiatives, making it one of the most proactive corporate players in this field.

- C. Shareholder ID 00145815 briefly mentioned, what are the company's strategies and plans for expanding into overseas markets? Additionally, how does the Compensation Committee deliberate and decide on employee salary adjustments during its annual meetings, and how are those decisions implemented?

Chairman answered that, currently, overseas markets account for less than 50% of TECO's total business. However, the company is targeting a future where international operations exceed half of overall revenue. Key regions in this strategy include North America and Southeast Asia. In particular, TECO is actively expanding in the North American market—especially the United States—given the anticipated surge in demand from grid resilience programs and AI infrastructure development. This includes high demand for motors, transformers, and equipment for data centers.

In Southeast Asia, where developing countries show strong market potential due to population growth and industrial expansion, TECO is implementing a Regional President system. This model serves as a bridge between headquarters' strategic planning and local execution. Each regional center will integrate customer solutions across product lines—such as motors, electromechanical systems, electrification products, and green energy/energy-saving solutions—ensuring a customer-centric approach that enables streamlined and efficient resource deployment.

Regarding employee compensation, TECO allocated NT\$400,483,000 in employee bonuses in 2024, which represents over 5% of pre-tax earnings—a notably high ratio. Compensation distributed to frontline employees also exceeded regulatory requirements. The Compensation Committee has emphasized the importance of caring for entry-level staff and aims to gradually increase the proportion of employee remuneration relative to total profit. The company prioritizes employee well-being and is committed to offering compensation

packages that surpass legal minimums. Furthermore, TECO benchmarks its salary structure against the median levels in comparable industries and adjusts compensation based on individual performance and corporate profitability, ensuring fair and competitive rewards for both employees and management.

- D. Shareholder ID 00549461 briefly mentioned that has there been any adjustment to the company's direction or timeline for the 10-year, 50% carbon reduction goal? Additionally, in light of the recent penalty in April 2025 related to the Occupational Safety and Health Act, could you explain the situation and outline the planned improvements?

Chairman combined question 2 above and answered that, the first part of the question regarding the 10-year, 50% carbon reduction goal was addressed earlier in response to Question 2.

As for the latter part concerning the recent penalty under the Occupational Safety and Health Act—specifically related to a workplace safety incident in an offshore wind project—the Chairman provided a supplementary response. TECO has taken comprehensive action following this serious incident, which included environmental, safety, and health violations during construction and, regrettably, the loss of a contractor's life. Appropriate compensation arrangements have been completed, and the company has been actively engaged in final negotiations with the families of the two injured workers.

Over the past several months, TECO has made significant improvements to its occupational safety procedures and training programs. Furthermore, the company is in the process of establishing a Risk Management Committee. Within the Intelligence Energy Business Group, an independent Risk Management Office has also been set up under the Energy and Engineering Division.

For future engineering projects, TECO will implement a comprehensive due diligence process covering project characteristics, clients, and subcontractors. For large-scale or complex projects, the Risk Management Committee will be involved in reviewing how to properly manage risks before and during execution. Going forward, beyond simply securing engineering contracts, public safety and occupational safety during construction will remain TECO's highest priorities.

**6. Extempore Motion(s): None.**

**7. Meeting Adjourned: 10:00 AM**

Notes: The minutes of this Annual General Shareholders' Meeting only record the key points of the proceedings and the results of each proposal. The detailed

content and procedures of the meeting, as well as statements made by shareholders and attendees, shall be based on the audio and video recordings of the meeting.

Chairman: Ming-Shieh Li

Recorder: Hans Jian



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## **Appendix**

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1. Business Report for 2024
2. Inspection Report of Audit Committee for 2024
3. Financial Statements and Auditors' Report for 2024
4. Distribution of 2024 Profits
5. Comparison Table of Amendments to "Articles of Incorporation"
6. Comparison Table of Amendments to "Procedures for Acquisition or Disposal of Assets"
7. Comparison Table of Amendments to "Procedures for Endorsements and Guarantees"

## Appendix 1

### Business Report

#### Dear Shareholders,

In retrospect, the global economy in 2024 faced multiple challenges and exhibited a trend of slow growth. In the United States, economic growth slowed due to easing inflation and reduced labor market pressure. China experienced a sluggish recovery, with a weak real estate market dampening domestic demand and affecting global supply chains. Europe faced limited growth momentum due to energy price volatility and geopolitical tensions. In contrast, Taiwan benefited from the semiconductor and AI boom, with related supply chains performing exceptionally well and driving strong economic growth.

Despite revenue declines in key markets, our company continued to promote core products focused on "energy saving, emission reduction, intelligence, and automation." Thanks to the collective efforts of our team and through product optimization, cost-saving initiatives, and asset activation, we maintained stable profitability in 2024.

#### A. Review of 2024 business performance

##### (a) Strategic Development Plan Implementation Results for 2024

In 2024, the Company focused its development efforts on three key strategic directions: advancing green energy, expanding the electrification market, and integrating energy-saving and carbon-reduction solutions.

##### 1. Advancing green energy

In 2024, the Company focused its development efforts on three key strategic directions: advancing green energy, expanding the electrification market, and integrating energy-saving and carbon-reduction solutions.

##### 2. Expanding the electrification market

The Company accelerated its entry into the global transformer market by acquiring Shenchang Electric and forming a strategic alliance with Indonesia's SINTRA, with contributions to Teco's revenue already beginning in the fourth quarter of 2024. In North America, the production line for electric vehicle fast-charging piles was completed, meeting Buy-in-USA and Made-in-USA requirements. In India, the Company secured an order for 600 units of direct-drive power systems for electric buses, with related production lines already under construction. In Taiwan, the Company achieved its 2024 target by delivering power systems for 700 electric buses.

##### 3. Integrating energy-saving and carbon-reduction solutions

The Company signed a Memorandum of Understanding (MOU) with a leading PCB manufacturer to collaborate comprehensively on smart energy management initiatives, including solar-plus-storage system operations and maintenance, equipment health monitoring, and trend analysis. The IE4 motors successfully obtained MEPS and government subsidy certifications, driving increased sales of

high-efficiency motors. In the core home appliance business, the Company launched innovative new products such as AI-powered immersive residential air conditioners and solar hybrid energy air conditioners/heat pumps.

(b) R&D Achievements and Advanced Product Development

In 2024, the Company achieved significant R&D milestones, earning widespread industry recognition. It received five awards at the 33rd Taiwan Excellence Awards and won the Silver Award at the 2024 National Invention and Creation Awards for its "rotor structure with edge notches" innovation. Several advanced products have been successfully developed, including: "Dual-Drive Six-Phase High-Power Power System for Electric Buses": designed for commercial electric buses to enhance power efficiency and operational stability; "Long-Range, High-Payload Hybrid Power System for Commercial Drones": specifically developed for high-load, long-endurance UAVs, it improves flight duration and transport efficiency; "T-Hipro Low-Carbon High-Voltage Industrial Motor": aimed at high-performance industrial equipment and smart manufacturing applications, this motor reduces energy consumption while increasing power output; "Smart Green Hybrid Inverter Air Conditioning System": optimized for intelligent buildings and energy-efficient HVAC applications, it improves energy efficiency and reduces operating costs; "Smart Green Two-Phase Cooling Unit for Industrial Applications": developed for high-power electronics and industrial cooling systems, this unit significantly enhances thermal management and system stability.

These innovations reflect our strong commitment to green technology. By driving industrial upgrades through innovation, we continue to move toward a smarter and more sustainable future.

(c) 2024 Financial Overview, Business Plan Implementation Results, and Profitability Analysis

1. Consolidated Financial Statements of the Company and Its Subsidiaries

Unit: NT\$1,000

	2024	2023	Growth rate
Sales revenue	55,234,746	59,393,661	-7.0%
Operating profit	6,231,605	6,663,252	-6.5%
Profit for the period	6,251,281	6,332,032	-1.3%
Profit attributable to Owners of the parent	5,767,637	5,830,061	-1.1%

Consolidated sales revenue decreased by 7%, mainly due to a decline in revenue from the Green Mechatronic and Intelligence Energy segments. In the Green Mechatronic segment, revenue in the North American market was affected by weakened demand in the second half of the year and customers' inventory adjustments for VB-Skid electrification products; in Mainland China, the decline was due to weak domestic demand; and in Europe, the ongoing Russia-Ukraine war led to economic sluggishness, contributing to the revenue drop. In the Intelligence Energy segment, engineering revenue decreased due to differences in project progress, resulting in lower revenue recognized

under the percentage-of-completion method. Additionally, Taiwan Pelican Express, Tecom, and ITTS also experienced revenue declines due to various industry-specific factors. Consolidated operating profit decreased by 6.5%, primarily due to a decline in sales revenue which led to reduced gross profit. The Company continued to enhance productivity, implement various cost-reduction initiatives, and enforce expense control measures, thereby reducing operating expenses. As a result, both the overall gross profit margin and the operating expense ratio remained consistent with those of 2023.

Net non-operating income improved, mainly due to gains from the disposal of overseas assets, compensation received from successful litigation, and a significant increase in investment income recognized under the equity method. As a result, profit for the period decreased by only 1.3% compared to 2023, with net income attributable to owners of the parent declining by just 1.1%.

## 2. Parent Company only financial statement

Unit: NT\$1,000

	2024	2023	Growth rate
Sales revenue	25,771,644	27,419,501	-6.0%
Operating profit	2,519,619	2,186,291	15.2%
Profit for the Year	5,767,637	5,830,061	-1.1%

### (d) Financial Strategy and Results

The Company's primary business involves the research and development, production, and sales of industrial products. As a mature industry player, our long-term financial strategy has consistently adhered to the principle of prudent operations. Each year, we comprehensively assess our business plans, capital expenditures, working capital needs, and shareholder returns to precisely plan our cash flow and determine an appropriate financial structure.

Thanks to the stable cash flows generated from operating activities and our steady and sustainable operational strategy, Taiwan Ratings Corp. (TRC) has assigned the Company a credit rating of "twA" since 2012. This rating has enabled the Company to utilize lower-interest financing instruments, significantly reducing financing costs. In 2015, TRC further upgraded our credit rating to "twA+", and in 2024, revised our rating outlook from stable to positive. This not only highlights the improvement in the Company's commercial credit status but also enhances our fundraising capability, bargaining power, and financial flexibility.

## B. Outline of the 2025 Business Plan

Looking ahead to 2025, global economic uncertainty remains high due to the ongoing impacts of trade wars and geopolitical tensions. To ensure continued revenue growth, it is essential to seize the booming opportunities in green energy and electrification, promote products that align with ESG principles and energy conservation & emission reduction, and actively pursue and establish a presence in key development regions.

(a) Key Operating Strategies and Growth Plans for 2025

Focusing on high-margin products, high-potential businesses, forward-looking initiatives, and TECO's core competitive advantages, the company will launch a strategic revenue growth plan from four key perspectives: green energy, electrification, energy conservation and carbon reduction, and development of key regions.

1. Green Energy

TECO is committed to smart grid development, renewable energy integration, hydrogen energy technologies, and virtual power plants, including:

(1) Building smart grids and actively participating in Taipower's resilient grid initiative; (2) Integrating the Group's wind, solar, and energy storage resources to offer renewable energy integration solutions; (3) Promoting hydrogen energy projects, such as fuel cell applications, hydrogen refueling station engineering, and hydrogen production equipment; (4) Investing in virtual power plants to enhance energy utilization and expand electricity retail business.

2. Electrification

By leveraging synergies from acquisitions, TECO will expand capacity and pursue transformation and upgrades to enhance its technical capabilities, including: (1) Vehicle Electrification: Developing power systems and charging equipment for commercial vehicles, entering the supply chain for EV modules in drones and electric scooters, and promoting transportation electrification; (2) Industrial Electrification: Transforming VB-Skid/modular electrical rooms into integrated industrial electrification solutions; (3) Actively establishing production lines to expand transformer business in North America and Taiwan.

3. Energy Conservation and Carbon Reduction

By integrating group products under the Super ESCO concept, TECO will provide comprehensive solutions, including: (1) Offering software and integrating high-efficiency electromechanical products to create a one-stop Super ESCO total energy integration solution that helps enterprises achieve energy-saving and carbon reduction goals; (2) Advancing high-efficiency refrigeration, air conditioning, heat recovery, and heat pump industries.

4. Key Regional Development

TECO will deepen its presence in North America and expand operations in Southeast Asia, including: (1) Further penetrating the North American market, especially in AI data centers and renewable energy sectors; (2) Establishing engineering teams in Southeast Asia through acquisitions and aggressively expanding data center engineering services and comprehensive solutions while supplying various core TECO products.

(b) Strategic development plan

In line with the business vision of "energy conservation, emission reduction, intelligence, and automation," tap ESG-driven business opportunities worldwide

and focus on the four main dimensions of green energy, electrification, energy conservation and carbon abatement, and high-potential area, thereby kicking off strategic revenue growth plan.

#### 1. Green energy

- (1) In addition to expanding undertaking of engineering businesses related to wind power, PV power, and storage, introduce key components/parts and system integration technology and take part in carbon-capture and hydrogen filling station pilot plan, thereby strengthening value positioning in new-energy ecological system.
- (2) For power generation and storage business, the company will continue expanding the scale of EPC engineering and building up site operation experience and strengthening the capability for grid integration and demand maneuvering, gradually marching toward the goal of virtual power plant.

#### 2. Electrification

For electric vehicles, the company will tap North American and Indian e-bus/remodel car/engineering vehicle markets, establish regional supply chain, and secure ship e-propelling business opportunities. For industrial electrification, zero in on fuel gas and mining applications, expand industrial mix, and expand systematic integrated sales.

#### 3. Energy conservation and carbon abatement

Significantly raise the revenue share of high-performance electromechanical and air-conditioning products, such as IE4/IE5/SRM/T-HiPro motors and permanent-magnetic variable-frequency screw machines, which, in addition to strengthening corresponding sale of inverters, will target sales to industries with high ESG-related demands, such as steelmaking, petroleum, papermaking and electronics, especially energy-conservation transformative programs in Taiwan, China, and Southeast Asia.

#### 4. Development of high-potential areas

In addition to sale of low-voltage electric products in Mexico and India, taking advantage of local short-chain benefit, plan to tap again overseas HVAC market starting from Indonesia.

#### (b) Sustainable development

In response to climate challenges, the company remains committed to its operational emissions reduction target of “50% reduction over 10 years by 2030.” This is being pursued through the implementation of relevant KPIs and an internal carbon pricing mechanism, which help quantify performance and incentivize departments to actively promote carbon reduction initiatives. Key efforts include the expansion of solar power facilities across our global sites. In 2024, the company completed solar installations with a capacity of 5.3 MW at its plants in the U.S. and China, bringing the cumulative installed solar capacity worldwide to 15.046 MW — marking solid progress toward the goal of meeting 30% of the Group's electricity consumption from renewable energy sources by 2030.

In terms of sustainable supply chain management, the company conducts supplier audits every three years. In 2024, we also partnered with government resources to participate in the "Net Zero Transition 1+N Carbon Management Project." Acting as a central plant, TECO led 11 supply chain and affiliated companies in greenhouse gas inventory, energy efficiency diagnostics, and carbon footprint assessments for large motors at the Zhongli plant.

On the social engagement front, the company continues to promote low-carbon innovation among youth through initiatives like the "Green Brain Innovation Competition" and the "International Net Zero Emissions Technology Competition" in collaboration with National Taiwan University. The latter has become a prominent platform for international student innovation and talent cultivation, drawing 240 teams from 13 countries in 2024. Furthermore, TECO has hosted the "TECO Award" for 31 consecutive years to recognize individuals who have made significant contributions to science, technology, and the humanities in Taiwan, helping build a progressive society enriched by both scientific and cultural achievements. TECO places strong emphasis on stakeholder engagement. Internally, it has implemented DEI (Diversity, Equity, and Inclusion) initiatives to foster a new workplace culture through education and awareness. In 2024, TECO received several recognitions: the "Gold Award for DEI Vision" from Women Power, the "Silver Award for Gender Equality" from Taipei City, and the "DEI-Friendly Employer for an Aging Workforce" award.

The company continues to receive international recognition for its sustainability efforts. It has been included in the Dow Jones Sustainability Emerging Markets Index for five consecutive years and ranked 2<sup>nd</sup> globally in the electromechanical industry in 2024. Additionally, TECO was listed in the S&P Global 2025 Sustainability Yearbook, placing it in the top 1% of companies worldwide — a testament to its solid foundation in sustainability amid the global low-carbon transition. TECO will continue to uphold the principles of sustainable operation, fully implementing ESG and energy-saving practices, supporting customers in their green transformation, providing high-quality services and solutions, creating a sustainable work environment for employees, and delivering optimal returns for shareholders.

Chairman: Morris Li

## **Appendix 2**

### **Inspection Report of Audit Committee**

(This English version is only a translation of the Chinese version.)

TECO Electric & Machinery Co., Ltd. has submitted the 2024 financial statements (including the consolidated financial statements) to the Board of Directors. These statements have been audited and certified by PricewaterhouseCoopers Taiwan (PwC). Along with the financial statements, the 2024 Business Report and the proposal for earnings distribution have also been reviewed. The Audit Committee concurs with the audit opinion provided by the accounting firm, and has reviewed and approved the aforementioned Business Report and earnings distribution proposal. In accordance with Article 14 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit these materials for your review.

