

TSE:1504



TECO ELECTRIC & MACHINERY CO., LTD.

2024 Annual Report



Together,
we empower the Future

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Spokesperson

Name: Andy Chien
Title: Director
Tel: 886-2-2655-3333 ext. 3542
E-mail: speaker@teco.com.tw

Deputy Spokesperson

Name : Andy Liu
Title: Assistant Vice President
Tel: 886-2-2655-3333 ext. 3359
E-mail: andyliau@teco.com.tw

Stock Transfer Agent

Taishin Securities Co., Ltd
Address: B1, No. 96, Jianguo N. Rd.,
Sec. 1, Taipei, Taiwan R.O.C.
Tel: 886-2-2504-8125 ext. 6301 ~ 6306
Website: <https://stocktransfer.tssco.com.tw/index.action>

Auditors

PricewaterhouseCoopers, Taiwan
Auditors: Hsu, Sheng-Chung, Tu, Chan-Yuan
Address: 27F., No. 333, Keelung Rd.,
Sec. 1, Taipei, Taiwan, R.O.C.
Tel.: 886-2-2729-6666
Website: <http://www.pwcglobal.com.tw>

Corporate Website

<http://www.teco.com.tw>

Taiwan Stock Exchange Market Observation Post System:

<http://emops.twse.com.tw/server-java/t58query>

Headquarter, Branches and Plant

Headquarter

5F., No. 19-9, San Chong Rd., Nankang,
Taipei, Taiwan, R.O.C.
Tel: 886-2-2655-3333

Plant Chung-Li

No.11, An-Tung Rd., Taoyuan City, Taiwan,
R.O.C.
Tel: 886-3-452-5101

Plant Kuan-Yin

No. 1568-1, Chung Shan Rd., Sec. 1, Guanyin,
Taoyuan City, Taiwan, R.O.C.
Tel: 886-3-473-4901

Plant Kuan-Yin II

No.6, Guojian 1st Rd.,
Guanyin, Taoyuan City, Taiwan, R.O.C
Tel: 886-3-483-2258

Plant Hu-Kou

No.15, Chung-hwa Rd., Hsinchu Industrial Park,
Hsinchu County, Taiwan, R.O.C.
Tel: 886-3-598-1711



Table of Contents

I. Message to Shareholders	1
II. Corporate Governance Report	
1. Information on Directors and Management.....	9
2. Corporate Governance Status	33
3. Information on Fees Paid to Certified Public Accountants	109
4. Information on Replacement of Accountants	110
5. Information on Whether the Chairman, President or Other Managers Have Worked for CPA Firms or Related Entities in the Past Year	110
6. Share Transfer and Pledge Changes of Directors, Managers, and Shareholders Holding More Than 10% of Shares in the Most Recent Year and up to the Date of the Annual Report Printing	111
7. Information Disclosing the Relationship between any of the Company's Top Ten Shareholders	114
8. The number of shares held by the company, its directors, managers, and subsidiaries directly or indirectly controlled by the company in the same investee company, and the consolidated shareholding percentage	116
9. Material Information Processing Procedures	116
III. Fundraising and Capital Utilization Plans	
1. Capital and Shares	117
2. Corporate Bonds.....	120
3. Equity Warrant Preferred Stock	120
4. Preferred Shares	120
5. Overseas Depositary Receipts	120
6. Employee Stock Warrant and Restricted Stock Awards	121
7. Status of New Shares Issuance in Connection with Mergers and Acquisitions.....	121
8. Financing Plans and Implementation.....	121
IV. Business Overview	
1. Scope of Business	122
2. Market and Sales Overview	133
3. Human Resources	141
4. Environmental Protection Expenditure Information.....	141
5. Employer-Employee Relations	146

6. Information Security Management.....	153
7. Material Contracts.....	154
V. Financial Condition, Performance Analysis, and Risk Factors	
1. Financial Condition	157
2. Financial Performance.....	158
3. Cash Flows	159
4. Financial and Business Impact from Major Capital Expenditure Items.....	160
5. Recent-Year Investment Policy, Major Causes of Gains or Losses, Improvement Plans, and Investment Plans for the Coming Year	160
6. Risk Management Analysis.....	161
7. Other Significant Matters	173
VI. Special Disclosure	
1. Summary of Affiliated Companies.....	174
2. Private Placement of Securities	188
3. Major Events Impacting Shareholder Equity or Stock Price as Defined by Article 36.....	188
4. Other Necessary Supplementary Explanations	188

I. Message to the Shareholders

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 2nd 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

II. Corporate Governance Report

1. Information on Directors and Management

1.1 Directors

2025.4.7

Title	Nationality / Companies Registry	Name	Gender Age	Date Elected	Term (Years)	Date First Elected (Note)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Currently holds positions in this company and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							shares	Shareholding (%)	shares	Shareholding (%)	shares	Shareholding (%)	shares	Shareholding (%)			Title	Name	Relation	
Chairman	R.O.C	Ming-Shieh Li	M 61-70	20240524	3	20240524	118,000	0.01%	318,000	0.01%	0	0%	0	0%	National Taiwan University Department of Economics	<ul style="list-style-type: none"> Chairman, TECO Electric & Machinery Pte. Ltd. (Singapore) Independent Director, Lion Travel Service Co., Ltd. etc 	-	-	-	
Vihairman	R.O.C	Ho Yuan International Investment Co., Ltd.	-	20240524	3	20210723	50,420,000	2.36%	50,420,000	2.36%	0	0%	0	0%	State of New York, USA Syracuse University Master's Degree in Financial Management	<ul style="list-style-type: none"> Chairman, TECO-Westinghouse Motor Company (USA) Director, Yong Guan Energy Co., Ltd., etc. 	-	-	-	
		Representative: Su- Chiu Wu	F 61-70	20240524	3	20240524	0	0%	0	0%	0	0%	0	0%						
Director	R.O.C	Tung Kuang Investment Co., Ltd	-	20240524	3	20000421	31,991,364	1.50%	31,991,364	1.50%	0	0%	0	0%	Master of Business Administration, University of Michigan, USA	<ul style="list-style-type: none"> Chairman, Taiwan Pelican Express Co., Ltd. Chairman, Motovario S.p.A, etc. 	-	-	-	
		Representative: Chwen-Jy Chiu	F 61-70	20240524	3	20060615	0	0%	2,593,068	0.12%	16,987	0.00%	0	0%						
Director	R.O.C	Jong-Chin Shen	M 71-80	20240524	3	2040524	0	0%	0	0%	0	0%	0	0%	National Taipei University of Technology Graduate Institute of Business Automation and Management Master's Degree	<ul style="list-style-type: none"> Senior Advisor to the President, Office of the President, Republic of China (Taiwan) Vice Chairman, KGI Financial Holdings Co., Ltd. 	-	-	-	
Director	R.O.C	Tong Ho Global Investment Co., Ltd.	-	20240524	3	20000421	2,240,262	0.10%	2,240,262	0.10%	0	0%	0	0%	Fu Jen Catholic University Department of Economics	<ul style="list-style-type: none"> Chairman, Sen Yeh Construction Co., Ltd. Independent Director, Auretek Corporation, etc. 	-	-	-	
		Representative: Cheng-Tsung Huang	M 61-70	20240524	3	19910508	0	0%	15,279,849	0.71%	2,110,934	0.10%	0	0%						
Director	R.O.C	Ho Yuan International Investment Co., Ltd.	-	20240524	3	20210723	50,420,000	2.36%	50,420,000	2.36%	0	0%	0	0%	Cornell University, USA Ph.D. in Policy Analysis and Management	<ul style="list-style-type: none"> Chairman, YuShan International Consulting Co., Ltd. Director, Pau Jar Charity Foundation, etc. 	-	-	-	
		Representative: Show-Shoun Chou	M 51-60	20240524	3	20210723	0	0%	6,000	0.00%	0	0%	0	0%						

Title	Nationality/ Companies Registry	Name	Gender Age	Date Elected	Term (Years)	Date First Elected (Note)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Currently holds positions in this company and other companies	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							shares	Shareholding (%)	shares	Shareholding (%)	shares	Shareholding (%)	shares	Shareholding (%)			Title	Name	Relation	
Director	R.O.C	Creative Sensor Inc	-	20240524	3	20090619	46,987,000	2.20%	46,987,000	2.20%	0	0%	0	0%	Harvard University, USA Master's Degree, East Asian Studies	● Director and Chief Operating Officer, Universal Cement Corporation	-	-	-	
	R.O.C	Representative: Jack Ho	M 31-40	20240524	3	20221222	0	0%	0	0%	0	0%	0	0%		● Director, Tainan Spinning Co., Ltd., etc.	-	-	-	
Independent Director	R.O.C	Hsieh-Hsing Huang	M 61-70	20240524	3	20210723	0	0%	0	0%	0	0%	0	0%	National Chengchi University Master's Degree in Law National Sun Yat-sen University Master's Degree in Business Administration	● Managing Partner (Founder), Chung Sun Certified Public Accountants ● Independent Director, China Airlines Ltd.	-	-	-	
Independent Directo	R.O.C	Chao-Chin Tung	M 71-80	20240524	3	20240524	0	0%	0	0%	0	0%	0	0%	State of New York, USA University of Rochester Master's Degree in Materials Science	● Independent Director, Powertech Technology Inc. ● Director, Homeplus Digital Co., Ltd	-	-	-	
Independent Directo	R.O.C	Hui-Yiu Chen	M 51-60	20240524	3	20240524	0	0%	0	0%	0	0%	0	0%	National Taiwan University Department of Animal Science and Technology	● Chairman, Choice Development Inc. ● Independent Director, Senao Networks Inc, etc.	-	-	-	
Independent Directo	R.O.C	Mei-Chun Chao	F 51-60	20240524	3	20240524	0	0%	0	0%	0	0%	0	0%	National Taiwan University Master's Degree in Law Columbia University, USA Master of Laws (LL.M.)	Independent Director, Global Communication Semiconductor Holdings Ltd. (Incorporated in the Cayman Islands), etc.	-	-	-	

1.1.1 Major shareholders of the corporate shareholder

2025.4.7

Corporate shareholder	Major shareholders of the corporate shareholder
Ho Yuan International Investment Co., Ltd.	Five Star Asset Management Co., Ltd. (100%)
Tung Kuang Investment Co., Ltd	Kuang Yuan Industrial Co., Ltd. (39.27%), Ho-Hui Huang-Lin (35.01%), Bright Industry (HK) Co., Ltd. (12.73%), Tong Ho Global Investment Co., Ltd. (6.00%), Others (6.99%)
Tong Ho Global Investment Co., Ltd	Shang-Li Huang (25.89%), Po-Yuan Wang (20%), Kuang Yuan Industrial Co., Ltd. (29.5%), Yu-Jen Huang (17.78%), Others (6.83%)
Creative Sensor Inc	Teco Image Co., Ltd. (19.39%), Universal Cement Corporation (8.83%), Tien Da Investment Co., Ltd. (8.28%), Universal Cement Investment Co., Ltd. (6.04%), Kuan-Ling Electronics Co., Ltd. (3.82%), Creative Sensor Inc. (Treasury Shares 3.38%), Kao-Huang Lin (1.56%), Ah-Chung Hou (1.29%), Ho-Kuei Lai (0.75%), Jung-Huang Liu (0.57%)

1.1.2 For any of the aforementioned major shareholders that are legal entities, their respective major shareholders are as follows.

2025.4.7

Corporate shareholder	Major shareholders of the corporate shareholder
Five Star Asset Management Co., Ltd	Yi-Tsai Lin (16.67%), Hsin-Pao Lin (16.67%), Ming-Ku Lin (16.67%), Yi-Wen Lin (16.67%), Ming-Yuan Lin (16.67%), Hai Lin-Chen (8.33%), Shu-Chiung Tseng (4.16%), Shu-Chen Pai (4.16%)
Kuang Yuan Industrial Co., Ltd	Tung Kuang Investment Co., Ltd. (34.46%), Ho-Hui Huang-Lin (51.58%), Bright Industry (HK) Co., Ltd. (10.0%), Tong Ho Global Investment Co., Ltd. (0.74%), Others (3.22%)
Bright Industry (HK) Co., Ltd	Mei-Ling Teng (100%)
Tong Ho Global Investment Co., Ltd.	Shang-Li Huang (25.89%), Po-Yuan Wang (20%), Kuang Yuan Industrial Co., Ltd. (29.5%), Yu-Jen Huang (17.78%), Others (6.83%)
Teco Image System Inc.	Creative Sensor Inc. (29.69%), Tien Da Investment Co., Ltd. (10.45%), Koryo Co., Ltd (10.15%), Anfu International Investment Co., Ltd. (9.41%), Tong An Investment Co., Ltd. (5.50%), TECO International Investment Co., Ltd. (4.52%), Kuang Yuan Industrial Co., Ltd. (4.24%), Citibank Custody – UBS Europe SE Investment Account (0.77%), Tong Ho Global Investment Co., Ltd. (0.45%), and Antai International Investment Co., Ltd. (0.44%).
Universal Cement Corporation	Sheng Yuan Investment Co., Ltd. (10.32%), Yu Sheng Investment Co., Ltd. (10.29%), Po-Yi Hou (7.93%), HSBC Custody – Bit Bank Investment Account (4.87%), Bo-Chih Investment Co., Ltd. (4.27%), Su-Chin-Chien Hou (3.43%), Standard Chartered Custody – DBS Bank Account No. 0600049662 (3.09%), Po-Yu Hou (2.76%), Wu Chun-Hsien Education and Charity Foundation (1.79%), and Long Yi Chang Gravel Co., Ltd. (1.45%).
Tien Da Investment Co., Ltd.	Creative Sensor Inc. (29.85%), Kuan-Ling Electronics Co., Ltd. (27.27%), Teco Image System Inc. (25.17%), Lien Chang Electronics Co., Ltd. (9.79%), Multilite Co., Ltd. (6.99%), and Jih Sheng Co., Ltd. (0.92%).
Universal Cement Investment Co., Ltd	Universal Cement Corporation (100%)
Koryo Co., Ltd	Teco Image System Inc. (19.29%), Creative Sensor Inc. (19.07%), Multilite Co., Ltd. (11.30%), Chuan-Fu Lü (10.95%), Tien Da Investment Co., Ltd. (9.82%), Tse-Hang Yang (2.91%), Joyce Worldwide Co., Ltd. (2.91%), Ching-Fen Yang (2.34%), Ho-Hui Huang-Lin (2.22%), and Mao-Hsiung Huang (0.94%).