To

General Shareholders Meeting 2025

TECO Electric & Machinery Co., Ltd

Chairperson of the Audit Committee : Hsieh-Hsing Huang

Date: March 14<sup>th</sup>, 2025



## **Appendix 3**

**TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY FINANCIAL  
STATEMENTS AND INDEPENDENT AUDITORS’  
REPORT  
DECEMBER 31, 2024 AND 2023**

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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' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of TECO Electric & Machinery Co., Ltd. as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the parent company only financial statements present fairly, in all material respects, the financial position of TECO Electric & Machinery Co., Ltd. as of December 31, 2024 and 2023, and its financial performance and cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient

and appropriate to provide a basis for our opinion.

***Emphasis of matter – Retrospective restatement of the parent company only financial statements for the year ended December 31, 2023***

On March 15, 2024, we have audited and expressed an unqualified opinion with an *Other matter* section on the parent company only financial statements of Teco Electric & Machinery Co., Ltd. as at and for the year ended December 31, 2023. As described in Notes 4(35) and 6(31) of the financial statements, the Company engaged in a merger with the subsidiary, Teco Electro Devices Co., Ltd., on August 31, 2024. In accordance with the Accounting Research and Development Foundation Interpretation 101-301, the subsidiary was considered as consolidated at the beginning and shall retrospectively restate the parent company only financial statements for the year ended December 31, 2023. Our opinion is not modified in respect of the Company's restated parent company only financial statements for the year ended December 31, 2023.

***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2024 financial statements are stated as follows:

***Revenue recognition of export sales of Green Mechatronic Solution Business Group***

#### Description

Refer to Note 4(32) of the parent company only financial statements for the accounting policies on revenue recognition. The Green Mechatronic Solution Business Group handles the manufacturing and sales of various machinery, equipment and motors. Aside from domestic sales in Taiwan, the customers of Green Mechatronic Solution Business Group are from China, America, Southeast Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of Green Mechatronic Solution Business Group as a key audit matter.

#### How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of Green Mechatronic Solution Business Group to assess the effectiveness of the internal control process.
2. Validated selected samples of export sales revenue transactions of Green Mechatronic Solution Business Group to confirm the existence of export sales revenue transactions.

#### ***Other matter – Reference to the audits of other auditors***

As described in Note 6(6) of the parent company only financial statements, we did not audit the financial statements of certain investee accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the investee disclosed in Note 13 was based solely on the reports of the other auditors. The investments accounted for

under the equity method amounted to NT\$4,992,536 thousand and NT\$4,151,041 thousand, constituting 5% and 4% of the related total assets as of December 31, 2024 and 2023, and the comprehensive income amounting to NT\$229,062 thousand and NT\$15,635 thousand, constituting 438% and 0.48% of the total comprehensive income for the years then ended, respectively.

***Responsibilities of management and those charged with governance for the parent company only financial statements***

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

***Auditors' responsibilities for the audit of the parent company only financial statements***

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material



misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Hsu, Sheng-Chung

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Tu, Chan-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2025

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The accompanying parent company only 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 parent company only financial statements and independent auditors' 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.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

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

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 478,591	1	\$ 911,338	1
1139	Current financial assets for hedging	6(13)	5,887	-	-	-
1140	Current contract assets		4,723,711	5	3,522,415	4
1150	Notes receivable, net	6(4)	213,961	-	211,740	-
1160	Notes receivable - related parties	7	207,599	-	210,368	-
1170	Accounts receivable, net	6(4)	2,250,526	2	2,133,975	2
1180	Accounts receivable - related parties	7	1,424,579	2	1,279,796	2
1200	Other receivables		100,618	-	128,020	-
1210	Other receivables - related parties	6(6) and 7	868,501	1	527,904	1
130X	Inventories, net	6(5)	3,879,991	4	3,227,984	3
1410	Prepayments		590,415	1	266,753	-
1470	Other current assets	6(1) and 8	222,069	-	292,453	-
11XX	Total current assets		14,966,448	16	12,712,746	13
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	1,942,588	2	2,344,285	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	11,015,526	12	14,735,961	15
1550	Investments accounted for under equity method	6(6)	62,799,280	65	63,625,973	64
1600	Property, plant and equipment, net	6(7) and 7	2,624,128	3	2,999,042	3
1755	Right-of-use assets	6(8) and 7	52,077	-	70,199	-
1760	Investment property, net	6(9)	2,344,989	2	1,987,814	2
1780	Intangible assets	6(10)	16,194	-	17,302	-
1840	Deferred income tax assets	6(27)	402,135	-	569,538	1
1900	Other non-current assets	6(11)	63,311	-	97,052	-
15XX	Total non-current assets		81,260,228	84	86,447,166	87
1XXX	Total assets		\$ 96,226,676	100	\$ 99,159,912	100

(Continued)

**TECO ELECTRIC & MACHINERY CO., LTD.**  
**PARENT COMPANY ONLY BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

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

	Liabilities and Equity	Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2120	Current financial liabilities at fair value through profit or loss	6(12)	\$ 1,305	-	\$ 5,503	-
2126	Current financial liabilities for hedging	6(13)	-	-	5,025	-
2130	Current contract liabilities	6(21)	1,253,193	1	1,131,155	1
2150	Notes payable		13,878	-	27,992	-
2170	Accounts payable		4,228,842	5	3,694,738	4
2180	Accounts payable - related parties	7	1,417,520	2	1,600,928	2
2200	Other payables		3,012,767	3	3,367,673	3
2220	Other payables - related parties	7	247,255	-	211,530	-
2230	Current income tax liabilities	6(27)	661,899	1	480,737	1
2250	Provisions for liabilities - current		94,247	-	100,698	-
2280	Current lease liabilities	6(8) and 7	14,980	-	16,723	-
2320	Long-term liabilities, current portion	6(14)	5,000,000	5	-	-
2399	Other current liabilities, others		198,544	-	209,460	-
21XX	<b>Total current liabilities</b>		<u>16,144,430</u>	<u>17</u>	<u>10,852,162</u>	<u>11</u>
	<b>Non-current liabilities</b>					
2530	Corporate bonds payable	6(14)	-	-	5,000,000	5
2540	Long-term borrowings	6(15)	2,220,000	2	250,000	-
2550	Provisions for liabilities - non-current		9,859	-	94,079	-
2570	Deferred income tax liabilities	6(27)	1,331,570	2	1,475,081	2
2580	Non-current lease liabilities	6(8) and 7	11,063	-	26,341	-
2600	Other non-current liabilities	6(16)	1,027,545	1	1,172,890	1
25XX	<b>Total non-current liabilities</b>		<u>4,600,037</u>	<u>5</u>	<u>8,018,391</u>	<u>8</u>
2XXX	<b>Total liabilities</b>		<u>20,744,467</u>	<u>22</u>	<u>18,870,553</u>	<u>19</u>
	<b>Equity</b>					
	Share capital	6(17)				
3110	Common stock		21,387,966	22	21,387,966	22
	Capital surplus	6(18)				
3200	Capital surplus		9,616,391	9	9,629,730	9
	Retained earnings	6(19)				
3310	Legal reserve		8,863,669	9	8,237,099	8
3320	Special reserve		3,640,779	4	3,640,779	4
3350	Unappropriated retained earnings		23,089,108	24	22,400,066	23
	Other equity interest	6(20)				
3400	Other equity interest		9,396,006	10	15,364,660	16
3500	Treasury stocks	6(6)(17)	( 511,710)	- (	511,710) (	1)
355X	<b>Equity attributable to non-controlling interest before business combination under common control</b>	6(31)	<u>-</u>	<u>-</u>	<u>140,769</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>75,482,209</u>	<u>78</u>	<u>80,289,359</u>	<u>81</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 96,226,676</u>	<u>100</u>	<u>\$ 99,159,912</u>	<u>100</u>

**TECO ELECTRIC & MACHINERY CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Items	Notes	Year ended December 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7	\$ 25,771,644	100	\$ 27,419,501	100
5000 Operating costs	6(5)(16)(26) and 7	( 20,263,514)	( 79)	( 22,097,446)	( 81)
5900 Net operating margin		5,508,130	21	5,322,055	19
5910 Unrealized profit from sales	7	( 534,179)	( 2)	( 460,766)	( 2)
5920 Realized profit from sales		460,766	2	411,132	2
5950 Net operating margin		5,434,717	21	5,272,421	19
Operating expenses	6(16)(26), 7 and 12(2)				
6100 Selling expenses		( 1,797,421)	( 7)	( 1,859,214)	( 7)
6200 General and administrative expenses		( 616,691)	( 2)	( 630,306)	( 2)
6300 Research and development expenses		( 493,740)	( 2)	( 592,492)	( 2)
6450 Expected credit impairment loss		( 7,246)	-	( 4,118)	-
6000 Total operating expenses		( 2,915,098)	( 11)	( 3,086,130)	( 11)
6900 Operating profit		2,519,619	10	2,186,291	8
Non-operating income and expenses					
7100 Interest income	6(22)	24,015	-	29,867	-
7010 Other income	6(3)(9)(23) and 7	1,212,467	5	1,202,850	4
7020 Other gains and losses	6(2)(12)(24)	( 338,238)	( 2)	( 331,746)	( 1)
7050 Finance costs	6(8)(25) and 7	( 65,649)	-	( 69,104)	-
7070 Share of profit of subsidiary, associates and joint ventures accounted for under equity method	6(6)				
		3,462,961	13	3,749,509	14
7000 Total non-operating income and expenses		4,295,556	16	4,581,376	17
7900 Profit before income tax		6,815,175	26	6,767,667	25
7950 Income tax expense	6(27)	( 1,035,260)	( 4)	( 932,028)	( 4)
8160 Profit attributable to non-controlling interests before business combination under common control	6(31)	( 12,278)	-	( 5,578)	-
8200 Profit for the year		\$ 5,767,637	22	\$ 5,830,061	21
<b>Other comprehensive income</b>					
<b>Other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Other comprehensive income (loss), before tax, actuarial losses on defined benefit plans	6(16)	\$ 28,660	-	( \$ 28,399)	-
8316 Unrealised gains and losses on valuation of investments measured at fair value through other comprehensive income	6(3)(20)	( 3,501,742)	( 13)	( 1,350,847)	( 5)
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 3,245,541)	( 13)	( 1,339,841)	( 5)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	-	-	( 550)	-
8310 Components of other comprehensive loss that will not be reclassified to profit or loss		( 6,718,623)	( 26)	( 2,719,637)	( 10)
<b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>					
8361 Currency translation differences of foreign operations	6(20)	1,210,656	5	165,981	1
8368 Gains (losses) on hedging instrument		25,095	-	( 5,025)	-
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	( 232,454)	( 1)	6,222	-
8360 Components of other comprehensive income that will be reclassified to profit or loss		1,003,297	4	167,178	1
8300 Other comprehensive loss for the year		( \$ 5,715,326)	( 22)	( \$ 2,552,459)	( 9)
8400 Comprehensive income attributable to non-controlling interests before business combination under common control	6(31)	-	-	341	-
8500 Total comprehensive income for the year		\$ 52,311	-	\$ 3,277,943	12
Earnings per share (in dollars)	6(28)				
9750 Basic earnings per share		\$ 2.73		\$ 2.76	
9850 Diluted earnings per share		\$ 2.73		\$ 2.76	

The accompanying notes are an integral part of these parent company only financial statements.

**TECO ELECTRIC & MACHINERY CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Retained Earnings				Other equity interest			Treasury stocks	Equity attributable to non-controlling interest before business combination under common control	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				Gains (losses) on hedging instruments
2023												
Balance at January 1, 2023(restated)		\$ 21,387,966	\$ 9,575,822	\$ 7,899,057	\$ 3,640,779	\$ 19,680,601	(\$ 2,453,451)	\$ 20,805,870	\$ -	(\$ 511,710)	\$ 149,455	\$ 80,174,389
Profit for the year		-	-	-	-	5,830,061	-	-	-	-	5,578	5,835,639
Other comprehensive (loss) income for the year	6(20)	-	-	-	-	(43,402)	173,435	(2,677,126)	(5,025)	-	(341)	(2,452,459)
Total comprehensive income (loss)		-	-	-	-	5,786,659	173,435	(2,677,126)	(5,025)	-	5,237	3,283,180
Appropriations of 2022 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	338,042	-	(338,042)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(3,208,195)	-	-	-	-	-	(3,208,195)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	6(20)	-	53,908	-	-	-	-	-	-	-	-	53,908
Dividends paid to controlling interests under common control		-	-	-	-	479,043	-	(479,043)	-	-	-	-
Balance at December 31, 2023		\$ 21,387,966	\$ 9,629,730	\$ 8,237,099	\$ 3,640,779	\$ 22,400,066	(\$ 2,280,016)	\$ 17,649,701	(\$ 5,025)	(\$ 511,710)	(\$ 13,923)	\$ 80,289,359
2024												
Balance at January 1, 2024		\$ 21,387,966	\$ 9,629,730	\$ 8,237,099	\$ 3,640,779	\$ 22,400,066	(\$ 2,280,016)	\$ 17,649,701	(\$ 5,025)	(\$ 511,710)	\$ 140,769	\$ 80,289,359
Profit for the year		-	-	-	-	5,767,637	-	-	-	-	12,278	5,779,915
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	35,153	978,202	(6,753,776)	25,095	-	-	(5,715,326)
Total comprehensive income (loss)		-	-	-	-	5,802,790	978,202	(6,753,776)	25,095	-	12,278	64,589
Appropriations of 2023 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	626,570	-	(626,570)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(4,705,353)	-	-	-	-	-	(4,705,353)
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	6(20)	-	70,285	-	-	-	-	-	-	-	-	70,285
Acquisition and merger with the subsidiary		-	-	-	-	218,175	-	(218,175)	-	-	-	-
Balance at December 31, 2024		\$ 21,387,966	\$ 9,616,391	\$ 8,863,669	\$ 3,640,779	\$ 23,089,108	(\$ 1,301,814)	\$ 10,677,750	\$ 20,070	(\$ 511,710)	(\$ 153,047)	\$ 75,482,209

The accompanying notes are an integral part of these parent company only financial statements.



TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2024 AND 2023  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 6,815,175	\$ 6,767,667
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets at fair value through profit or loss	6(2)(24)	( 86,208 )	( 242,423 )
Net loss on financial liabilities at fair value through profit or loss	6(12)(24)	13,025	15,960
Expected credit impairment loss	12(2)	7,246	4,118
Interest income	6(22)	( 24,015 )	( 29,867 )
Interest expense	6(25)	65,649	69,104
Dividend income	6(23)	( 560,143 )	( 646,658 )
Changes in unrealized gain from downstream sales		73,439	49,634
Share of profit of associates and joint ventures accounted for under the equity method	6(6)	( 3,462,961 )	( 3,749,509 )
Depreciation, amortization and net gain or loss on disposal of property, plant and equipment, net	6(7)(8)(9)(24)(26)	374,034	431,115
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		( 1,201,296 )	( 1,409,419 )
Notes receivable		( 1,948 )	58,926
Notes receivable - related parties		2,769	362,682
Accounts receivable		( 129,969 )	( 131,149 )
Accounts receivable - related parties		( 145,427 )	305,774
Other receivables		27,591	( 23,553 )
Other receivables - related parties		( 340,597 )	24,192
Inventories		( 652,007 )	216,450
Prepayments		( 323,662 )	( 180,376 )
Other current assets		13,508	21,614
Financial assets at fair value through profit or loss - non-current		30,646	53,330
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss-current		( 17,223 )	( 14,302 )
Current contract liabilities		122,038	( 29,187 )
Notes payable		( 14,114 )	( 29,927 )
Notes payable - related parties		-	( 64,712 )
Accounts payable		534,104	( 513,041 )
Accounts payable - related parties		( 183,408 )	251,361
Other payables		( 426,222 )	339,617
Other payables - related parties		35,725	42,455
Provisions for liabilities - current		( 6,451 )	8,008
Provisions for liabilities - non-current		( 84,220 )	( 12,600 )
Other current liabilities		( 10,916 )	14,664
Other non-current liabilities		( 132,011 )	( 67,273 )
Cash inflow generated from operations		312,151	1,892,675
Interest received	6(22)	24,015	29,867
Dividends received		2,825,135	2,286,613
Payment of interest		( 65,547 )	( 67,496 )
Payment of income tax		( 991,150 )	( 635,126 )
Net cash flows from operating activities		2,104,604	3,506,533

(Continued)

**TECO ELECTRIC & MACHINERY CO., LTD.**  
**PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease in restricted bank deposit	8	\$ 56,876	\$ 161,991
Decrease in financial assets measured at amortized cost		-	2,000
Proceeds from disposal of non-current financial assets at fair value through profit or loss		457,259	-
Decrease in non-current financial assets at fair value through other comprehensive income		218,693	4,349
Acquisition of investments accounted for under equity method		( 569,159 )	-
Proceeds from disposal of investments accounted for under the equity method		-	257,904
Proceeds from disposal of property, plant and equipment		9,707	5,039
Acquisition of property, plant and equipment	6(7)(29)	( 219,180 )	( 212,539 )
Acquisition of intangible assets		( 8,535 )	( 1,021 )
Increase in deferred expenses		( 18,627 )	( 12,480 )
Decrease (increase) in refundable deposits		5,572	( 2,313 )
Dividends received		560,143	646,658
Decrease in other non-current assets		36,777	31,413
Net cash flows from investing activities		529,526	881,001
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Acquisition of subsidiary equity	6(31)	( 236,671 )	-
Increase (decrease) in long-term loans	6(30)	1,970,000	( 1,100,000 )
Cash dividends paid	6(19)(30)	( 4,705,353 )	( 3,208,195 )
Lease liabilities paid	6(30)	( 94,853 )	( 96,742 )
Dividends paid to non-controlling interest before business combination under common control	6(16)	-	( 13,923 )
Net cash flows used in financing activities		( 3,066,877 )	( 4,418,860 )
Net decrease in cash and cash equivalents		( 432,747 )	( 31,326 )
Cash and cash equivalents at beginning of year		911,338	942,664
Cash and cash equivalents at end of year		\$ 478,591	\$ 911,338

The accompanying notes are an integral part of these parent company only financial statements.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of TECO Electric & Machinery Co., Ltd. and subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagement of Certified Public Accountants and Standards on Auditing of Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and



appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

#### ***Revenue recognition of export sales of green mechatronic solution business group***

##### Description

Refer to Note 4(35) of the consolidated financial statements for the accounting policies on revenue recognition and Note 14 for the segment financial information. The Group disclosed the financial information of green mechatronic solution business group, intelligence energy business group and air and intelligent life business group in the segment financial information. Green mechatronic solution business group handles the manufacturing and sales of various machinery, equipment and motors. The sales revenue of the green mechatronic solution business group amounted to NT\$28,924,465 thousand, representing 52% of the consolidated total sales revenue for the year ended December 31, 2024. Aside from domestic sales in Taiwan, the customers of green mechatronic solution business group are from America, Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of green mechatronic solution business group as a key audit matter.