1.1.3 Disclosure of Directors' Professional Qualifications, Experience, and Independence

Disclosure Criteria Name	Professional Qualifications and Experience:	Independence Status:	Number of Independent Directorships in Other Public Companies:
<p>Ming-Shieh Li</p> <p><input checked="" type="checkbox"/> Convener <input checked="" type="checkbox"/> Convener</p> <p>(Note1)</p>	<p>Chairman Li graduated from the Department of Economics at National Taiwan University. He currently serves as an independent director of Lion Travel Service Co., Ltd. He previously held key leadership positions including Chairman of CTBC Bank, Director of the Straits Exchange Foundation, Director of the Bankers Association of Taipei, President of China Guangfa Bank, and Chairman of Citibank Taiwan. He was also honored with the “Best CEO in Taiwan” award by <i>The Asian Banker</i>. Since assuming the position of Chairman of TECO in May 2024, Chairman Li has respected the company's existing culture and legacy, continuously leveraging its technological advantages to develop new energy-efficient products and seize decarbonization business opportunities—creating greater value for shareholders, employees, and society. Chairman Li has over 20 years of experience in multinational financial management, with expertise in corporate leadership, international sales and marketing, and ESG practices. He has no disqualifying circumstances as specified under Article 30 of the Company Act.</p>	<p>Chairman Li, a natural person, also serves as a director of affiliated companies. He meets all independence criteria set forth in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the Financial Supervisory Commission.</p>	1
<p>Ho Yuan International Investment Co., Ltd. Representative : Su-Chiu Wu</p> <p><input checked="" type="checkbox"/> Member <input checked="" type="checkbox"/> Member</p>	<p>Vice Chairman Wu holds a bachelor's degree in Taxation from National Chengchi University, a Master's in Financial Management from Syracuse University (New York, USA), and an EMBA from INSEAD (France). She currently serves as a director of Yung-Kuan Energy Co., Ltd. Her previous roles include General Manager of Jiayuan Investment Co., Ltd., Chief Strategy Officer of Pau Jar Asset Management, Senior Financial Advisor at Siris Capital Group (a private equity firm in New York), Corporate Representative Director, CFO, Spokesperson, and Director of the Treasury Department at Cosmos Bank (formerly KGI Commercial Bank), and Deputy CFO of Cathay Financial Holdings and Cathay United Bank.</p> <ul style="list-style-type: none"> • Risk Management Experience: As a member of the Company's Corporate Governance and Sustainability Committee, she is involved in the execution and oversight of risk management activities concerning sustainability, regulatory compliance, and information security. <p>Vice Chairperson Wu has over 20 years of experience in financial management and strategic planning, with expertise in international mergers and acquisitions, corporate restructuring, and ESG advancement. She has no disqualifying conditions as stipulated under Article 30 of the Company Act.</p>	<p>Vice Chairperson Wu serves as a director of affiliated companies and represents the corporate shareholder Ho-Yuan International Investment Co., Ltd. She otherwise meets all independence criteria stipulated in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the Financial Supervisory Commission.</p>	0

Disclosure Criteria	Professional Qualifications and Experience:	Independence Status:	Number of Independent Directorships in Other Public Companies:
Name			
<p>Tung Kuang Investment Co., Ltd Representative : Chwen-Jy Chiu</p> <p><input checked="" type="checkbox"/> Convener <input checked="" type="checkbox"/> Member <input checked="" type="checkbox"/> Member</p>	<p>Director Chiu graduated from the College of Commerce at National Taiwan University, and subsequently obtained a Master's degree in Accounting from National Chengchi University and an MBA from the University of Michigan, USA. She previously served as Deputy General Manager of the Business Division at ABN AMRO Bank, Taipei Branch.</p> <p>• Industry Experience: Joined TECO Electric & Machinery's management team in 1997 and has held positions including Director of Finance, Associate Vice President of the Home Appliance Division, Executive Vice President, President, and Chairperson.</p> <p>• Risk Management Experience: Serves as the convener of the Company's Corporate Governance and Sustainability Committee, which oversees risk management execution related to sustainability, regulatory compliance, and information security.</p> <p>• Information Security Experience: During her term as Chairperson, she oversaw TECO Group's digital transformation and information security strategies. On November 4, 2021, the Group obtained certifications for ISO/IEC 27001 and CNS 27001:2014 Information Security Management System (ISMS), and joined TWCERT/CC.</p> <p>Director Chiu has over 20 years of experience in the electromechanical equipment industry and possesses expertise in electric vehicles, smart automation, smart cities, renewable energy, corporate leadership, international sales and marketing, and ESG. She has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Director Chiu serves as a director and chairperson of affiliated companies and represents the corporate shareholder Tung-Kuang Investment Co., Ltd.</p> <p>She otherwise meets all independence criteria stipulated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</p>	<p>0</p>

Disclosure Criteria	Professional Qualifications and Experience:	Independence Status:	Number of Independent Directorships in Other Public Companies:
Name			
Jong-Chin Shen <input checked="" type="checkbox"/> Member	<p>Director Shen holds a master's degree from the Graduate Institute of Business Automation and Management at National Taipei University of Technology, and was awarded an honorary Doctor of Engineering degree by the same university. He currently serves as a Senior Advisor to the Office of the President, Vice Chairman of KGI Financial Holdings Co., Ltd., and Independent Director of Gudeng Precision Industrial Co., Ltd.</p> <p>He has previously held numerous high-ranking public service positions, including Vice Premier and Chief Cybersecurity Officer of the Executive Yuan, Minister of Economic Affairs, Director General of the Industrial Development Bureau, Executive Director of the Central Bank, Convener of the National Financial Stabilization Fund Committee, Convener of the Price Stabilization Task Force, Commissioner of the Financial Supervisory Commission, and Executive Director of the Industrial Technology Research Institute (ITRI).</p> <p>• Industry Experience: During his tenure as Vice Premier and Minister of Economic Affairs, Director Shen actively promoted industrial and energy transformation policies, establishing Taiwan as a global hub for advanced manufacturing, semiconductor processes, high-tech R&D, and green energy. He also spearheaded the "Invest Taiwan" initiatives, attracting over NT\$2.5 trillion in investments by 2025, laying a solid foundation for Taiwan's economic growth.</p> <p>• Risk Management Experience: As convener of the National Financial Stabilization Fund, a member of the Financial Supervisory Commission, and leader of the Price Stabilization Task Force, he helped maintain the stability of Taiwan's capital and financial markets and ensured price stability in response to major domestic and international events.</p> <p>• Information Security Experience: While serving as Chief Cybersecurity Officer of the Executive Yuan, he elevated cybersecurity to the level of national security, oversaw responses to cyberattacks originating from mainland China, and supported the development of Taiwan's cybersecurity industry ecosystem.</p> <p>Director Shen has over 50 years of experience in industrial policy and development planning, with expertise in electric vehicles, smart automation, renewable energy, smart cities, and public policy. He has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Director Shen is a natural person and does not represent a corporate shareholder. He meets all independence criteria as stipulated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</p>	1