## How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Obtained an understanding of and validated the internal controls over revenue recognition of export sales of green mechatronic solution business group to assess the effectiveness of the internal control process.
2. Validated selected samples of export sales revenue transactions of green mechatronic solution business group to confirm their existence.

## ***Other matter – Reference to the audits of other auditors***

As described in Notes 4(3) and 6(7) of the consolidated financial statements, we did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$4,001,880 thousand and NT\$2,715,657 thousand, constituting 3% and 2% of the consolidated total assets as at December 31, 2024 and 2023, respectively, and total operating revenues amounted to NT\$2,947,748 thousand and NT\$2,924,901 thousand, both constituting 5% of consolidated total operating revenues for the years then ended, respectively. The investments accounted for under the equity method amounted to NT\$2,492,819 thousand and NT\$2,514,353 thousand, both constituting 2% of consolidated total assets as of December 31, 2024 and 2023, respectively, the credit balance of investments accounted for under the equity method amounted to NT\$87,108 thousand and NT\$83,843 thousand, both constituting less than 1% of consolidated total assets as of December 31, 2024 and 2023, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$106,182 thousand and NT\$20,272 thousand, constituting 21% and 1% of the consolidated total comprehensive (loss) income for the years then ended, respectively.

### ***Other matter –Parent company only financial reports***

We have audited and expressed an unqualified opinion with emphasis of matter and other matter section on the parent company only financial statements of TECO Electric & Machinery Co., Ltd. as of and for the years ended December 31, 2024 and 2023.

### ***Responsibilities of management and those charged with governance for the consolidated financial statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

### ***Auditors' responsibilities for the audit of the consolidated financial statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Hsu, Sheng-Chung

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Tu, Chan-Yuan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2025

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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' 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**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1) and 8	\$ 26,055,287	21	\$ 23,640,536	19
1110	Current financial assets at fair value through profit or loss	6(2)	24,058	-	27,314	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	302,648	-	333,178	-
1139	Current financial assets for hedging	6(16)	5,887	-	-	-
1140	Current contract assets		5,010,143	4	3,858,752	3
1150	Notes receivable, net	6(5) and 8	715,559	1	868,642	1
1160	Notes receivable - related parties	7	21	-	99	-
1170	Accounts receivable, net	6(5)	9,343,241	8	10,488,483	8
1180	Accounts receivable - related parties	7	203,543	-	194,077	-
1200	Other receivables		370,450	-	351,635	-
1210	Other receivables - related parties	7	76,774	-	73,276	-
130X	Inventories, net	6(6)	13,482,866	11	11,631,793	9
1410	Prepayments		890,288	1	575,230	1
1460	Non-current assets or disposal groups classified as held for sale, net	6(12)	292,198	-	-	-
1470	Other current assets	6(1) and 8	493,129	-	437,596	-
11XX	Total current assets		57,266,092	46	52,480,611	41
Non-current assets						
1510	Non-current financial assets at fair value through profit or loss	6(2)	2,998,980	2	3,541,679	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	22,721,250	18	30,577,940	24
1535	Non-current financial assets at amortised cost, net	6(4) and 8	109,788	-	15,557	-
1550	Investments accounted for under the equity method	6(7) and 7	3,560,452	3	3,468,923	3
1600	Property, plant and equipment, net	6(8) and 8	20,312,637	16	20,290,504	16
1755	Right-of-use assets	6(9) and 8	7,498,397	6	7,473,207	6
1760	Investment property, net	6(10)	3,186,269	3	2,785,187	2
1780	Intangible assets	6(11)	4,874,016	4	4,832,979	4
1840	Deferred income tax assets	6(31)	1,228,081	1	1,346,615	1
1900	Other non-current assets	6(13)	554,155	1	500,588	-
15XX	Total non-current assets		67,044,025	54	74,833,179	59
1XXX	Total assets		\$ 124,310,117	100	\$ 127,313,790	100

(Continued)

**TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
	<b>Current liabilities</b>					
2100	Short-term borrowings	6(14) and 8	\$ 1,137,121	1	\$ 1,357,111	1
2120	Current financial liabilities at fair value through profit or loss	6(15)	1,305	-	5,850	-
2126	Current financial liabilities for hedging	6(16)	-	-	5,025	-
2130	Current contract liabilities	6(25)	2,075,068	2	2,305,861	2
2150	Notes payable		648,309	-	547,144	1
2160	Notes payable - related parties	7	466	-	1,088	-
2170	Accounts payable		9,479,935	8	8,663,722	7
2180	Accounts payable - related parties	7	56,107	-	38,189	-
2200	Other payables	6(17)	6,148,768	5	6,494,050	5
2230	Current income tax liabilities	6(31)	679,980	1	936,600	1
2250	Provisions for liabilities - current		410,738	-	435,516	-
2260	Liabilities related to non-current assets or disposal groups classified as held for sale	6(12)	27,770	-	-	-
2280	Current lease liabilities		608,975	-	531,002	-
2320	Long-term liabilities, current portion	6(18)(19) and 8	6,260,101	5	484,224	-
2399	Other current liabilities, others		961,762	1	829,103	1
21XX	<b>Total current liabilities</b>		<u>28,496,405</u>	<u>23</u>	<u>22,634,485</u>	<u>18</u>
	<b>Non-current liabilities</b>					
2530	Corporate bonds payable	6(18)	-	-	5,000,000	4
2540	Long-term borrowings	6(19) and 8	4,534,475	4	3,065,622	2
2550	Provisions for liabilities - non-current		88,413	-	215,991	-
2570	Deferred income tax liabilities	6(31)	2,557,785	2	2,632,812	2
2580	Non-current lease liabilities		5,411,415	4	5,346,519	4
2600	Other non-current liabilities	6(7)(20)	1,548,571	1	1,975,581	2
25XX	<b>Total non-current liabilities</b>		<u>14,140,659</u>	<u>11</u>	<u>18,236,525</u>	<u>14</u>
2XXX	<b>Total liabilities</b>		<u>42,637,064</u>	<u>34</u>	<u>40,871,010</u>	<u>32</u>
	<b>Equity attributable to owners of parent</b>					
	Share capital	6(21)				
3110	Common stock		21,387,966	17	21,387,966	17
	Capital surplus	6(22)				
3200	Capital surplus		9,616,391	7	9,629,730	7
	Retained earnings	6(23)				
3310	Legal reserve		8,863,669	7	8,237,099	6
3320	Special reserve		3,640,779	3	3,640,779	3
3350	Unappropriated retained earnings		23,089,108	19	22,400,066	18
	Other equity interest	6(24)				
3400	Other equity interest		9,396,006	8	15,364,660	12
3500	Treasury stocks	6(21)	( 511,710)	-	( 511,710)	-
31XX	<b>Equity attributable to owners of the parent</b>		<u>75,482,209</u>	<u>61</u>	<u>80,148,590</u>	<u>63</u>
36XX	Non-controlling interest	6(35)	6,190,844	5	6,294,190	5
3XXX	<b>Total equity</b>		<u>81,673,053</u>	<u>66</u>	<u>86,442,780</u>	<u>68</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	6(37) and 11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 124,310,117</u>	<u>100</u>	<u>\$ 127,313,790</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 YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(9)(10)(25) and 7	\$ 55,234,746	100	\$ 59,393,661	100
5000 Operating costs	6(6)(8)(9)(20)(30) and 7	( 41,094,708)	( 75)	( 44,451,003)	( 75)
5900 Net operating margin		14,140,038	25	14,942,658	25
5910 Unrealized profit from sales		( 10,953)	-	( 10,419)	-
5920 Realized profit from sales		10,419	-	9,351	-
5950 Net operating margin		14,139,504	25	14,941,590	25
Operating expenses	6(8)(9)(20)(30)				
6100 Selling expenses		( 4,230,560)	( 7)	( 4,492,287)	( 8)
6200 General and administrative expenses		( 2,629,902)	( 5)	( 2,620,767)	( 4)
6300 Research and development expenses		( 1,016,565)	( 2)	( 1,133,493)	( 2)
6450 Expected credit impairment losses	12(2)	( 30,872)	-	( 31,791)	-
6000 Total operating expenses		( 7,907,899)	( 14)	( 8,278,338)	( 14)
6900 Operating profit		6,231,605	11	6,663,252	11
Non-operating income and expenses					
7100 Interest income	6(4)(26) and 7	773,618	2	619,223	1
7010 Other income	6(3)(10)(27) and 7	1,872,072	3	1,687,895	3
7020 Other gains and losses	6(2)(15)(28)	( 550,863)	( 1)	( 397,757)	( 1)
7050 Finance costs	6(9)(29)	( 378,687)	( 1)	( 322,399)	-
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(7)	132,084	-	23,930	-
7000 Total non-operating income and expenses		1,848,224	3	1,610,892	3
7900 Profit before income tax		8,079,829	14	8,274,144	14
7950 Income tax expense	6(31)	( 1,828,548)	( 3)	( 1,942,112)	( 4)
8200 Profit for the period		\$ 6,251,281	11	\$ 6,332,032	10

(Continued)

**TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Items	Notes	Year ended December 31			
		2024		2023	
		AMOUNT	%	AMOUNT	%
<b>Other comprehensive income</b>					
<b>Other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income(loss), before tax, actuarial losses on defined benefit plans	6(20)			
		\$ 36,005	-	(\$ 33,416)	-
8316	Unrealized losses and gains on valuation of investments measured at fair value through other comprehensive income	6(3)			
		( 6,829,917)	( 12)	( 2,597,535)	( 4)
8320	Share of other comprehensive income(loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss				
		20,805	-	( 7,209)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss				
		548	-	( 19,804)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
		( 6,772,559)	( 12)	( 2,657,964)	( 4)
<b>Other comprehensive income that will be reclassified to profit or loss</b>					
8361	Currency translation differences of foreign operations	6(24)			
		1,257,067	2	151,288	-
8368	Gains (losses) on hedging instrument	6(24)			
		25,095	-	( 5,025)	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(31)			
		( 254,654)	-	5,523	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
		1,027,508	2	151,786	-
8300	<b>Other comprehensive loss for the period</b>				
		( \$ 5,745,051)	( 10)	( \$ 2,506,178)	( 4)
8500	<b>Total comprehensive income for the period</b>				
		\$ 506,230	1	\$ 3,825,854	6
Profit attributable to:					
8610	Owners of the parent				
		\$ 5,767,637	10	\$ 5,830,061	9
8620	Non-controlling interest				
		483,644	1	501,971	1
		\$ 6,251,281	11	\$ 6,332,032	10
Comprehensive income attributable to:					
8710	Owners of the parent				
		\$ 52,311	-	\$ 3,277,943	5
8720	Non-controlling interest				
		453,919	1	547,911	1
		\$ 506,230	1	\$ 3,825,854	6
Earnings per share (in dollars)					
9750	Basic earnings per share	6(32)			
		\$ 2.73		\$ 2.76	
9850	Diluted earnings per share				
		\$ 2.73		\$ 2.76	

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 YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

Notes	Equity attributable to owners of the parent										Non-controlling interest	Total equity
	Retained Earnings			Other equity interest								
	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	Gains (losses) on hedging instruments	Treasury stocks	Total		
For the year ended December 31, 2023												
Balance at January 1, 2023	\$ 21,387,966	\$ 9,575,822	\$ 7,899,057	\$ 3,640,779	\$ 19,680,601	\$ 2,453,451	\$ 20,805,870	\$ -	(\$ 511,710 )	\$ 80,024,934	\$ 6,293,565	\$ 86,318,499
Profit for the period	-	-	-	-	5,830,061	-	-	-	-	5,830,061	501,971	6,332,032
Other comprehensive income for the period	-	-	-	-	( 43,402 )	173,435	( 2,677,126 )	( 5,025 )	-	( 2,552,118 )	45,940	( 2,506,178 )
Total comprehensive income (loss)	-	-	-	-	-	173,435	( 2,677,126 )	( 5,025 )	-	3,277,943	547,911	3,825,854
Appropriations of 2022 earnings	-	-	-	-	5,786,659	173,435	( 2,677,126 )	( 5,025 )	-	-	-	-
Legal reserve	-	-	338,042	-	( 338,042 )	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 3,208,195 )	-	-	-	-	( 3,208,195 )	-	( 3,208,195 )
Effect of changes in net equity of associates and joint ventures accounted for under the equity method	-	53,908	-	-	-	-	-	-	-	53,908	-	53,908
Changes in other non-controlling equity	-	-	-	-	-	-	-	-	-	-	( 547,286 )	( 547,286 )
Disposal of investments in equity instrument at fair value through other comprehensive income	-	-	-	-	479,043	-	( 479,043 )	-	-	-	-	-
Balance at December 31, 2023	\$ 21,387,966	\$ 9,629,730	\$ 8,237,099	\$ 3,640,779	\$ 22,400,066	\$ 2,280,016	\$ 17,649,701	(\$ 5,025 )	(\$ 511,710 )	\$ 80,148,590	\$ 6,294,190	\$ 86,442,780
For the year ended December 31, 2024												
Balance at January 1, 2024	\$ 21,387,966	\$ 9,629,730	\$ 8,237,099	\$ 3,640,779	\$ 22,400,066	\$ 2,280,016	\$ 17,649,701	(\$ 5,025 )	(\$ 511,710 )	\$ 80,148,590	\$ 6,294,190	\$ 86,442,780
Profit for the period	-	-	-	-	5,767,637	-	-	-	-	5,767,637	483,644	6,251,281
Other comprehensive income for the period	-	-	-	-	-	978,202	( 6,753,776 )	25,095	-	( 5,715,326 )	( 29,725 )	( 5,745,051 )
Total comprehensive income (loss)	-	-	-	-	-	978,202	( 6,753,776 )	25,095	-	52,311	453,919	506,230
Appropriations of 2023 earnings	-	-	-	-	5,802,790	978,202	( 6,753,776 )	25,095	-	-	-	-
Legal reserve	-	-	626,570	-	( 626,570 )	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	( 4,705,353 )	-	-	-	-	( 4,705,353 )	-	( 4,705,353 )
Effect of changes in net equity of associates and joint ventures accounted for under the equity method	-	74,195	-	-	-	-	-	-	-	74,195	-	74,195
Transactions with non-controlling interest	-	( 87,534 )	-	-	-	-	-	-	-	( 87,534 )	( 169,966 )	( 257,500 )
Changes in other non-controlling equity	-	-	-	-	-	-	-	-	-	-	( 387,299 )	( 387,299 )
Disposal of investments in equity instrument at fair value through other comprehensive income	-	-	-	-	218,175	-	( 218,175 )	-	-	-	-	-
Balance at December 31, 2024	\$ 21,387,966	\$ 9,616,391	\$ 8,863,669	\$ 3,640,779	\$ 23,089,108	\$ 1,301,814	\$ 10,677,750	\$ 20,070	(\$ 511,710 )	\$ 75,482,209	\$ 6,190,844	\$ 81,673,053