Disclosure Criteria Name	Professional Qualifications and Experience:	Independence Status:	Number of Independent Directorships in Other Public Companies:
Tong Ho Global Investment Co., Ltd. Representative : Cheng-Tsung Huang	<p>Director Huang graduated from the Department of Economics at Fu Jen Catholic University. He currently serves as Chairman of Sen Yeh Construction Co., Ltd. and as an Independent Director of Her Chee Precision Co., Ltd. He previously held positions such as Chairman of the Taipei Importers and Exporters Association (2012–2018) and Chairman of the Taiwan Corporate Sustainability Association (2015–2021).</p> <p>• Industry Experience: Director Huang has over 30 years of experience in the management of the electromechanical equipment industry, construction and engineering sector, and railway infrastructure sector. He possesses expertise in electric vehicles, smart automation, smart cities, renewable energy, land development, corporate leadership, international sales and marketing, and ESG. He has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Director Huang serves as a director of the Company's affiliated enterprises and represents the corporate shareholder Tung-Ho International Investment Co., Ltd. He otherwise meets all independence criteria as stipulated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</p>	1
Ho Yuan International Investment Co., Ltd. Representative : Show-Shoun Chou <input checked="" type="checkbox"/> Member <input type="checkbox"/> Member	<p>Director Chou holds a Ph.D. in Policy Analysis and Management from Cornell University, USA. He currently serves as Chairman of YuShan International Consulting Co., Ltd., and Director of the Pau Jar Charity Foundation. He previously served as a Legislator (2005–2012), Legislative Consultant, and Director of the National Policy Foundation.</p> <p>• Industry Experience: Former Vice Chairman of ADATA Technology Co., Ltd. (2012–2017), focusing on information storage solutions and technological innovation.</p> <p>• Risk Management Experience: Serves as a member of the Company's Corporate Governance and Sustainability Committee, which oversees risk management execution related to sustainability, regulatory compliance, and information security. Director Chou has over 20 years of experience in public policy and the electronic technology sector, with expertise in electric vehicles, smart cities, corporate leadership, and governmental policy. He has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Director Chou represents the corporate shareholder Ho-Yuan International Investment Co., Ltd. He otherwise meets all independence criteria as stipulated in Article 3, Paragraph 1 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission.</p>	0

<div>Disclosure Criteria</div> <div>Name</div>	Professional Qualifications and Experience:	Independence Status:	Number of Independent Directorships in Other Public Companies:
Creative Sensor Inc Representative: Jack Ho	<p>Director Hou holds a bachelor's degree in Political Science from Columbia University and a master's degree from the Harvard University Regional Studies – East Asia program. He currently serves as Director and Chief Operating Officer of Asia Cement Corporation, and as a director of Uneo Inc., Grand Bills Finance Co., Ltd., and CHC Resources Co., Ltd.</p> <p>• Industry Experience: Former Deputy General Manager of Asia Cement Corporation, responsible for marketing in the electronics division. Director Hou has over 10 years of experience in cement and electronic technology industry operations, with expertise in international sales and marketing, smart automation, , and renewable energy. He has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Director Hou represents the corporate shareholder Creative Sensor Inc. He otherwise meets all independence criteria as stipulated in Article 3, Paragraph 1 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” issued by the Financial Supervisory Commission.</p>	0
Hsieh-Hsing Huang <input checked="" type="checkbox"/> Convener <input checked="" type="checkbox"/> Member <input checked="" type="checkbox"/> Member	<p>Independent Director Huang holds a bachelor's degree in Economics and a master's degree in Law from National Chengchi University, as well as an MBA from National Sun Yat-sen University. He is the founder and Managing Partner of Chung Shan United CPAs, and currently serves as Independent Director of China Airlines Co., Ltd. and as Advisor to the New Taipei Real Estate Association. He previously served as President of the New Taipei Tax Agents Association (2010–2012), President of the CPA Association of Taiwan Province (2019–2021), and Supervisor at Taiwan Salt Industrial Corporation (2007).</p> <p>• Risk Management Experience: Serves as Convener of the Company's Audit Committee, responsible for overseeing risk management related to financial and internal control matters.</p> <p>Independent Director Huang has over 30 years of experience in accounting, taxation, and administrative remedies, and is professionally equipped in electric vehicles, land development, corporate leadership, government strategy, ESG, and accounting. He has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Independent Director Huang met all independence qualifications both in the two years preceding appointment and throughout his tenure, in accordance with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and Article 14-2 of the Securities and Exchange Act. All independent directors have been granted sufficient authority to participate in decision-making and exercise their duties independently in accordance with Article 14-3 of the Securities and Exchange Act.</p>	1

Disclosure Criteria Name	Professional Qualifications and Experience:	Independence Status:	Number of Independent Directorships in Other Public Companies:
Chao-Chin Tung <input checked="" type="checkbox"/> Member <input type="checkbox"/> Convener <input type="checkbox"/> Member	<p>Independent Director Tung holds a Master's degree in Materials Science from the University of Rochester, New York, USA. He currently serves as an Independent Director of Powertech Technology Inc. and as a Director of China Network Systems Co., Ltd. He previously served as Vice Chairman of CTBC Financial Holding Co., Ltd. (Stock Code: 2891), Vice Chairman of CDIB Capital Group (Stock Code: 2883), and Chairman of Taiwan Mask Corporation.</p> <p>• Industry Experience: Former Vice Chairman and CEO of Global Testing Corporation (2003–2023), and Vice Chairman of GCS Photomask Co., Ltd. (2012), focusing on components for hard disk drives and semiconductor photomask development.</p> <p>• Risk Management Experience: Serves as a member of the Company's Audit Committee, responsible for overseeing the execution of risk management related to financial and internal control matters.</p> <p>Independent Director Tung has over 30 years of experience in the financial and technology sectors, with expertise in corporate leadership, public policy, and emerging technologies. He has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Independent Director Tung met all independence qualifications both in the two years preceding appointment and throughout his tenure, in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act.</p> <p>All independent directors have been granted sufficient authority to participate in decision-making and exercise their duties independently in accordance with Article 14-3 of the Securities and Exchange Act.</p>	1
Hui-Yiu Chen <input checked="" type="checkbox"/> Member <input type="checkbox"/> Member <input checked="" type="checkbox"/> Member <input type="checkbox"/> Member	<p>Independent Director Chen graduated from the Department of Animal Science and Technology at National Taiwan University. She currently serves as Chairperson of Autumn Rain Innovative Co., Ltd. (Stock Code: 9929), and as an Independent Director of Senao Networks Inc. (3558), Maywufa Co., Ltd. (1731), and Taichung Biotech Co., Ltd. (4169). She is also a Director of MiiS Technology Inc.</p> <p>• Industry Experience: Previously served as Vice Chairperson of Autumn Rain Innovative Co., Ltd. and Vice Chairperson of Senao International Co., Ltd., focusing on commercial printing, investment, telecommunications, and information technology applications.</p> <p>• Risk Management Experience: Serves as a member of both the Audit Committee and the Corporate Governance and Sustainability Committee of the Company, responsible for overseeing the execution of risk management concerning financial, internal control, sustainability, regulatory compliance, and information security risks.</p> <p>Independent Director Chen has over 20 years of experience in the insurance and technology industries, with expertise in corporate leadership and information and communication technology (ICT). She has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Independent Director Chen met all independence qualifications both in the two years preceding appointment and throughout her tenure, in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act.</p> <p>All independent directors have been granted sufficient authority to participate in decision-making and exercise their duties independently in accordance with Article 14-3 of the Securities and Exchange Act.</p>	3