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 YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 8,079,829	\$ 8,274,144
Adjustments			
Adjustments to reconcile profit (loss)			
Net loss (gain) on financial assets at fair value through profit or loss	6(2)(28)	50,593	( 323,320 )
Net loss on financial liabilities at fair value through profit or loss	6(15)(28)	13,656	15,044
Provision for decline in value of inventories	6(6)	250,380	155,957
Expected credit impairment losses	12(2)	30,872	31,791
Interest income	6(26)	( 773,618 )	( 619,223 )
Dividend income	6(27)	( 1,147,495 )	( 1,194,966 )
Interest expense	6(29)	378,687	322,399
Depreciation and amortization	6(8)(9)(10)(30)	2,049,006	1,987,657
Gain on disposal of property, plant and equipment	6(28)	( 92,115 )	( 155 )
Impairment loss	6(8)(11)(28)	105,060	-
Loss (gain) on disposal of investment property	6(28)	31,024	( 117,357 )
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	( 132,084 )	( 23,930 )
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		( 1,151,391 )	( 1,542,688 )
Notes receivable		153,407	171,163
Notes receivable - related parties		78	2
Accounts receivable		1,143,627	( 476,521 )
Accounts receivable - related parties		9,454	107,920
Other receivables		( 19,213 )	( 25,494 )
Other receivables - related parties		( 3,498 )	( 13,651 )
Inventories		( 2,101,453 )	( 1,107,537 )
Prepayments		( 316,220 )	( 78,812 )
Other current assets		( 137,862 )	( 17,052 )
Non-current financial assets at fair value through profit or loss		11,322	22,038
Changes in operating liabilities			
Current contract liabilities		( 230,793 )	( 13,328 )
Notes payable		101,165	( 237,213 )
Notes payable - related parties		( 622 )	( 654 )
Accounts payable		828,148	( 413,326 )
Accounts payable - related parties		17,918	( 10,567 )
Other payables		( 390,092 )	( 307,861 )
Provisions for liabilities		( 152,356 )	( 192,896 )
Other current liabilities		132,659	( 165,875 )
Other non-current liabilities		( 414,441 )	( 51,139 )
Cash inflow generated from operations		6,323,632	7,536,130
Interest received	6(26)	773,618	619,223
Dividend received		41,791	106,079
Interest paid		( 241,147 )	( 227,899 )
Income tax paid		( 2,295,767 )	( 1,800,626 )
Net cash flows from operating activities		4,602,127	6,232,907

(Continued)

**TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of non-current financial assets at fair value through other comprehensive income		( \$ 145,607 )	( \$ 51,727 )
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(3)	1,131,422	1,064,955
(Acquisition) proceeds of non-current financial assets at amortized cost	6(4)	( 94,231 )	100,352
Decrease (increase) in current financial assets at fair value through profit or loss		3,189	( 2,297 )
Proceeds from disposal of current financial assets at fair value through profit or loss	6(2)	480,851	37,812
Decrease in pledged and restricted bank and time deposits	6(1) and 8	82,329	188,491
Acquisition of property, plant and equipment	6(8)(33)	( 1,640,767 )	( 2,010,237 )
Proceeds from disposal of property, plant and equipment		223,216	71,604
Acquisition of investment properties		( 16,044 )	( 697 )
(Increase) decrease in other non-current assets		( 53,673 )	31,211
Net cash outflow on acquisitions of subsidiaries	6(33)	( 120,810 )	( 29,425 )
Dividends received from investments of financial instruments		1,147,495	1,194,966
Disposal of investment accounted for using equity method		-	117,357
Increase in investments accounted for under the equity method and capital reduction to recover investment cost		-	( 2,516 )
Net cash flows from investing activities		997,370	709,849
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in short-term loans	6(34)	( 219,990 )	( 394,233 )
Proceeds (repayments) from long-term debts	6(34)	2,244,730	( 105,668 )
Lease liabilities paid	6(9)(34)	( 733,852 )	( 620,778 )
Cash dividends paid to non-controlling interests		( 279,855 )	( 410,948 )
Consideration paid to non-controlling interests	6(36)	( 257,500 )	-
Cash dividends paid	6(23)	( 4,705,353 )	( 3,208,195 )
Net cash flows used in financing activities		( 3,951,820 )	( 4,739,822 )
Exchange rate effect		767,074	62,202
Net increase in cash and cash equivalents		2,414,751	2,265,136
Cash and cash equivalents at beginning of year		23,640,536	21,375,400
Cash and cash equivalents at end of year		\$ 26,055,287	\$ 23,640,536

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

## Appendix 4

### TECO Electric & Machinery Co., Ltd.

#### Distribution of 2024 Profits

(In NT \$)

Item	Amount
Accumulated undistributed profit as of the beginning of the period (2024/1/1)	17,068,143,447
Add: Net Profit after tax in 2024	5,767,637,270
Add: Disposal of financial assets measured at fair value through other comprehensive income	218,174,898
Add: Actuarial gains	35,153,433
Less: Appropriation of Legal Reserve	(602,096,560)
Total distributable earnings	22,487,012,488
Profit distributed for the period:	
Cash dividend distributed from profit 2024	4,705,352,555
(Dividend per share)	2.20
<b>Undistributed profit as of the end of 2024</b>	<b>17,781,659,933</b>
Note:	

#### Notes:

1. Dividend per share for the current year is NT\$2.2 and all dividends distributed shall be cash dividend.
2. The earnings distribution for this period will first be allocated from the distributable earnings of 2024. If insufficient, the remaining portion will be drawn from the accumulated distributable earnings of 2023 and prior years.
3. In the event of any changes in the number of outstanding common shares thereafter, the Chairman is fully authorized to adjust the earnings distribution schedule and handle all related matters, while maintaining the same dividend payout rate per share.

Chairman: Morris Li

President: Thomas Fann

Accounting Chief: Tommy Wu

## Appendix 5

Comparison Table of Amendments to “Articles of Incorporation”

Proposed Revision	Current Clauses	Note
<p><b>Article 26</b> The company appropriates part of its annual profits, ranging from 1% to 10%, for distribution of remuneration to employee. <u>(At least 25% of the total amount of employee remuneration shall be allocated to grassroots employees).</u> Remuneration to directors are capped at 5% of profits. Employees of affiliated companies are also entitled to remuneration to employee. Profits should be used, in priority, for making up accumulated loss, should it exist.</p> <p>The shares of the aforementioned distribution of remuneration to employee and the directors, as well as the choice of stock or cash should be resolved by the board of directors, with approval of over half of attendees in a meeting attended by over two thirds of directors, before being reported to shareholders' meeting.</p> <p>The annual profit mentioned in item 1 refers to pre-tax profits of the year before deduction of distribution of remuneration to employee and directors.</p>	<p><b>Article 26</b> The company appropriates part of its annual profits, ranging from 1% to 10%, for distribution of remuneration to employee. Remuneration to directors are capped at 5% of profits. Employees of affiliated companies are also entitled to remuneration to employee. Profits should be used, in priority, for making up accumulated loss, should it exist.</p> <p>The shares of the aforementioned distribution of remuneration to employee and the directors, as well as the choice of stock or cash should be resolved by the board of directors, with approval of over half of attendees in a meeting attended by over two thirds of directors, before being reported to shareholders' meeting.</p> <p>The annual profit mentioned in item 1 refers to pre-tax profits of the year before deduction of distribution of remuneration to employee and directors.</p>	<p>The Securities and Exchange Act was amended and announced on August 7<sup>th</sup>, 2024, revising Article 14, Paragraph 6: Listed and OTC companies are required to stipulate in their Articles of Incorporation that a certain percentage of annual earnings be allocated for salary adjustments or remuneration distribution to grassroots employees. Accordingly, the Articles of Incorporation are being amended to comply with the aforementioned regulation.</p>
<p><b>Article 30</b> These Articles of Incorporation was established on 12<sup>th</sup> April 1956 and subsequently amended as follows: (Omitted) The sixtieth amendment on May 24<sup>th</sup>, 2023. <u>The sixty-first amendment on June 3<sup>rd</sup>, 2025.</u></p> <p>It took effect after the approval of shareholders' meeting.</p>	<p><b>Article 30</b> These Articles of Incorporation was established on 12<sup>th</sup> April 1956 and subsequently amended as follows: (Omitted) The sixtieth amendment on May 24<sup>th</sup>, 2023.</p> <p>It took effect after the approval of shareholders' meeting.</p>	<p>Add the date and number of times of this amendment.</p>

## Appendix 6

### Comparison Table of Amendments to "Procedures for Acquisition or Disposal of Assets"

Proposed Revision	Current Clauses	Note
<p><b>Article 5</b> Limit on investment in non-business purpose real property and marketable securities. The limits on the above assets acquired by the Company are as follows:</p> <p>1. Non-business purpose real property: The total investment amount (<u>means the original investment amount</u>) shall not exceed 30% of the amount of shareholders' equity represented in the most recent certified financial statements.</p> <p>2. Securities: The total investment amount (means the original investment amount) shall not exceed the amount of shareholders' equity represented in the most recent certified financial statements.</p> <p>3. The total amount of investment in any specific marketable securities (means the original investment amount) <u>shall not exceed</u> 30% of the amount of shareholders' equity represented in the most recent certified financial statements.</p> <p>The limits on the total amount of the above asset acquired by a subsidiary of the Company are as follows:</p> <p>1. Non-business purpose real property: The total amount (means the original investment amount) shall not exceed 20% of the amount of shareholders' equity represented in the most recent certified financial statements of the subsidiary concerned.</p> <p>2. Securities: The total investment amount (means the original investment amount) shall not exceed the amount of shareholders' equity represented in the most recent certified financial statements of <u>the Company</u>.</p> <p>3. The total amount of investment in any specific marketable securities (means the original investment amount) shall not exceed 30% of the amount of</p>	<p><b>Article 5</b> Limit on investment in non-business purpose real property and marketable securities. The limits on the above assets acquired by the Company are as follows:</p> <p>1. Non-business purpose real property: The total investment amount shall not exceed 30% of the amount of shareholders' equity represented in the most recent certified financial statements. <u>The total amount of investment in any specific short-term securities shall not exceed 5% of the amount of the above shareholders' equity.</u></p> <p>2. <u>Long- and short-term</u> securities: The total investment amount (means the original investment amount) shall not exceed the amount of shareholders' equity represented in the most recent certified financial statements.</p> <p>3. The total amount of investment in any specific marketable securities (means the original investment amount) shall be 30% of the amount of shareholders' equity represented in the most recent certified financial statements.</p> <p>The limits on the total amount of the above asset acquired by a subsidiary of the Company are as follows:</p> <p>1. Non-business purpose real property: The total amount shall not exceed 20% of the amount of shareholders' equity represented in the most recent certified financial statements of the subsidiary concerned. <u>The total amount of investment in any specific short-term securities shall not exceed 5% of the amount of the above shareholders' equity.</u></p> <p>2. <u>Long- and short-term</u> securities: The total investment amount (means the original investment amount) shall not exceed the amount of shareholders' equity represented in the most recent</p>	<p>1. The Company is actively pursuing international expansion and developing high-potential overseas markets. However, the low net worth of some overseas subsidiaries has hindered the execution of strategic investments. With reference to the practices of major listed companies, the investment limit for subsidiaries in marketable securities will be adjusted to be based on the parent company's net worth.</p> <p>2. In line with the relevant practices of major listed companies and to simplify the procedures for better management, the distinction between short-term and long-term marketable securities will be removed. Furthermore,</p>



Proposed Revision	Current Clauses	Note
shareholders' equity represented in the most recent certified financial statements of <u>the Company</u>	certified financial statements <u>of the subsidiary concerned</u> . 3. The total amount of investment in any specific marketable securities (means the original investment amount) shall not exceed 30% of the amount of shareholders' equity represented in the most recent certified financial statements <u>of the subsidiary concerned</u>	the calculation basis will be clearly defined as the original investment cost. Accordingly, relevant wording has been revised and definitions clarified.
<b>Article 7</b> Procedure for acquisition or disposal of real property or equipment 1. Evaluation and procedure of operation Acquisition or disposal of real property and equipment and its right-of-use asset by the Company shall be in accordance with the Company's internal control policy pertaining to the revolving of fixed assets. 2. Procedure for determining the terms of transaction and approval of transaction 2.1 The terms and transaction price of the acquisition or disposal of real property, <u>equipment</u> and its right-of-use asset shall be determined by reference to, among others, the posted current value, appraised value, and the actual transaction price of other real property located nearby. Transactions with a value of less than TWD50 million may precede with the approval of the <u>Chairman</u> . Transactions with a value of between TWD50 million and TWD <u>300</u> million each may proceed with the approval of the Chairman of the Board of Directors and shall be reported to the immediately subsequent meeting of the Board of Directors. Transactions with a value of over TWD <u>300</u> million must be approved by the Board of Directors in advance. 2.2 Where the acquisition or disposal of assets by the Company in accordance with the relevant procedure or other laws must be approved by the Board of Directors in advance, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Audit Committee. On the acquisition or disposal of assets duly proposed to the Board of Directors for approval, opinion expressed by the	<b>Article 7</b> Procedure for acquisition or disposal of real property or equipment 1. Evaluation and procedure of operation Acquisition or disposal of real property and equipment and its right-of-use asset by the Company shall be in accordance with the Company's internal control policy pertaining to the revolving of fixed assets. 2. Procedure for determining the terms of transaction and approval of transaction 2.1 The terms and transaction price of the acquisition or disposal of real property and its right-of-use asset shall be determined by reference to, among others, the posted current value, appraised value, and the actual transaction price of other real property located nearby. Transactions with a value of less than TWD50 million may precede with the approval of <u>the President</u> . Transactions with a value of between TWD50 million and <u>TWD100 million</u> each may proceed with the approval of the Chairman of the Board of Directors and shall be reported to the immediately subsequent meeting of the Board of Directors. Transactions with a value of <u>over TWD100 million</u> must be approved by the Board of Directors in advance. <u>2.2 Acquisition or disposal of equipment its right-of-use asset shall be conducted by way of issuing request for proposal, price competition under restricted tendering, and price negotiation under single tendering or bidding. The approval thereof shall be in accordance with the Schedule of Functions and Authority compiled pursuant to the relevant bylaws of the Company.</u> <u>2.3 Where the acquisition or disposal of</u>	1. With reference to the relevant practices of major listed companies and taking into account the requirement to obtain an appraisal report for transaction amounts of NT\$300 million or more, the Chairman's approval authority limit is raised to a maximum of NT\$300 million to enhance execution efficiency.  2. The wording regarding the evaluation method is deleted, reverting to the Company's internal management regulations such as the "Fixed Asset Purchase and Acceptance Procedures" and the "Table of Delegation of Authority."

Proposed Revision	Current Clauses	Note
<p>Independent Director shall be sufficiently considered with their concurrence or dissent expressed and the reason therefore duly recorded in the meeting minutes.</p> <p>3. Unit in charge of execution of transaction Upon approval of the proposed acquisition or disposal of real property, equipment or its right-of-use asset pursuant to the preceding paragraph, the responsible department and the Corporate Finance &amp; Management <u>Center</u> shall take charge of the execution thereof.</p> <p>4. Appraisal report on real property or other fixed asset Where the transaction value of the acquisition or disposal of real property, equipment or its right-of-use asset amounts to 20% or more of the paid-in capital of the Company or TWD300 million or more, an appraisal report produced by a professional appraiser must be obtained before the date the fact happens in accordance with the following, except in cases where the transaction counterpart is a domestic government agencies, or the transaction is an entrusted construction project on a self-owned land or a leased land, or the objects to be acquired or disposed of equipment or its right-of-use asset for business purpose.</p> <p>4.1 Where the transaction price shall be determined by reference to any restricted, designated price or special price for whatever special reason, the transaction and all subsequent changes to the terms thereof (if any) must be submitted to the Board of Directors for approval in advance.</p> <p>4.2 Where the transaction value amounts to TWD1 billion or more, the appraisal shall be conducted by two or more professional appraisers.</p> <p>4.3 If the appraisal conducted by the professional appraiser runs into either of the following conditions, except the appraisal value of the acquired assets is higher than the trading value or the appraisal value of the disposed assets is lower than the trading value, subsequent</p>	<p>assets by the Company in accordance with the relevant procedure or other laws must be approved by the Board of Directors in advance, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Audit Committee. On the acquisition or disposal of assets duly proposed to the Board of Directors for approval, opinion expressed by the Independent Director shall be sufficiently considered with their concurrence or dissent expressed and the reason therefore duly recorded in the meeting minutes.</p> <p>3. Unit in charge of execution of transaction Upon approval of the proposed acquisition or disposal of real property, equipment or its right-of-use asset pursuant to the preceding paragraph, the responsible department and the Corporate Finance &amp; Management <u>Division</u> shall take charge of the execution thereof.</p> <p>4. Appraisal report on real property or other fixed asset Where the transaction value of the acquisition or disposal of real property, equipment or its right-of-use asset amounts to 20% or more of the paid-in capital of the Company or TWD300 million or more, an appraisal report produced by a professional appraiser must be obtained before the date the fact happens in accordance with the following, except in cases where the transaction counterpart is a domestic government agencies, or the transaction is an entrusted construction project on a self-owned land or a leased land, or the objects to be acquired or disposed of equipment or its right-of-use asset for business purpose.</p> <p>4.1 Where the transaction price shall be determined by reference to any restricted, designated price or special price for whatever special reason, the transaction and all subsequent changes to the terms thereof (if any) must be submitted to the Board of Directors for approval in advance.</p> <p>4.2 Where the transaction value amounts</p>	<p>3. The actual department names within the Company are updated accordingly.</p>