Disclosure Criteria Name	Professional Qualifications and Experience:	Independence Status:	Number of Independent Directorships in Other Public Companies:
Mei-Chun Chao <input checked="" type="checkbox"/> Member <input type="checkbox"/> Member <input checked="" type="checkbox"/> Member	<p>Independent Director Chao holds a Master of Laws (LL.M.) from both National Taiwan University and Columbia University, USA. She is licensed to practice law in Taiwan and the State of New York. She currently serves as the Managing Partner of Mei-Chun Chao Law Offices, an Arbitrator of the Chinese Arbitration Association, Taipei (CAA), and an Independent Director of Global Communication Semiconductor, Inc. (registered in the Cayman Islands).</p> <p>She previously served as Global Partner at JONES DAY, Chairperson of the Taiwan Chapter and Secretary General/Regional Vice President (Asia) of the International Federation of Women Lawyers (FIDA), Executive Director of the National Bar Association of Taiwan, and Chairperson of the Ethics Committee of the Taiwan Bar Association.</p> <p>• Industry Experience: Provides legal advisory services to clients in industries including energy, construction, aerospace, electronics, industrial machinery, air and sea transport, and logistics.</p> <p>• Risk Management Experience: Serves as a member of both the Company's Audit Committee and Corporate Governance and Sustainability Committee, responsible for risk management execution related to financial, internal control, sustainability, regulatory compliance, and information security risks. She also serves on the Audit Committee of Global Communication Semiconductor, Inc., and formerly as the convener of the Audit Committee of Chun-An Electronics Co., Ltd.</p> <p>• Information Security Experience: As Executive Director of the Taipei Bar Association, she was responsible for planning and overseeing the redevelopment of the Association's information systems as a member of its Information Technology Committee.</p> <p>Independent Director Chao has over 30 years of experience in legal practice and possesses expertise in engineering, energy, intellectual property, cross-border dispute resolution, and corporate law. She has no disqualifying conditions under Article 30 of the Company Act.</p>	<p>Independent Director Chao met all independence qualifications both in the two years preceding appointment and throughout her tenure, in accordance with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act.</p> <p>All independent directors have been granted sufficient authority to participate in decision-making and exercise their duties independently in accordance with Article 14-3 of the Securities and Exchange Act.</p>	1

Note1 : Functional Committee :

A: Audit Committee

C: Compensation Committee

CS: Corporate Governance & Sustainability Committee

R: Research& Innovation Committee

N: Nomination Committee

S: Strategy Committee

Board Diversity and Independence

1. Board Diversity

The Company is committed to implementing a board diversity policy, as set forth in its “Corporate Governance Best Practice Principles.” The policy outlines two major dimensions of diversity for board composition, including but not limited to the following:

1.1 Basic attributes and values: such as gender, age, nationality, ethnicity, and cultural background;

1.2 Professional knowledge and skills: including professional background (e.g., law, accounting, industry expertise, finance, marketing, or technology), specific competencies, and relevant industry experience.

At the 2024 Annual General Meeting (held on May 24, 2024), the Company elected 11 directors, including 4 independent directors. All members of the Board are distinguished professionals from the industry and academia, collectively possessing diverse and complementary experience across sectors as well as expertise in finance, accounting, law, and related disciplines. The current composition aligns with the objectives of the board diversity policy.

(Refer to Note 1: Implementation of Board Diversity Policy.)

The Company continues to advance gender diversity among board members. As of the latest election, the number of female directors increased from one to three, accounting for 27.27% of the board. While this ratio has not yet reached one-third, the primary constraint is the limited number of qualified female candidates with relevant expertise in the electromechanical industry. The Company will continue to actively seek recommendations from a broad range of sources and identify suitable candidates with the goal of achieving at least one-third representation of either gender.

Management Objectives:

- a. The Board shall include at least one female director;
- b. Independent directors shall comprise more than one-third of the Board;
- c. The number of directors concurrently serving as company executives shall not exceed one-third of the Board;
- d. No more than two directors shall have a spousal or second-degree family relationship.

Status of Objective Achievement:

- a. The Board currently includes **three female directors**, accounting for **27.27%** of all members; (Achieved)
- b. **Independent directors** account for **36.36%** of the Board; (Achieved)

- c. The number of directors concurrently serving as company executives does **not exceed one-third** of the Board; (Achieved)
- d. **No directors** have spousal or second-degree kinship relationships. (Achieved)

2. Board Independence

- a. The Company's Board comprises **11 directors**, of whom **6 directors (54.55%)** meet the independence criteria set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies." Among them, **4 serve as independent directors**, accounting for **36.36%** of the Board.
- b. All independent directors have served **no more than three consecutive terms**, and **each holds independent directorships in no more than three other public companies**. Currently, **three independent directors have served for less than three years**, while **one has served between three to six years**.
- c. There are **no spousal or second-degree familial relationships** among any of the directors. (No circumstances as stipulated in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act apply.)
- d. All directors act with a high degree of self-discipline. In accordance with applicable regulations, **any director who has a conflict of interest in matters listed on the board agenda — whether on behalf of themselves or the legal entity they represent — must disclose the material facts of such interest, abstain from discussion and voting on the relevant resolution, and shall not act as proxy for other directors.**

Note 1: Implementation of Board Diversity Policy

Item Name	1.1 Basic attributes and values			Date First Elected (YYYYMMDD)	Tenure as Independent Director	Professional Background/Experience Aligned with the Company's Future Development					Professional Knowledge and Skills								Industry Experience		
	Gender	Age	Nationality			Electric Vehicles	Smart Automation	Smart City	New Energy	Land Development	Leadership in Corporate Management	Government Policy & Strategy	International Sales and Marketing	Financial Management	ESG	Oversight	Accounting	Legal	Industrial Sector	Electronic Technology	Finance and Accounting
Ming-Shieh Li	M	61-70	R.O.C	20240524	-				•		•		•	•							•
Su-Chiu Wu	F	61-70	R.O.C	20240524	-				•	•	•			•	•						•
Chwen-Jy Chiu	F	61-70	R.O.C	20060615	-	•	•	•	•		•			•	•		•		•		•
Jong-Chin Shen	M	71-80	R.O.C	20240524	-	•	•	•	•		•	•			•				•	•	•
Cheng-Tsung Huang	M	61-70	R.O.C	19910508	-	•	•	•	•	•	•		•		•				•		
Show-Shoun Chou	M	51-60	R.O.C	20210723	-	•		•			•	•			•				•	•	
Jack Ho	M	31-40	R.O.C	20221222	-		•	•					•						•	•	
Hsieh-Hsing Huang (Independent Director)	M	61-70	R.O.C	20210723	3-6					•	•	•			•	•	•				•
Chao-Chin Tung (Independent Director)	M	71-80	R.O.C	20240524	<3				•		•	•		•		•			•		•
Hui-Yiu Chen (Independent Director)	M	51-60	R.O.C	20240524	<3						•	•			•	•			•		
Mei-Chun Chao (Independent Director)	F	51-60	R.O.C	20240524	<3				•	•					•	•		•	•		