Proposed Revision	Current Clauses	Note
<p>handling by certified public accountants' opinion with respect to the reasons accounting for the price difference and the acceptability of the transaction price:</p> <p>4.3.1 The amount difference between the appraised value and the transaction value amounts to 20% of the transaction value.</p> <p>4.3.2 The amount difference among the appraised values as a result of the appraisals conducted by two or more professional appraiser's amounts to 10% or more of the transaction value.</p> <p>4.4 The appraisal report date and the date of creation of the transaction contract conducted by professional appraiser must not be apart for more than 3 months.</p> <p>Notwithstanding, if the same posted present value has been adopted to calculate the value and the above two dates are less than 6 months apart, the written opinion of the original professional appraiser may be sought.</p> <p>4.5 Where the Company has acquired or disposed of the asset by auction by the court, the relevant written evidence document issued by the court may operate in place of the appraisal report or certified public accountant's opinion.</p> <p>5. The aforementioned trading value should be calculated according to Article 15.1.8. The period is the one year before the occurrence of the trading. The obtaining of appraisal report or CPA's opinions can not be included.</p>	<p>to TWD1 billion or more, the appraisal shall be conducted by two or more professional appraisers.</p> <p>4.3 If the appraisal conducted by the professional appraiser runs into either of the following conditions, except the appraisal value of the acquired assets is higher than the trading value or the appraisal value of the disposed assets is lower than the trading value, subsequent handling by certified public accountants' opinion with respect to the reasons accounting for the price difference and the acceptability of the transaction price:</p> <p>4.3.1 The amount difference between the appraised value and the transaction value amounts to 20% of the transaction value.</p> <p>4.3.2 The amount difference among the appraised values as a result of the appraisals conducted by two or more professional appraiser's amounts to 10% or more of the transaction value.</p> <p>4.4 The appraisal report date and the date of creation of the transaction contract conducted by professional appraiser must not be apart for more than 3 months.</p> <p>Notwithstanding, if the same posted present value has been adopted to calculate the value and the above two dates are less than 6 months apart, the written opinion of the original professional appraiser may be sought.</p> <p>4.5 Where the Company has acquired or disposed of the asset by auction by the court, the relevant written evidence document issued by the court may operate in place of the appraisal report or certified public accountant's opinion.</p> <p>5. The aforementioned trading value should be calculated according to Article 15.1.5. The period is the one year before the occurrence of the trading. The obtaining of appraisal report or CPA's opinions can not be included.</p>	
<p><b>Article 8</b></p> <p>Procedure for acquisition or disposal of marketable securities</p> <p>1. Evaluation and procedure of operation</p> <p>Trading of long- or short-term securities by the Company shall be in accordance with the Company's internal control</p>	<p><b>Article 8</b></p> <p>Procedure for acquisition or disposal of marketable securities</p> <p>1. Evaluation and procedure of operation</p> <p>Trading of <u>long- or short-term</u> securities by the Company shall be in accordance with the Company's internal control</p>	<p>1. In line with the amendment to Article 5, the relevant wording regarding short-term and long-term marketable</p>

Proposed Revision	Current Clauses	Note																					
<p>policy pertaining to the investment cycle.</p> <p>2. Procedure for determining the terms of transaction and approval of transaction</p> <p>2.1 For acquisition and disposal of securities, the execution unit should evaluate transaction conditions and authorized quota, under the principle of legal compliance, investments less than NT\$300 million in value can be approved by the <u>Chairman</u> and reported to the latter at its next meeting. Cases with value exceeding NT\$300 million still need the approval of the board of directors though.</p> <p>2.2 <u>For the purpose of short-term fund management, the Company may engage in the trading of domestic and foreign commercial papers, negotiable certificates of deposit, open-end bond funds, and mutual funds. Such transactions shall be determined by the responsible financial unit based on market conditions and shall not be subject to the restrictions of the preceding paragraph.</u></p> <p>2.3 Where the acquisition or disposal of assets by the Company in accordance with the relevant procedure or other laws must be approved by the Board of Directors in advance, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to all Supervisors. On the acquisition or disposal of assets duly proposed to the Board of Directors for approval, opinion expressed by the Independent Director (if any) shall be sufficiently considered with their concurrence or dissent expressed and the reason therefore duly recorded in the meeting minutes.</p> <p>3. Unit in charge of execution</p> <p>Upon approval of the proposed acquisition or disposal of investment in securities by the Company pursuant to the preceding paragraph, the Corporate Finance &amp; Management <u>Center</u> shall take charge of the execution thereof.</p> <p>4. Expert opinion</p> <p>4.1 For acquisition or disposal of marketable securities, the company should obtain the audited or reviewed</p>	<p>policy pertaining to the investment cycle.</p> <p><u>Acquisition or disposal of long-term securities mentioned in the procedure refers to the holding of over 20% stake or long-term equity or long-term equity investment in a company.</u></p> <p>2. Procedure for determining the terms of transaction and approval of transaction</p> <p>2.1 For acquisition and disposal of <u>long-term</u> securities, the execution unit should evaluate transaction conditions and authorized quota, under the principle of legal compliance, <u>for the sake of timing and company interests</u>, investments less than NT\$300 million in value can be approved by <u>the board of managing directors during the recess of the board of directors</u> before being reported to the latter at its next meeting. Cases with value exceeding NT\$300 million still need the approval of the board of directors though.</p> <p><u>2.2 For acquisition and disposal of short-term securities, the execution unit should evaluate the transaction conditions and authorization quota before carrying out the move according to "Measures for the Management of Short-term Investment."</u></p> <p><u>2.2.1 Purchasing and selling short-term marketable securities traded on the stock exchange or over-the-counter market shall be judged and determined by the responsible financial unit according to the market. The limits on the total investment amount and the amount of investment in any specific securities are as follows:</u></p> <table border="1"> <thead> <tr> <th>Securities</th><th>Limit</th><th>Limit on specific securities</th></tr> </thead> <tbody> <tr> <td>Domestic finance bills Foreign finance bills</td><td></td><td>TWD600 million TWD600 million</td></tr> <tr> <td>Negotiable certificates of deposit Time deposit</td><td></td><td>TWD600 million TWD600 million</td></tr> <tr> <td>Open-end bonds funds</td><td>TWD2 billion</td><td>TWD500 million</td></tr> <tr> <td>Mutual funds (excluding open-end bonds mutual funds)</td><td>TWD1 billion</td><td>TWD100 million</td></tr> <tr> <td>Stocks traded on stock exchanges, over-the-counter market and relevant securities</td><td>TWD1 billion</td><td>TWD100 million</td></tr> <tr> <td>Share warrant certificates</td><td>TWD1 billion</td><td>TWD5 million</td></tr> </tbody> </table> <p><u>2.2.2 For purchase or sale of short-term marketable securities not traded on the stock exchange or over-the-counter market, the most recent certified financial</u></p>	Securities	Limit	Limit on specific securities	Domestic finance bills Foreign finance bills		TWD600 million TWD600 million	Negotiable certificates of deposit Time deposit		TWD600 million TWD600 million	Open-end bonds funds	TWD2 billion	TWD500 million	Mutual funds (excluding open-end bonds mutual funds)	TWD1 billion	TWD100 million	Stocks traded on stock exchanges, over-the-counter market and relevant securities	TWD1 billion	TWD100 million	Share warrant certificates	TWD1 billion	TWD5 million	<p>securities is deleted.</p> <p>2. With reference to the relevant practices of major listed companies and taking into account the requirement to obtain an appraisal report for transaction amounts of NT\$300 million or more, and since the Company no longer has a Managing Board, the authorization for the Company's acquisition or disposal of marketable securities has been adjusted to raise the Chairman's approval authority limit to a maximum of NT\$300 million.</p> <p>3. To retain flexibility in short-term fund management, for low-risk, highly liquid specific financial products, the financial department may decide based on its professional judgment, without being subject to the restrictions of</p>
Securities	Limit	Limit on specific securities																					
Domestic finance bills Foreign finance bills		TWD600 million TWD600 million																					
Negotiable certificates of deposit Time deposit		TWD600 million TWD600 million																					
Open-end bonds funds	TWD2 billion	TWD500 million																					
Mutual funds (excluding open-end bonds mutual funds)	TWD1 billion	TWD100 million																					
Stocks traded on stock exchanges, over-the-counter market and relevant securities	TWD1 billion	TWD100 million																					
Share warrant certificates	TWD1 billion	TWD5 million																					

Proposed Revision	Current Clauses	Note
<p>financial statement of the target companies as the reference for transaction price, the transaction value of which amounts to 20% of the paid-in capital of the Company or TWD300 million, certified public accountant's opinion shall be sought for with respect to the acceptability of the transaction price before the date the fact happens. Except in cases where the subject securities belongs to any of the following:</p> <p>4.1.1 securities obtained on contribution of cash capital to the establishment of an entity by promoters or by placement <u>and the rights represented by the acquired securities shall be commensurate with the proportion of the capital invested.</u></p> <p>4.1.2 securities issued at par value on the legal capital increase of an invested company.</p> <p>4.1.3 securities issued on the cash capital increase of a 100%-owned invested company.</p> <p>4.1.4 "Marketable securities listed on the Taiwan Stock Exchange, OTC-listed, or traded on the Emerging Stock Board, which are bought or sold through the stock exchange or at the business premises of securities firms.</p> <p>4.1.5 <u>Domestic</u> government bonds or bonds with re-purchase, re-sale agreements.</p> <p>4.1.6 <u>Public offering fund</u></p> <p>4.1.7 Acquisition or disposal of stocks of listed or OTC-listed companies shall be conducted in accordance with the bidding or auction procedures prescribed by the Taiwan Stock Exchange or the Taipei Exchange.</p> <p>4.1.8 stocks of public companies issued on cash capital increase but not under private placement</p> <p>4.1.9 In accordance with Article 11, Paragraph 1 of the Securities Investment Trust and Consulting Act and the Financial Supervisory Commission's Order No. 1060038414 dated October 19, 2017, <u>the subscription to domestic privately placed funds before their establishment, or the subscription and redemption of such funds, shall be permitted if the trust agreement specifies</u></p>	<p><u>statements of the target company must be obtained for an as reference for evaluating the transaction price for an analysis on, among others, the per share net value, profitability and potentiality of the objective company. The above proposed purchase or sale proposed must be submitted transaction conditions and authorization quota to the board of directors for approval in advance.</u></p> <p>2.3 Where the acquisition or disposal of assets by the Company in accordance with the relevant procedure or other laws must be approved by the Board of Directors in advance, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to all Supervisors. On the acquisition or disposal of assets duly proposed to the Board of Directors for approval, opinion expressed by the Independent Director (if any) shall be sufficiently considered with their concurrence or dissent expressed and the reason therefore duly recorded in the meeting minutes.</p> <p>3. Unit in charge of execution Upon approval of the proposed acquisition or disposal of <u>long- or short-term</u> investment in securities by the Company pursuant to the preceding paragraph, the Corporate Finance &amp; Management <u>Division</u> shall take charge of the execution thereof.</p> <p>4. Expert opinion 4.1 For acquisition or disposal of marketable securities, the company should obtain the audited or reviewed financial statement of the target companies as the reference for transaction price, the transaction value of which amounts to 20% of the paid-in capital of the Company or TWD300 million, certified public accountant's opinion shall be sought for with respect to the acceptability of the transaction price before the date the fact happens. <u>Except in cases where there is an active public quote on the subject securities or</u> where the subject securities belongs to any of the following:</p> <p>4.1.1 securities obtained on contribution of cash capital to the establishment of an</p>	<p>the first clause.</p> <p>4. The wording of the fourth item is revised in accordance with the current regulations and Q&amp;A guidelines.</p>

Proposed Revision	Current Clauses	Note
<p><u>that the investment strategy—excluding securities margin transactions and unsettled positions in securities-related products—is otherwise consistent with the investment scope of publicly offered funds.</u></p> <p>4.2 Where the subject asset is acquired or disposed of by auction in the court, the appraisal report or certified public accountant's opinion may be replaced by the relevant certifying document issued by the court.</p> <p>5. The aforementioned trading value should be calculated according to Article 15.1.8. The period is the one year before the occurrence of the trading. The obtaining of appraisal report or CPA's opinions can be excluded.</p>	<p>entity by promoters or by placement.</p> <p>4.1.2 securities issued at par value on the legal capital increase of an invested company.</p> <p>4.1.3 securities issued on the cash capital increase of a 100%-owned invested company.</p> <p>4.1.4 "Marketable securities listed on the Taiwan Stock Exchange, OTC-listed, or traded on the Emerging Stock Board, which are bought or sold through the stock exchange or at the business premises of securities firms.</p> <p>4.1.5 government bonds or bonds with re-purchase, re-sale agreements.</p> <p>4.1.6 <u>domestic or offshore mutual funds</u></p> <p>4.1.7 Acquisition or disposal of stocks of listed or OTC-listed companies shall be conducted in accordance with the bidding or auction procedures prescribed by the Taiwan Stock Exchange or the Taipei Exchange.</p> <p>4.1.8 stocks of public companies issued on cash capital increase but not under private placement</p> <p>4.1.9 <u>the request for purchase of which was submitted prior to the establishment of the mutual fund</u> as provided in the first paragraph of Article 11 of the Securities Investment Trust and Consulting Act and <u>the Order of 1 November 2004 issued by the Financial Supervisory Commission (ref. Jin-Guan-Si-Tze No. 0930005249).</u></p> <p>4.1.10 <u>newly purchased or re-purchased domestic private equity, the scope of investment of which is identical with that of publicly raised mutual funds except the investment strategy with respect to securities credit trading and position of the un-covered products relating to the securities as indicated in the relevant trust agreement.</u></p> <p>4.2 Where the subject asset is acquired or disposed of by auction in the court, the appraisal report or certified public accountant's opinion may be replaced by the relevant certifying document issued by the court.</p> <p>5. The aforementioned trading value should be calculated according to Article 15.1.5. The period is the one year before the occurrence of the trading. The obtaining of appraisal report or CPA's</p>	

Proposed Revision	Current Clauses	Note
<p><b>Article 9</b> Transaction with related parties 1. In addition to the procedure for acquisition or disposal of assets or its right-of-use asset from a related party provided in Article 7-11, requirements with respect to the procedure of approval and evaluation of the acceptability of the terms of transaction. According the stipulations of article 7-11 of the handling procedure, when the trading value exceeds 10% of the company's total assets, the appraisal report of professional appraisers or the opinions of CPA should be obtained. The substance of the relationship other than the formation as a legal matter must be considered when determining whether the transaction counterpart is a related party 2. Evaluation and procedure of operation Acquisition or disposal of real property or its right-of-use asset from a related party, or acquires or disposes non-property assets or its right-of-use asset with related parties and the trading value exceeds 20% of the company's paid-in capital, 10% of total assets, or NT\$300 million, must be approved by <u>the Audit Committee and the Board of Directors</u> based on the materials on the following matters to sign the transaction contract and make payment: 2.1 The purpose, necessity and anticipated efficacy of the proposed acquisition or disposal of assets. 2.2 The reason for selecting the related party in issue as the transaction counterpart. 2.3 Acquiring real property or its right-of-use asset from related parties, the evaluation materials regarding the acceptability of the proposed terms of transaction produced pursuant to paragraphs 3 of this Article. 2.4 The acquisition date and the transaction price at which the related party acquired the subject real property and the related party's transaction counterpart in that transaction and the relationship between them. 2.5 Forecast on the statement of receipts</p>	<p>opinions can be excluded. <b>Article 9</b> Transaction with related parties 1. In addition to the procedure for acquisition or disposal of assets or its right-of-use asset from a related party provided in Article 7-11, requirements with respect to the procedure of approval and evaluation of the acceptability of the terms of transaction. According the stipulations of article 7-11 of the handling procedure, when the trading value exceeds 10% of the company's total assets, the appraisal report of professional appraisers or the opinions of CPA should be obtained. The substance of the relationship other than the formation as a legal matter must be considered when determining whether the transaction counterpart is a related party 2. Evaluation and procedure of operation Acquisition or disposal of real property or its right-of-use asset from a related party, or acquires or disposes non-property assets or its right-of-use asset with related parties and the trading value exceeds 20% of the company's paid-in capital, 10% of total assets, or NT\$300 million, must be approved by the Board of Directors based on the materials on the following matters <u>and ratified by the Audit Committee</u> in advance to sign the transaction contract and make payment: 2.1 The purpose, necessity and anticipated efficacy of the proposed acquisition or disposal of assets. 2.2 The reason for selecting the related party in issue as the transaction counterpart. 2.3 Acquiring real property or its right-of-use asset from related parties, the evaluation materials regarding the acceptability of the proposed terms of transaction produced pursuant to paragraphs 3 of this Article. 2.4 The acquisition date and the transaction price at which the related party acquired the subject real property and the related party's transaction counterpart in that transaction and the relationship between them. 2.5 Forecast on the statement of receipts</p>	<p>Revise the clause wording in accordance with actual procedures</p>