1.2 The Management

2025.4.7

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Currently holds positions in other companies	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C	Thomas Fann	M	2022.04.07	0	0%	0	0%	0	0%	Ph.D. Mechanical Engineering, University of Michigan	Independent Director, Tongtai Machine & Tool Co., Ltd.	-	-	-	Note
Vice President	R.O.C	Scott Chen	M	2024.8.15	0	0%	0	0%	0	0%	Texas Tech University, USA Master, Graduate Institute of Systems and Engineering Management	Director, Lien Chang Electronic Enterprise Co., Ltd.	-	-	-	
Head of Business Group	R.O.C	Fei-yuan Kao	M	106.01.01	247,857	0.01%	305	0%	0	0%	National Central University Master, Graduate Institute of Mechanical Engineering	Chairman, TECO (Vietnam) Electric Co., Ltd.	-	-	-	
Head of Business Group	R.O.C	Sung-Pin Chang	M	2015.08.12	145,130	0.01%	0	0%	0	0%	Bachelor of Chemical Engineering, National Tsing Hua University	Director, YATEC Engineering Corporation	-	-	-	
Head of Business Group	R.O.C	Chi-Tseng Peng	M	2017.01.01	112,781	0.01%	0	0%	0	0%	Master of Telecom Engineering, University of Pittsburgh	Chairman of A-Ok Technical Co., Ltd	-	-	-	
Chief Technology Officer	R.O.C	Da-Jeng Yao	M	114.01.06	0	0%	2,000	0.00%	0	0%	Ph.D. from the Department of Mechanical and Aerospace Engineering, University of California, Los Angeles (UCLA)	Director, TECO-Westinghouse Motor Company (USA)	-	-	-	
Regional Head	R.O.C	K. Clarence King	M	113.09.25	0	0%	0	0%	0	0%	Ph.D. from Northwestern University's Department of Theoretical and Applied Mechanics	Director, TPI Bearings Co., Ltd.	-	-	-	
Regional Head	R.O.C	Shang-yu Tsai	M	114.01.01	0	0%	0	0%	0	0%	Master, the Antai College of Economics and Management at Shanghai Jiao Tong University	Chairman, EVK Motor Co., Ltd	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Currently holds positions in other companies	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Assistant Vice President	R.O.C	Jung-Pang Wang	M	114.01.01	60,616	0.00%	1,056	0.00%	0	0%	Master, mechanical engineering from National Taiwan University	Chairman, Jiangxi TECO Westinghouse Motor Coil Co., Ltd	-	-	-	
Assistant Vice President	R.O.C	Andy Liu	M	114.01.01	697,552	0.03%	889	0.00%	0	0%	Master, Industrial Management from the National Taiwan University of Science and Technology	Director, Information Technology Total Services Co., Ltd.	-	-	-	
Assistant Vice President	R.O.C	Amy Liao	F	114.01.01	0	0%	0	0%	0	0%	Master of Laws from the University of British Columbia	Director, Shen Chang Electric Co., Ltd	-	-	-	
Corporate Governance Officer	R.O.C	Shih-Hsiung, Chien	M	108.06.01	15,055	0.00%	0	0.00%	0	0%	Master of Business Administration, National Chung Cheng University	—	-	-	-	
Accounting Chief	R.O.C	Tommy Wu	M	109.11.13	25,923	0.00%	0	0.00%	0	0%	National Chengchi University Master's Degree, Graduate Institute of Accounting	Supervisor, Tong An Asset Development and Management Co., Ltd.	-	-	-	

Note: On March 14, 2025, the Board of Directors approved the appointment of Mr. Fei-Yuan Kao as President of the Company, effective April 7, 2025.

1.3 Remuneration of Directors and Management

1.3.1 Remuneration of Directors and Independent Directors

2024.12.31/ Unit: NT\$1,000

Term	Code	During the directorship in 2024	Position	Name	Remuneration								Relevant remuneration received by directors who are also employees										Compensation paid to directors from an invested company other than the company's subsidiary		
					Base Compensation(A)		Severance Pay(B)		Bonus to Directors(C)		Allowances(D)		Ratio of total remuneration (A+B+C+D) to net income(%)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)					Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)	
					The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements			The company	Companies in the consolidated financial statements
26 th term & 27 th term	1	2024/5/24-2024/12/31	Chairman	Ming-Shieh Li	0	0	0	0	Total 79,039	Total 79,039	Total 228	Total 228	Total 79,267 (1.37%)	Total 79,267 (1.37%)	0	0	0	0	0	0	0	0	Total 79,267 (1.37%)	Total 79,267 (1.37%)	None
	2	2024/5/24-2024/12/31	Director	Ho Yuan International Investment Co., Ltd. Representative : Su- Chiu Wu																					
	3	2024/1/1-2024/12/31	Director	Tung Kuang Investment Co., Ltd Representative : Chwen-Jy Chiu																					
	4	2024/5/24-2024/12/31	Director	Jong-Chin Shen																					
	5	2024/1/1-2024/12/31	Director	Tong Ho Global Investment Co., Ltd. Representative : Cheng-Tsung Huang																					
	6	2024/5/24-2024/12/31	Director	Ho Yuan International Investment Co., Ltd. Representative : Show-Shoun Chou																					
	7	2024/1/1-2024/12/31	Director	Creative Sensor Inc Representative : Jack Ho																					
	8	2024/1/1-2024/12/31	Indepent Director	Hsieh-Hsing Huang	0	0	0	0	Total 6,760	Total 6,760	Total 468	Total 468	Total 7,228 (0.13%)	Total 7,228 (0.13%)	0	0	0	0	0	0	0	Total 7,228 (0.13%)	Total 7,228 (0.13%)	None	
	9	2024/5/24-2024/12/31	Indepent Director	Chao-Chin Tung																					
	10	2024/5/24-2024/12/31	Indepent Director	Hui-Yiu Chen																					
	11	2024/5/24-2024/12/31	Indepent Director	Mei-Chun Chao																					

Note: This item represents the amount accrued or allocated as retirement or severance expenses.

Term	Code	During the directorship in 2024	Position	Name	Remuneration								Relevant remuneration received by directors who are also employees										Compensation paid to directors from an invested company other than the company's subsidiary		
					Base Compensation(A)		Severance Pay(B)		Bonus to Directors(C)		Allowances(D)		Ratio of total remuneration (A+B+C+D) to net income(%)		Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)		Ratio of total compensation (A+B+C+D+E+F+G) to net income(%)				
					The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements			
																		Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend				
26 th term	12	113/1/1-13/5/23	Director	Ho Yuan International Investment Co., Ltd. Representative : Pen- Ching Cheng					Total 19,668	Total 19,668	Total 105	Total 105	Total 19,773 (0.34%)	Total 19,773 (0.34%)	0	0	0	0	0	0	0	0	Total 19,773 (0.34%)	Total 19,773 (0.34%)	None
	13	113/1/1-13/5/23	Director	Yinge Int. Inv. Co., Ltd Representative: LiChong Huang	0	0	0	0																	
	14	113/1/1-13/5/23	Director	Show-Shoun Chou																					
	15	113/1/1-13/5/23	Director	Song-Ren Fang																					
	16	113/1/1-13/5/23	Indepent Director	Wei-Chi Liu	0	0	0	0	Total 2,860	Total 2,860	Total 157	Total 157	Total 3,017 (0.05%)	Total 3,017 (0.05%)	0	0	0	0	0	0	0	0	Total 3,017 (0.05%)	Total 3,017 (0.05%)	None
	17	113/1/1-13/5/23	Indepent Director	Li-Chen Lin																					
	18	113/1/1-13/5/23	Indepent Director	Shiang-Chung Chen																					
Total					0	0	0	0	108,327	108,327	958	958	109,285 (1.89%)	109,285 (1.89%)	0	0	0	0	0	0	0	0	109,285 (1.89%)	109,285 (1.89%)	None

Note: This column represents the amount recognized or allocated as expense for retirement or severance benefits.

1. Please describe the remuneration policy, system, standards, and structure for both general directors and independent directors. Additionally, explain how the amount of remuneration is related to their respective responsibilities, risks, and time commitment:
 In accordance with Article 21 of the Company's Articles of Incorporation, directors' remuneration is determined by the Remuneration Committee based on the level of participation in the Company's operations and the value of their contributions. The Committee also takes into account industry standards, both domestic and international, and submits its recommendations to the Board of Directors for resolution.
 Pursuant to Article 26 of the Articles of Incorporation, the total amount of directors' remuneration shall not exceed 5% of the Company's annual earnings. When deliberating the Remuneration Committee's recommendations, the Board takes into comprehensive consideration the amount and method of payment as well as potential future risks to the Company. According to the Company's Director Remuneration Allocation Policy, **independent directors receive fixed compensation**, while **general directors are compensated based on their respective roles, levels of authority, and degree of participation**.
2. In addition to the disclosures in the table above, any remuneration received in the most recent fiscal year by directors for services rendered (e.g., as consultants to the parent company, any entities included in the consolidated financial statements, or non-employee positions in investee companies): **None**

Remuneration Bracket Table

Remuneration Range (NT\$)	Director's name (Note)			
	(A+B+C+D)		(A+B+C+D+E+F+G)	
	The Company	Parent & All Investee Entities (I)	The Company	Parent & All Investee Entities (J)
Less than 1,000,000	16.17.18	16.17.18	16.17.18	16.17.18
1,000,000 – less than 2,000,000	9.10.11	9.10.11	9.10.11	9.10.11
2,000,000 – less than 3,500,000	8	8	8	8
3,500,000 – less than 5,000,000	12.13.14.15	12.13.14.15	12.13.14.15	12.13.14.15
5,000,000 – less than 10,000,000	2.4.6	2.4.6	2.4.6	2.4.6
10,000,000 – less than 15,000,000	1.5.7	1.5.7	1.5.7	1.5.7
15,000,000 – less than 30,000,000	3	3	3	3
30,000,000 – less than 50,000,000				
50,000,000 – less than 100,000,000				
100,000,000 and above				
Total	18 persons	18 persons	18 persons	18 persons

Note: Director code corresponding to the previous table

1.3.2 Remuneration of Management

2024.12.31 / Unit: NT\$1,000

Code	Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income(%)		Compensation paid to the president and vice president from an invested company other than the company's subsidiary
			The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
									Cash	Stock	Cash	Stock			
1	Honorary Vice Chairman	Chwen-Jy Chiu	Total 19,288	Total 19,288	Total 938	Total 938	Total 25,892	Total 28,015	Total 33,525	0	Total 33,525	0	Total 79,644 (1.38%)	Total 81,767 (1.42%)	Total 602
2	President	Thomas Fann													
3	Vice President	Scott Chen													
4	Head of Business Group	Fei-yuan Kao													
5	Head of Business Group	Chi-Tseng Peng													
6	Head of Business Group	Sung-Pin Chang													
7	Assistant Vice President	K. Clarence King													
8	Assistant Vice President	Chou-Li Hsu													
9	General Director of Teco Group Research Institute	Kun-Yao Ho													
10	Corporate Governance Officer	Shih-Hsiung, Chien													
Total			19,288	19,288	938	938	25,892	28,015	33,525	0	33,525	0	79,644 (1.38%)	81,767 (1.42%)	602

Note: Chou-Li Hsu resigned on June 21, 2024; Kun-Yao Ho resigned on August 15, 2024.

Remuneration Bracket Table

Remuneration Range (NT\$)	Name	
	The Company	Parent & All Investee Entities
Less than 1,000,000		
1,000,000 – less than 2,000,000	7	7
2,000,000 – less than 3,500,000	3.8.9	3.8.9
3,500,000 – less than 5,000,000		
5,000,000 – less than 10,000,000	5.6.10	5.6.10
10,000,000 – less than 15,000,000	4	4
15,000,000 – less than 30,000,000	1.2	1.2
30,000,000 – less than 50,000,000		
50,000,000 – less than 100,000,000		
100,000,000 and above		
Total	10 persons	10 persons

Note: Managers' code corresponding to the previous table

1.3.3 Names of Managers Receiving Employee Compensation and Details of Distribution

2024.12.31 /Unit: NT\$1,000

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	Honorary Vice Chairman	Chwen-Jy Chiu	0	Total 33,525	Total 33,525	0.95%
	President	Thomas Fann				
	Vice President	Scott Chen				
	Head of Business Group	Fei-yuan Kao				
	Head of Business Group	Chi-Tseng Peng				
	Head of Business Group	Sung-Pin Chang				
	Assistant Vice President	K. Clarence King				
	Assistant Vice President	Chou-Li Hsu				
	General Director of Teco Group Research Institute	Kun-Yao Ho				
	Corporate Governance Officer	Shih-Hsiung, Chien				

1.4 Analysis of the Ratio of Total Remuneration Paid to the Company's Directors, President, and Vice Presidents by the Company and All Consolidated Entities in the Past Two Years to the Company's Net Income After Tax, and Description of the Remuneration Policy, Standards, Composition, Determination Procedures, and Its Relevance to Business Performance

Unit: NT\$1,000

Year	Total remuneration paid to directors, presidents and vice presidents	Ratio of total remuneration paid to directors, presidents and vice presidents to net income (%)
2024	191,052	3.31%
2023	181,692	3.12%

In accordance with Article 26 of the Company's Articles of Incorporation, if the Company has earnings in a given year, after offsetting accumulated losses, it shall allocate 1% to 10% of the remaining profit as employee remuneration and no more than 5% as directors' remuneration.

The Company's remuneration policy is based on market salary levels for comparable positions in the industry, the scope of responsibilities associated with the position within the Company, and the individual's contribution to achieving the Company's operational goals. In accordance with the Guidelines for Directors' Remuneration Allocation and the Guidelines for Employee Remuneration Allocation, the remuneration of directors and senior management is determined based on the Company's overall operating

performance, potential business risks, individual performance evaluations, and each individual's contribution to the Company's results, to ensure reasonable and appropriate compensation.