Proposed Revision	Current Clauses	Note
<p>and disbursements of cash within one year from the month of the proposed contract signing date, and an evaluation of the necessity of the proposed transaction and the acceptability of the application of the relevant funds.</p> <p>2.6 Obtain the appraisal report of professional appraisers or the opinions of CPA according to item 1 of the Article 9.</p> <p>2.7 The restrictions and other important arrangements on the transaction.</p> <p>If the Company or its subsidiaries that are not domestic public companies engage in the aforementioned transactions and the transaction amount reaches 10% or more of the Company's total assets, the information listed in the preceding paragraph shall be submitted to the shareholders' meeting for approval before the transaction contract may be executed and any payment made. However, transactions between the Company and its subsidiaries or between subsidiaries are exempt from this requirement.</p> <p>The aforementioned trading value should be calculated according to item 1-5 of Article 15. The one-year period refers to the one year before the date for the implementation of the trading. The trading which has been submitted to <u>the auditing committee and the board of directors</u> for approval can be excluded.</p> <p>The opinion expressed by the Independent Directors each at the relevant meeting of the Board of Directors convened for discussing according to the previous two items, transaction proposed pursuant to the preceding paragraph shall be sufficiently considered. Opposition or qualified opinion expressed by the Independent Director shall be clearly indicated in the minutes of the relevant meeting of the Board of Directors.</p> <p>Transaction between the company and subsidiaries or between directly or indirectly 100%- owned subsidiaries, in terms of issued shares or paid-in capital, board of directors could authorize the chairperson to make decision with the value falls within NT300 million, and subsequently submitted to the most</p>	<p>and disbursements of cash within one year from the month of the proposed contract signing date, and an evaluation of the necessity of the proposed transaction and the acceptability of the application of the relevant funds.</p> <p>2.6 Obtain the appraisal report of professional appraisers or the opinions of CPA according to item 1 of the Article 9.</p> <p>2.7 The restrictions and other important arrangements on the transaction.</p> <p>If the Company or its subsidiaries that are not domestic public companies engage in the aforementioned transactions and the transaction amount reaches 10% or more of the Company's total assets, the information listed in the preceding paragraph shall be submitted to the shareholders' meeting for approval before the transaction contract may be executed and any payment made. However, transactions between the Company and its subsidiaries or between subsidiaries are exempt from this requirement.</p> <p>The aforementioned trading value should be calculated according to item 1-<u>5</u> of Article 15. The one-year period refers to the one year before the date for the implementation of the trading. The trading which has been submitted to the board of directors for approval <u>and the auditing committee for acknowledgement</u> can be excluded.</p> <p>The opinion expressed by the Independent Directors each at the relevant meeting of the Board of Directors convened for discussing according to the previous two items, transaction proposed pursuant to the preceding paragraph shall be sufficiently considered. Opposition or qualified opinion expressed by the Independent Director shall be clearly indicated in the minutes of the relevant meeting of the Board of Directors.</p> <p>Transaction between the company and subsidiaries or between directly or indirectly 100%- owned subsidiaries, in terms of issued shares or paid-in capital, board of directors could authorize the chairperson to make decision with the value falls within NT300 million, and</p>	

Proposed Revision	Current Clauses	Note
<p>recent Board of Directors meeting for ratification :</p> <p>a. for the acquisition or disposal of the equipment or its right-of-use asset for business use.</p> <p>b. for the acquisition or disposal of right-of-use asset of real property for business use.</p> <p>3. Evaluation of acceptability of the transaction cost</p> <p>3.1 The acceptability of transaction cost of the proposed acquisition of real property or its right-of-use asset by the Company from a related party shall be evaluated in accordance with the following:</p> <p>3.1.1 The transaction cost shall be the sum of the proposed transaction price plus the necessary capital interest and the legal cost to be incurred by the buyer. Necessary capital interest shall be calculated according to the weighted average interest rate on loans extended to the Company in the year of the purchase of the real property, provided that the said interest rate shall not exceed the maximum non-financing borrowing interest rate announced by the Ministry of Finance.</p> <p>3.1.2 Where the related party has mortgaged the subject real property to any financial institution, the total value adopted by the financial institution to determine the line of credit shall be taken into account, provided that the accumulated amount of the actual advanced credit on the subject real property has amounted to 70% or more of the line of credit for over one year except in cases where the financial institution is a related party to the related party in issue or vice versa.</p> <p>3.2 Where the subject real property bought or leased jointly comprises the land and the building thereon, the transaction cost of the land and the building may be evaluated separately according to any of the methods provided in the preceding paragraph.</p> <p>3.3 The cost of the real property or its right-of-use asset to be acquired by the Company from a related party shall be evaluated in accordance with paragraph</p>	<p>subsequently submitted to the most recent Board of Directors meeting for ratification :</p> <p>a. for the acquisition or disposal of the equipment or its right-of-use asset for business use.</p> <p>b. for the acquisition or disposal of right-of-use asset of real property for business use.</p> <p>3. Evaluation of acceptability of the transaction cost</p> <p>3.1 The acceptability of transaction cost of the proposed acquisition of real property or its right-of-use asset by the Company from a related party shall be evaluated in accordance with the following:</p> <p>3.1.1 The transaction cost shall be the sum of the proposed transaction price plus the necessary capital interest and the legal cost to be incurred by the buyer. Necessary capital interest shall be calculated according to the weighted average interest rate on loans extended to the Company in the year of the purchase of the real property, provided that the said interest rate shall not exceed the maximum non-financing borrowing interest rate announced by the Ministry of Finance.</p> <p>3.1.2 Where the related party has mortgaged the subject real property to any financial institution, the total value adopted by the financial institution to determine the line of credit shall be taken into account, provided that the accumulated amount of the actual advanced credit on the subject real property has amounted to 70% or more of the line of credit for over one year except in cases where the financial institution is a related party to the related party in issue or vice versa.</p> <p>3.2 Where the subject real property bought or leased jointly comprises the land and the building thereon, the transaction cost of the land and the building may be evaluated separately according to any of the methods provided in the preceding paragraph.</p> <p>3.3 The cost of the real property or its right-of-use asset to be acquired by the Company from a related party shall be</p>	

Proposed Revision	Current Clauses	Note
<p>3.1 and 3.2 of this Article and review and workable opinion by a certified public accountant on such evaluation should be sought for.</p> <p>3.4 Where the values of the real property to be acquired by the Company from a related party in conclusion of the evaluation pursuant to paragraphs 3.1 and 3.2 of this Article respectively both are lower than the proposed transaction price, paragraph 3.5 of this Article shall apply except in the following cases where objective evidence has been produced and workable opinion has been sought for from the professional appraiser and a certified public on the acceptability of the transaction price:</p> <p>3.4.1 The related party has acquired or leased a vacant land to build the building and evidence has been produced to prove fulfillment of any of the following:</p> <p>3.4.1(1) The sum of the value of the vacant land appraised according to the method provided in the preceding Article and the value of the building appraised as the total of the construction cost incurred by the related party plus reasonable construction profit exceeds the actual transaction price. Reasonable construction profit shall be determined based on the average gross margin ratio of the construction department of the related party in the past three years or the gross margin ratio applicable to the construction industry published by the Ministry of Finance, whichever is lower.</p> <p>3.4.1(2) The terms of the proposed transaction are considered acceptable by reference to the transactions of the other floors of the same building or nearby buildings concluded by non-related parties, each of which is of similar square measure to that of the subject real property, and the term of such successful transactions are considered comparable to the relevant terms of the proposed transaction according to the common practice of real property transaction or leasing applicable to the area.</p> <p>3.4.2 The Company has produced evidence to prove the terms of the proposed purchase of real property or its right-of-use asset thorough leasing from</p>	<p>evaluated in accordance with paragraph 3.1 and 3.2 of this Article and review and workable opinion by a certified public accountant on such evaluation should be sought for.</p> <p>3.4 Where the values of the real property to be acquired by the Company from a related party in conclusion of the evaluation pursuant to paragraphs 3.1 and 3.2 of this Article respectively both are lower than the proposed transaction price, paragraph 3.5 of this Article shall apply except in the following cases where objective evidence has been produced and workable opinion has been sought for from the professional appraiser and a certified public on the acceptability of the transaction price:</p> <p>3.4.1 The related party has acquired or leased a vacant land to build the building and evidence has been produced to prove fulfillment of any of the following:</p> <p>3.4.1(1) The sum of the value of the vacant land appraised according to the method provided in the preceding Article and the value of the building appraised as the total of the construction cost incurred by the related party plus reasonable construction profit exceeds the actual transaction price. Reasonable construction profit shall be determined based on the average gross margin ratio of the construction department of the related party in the past three years or the gross margin ratio applicable to the construction industry published by the Ministry of Finance, whichever is lower.</p> <p>3.4.1(2) The terms of the proposed transaction are considered acceptable by reference to the transactions of the other floors of the same building or nearby buildings concluded by non-related parties, each of which is of similar square measure to that of the subject real property, and the term of such successful transactions are considered comparable to the relevant terms of the proposed transaction according to the common practice of real property transaction or leasing applicable to the area.</p> <p>3.4.2 The Company has produced evidence to prove the terms of the proposed purchase of real property or its</p>	

Proposed Revision	Current Clauses	Note
<p>a related party are comparable to the terms of transactions of nearby real property of similar square measure which were concluded by non-related parties within one year. Transaction of nearby real property means the transaction of a real property which is located in the same block as the subject real property and within a radius of 500 meters from the subject real property or the posted present value of which is similar to that of the subject real property. Of similar square measure means, basically, the square measure of the real property or its right-of-use asset in the transaction concluded by a non-related party being referred to is no less than 50% of the square measure of the subject real property. Within one year means within the year immediately preceding the date of occurrence of the proposed transaction.</p> <p>3.5 Where the values of the real property or its right-of-use asset to be acquired by the Company from a related party appraised in conclusion of the evaluation pursuant to paragraphs 3.1 and 3.2 of this Article respectively both are lower than the proposed transaction price, the Company shall act in accordance with the following:</p> <p>3.5.1 The Company shall appropriate an amount equal to the difference between the transaction price and the appraised cost of the real property for special earnings reserve pursuant to the first paragraph of Article 41 of the Securities and Exchange Act, which shall be set aside from distribution or new issues of shares for capital increase. Investors who recognize their investment in the Company on equity method and who are public listed companies shall also appropriate an amount equal to the recognized value according to the shareholding percentage for special earnings reserve pursuant to the first paragraph of Article 41 of the Securities and Exchange Act.</p> <p>3.5.2 Audit Committee shall act in accordance Article 218 of the Company Act.</p> <p>3.5.3 The result of handling pursuant to</p>	<p>right-of-use asset thorough leasing from a related party are comparable to the terms of transactions of nearby real property of similar square measure which were concluded by non-related parties within one year. Transaction of nearby real property means the transaction of a real property which is located in the same block as the subject real property and within a radius of 500 meters from the subject real property or the posted present value of which is similar to that of the subject real property. Of similar square measure means, basically, the square measure of the real property or its right-of-use asset in the transaction concluded by a non-related party being referred to is no less than 50% of the square measure of the subject real property. Within one year means within the year immediately preceding the date of occurrence of the proposed transaction.</p> <p>3.5 Where the values of the real property or its right-of-use asset to be acquired by the Company from a related party appraised in conclusion of the evaluation pursuant to paragraphs 3.1 and 3.2 of this Article respectively both are lower than the proposed transaction price, the Company shall act in accordance with the following:</p> <p>3.5.1 The Company shall appropriate an amount equal to the difference between the transaction price and the appraised cost of the real property for special earnings reserve pursuant to the first paragraph of Article 41 of the Securities and Exchange Act, which shall be set aside from distribution or new issues of shares for capital increase. Investors who recognize their investment in the Company on equity method and who are public listed companies shall also appropriate an amount equal to the recognized value according to the shareholding percentage for special earnings reserve pursuant to the first paragraph of Article 41 of the Securities and Exchange Act.</p> <p>3.5.2 Audit Committee shall act in accordance Article 218 of the Company Act.</p>	

Proposed Revision	Current Clauses	Note
<p>aforementioned two points shall be reported to the Shareholders Meeting and the particulars of the transaction shall be disclosed in the relevant annual report and the prospectus.</p> <p>The special earnings reserve set aside pursuant to the above shall not be applied for use without the prior approval by the Financial Supervisory Commission until the loss from depreciation arising from the purchase or lease of the asset by paying a high premium price is duly recognized, disposed of, end of leasing appropriately made up, restored or there being no other evidence challenging the acceptability issue.</p> <p>3.6 Acquisition of real property or its right-of-use asset by the Company from a related party will be forthwith handled in accordance with paragraphs 1 and 2 of this Article in any of the following cases, in which case paragraphs 3.1, 3.2 and 3.3 of this Article regarding evaluation of acceptability of the transaction cost shall not operate:</p> <p>3.6.1 The related party has acquired the subject real property or its right-of-use asset by inheritance or as a gift.</p> <p>3.6.2 Over five years has lapsed since the related party signed the contract on acquisition of the subject real property or its right-of-use asset.</p> <p>3.6.3 The related party acquired the subject real property under a signed joint construction contract with its related party or entrustment of related parties for realty constructions, either on own land or leased land.</p> <p>3.6.4 Transaction between the company and subsidiaries or between directly or indirectly 100%-owned subsidiaries, in terms of issued shares or paid-in capital, for the acquisition of right-of-use asset for realty assets for business use.</p> <p>3.7 In case there is any evidence proving any irregularity of the proposed transaction for the Company to acquire the subject real property from a related party, the Company shall still act in accordance with paragraph 3.5 of this Article.</p>	<p>3.5.3 The result of handling pursuant to aforementioned two points shall be reported to the Shareholders Meeting and the particulars of the transaction shall be disclosed in the relevant annual report and the prospectus.</p> <p>The special earnings reserve set aside pursuant to the above shall not be applied for use without the prior approval by the Financial Supervisory Commission until the loss from depreciation arising from the purchase or lease of the asset by paying a high premium price is duly recognized, disposed of, end of leasing appropriately made up, restored or there being no other evidence challenging the acceptability issue.</p> <p>3.6 Acquisition of real property or its right-of-use asset by the Company from a related party will be forthwith handled in accordance with paragraphs 1 and 2 of this Article in any of the following cases, in which case paragraphs 3.1, 3.2 and 3.3 of this Article regarding evaluation of acceptability of the transaction cost shall not operate:</p> <p>3.6.1 The related party has acquired the subject real property or its right-of-use asset by inheritance or as a gift.</p> <p>3.6.2 Over five years has lapsed since the related party signed the contract on acquisition of the subject real property or its right-of-use asset.</p> <p>3.6.3 The related party acquired the subject real property under a signed joint construction contract with its related party or entrustment of related parties for realty constructions, either on own land or leased land.</p> <p>3.6.4 Transaction between the company and subsidiaries or between directly or indirectly 100%-owned subsidiaries, in terms of issued shares or paid-in capital, for the acquisition of right-of-use asset for realty assets for business use.</p> <p>3.7 In case there is any evidence proving any irregularity of the proposed transaction for the Company to acquire the subject real property from a related party, the Company shall still act in accordance with paragraph 3.5 of this Article.</p>	
<b>Article 11</b>	<b>Article 11</b>	Amend the

Proposed Revision	Current Clauses	Note
<p>Procedure for acquisition or disposal of intangible assets</p> <p>1. Evaluation and procedure for operation</p> <p>The acquisition or disposal of intangible assets or its right-of-use asset by the Company shall be conducted in accordance with the Company's internal control policy pertaining to the cycle of fixed assets.</p> <p>2. Terms of transaction and procedure for approval of transaction</p> <p>2.1 The terms and transaction price of the proposed acquisition or disposal of intangible assets or its right-of-use asset shall be determined by reference to the evaluation report produced by an expert or the fair market value. Transactions with a transaction value of less than TWD30 million each may proceed with the approval of the President. Transactions with a value of between TWD30 million and TWD60 million may proceed with the approval of the Chairman and shall be reported to the immediate subsequent meeting of the Board of Directors. Transactions with a value of over TWD60 million each must be approved by the Board of Directors in advance.</p> <p>2.2 Where the acquisition or disposal of assets or its right-of-use asset by the Company in accordance with the relevant procedure or other laws must be approved by the Board of Directors in advance, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Audit Committee. On the acquisition or disposal of assets duly proposed to the Board of Directors for approval, opinion expressed by the Independent Director shall be sufficiently considered with their concurrence or dissent expressed and the reason therefore duly recorded in the meeting minutes.</p> <p>3. Unit in charge of execution of transaction</p> <p>Upon approval of the proposed acquisition or disposal of membership or intangible assets or its right-of-use asset pursuant to the preceding paragraph, the responsible department and the</p>	<p>Procedure for acquisition or disposal of intangible assets</p> <p>1. Evaluation and procedure for operation</p> <p>The acquisition or disposal of intangible assets or its right-of-use asset by the Company shall be conducted in accordance with the Company's internal control policy pertaining to the cycle of fixed assets.</p> <p>2. Terms of transaction and procedure for approval of transaction</p> <p>2.1 The terms and transaction price of the proposed acquisition or disposal of intangible assets or its right-of-use asset shall be determined by reference to the evaluation report produced by an expert or the fair market value. Transactions with a transaction value of less than TWD30 million each may proceed with the approval of the President. Transactions with a value of between TWD30 million and TWD60 million may proceed with the approval of the Chairman and shall be reported to the immediate subsequent meeting of the Board of Directors. Transactions with a value of over TWD60 million each must be approved by the Board of Directors in advance.</p> <p>2.2 Where the acquisition or disposal of assets or its right-of-use asset by the Company in accordance with the relevant procedure or other laws must be approved by the Board of Directors in advance, the opposition expressed by the Director with written record thereof taken or in writing shall be submitted to Audit Committee. On the acquisition or disposal of assets duly proposed to the Board of Directors for approval, opinion expressed by the Independent Director shall be sufficiently considered with their concurrence or dissent expressed and the reason therefore duly recorded in the meeting minutes.</p> <p>3. Unit in charge of execution of transaction</p> <p>Upon approval of the proposed acquisition or disposal of membership or intangible assets or its right-of-use asset pursuant to the preceding paragraph, the responsible department and the</p>	<p>department/unit name</p>

Proposed Revision	Current Clauses	Note
<p>Corporate Finance &amp; Management <u>Center</u> shall take charge of the execution thereof.</p> <p>4. Expert evaluation report on membership or intangible assets Except the transaction with government agencies, where the transaction value of the acquisition or disposal of membership or intangible asset by the Company amounts to 20% of the paid-in capital of the Company or TWD300 million, the opinion of a certified public accountant on the acceptability of the proposed transaction price should be sought for before the date the fact happens</p> <p>5. The aforementioned trading value should be calculated according to Article 15.1.8. The period is the one year before the occurrence of the trading. The obtaining of appraisal report or CPA's opinions can be excluded.</p>	<p>Corporate Finance &amp; Management <u>Division</u> shall take charge of the execution thereof.</p> <p>4. Expert evaluation report on membership or intangible assets Except the transaction with government agencies, where the transaction value of the acquisition or disposal of membership or intangible asset by the Company amounts to 20% of the paid-in capital of the Company or TWD300 million, the opinion of a certified public accountant on the acceptability of the proposed transaction price should be sought for before the date the fact happens</p> <p>5. The aforementioned trading value should be calculated according to Article 15.1.5. The period is the one year before the occurrence of the trading. The obtaining of appraisal report or CPA's opinions can be excluded.</p>	
<p><b>Article 14</b> Procedure for handling merger, spin-off, acquisition or assignment of shares</p> <p>1. Evaluation and procedure of operation</p> <p>1.1 The Company shall, for the purpose of a merger, spin-off, acquisition or assignment of shares, call a meeting of the legal counsel, certified public accountant and underwriter for joint discussion to determine the timetable of the legal proceeding and organize a special group to execute the legal proceeding. The Company shall also seek the opinion of the certified public accountant, legal counsel or underwriter with respect to the acceptability of the proposed swap ratio, acquisition price or, cash or other property to be distributed to the shareholders and submit the same to the meeting of the Board of Directors for approval. The company need not obtain reasonable opinions from experts, as mentioned above, for acquiring subsidiaries 100% owned, in terms of issued shares or paid-in capital, by the company directly or indirectly or merger of subsidiaries 100% owned, in terms of issued shares or paid-in capital, by the company directly.</p> <p>1.2 The Company shall, prior to the</p>	<p><b>Article 14</b> Procedure for handling merger, spin-off, acquisition or assignment of shares</p> <p>1. Evaluation and procedure of operation</p> <p>1.1 The Company shall, for the purpose of a merger, spin-off, acquisition or assignment of shares, call a meeting of the legal counsel, certified public accountant and underwriter for joint discussion to determine the timetable of the legal proceeding and organize a special group to execute the legal proceeding. The Company shall also seek the opinion of the certified public accountant, legal counsel or underwriter with respect to the acceptability of the proposed swap ratio, acquisition price or, cash or other property to be distributed to the shareholders and submit the same to the meeting of the Board of Directors for approval. The company need not obtain reasonable opinions from experts, as mentioned above, for acquiring subsidiaries 100% owned, in terms of issued shares or paid-in capital, by the company directly or indirectly or merger of subsidiaries 100% owned, in terms of issued shares or paid-in capital, by the company directly.</p> <p>1.2 The Company shall, prior to the</p>	<p>1. In accordance with Article 23 of the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies," the authority is reverted to the Board of Directors.</p> <p>2. Correction of typographical errors.</p>



Proposed Revision	Current Clauses	Note
<p>convention of the relevant Shareholders Meeting, produce the document on disclosure of the material agreement and relevant matters on the proposed merge, spin-off or acquisition and submit such document to all shareholders together with the expert opinion provided in paragraph 1.1 of this Article and the meeting minutes as reference for the shareholders to determine to or not to approve the proposed merger, spin-off or acquisition, except in case where a relevant resolution adopted by the Shareholders Meeting is not legally required. If any of the participant companies is unable to convene the meeting, or to obtain the resolution of its shareholders meeting on the proposed merger, spin-off or acquisition because the number of shares represented at the meeting fell short of the quorum for the meeting or the proposal is denied by the meeting, the participant companies shall promptly give a public explanation of the cause, the subsequent handling and reschedule a date for convening the shareholders meeting.</p> <p>2. Other matters for attention</p> <p>2.1 Date of convention of the relevant meeting of the Board of Directors: Except as otherwise provided by law or there being any special factor which has been approved by the FSC, companies participating in the merger, spin-off or acquisition shall convene the meeting of the board of directors and the shareholders meeting on the same day to adopt the resolution on the matters in connection with the proposed merger, spin-off or acquisition. Except as otherwise provided by law or there being any special factor which has been approved by the Financial Supervisory Commission, companies participating in the assignment of shares shall convene the meeting of the board of directors on the same day. Companies participating in the merger, spin-off, acquisition or assignment of shares whose stocks are traded on the stock exchange or the over-the-counter market shall maintain complete written record on the following materials and keep the same for a term</p>	<p>convention of the relevant Shareholders Meeting, produce the document on disclosure of the material agreement and relevant matters on the proposed merge, spin-off or acquisition and submit such document to all shareholders together with the expert opinion provided in paragraph 1.1 of this Article and the meeting minutes as reference for the shareholders to determine to or not to approve the proposed merger, spin-off or acquisition, except in case where a relevant resolution adopted by the Shareholders Meeting is not legally required. If any of the participant companies is unable to convene the meeting, or to obtain the resolution of its shareholders meeting on the proposed merger, spin-off or acquisition because the number of shares represented at the meeting fell short of the quorum for the meeting or the proposal is denied by the meeting, the participant companies shall promptly give a public explanation of the cause, the subsequent handling and reschedule a date for convening the shareholders meeting.</p> <p>2. Other matters for attention</p> <p>2.1 Date of convention of the relevant meeting of the Board of Directors: Except as otherwise provided by law or there being any special factor which has been approved by the FSC, companies participating in the merger, spin-off or acquisition shall convene the meeting of the board of directors and the shareholders meeting on the same day to adopt the resolution on the matters in connection with the proposed merger, spin-off or acquisition. Except as otherwise provided by law or there being any special factor which has been approved by the Financial Supervisory Commission, companies participating in the assignment of shares shall convene the meeting of the board of directors on the same day. Companies participating in the merger, spin-off, acquisition or assignment of shares whose stocks are traded on the stock exchange or the over-the-counter market shall maintain complete written record on the following materials and keep the same for a term</p>	

Proposed Revision	Current Clauses	Note
<p>of five years.</p> <p>2.1.1 Basic personal information: including all personnel who participate in the execution of the merger, spin-off, acquisition or assignment of shares before the relevant information was publicly released, including their titles, names, and identification card (or passport) number.</p> <p>2.1.2 Dates of important matters including, among others, execution of the relevant memorandum of intent (MOI) or memorandum of understanding (MOU), engagement of financial or legal counsel, execution of the relevant contracts and the date of the relevant meeting of the Board of Directors.</p> <p>2.1.3 Important documents and meeting records on, among others, the proposed merger, spin-off, acquisition or assignment of shares, and the relevant MOI or MOU, important contract(s) and minutes of the relevant meeting of the Board of Directors.</p> <p>Companies participating in the merger, spin-off, acquisition or assignment of shares, whose stocks are traded on the stock exchange or the over-the-counter market shall each, within two days from the date following the adoption of the relevant resolution by the meeting of their Board of Directors, make a report online of the information provided in subparagraphs 1 and 2 of the preceding paragraph in the required form and substance to the Financial Supervisory Commission.</p> <p>Companies participating in the merger, spin-off, acquisition or assignment of shares, whose stocks are traded on the stock exchange or the over-the-counter market shall enter into the relevant agreement with companies participating in the merger, spin-off, acquisition or assignment of shares, whose stocks are not traded on the stock exchange or the over-the-counter market (if any) and make the report provided in the two preceding paragraphs.</p> <p>2.2 Prior non-disclosure agreement: All persons who participate in or have knowledge about the Company's project of merger, spin-off, acquisition or</p>	<p>of five years.</p> <p>2.1.1 Basic personal information: including all personnel who participate in the execution of the merger, spin-off, acquisition or assignment of shares before the relevant information was publicly released, including their titles, names, and identification card (or passport) number.</p> <p>2.1.2 Dates of important matters including, among others, execution of the relevant memorandum of intent (MOI) or memorandum of understanding (MOU), engagement of financial or legal counsel, execution of the relevant contracts and the date of the relevant meeting of the Board of Directors.</p> <p>2.1.3 Important documents and meeting records on, among others, the proposed merger, spin-off, acquisition or assignment of shares, and the relevant MOI or MOU, important contract(s) and minutes of the relevant meeting of the Board of Directors.</p> <p>Companies participating in the merger, spin-off, acquisition or assignment of shares, whose stocks are traded on the stock exchange or the over-the-counter market shall each, within two days from the date following the adoption of the relevant resolution by the meeting of their Board of Directors, make a report online of the information provided in subparagraphs 1 and 2 of the preceding paragraph in the required form and substance to the Financial Supervisory Commission.</p> <p>Companies participating in the merger, spin-off, acquisition or assignment of shares, whose stocks are traded on the stock exchange or the over-the-counter market shall enter into the relevant agreement with companies participating in the merger, spin-off, acquisition or assignment of shares, whose stocks are not traded on the stock exchange or the over-the-counter market (if any) and make the report provided in the two preceding paragraphs.</p> <p>2.2 Prior non-disclosure agreement: All persons who participate in or have knowledge about the Company's project of merger, spin-off, acquisition or</p>	

Proposed Revision	Current Clauses	Note
<p>assignment of shares shall each sign a non-disclosure agreement to undertake that they will not externally disclose the project before the Company makes the relevant public disclosure and that they will not buy or sell any stocks or equity securities of any company involved in the proposed merger, spin-off, acquisition or assignment of shares, either in their own name or using any other person's name to do so.</p> <p>2.3 Determination and change of the proposed swap ratio or acquisition price: Each participant company shall seek the opinion of the certified public accountant, legal counsel or underwriter with respect to the acceptability of the proposed swap ratio, acquisition price, or cash or other property before the meetings of Board of Directors, then submit the same to the <u>Board of Directors for approval</u>. Basically, neither the swap ratio nor the acquisition price shall be changed except in case of the conditions for a change provided in the contract (if any) and such conditions have been publicly disclosed. The swap ratio or acquisition price may be changed in the event of any of the following:</p> <p>2.3.1 The subject securities are issued for capital increase, issuance of convertible bonds, stock grant, and issuance of corporate bond with stock option, issuance of preferred shares with stock option, issuance of share warrant certificates or other equity securities.</p> <p>2.3.2 Any of the participant companies has done any act that may affect the financial operation of the company such as disposal of its material assets.</p> <p>2.3.3 The shareholders' equity or securities price of any of the participant companies has been affected by, among others, a major disaster or material technical change.</p> <p>2.3.4 Any of the participant companies has adjusted legal buy-back of treasury stocks.</p> <p>2.3.5 The principal participant companies or the number of participant companies has changed.</p> <p>2.3.6 The contract has provided the other conditions for changes and such conditions have been publicly disclosed.</p>	<p>assignment of shares shall each sign a non-disclosure agreement to undertake that they will not externally disclose the project before the Company makes the relevant public disclosure and that they will not buy or sell any stocks or equity securities of any company involved in the proposed merger, spin-off, acquisition or assignment of shares, either in their own name or using any other person's name to do so.</p> <p>2.3 Determination and change of the proposed swap ratio or acquisition price: Each participant company shall seek the opinion of the certified public accountant, legal counsel or underwriter with respect to the acceptability of the proposed swap ratio, acquisition price, or cash or other property before the meetings of Board of Directors, then submit the same to the <u>Shareholders Meeting</u>. Basically, neither the swap ratio nor the acquisition price shall be changed except in case of the conditions for a change provided in the contract (if any) and such conditions have been publicly disclosed. The swap ratio or acquisition price may be changed in the event of any of the following:</p> <p>2.3.1 The subject securities are issued for capital increase, issuance of convertible bonds, stock grant, and issuance of corporate bond with stock option, issuance of preferred shares with stock option, issuance of share warrant certificates or other equity securities.</p> <p>2.3.2 Any of the participant companies has done any act that may affect the financial operation of the company such as disposal of its material assets.</p> <p>2.3.3 The shareholders' equity or securities price of any of the participant companies has been affected by, among others, a major disaster or material technical change.</p> <p>2.3.4 Any of the participant companies has adjusted legal buy-back of treasury stocks.</p> <p>2.3.5 The principal participant companies or the number of participant companies has changed.</p> <p>2.3.6 The contract has provided the other conditions for changes and such conditions have been publicly disclosed.</p>	

Proposed Revision	Current Clauses	Note
<p>2.4 Provision of the contract: The contract on the proposed merger, spin-off, acquisition or assignment of shares shall provide the matters set forth below, except those in accordance with the provision of Article 317-1 of the Company Act and Article 22 of the Business Merger Act:</p> <p>2.4.1 Handling of defaults.</p> <p>2.4.2 The procedure for issuance of equity securities or buy-back of treasury shares adopted by the company to extinct as a result of the proposed merger or to spin off.</p> <p>2.4.3 The amount of treasury stocks the participant company may legally buy back after the swap ratio record date and such company's procedure therefore.</p> <p>2.4.4 Ways to handle matters arising from a change of the principal participant company or the number of participant companies.</p> <p>2.4.5 The schedule for executing the project and the scheduled date of completion.</p> <p>2.4.6 Procedure for handling relevant matters and the date to duly convene the relevant Shareholders Meeting in case the project is not completed as scheduled.</p> <p>2.5 Change of the participant companies: Where, after any of the companies participating in the proposed merger, spin-off, acquisition or assignment of shares has publicly disclosed the information, there is another company to participate in the proposed merger, spin-off, acquisition or assignment of shares, the original participant companies each shall re-new all relevant proceedings or legal acts except in the case of there being reduction in the number of the original participant companies and the Board of Directors is authorized to act accordingly by the resolution of the Shareholders Meeting.</p> <p>2.6 The Company shall enter into an agreement with the participant company which is not a public company and set the date to convene the relevant meeting of the Board of Directors, execute the prior non-disclosure agreement, and act accordingly in consideration of the</p>	<p>2.4 Provision of the contract: The contract on the proposed merger, spin-off, acquisition or assignment of shares shall provide the matters set forth below, except those in accordance with the provision of Article 317-1 of the Company Act and Article 22 of the Business Merger Act:</p> <p>2.4.1 Handling of defaults.</p> <p>2.4.2 The procedure for issuance of equity securities or buy-back of treasury shares adopted by the company to extinct as a result of the proposed merger or to spin off.</p> <p>2.4.3 The amount of treasury stocks the participant company may legally buy back after the swap ratio record date and such company's procedure therefore.</p> <p>2.4.4 Ways to handle matters arising from a change of the principal participant company or the number of participant companies.</p> <p>2.4.5 The schedule for executing the project and the scheduled date of completion.</p> <p>2.4.6 Procedure for handling relevant matters and the date to duly convene the relevant Shareholders Meeting in case the project is not completed as scheduled.</p> <p>2.5 Change of the participant companies: Where, after any of the companies participating in the proposed merger, spin-off, acquisition or assignment of shares has publicly disclosed the information, there is another company to participate in the proposed merger, spin-off, acquisition or assignment of shares, the original participant companies each shall re-new all relevant proceedings or legal acts except in the case of there being reduction in the number of the original participant companies and the Board of Directors is authorized to act accordingly by the resolution of the Shareholders Meeting.</p> <p>2.6 The Company shall enter into an agreement with the participant company which is not a public company and set the date to convene the relevant meeting of the Board of Directors, execute the prior non-disclosure agreement, and act accordingly in consideration of the</p>	

Proposed Revision	Current Clauses	Note
change of the participant companies in accordance with paragraphs 2.1, 2.2 and 2.5 of this Article.	change of the participant companies in accordance with paragraphs 2.1, 2.2 and 2.5 of this Article.	
<p><b>Article 19</b> This Procedure was established on 11 August 1989 and subsequently amended as follows: the first amendment on 30 September 1991; the second amendment on 26 June 1995; the third amendment on 28 April 1997; the fourth amendment on 28 October 1999; the fifth amendment on 6 June 2003; the sixth amendment on 13 June 2007; the seventh amendment on 15 June 2012; the eighth amendment on 21 June 2013; the ninth amendment on 23 June 2014; the tenth amendment on 16 June 2017; the eleventh amendment on 14 June 2019; the twelfth amendment on 20 May 2022; and the thirteenth amendment on 3 June 2025.</p>	<p><b>Article 19</b> This Procedure was established on 11 August 1989 and subsequently amended as follows: the first amendment on 30 September 1991; the second amendment on 26 June 1995; the third amendment on 28 April 1997; the fourth amendment on 28 October 1999; the fifth amendment on 6 June 2003; the sixth amendment on 13 June 2007; the seventh amendment on 15 June 2012; the eighth amendment on 21 June 2013; the ninth amendment on 23 June 2014; the tenth amendment on 16 June 2017; the eleventh amendment on 14 June 2019; and the twelfth amendment on 20 May 2022.</p>	Add the date of the thirteenth amendment

## Appendix 7

Comparison Table of Amendments to  
"Procedures for Endorsements and Guarantees"

Proposed Revision	Current Clauses	Note
<p><b>Article 4</b> Quota for endorsement and guarantee A. The total value of endorsement and guarantee provided by the company can not exceed 60% of the company's book value in the most recent financial statement and the value of endorsement and guarantee for a single enterprise can not exceed 20% of the company's book value in the most recent financial statement. B. Total amount of endorsement and guarantee extended by the company and its subsidiaries can not exceed 80% of the company's book value in the latest financial statement. The limit is set at 30% for a single enterprise. C. In case the total amount of endorsement and guarantee extended by the company and its subsidiaries exceeds 50% of the company's book value, explanation of its necessity and justification should be made in shareholders' meeting.</p>	<p><b>Article 4</b> Quota for endorsement and guarantee A. The total value of endorsement and guarantee provided by the company can not exceed 60% of the company's book value in the most recent financial statement and the value of endorsement and guarantee for a single enterprise can not exceed 20% of the company's book value in the most recent financial statement. B. Total amount of endorsement and guarantee extended by the company and its subsidiaries can not exceed 80% of the company's book value in the latest financial statement. The limit is set at 30% for a single enterprise. C. In case the total amount of endorsement and guarantee extended by the company and its subsidiaries exceeds 50% of the company's book value, explanation of its necessity and justification should be made in shareholders' meeting.</p> <p><u>When the aforementioned limitations and actual guarantees are denominated in different currencies, the exchange rate shall be based on the sell rate at the Taipei Foreign Exchange Market on the date of approval by the Board of Directors.</u></p>	<p>As the current practice no longer refers to the exchange rates published by the Taipei Foreign Exchange Market, and instead relies on the exchange rate as determined by the certified public accountant, the reference is hereby deleted.</p>
<p><b>Article 5</b> Deadline and Contents for Mandatory Information Publication A. In addition to posting the previous month's outstanding amount of endorsement and guarantee by the Company and its subsidiaries by the 10th day of each month, the Company shall also post information on the outstanding amount of endorsement and guarantee within two days on the Market Observation Post System whenever it meets one of the following standards, the date of actual occurrence specified by the rule refers to the earliest date of the signing of</p>	<p><b>Article 5</b> Deadline and Contents for Mandatory Information Publication A. In addition to posting the previous month's outstanding amount of endorsement and guarantee by the Company and its subsidiaries by the 10th day of each month, the Company shall also post information on the outstanding amount of endorsement and guarantee within two days on the Market Observation Post System whenever it meets one of the following standards, the date of actual occurrence specified by the rule refers to the earliest date of the signing of transaction contract,</p>	<p>Since Statement of Financial Accounting Standards No. 9 is no longer applicable, it is hereby deleted.</p>

Proposed Revision	Current Clauses	Note
<p>transaction contract, payment, the resolution of the board of directors, or other dates ascertain transaction object and transaction value.</p> <p>1. The total amount of endorsement and guarantee from the Company and its subsidiaries exceeds 50% of the Company's book value in its most recent financial statement;</p> <p>2. The amount of endorsement and guarantee for a single enterprise from the Company and its subsidiaries exceeds 20% of the Company's book value in its most recent financial statement;</p> <p>3. The amount of endorsement and guarantee for a single enterprise from the Company and its subsidiaries exceeds NT\$10 million, and the value of endorsement and guarantee, long-term investment and loans for the enterprise combined exceeds 30% of the Company's book value in its most recent financial statement.</p> <p>4. New application for endorsement and guarantee by the Company or its subsidiaries exceeds NT\$30 million in value and 5% of the company's book value in the most recent financial statement.</p> <p>B. The Company shall make mandatory posting of information under the aforementioned situations for its subsidiaries which are not domestic companies with public offering.</p> <p>C. The company shall make proper disclosure in its financial report information on the evaluation of or provision for the possible loss from endorsement and guarantee, in addition to providing the information to certified public accountants for necessary auditing.</p>	<p>payment, the resolution of the board of directors, or other dates ascertain transaction object and transaction value.</p> <p>1. The total amount of endorsement and guarantee from the Company and its subsidiaries exceeds 50% of the Company's book value in its most recent financial statement;</p> <p>2. The amount of endorsement and guarantee for a single enterprise from the Company and its subsidiaries exceeds 20% of the Company's book value in its most recent financial statement;</p> <p>3. The amount of endorsement and guarantee for a single enterprise from the Company and its subsidiaries exceeds NT\$10 million, and the value of endorsement and guarantee, long-term investment and loans for the enterprise combined exceeds 30% of the Company's book value in its most recent financial statement.</p> <p>4. New application for endorsement and guarantee by the Company or its subsidiaries exceeds NT\$30 million in value and 5% of the company's book value in the most recent financial statement.</p> <p>B. The Company shall make mandatory posting of information under the aforementioned situations for its subsidiaries which are not domestic companies with public offering.</p> <p>C. <u>In accordance with the financial accounting standard No. 9</u>, the company shall make proper disclosure in its financial report information on the evaluation of or provision for the possible loss from endorsement and guarantee, in addition to providing the information to certified public accountants for necessary auditing.</p>	
<p><b>Article 6</b> Guidelines for Endorsement and Guarantee</p> <p>A. The Company's internal auditors should check the Procedures for Endorsement and Guarantee, as well as its execution, at least every quarter and record the finding, in addition to informing the Audit Committee in written form, the discovery of major violations.</p>	<p><b>Article 6</b> Guidelines for Endorsement and Guarantee</p> <p>A. The Company's internal auditors should check the Procedures for Endorsement and Guarantee, as well as its execution, at least every quarter and record the finding, in addition to informing the Audit Committee in written form, the discovery of major violations.</p>	<p>Amend the wording</p>



Proposed Revision	Current Clauses	Note
<p>B. The Board of Directors' approval is necessary for the Company to overcome the limitations set by the procedures in providing endorsement and guarantee for cases arising from business needs and meeting the conditions set by the procedures, with half of the Board of Directors agreeing to provide personal guarantee for the possible loss from the exceptional treatment. The Board of Directors shall also revise the procedures before sending the revision to Shareholders' Meeting for affirmation. If the Shareholders' Meeting disapproves such cases, the Company shall formulate plans to eradicate the excessive portion by a specific deadline. If the company has instituted independent directors, the opinions of independent directors should be taken into account by the Board of Directors when discussing the cases, and their agreement / opposition and reasoning, shall be included in the record of the Board of Directors.</p> <p>C. If qualified endorsement recipients meeting the conditions set in Article 4 become disqualified later on or the value of endorsement and guarantee exceeds the limitations due to changes in the calculation basis, the endorsement and guarantee for the recipients or the excessive amount should be erased entirely upon the contract expiration or by a deadline set by an improvement plan, which shall be sent to the Audit Committee, complete the improvement plan, and report to the Board of Directors.</p>	<p>B. The Board of Directors' approval is necessary for the Company to overcome the limitations set by the procedures in providing endorsement and guarantee for cases arising from business needs and meeting the conditions set by the procedures, with half of the Board of Directors agreeing to provide personal guarantee for the possible loss from the exceptional treatment. The Board of Directors shall also revise the procedures before sending the revision to Shareholders' Meeting for affirmation. If the Shareholders' Meeting disapproves such cases, the Company shall formulate plans to eradicate the excessive portion by a specific deadline. If the company has instituted independent directors, the opinions of independent directors should be taken into account by the Board of Directors when discussing the cases, and their agreement / opposition and reasoning, shall be included in the record of the Board of Directors.</p> <p>C. If qualified endorsement recipients meeting the conditions set in Article 4 become disqualified later on or the value of endorsement and guarantee exceeds the limitations due to changes in the calculation basis, the endorsement and guarantee for the recipients or the excessive amount should be erased entirely upon the contract expiration or by a deadline set by an improvement plan, which shall be sent to the Audit Committee, complete the improvement plan <u>on schedule</u>, and report to the Board of Directors.</p>	
<p><b>Article 7</b> Handling Procedures for Endorsement and Guarantee</p> <p>A. Recipients of endorsement and guarantee shall provide all financial data when applying with the Company's financial unit for utilizing the endorsement and guarantee within the set quota, upon which the financial unit should evaluate the application and carry out credit investigation. The evaluation shall cover the necessity and rationality of the application. For</p>	<p><b>Article 7</b> Handling Procedures for Endorsement and Guarantee</p> <p>A. Recipients of endorsement and guarantee shall provide all financial data when applying with the Company's financial unit for utilizing the endorsement and guarantee within the set quota, upon which the financial unit should evaluate the application and carry out credit investigation. The evaluation shall cover the necessity and rationality of the application. For</p>	<p>Amend the name of the department/unit</p>

Proposed Revision	Current Clauses	Note
<p>endorsement and guarantee deriving from business dealings, the evaluation shall cover the proportion between endorsement/guarantee value and the scale of business dealing, effect on the company's operating risk, financial status, and shareholders' interest, as well as obtaining of collateral and its value.</p> <p>B. The Company's registered seals with the Ministry of Economic Affairs and dedicated seals for issuing checks shall be used in providing endorsement and guarantee to outside parties, which shall be kept by the Head of Finance and Management <u>Center</u> and can only be used with the approval of the Chairman.</p> <p>In the event that the Company provides a guarantee for a foreign company, the guarantee letter shall be executed by the person duly authorized by the Board of Directors.</p> <p>C. Endorsement and guarantee undertaken by the Company shall be put on record, including the objects of guarantee, the name of enterprise receiving endorsement or guarantee, the result of risk evaluation, the value of endorsement and guarantee, contents of collateral, and conditions and date for the removal of the liabilities for endorsement and guarantee.</p> <p>D. The Company shall make proper disclosure in its financial report information on the evaluation and provision for the possible loss from endorsement and guarantee, in addition to providing the information to certified public accountants for necessary auditing and producing adequate auditing report.</p> <p>E. If the Company or its subsidiaries' endorsement parties are the subsidiaries which net value are lower than one-half of paid-in capital, it should be ruled by guidelines of Article 6, for shares of subsidiaries without par value or with par value other than NT\$10, paid-in capital should be calculated by adding up share capital and capital surplus - additional paid-in capital.</p>	<p>endorsement and guarantee deriving from business dealings, the evaluation shall cover the proportion between endorsement/guarantee value and the scale of business dealing, effect on the company's operating risk, financial status, and shareholders' interest, as well as obtaining of collateral and its value.</p> <p>B. The Company's registered seals with the Ministry of Economic Affairs and dedicated seals for issuing checks shall be used in providing endorsement and guarantee to outside parties, which shall be kept by the Head of Finance and Management <u>Division</u> and can only be used with the approval of the Chairman. In the event that the Company provides a guarantee for a foreign company, the guarantee letter shall be executed by the person duly authorized by the Board of Directors.</p> <p>C. Endorsement and guarantee undertaken by the Company shall be put on record, including the objects of guarantee, the name of enterprise receiving endorsement or guarantee, the result of risk evaluation, the value of endorsement and guarantee, contents of collateral, and conditions and date for the removal of the liabilities for endorsement and guarantee.</p> <p>D. The Company shall make proper disclosure in its financial report information on the evaluation and provision for the possible loss from endorsement and guarantee, in addition to providing the information to certified public accountants for necessary auditing and producing adequate auditing report.</p> <p>E. If the Company or its subsidiaries' endorsement parties are the subsidiaries which net value are lower than one-half of paid-in capital, it should be ruled by guidelines of Article 6, for shares of subsidiaries without par value or with par value other than NT\$10, paid-in capital should be calculated by adding up share capital and capital surplus - additional paid-in capital.</p>	

Proposed Revision	Current Clauses	Note
<p><b>Article 8</b> Review Procedures, Decision-Making, and Authorization Levels A. For endorsements and guarantees within the limit stipulated in Article 4, the Chairman is authorized to act within the limit of NT\$300 million. The responsible department shall submit an application for the guarantee and assess the associated risks, reporting to the Chairman. After the Chairman reviews the application, he shall either stamp or sign the relevant document. The transaction shall then be reported to the most recent Board of Directors meeting for ratification. For guarantees exceeding NT\$300 million, approval from the Audit Committee and the Board of Directors is required. B. For subsidiaries in which the Company directly or indirectly holds more than 90% of the voting shares, a guarantee endorsement must be approved by the Company's Board of Directors in accordance with Article 3, Paragraph 2, prior to execution. However, guarantees between companies where the Company directly or indirectly holds 100% of the voting shares are exempt from this requirement.</p>	<p><b>Article 8</b> Review Procedures, Decision-Making, and Authorization Levels A. For endorsements and guarantees within the limit stipulated in Article 4, the Chairman is authorized to act within the limit of <u>NT\$100 million</u>. The responsible department shall submit an application for the guarantee and assess the associated risks, reporting to the Chairman. After the Chairman reviews the application, he shall either stamp or sign the relevant document. The transaction shall then be reported to the most recent Board of Directors meeting for ratification. <u>For guarantees exceeding NT\$100 million but not exceeding NT\$300 million, approval from the Managing Board is required, followed by ratification by the most recent Board of Directors meeting.</u> For guarantees exceeding NT\$300 million, approval from the Audit Committee and the Board of Directors is required. <u>In all three cases, the details of the transaction and relevant matters must be reported to the shareholders' meeting for reference.</u> B. For subsidiaries in which the Company directly or indirectly holds more than 90% of the voting shares, a guarantee endorsement must be approved by the Company's Board of Directors in accordance with Article 3, Paragraph 2, prior to execution. However, guarantees between companies where the Company directly or indirectly holds 100% of the voting shares are exempt from this requirement.</p>	<p>In light of the absence of managing directors, the Chairman's approval authority has been adjusted to a maximum of NT\$300 million.</p>
<p><b>Article 9</b> Control Procedure for the Provision of Endorsement and Guarantee by subsidiaries A. The company's subsidiaries shall also formulate Procedures for Endorsement and Guarantee, on the basis of the measures, but the calculation of quota is based on the book value of subsidiaries. B. Subsidiaries shall compile report on details of the previous month's provision of endorsement and</p>	<p><b>Article 9</b> Control Procedure for the Provision of Endorsement and Guarantee by subsidiaries A. The company's subsidiaries shall also formulate Procedures for Endorsement and Guarantee, on the basis of the measures, but the calculation of quota is based on the book value of subsidiaries. B. Subsidiaries shall compile report on details of the previous month's provision of endorsement and guarantee by the 10th day of each month and submit to</p>	<p>Given that audit work for some subsidiaries is supported by auditors from the parent company, the amendment is made to preserve operational flexibility.</p>

Proposed Revision	Current Clauses	Note
<p>guarantee by the 10th day of each month and submit to the Company for review.</p> <p>C. The subsidiaries shall check the Procedures for Endorsement and Guarantee, as well as its execution, at least every quarter and record the finding, in addition to informing the Company's auditing unit in written form the discovery of major violations. The Company shall also submit the information in written form to the Audit Committee.</p> <p>D. When undertaking auditing works at subsidiaries according to yearly auditing plan, the Company's auditors shall understand their execution on the operating procedures for endorsement and guarantee and carry out reviews on the improvement on mistakes or irregularities, in addition to producing improvement reports and submit to the Chairman for review.</p>	<p>the Company for review.</p> <p>C. The subsidiaries' <u>internal auditors</u> shall check the Procedures for Endorsement and Guarantee, as well as its execution, at least every quarter and record the finding, in addition to informing the Company's auditing unit in written form the discovery of major violations. The Company shall also submit the information in written form to the Audit Committee.</p> <p>D. When undertaking auditing works at subsidiaries according to yearly auditing plan, the Company's auditors shall understand their execution on the operating procedures for endorsement and guarantee and carry out reviews on the improvement on mistakes or irregularities, in addition to producing improvement reports and submit to the Chairman for review.</p>	
<p><b>Article 14</b></p> <p>The Procedures were approved by the Shareholders' Meeting on June 6, 2003. The first amendment was implemented on Jun. 19, 2009.</p> <p>The second amendment was implemented on Jun. 18, 2010.</p> <p>The third amendment shall be implemented on June 21, 2013.</p> <p>The fourth amendment shall be implemented on May 11, 2020.</p> <p>The fifth amendment shall be implemented on June 3, 2025.</p>	<p><b>Article 14</b></p> <p>The Procedures were approved by the Shareholders' Meeting on June 6, 2003. The first amendment was implemented on Jun. 19, 2009.</p> <p>The second amendment was implemented on Jun. 18, 2010.</p> <p>The third amendment shall be implemented on June 21, 2013.</p> <p>The fourth amendment shall be implemented on May 11, 2020.</p>	<p>Add the date of the fifth amendment</p>