In accordance with Article 21 of the Company's Articles of Incorporation, directors' remuneration is determined by the Compensation Committee based on the level of participation in the Company's operations and the value of their contributions, with reference to industry standards both domestically and internationally. The proposed remuneration is then submitted to the Board of Directors for approval. According to the "Board Performance Evaluation Guidelines," the Company conducts an annual board performance assessment at the end of each fiscal year. The self-assessment by directors covers six key areas: understanding of the Company's goals and missions, awareness of director responsibilities, level of participation in Company operations, internal relationship management and communication, professional competency and ongoing education, and internal control. The results of the annual board performance evaluation are provided to the Compensation Committee as a reference for determining the remuneration of individual directors.

Linkage Between Incentive Mechanism and Sustainability Performance

To encourage the President, business group heads, presidents of key affiliated companies, mid- to senior-level managers, and professional talents to focus on long-term overall performance while promoting sustainable operations and achieving ESG goals, the Company has established sustainability performance indicators aligned with its sustainability strategy and objectives. These indicators are included as part of the key performance indicators (KPIs) for the President, business group heads, and presidents of key affiliated companies.

KPI scores have a direct impact on the amount of long-term incentive bonuses awarded and indirectly affect the distribution of various short-term bonuses through performance evaluations. This ensures that the rewards and incentives for managers and professional talents at all levels are closely aligned with the Company's overall sustainability goals, thereby driving the implementation of its sustainability development strategy.

Specifically, the sustainability performance indicators are set as follows:

1. President and Business Group Heads

Sustainability performance indicators account for **2% of the total performance score**, with the following components and weights:

- Cumulative achievement rate of greenhouse gas (GHG) emissions reduction targets (0.5%)
- Cumulative achievement rate of GHG emissions intensity reduction (1%)
- Cumulative achievement rate of green supply chain targets (0.5%)

2. Presidents of Key Affiliated Companies

Sustainability performance indicators account for **4% of the total performance score**, with the following components and weights:

- Cumulative achievement rate of GHG emissions reduction targets (1%)
- Cumulative achievement rate of GHG emissions intensity reduction (1%)
- Implementation of key emission reduction initiatives (1.2%)

- Cumulative achievement rate of green supply chain targets (0.8%)

For sales-oriented affiliated companies, the following indicators apply instead:

- Cumulative achievement rate of GHG emissions intensity reduction (1%)
- Growth rate of low-carbon product sales ratio (3%)

3. **Mid- to Senior-Level Managers and Professional Talents**

The KPIs for mid- to senior-level managers and professional talents are directly linked to the KPIs of their respective business group heads. This linkage is intended to ensure active collaboration in promoting business group sustainability goals and aligning with the Company's overall sustainability strategy.

2. Corporate Governance Status

2.1 Operation of the Board of Directors

In fiscal year 2024, the 26th Board of Directors held four meetings. The attendance of the directors is as follows:					
Position	Name	Actual Attendance	Proxy Attendance	(%) Attendance Rate	Notes
Chariman	Tung Kuang Investment Co., Ltd Representative: Chwen-Jy Chiu	4	0	100%	Expected to attend 4 meetings
Director	Tong Ho Global Investment Co., Ltd. Representative: Cheng-Tsung Huang	4	0	100%	Expected to attend 4 meetings
Director	Show-Shoun Chou	4	0	100%	Expected to attend 4 meetings
Director	Ho Yuan International Investment Co., Ltd. Representative: Pen- Ching Cheng	4	0	100%	Expected to attend 4 meetings
Director	Yinge Int. Inv. Co., Ltd Representative: Li-Chong Huang	4	0	100%	Expected to attend 4 meetings
Director	Creative Sensor Inc. Representative: Jack Ho	3	1	75%	Expected to attend 4 meetings
Director	Song-Ren Fang	4	0	100%	Expected to attend 4 meetings
Independent Director	Wei-Chi Liu	4	0	100%	Expected to attend 4 meetings
Independent Director	Hsieh-Hsing Huang	4	0	100%	Expected to attend 4 meetings
Independent Director	Li-Chen Lin	4	0	100%	Expected to attend 4 meetings
Independent Director	Shiang-Chung Chen	4	0	100%	Expected to attend 4 meetings
In fiscal year 2024, the 27th Board of Directors held six meetings. The attendance of the directors is as follows:					
Position	Name	Actual Attendance	Proxy Attendance	(%) Attendance Rate	Notes
Chariman	Ming-Shieh Li	6	0	100%	Assumed office on May 24, 2024 Expected to attend 6 meetings
Vice Chariman	Ho Yuan International Investment Co., Ltd. Representative: Su- Chiu Wu	6	0	100%	Assumed office on May 24, 2024 Expected to attend 6 meetings
Director	Tung Kuang Investment Co., Ltd Representative: Chwen-Jy Chiu	6	0	100%	Reappointed on May 24, 2024 Expected to attend 6 meetings
Director	Jong-Chin Shen	6	0	100%	Assumed office on May 24, 2024 Expected to attend 6 meetings
Director	Tong Ho Global Investment Co., Ltd. Representative: Cheng-Tsung Huang	6	0	100%	Reappointed on May 24, 2024 Expected to attend 6 meetings
Director	Ho Yuan International Investment Co., Ltd. Representative Show-Shoun Chou	6	0	100%	Reappointed on May 24, 2024 Expected to attend 6 meetings

Position	Name	Actual Attendance	Proxy Attendance	(%) Attendance Rate	Notes
Director	Creative Sensor Inc Representative: Jack Ho	6	0	100%	Reappointed on May 24, 2024
Independent Director	Hsieh-Hsing Huang	6	0	100%	Expected to attend 6 meetings
Independent Director	Chao-Chin Tung	6	0	100%	Assumed office on May 24, 2024
Independent Director	Hui-Yiu Chen	6	0	100%	Expected to attend 6 meetings
Independent Director	Mei-Chun Chao	6	0	100%	Assumed office on May 24, 2024

The actual attendance rate of all directors at Board meetings was 99%, with all independent directors attending each meeting in person.

Calculation: Total actual attendance by all directors was 109 out of 110 expected attendances, resulting in a 99% attendance rate.

Other Matters to Be Disclosed:

1. If any of the following circumstances occurred during Board operations, the Company shall disclose the meeting date, session, proposal details, opinions of all independent directors, and how the Company addressed those opinions:

(1) Matters specified under Article 14-3 of the Securities and Exchange Act:

Please refer to the section "Audit Committee Operations" in this Annual Report. All proposals under this category were unanimously approved by all independent directors.

(2) Other resolutions of the Board of Directors, excluding the aforementioned matters, that were opposed or reserved by any independent director with recorded or written statements:

None.

2. Implementation of Recusal by Directors in Case of Conflict of Interest

(1) 27-2nd Board Meeting (June 18, 2024)

Director Name: Chairman Ming-Shieh Lii

Agenda Item: Discussion on the Chairman's remuneration

Reason for Recusal and Voting Status: As the proposal concerned Chairman Ming-Shieh Li's own remuneration, he recused himself due to a conflict of interest and temporarily left the meeting. He did not participate in the discussion or voting. Director Su-Chiu Wu acted as the meeting chair in his place.

Resolution: With Chairman Ming-Shieh Li recused, the acting chair Director Su-Chiu Wu consulted the remaining directors present. The proposal was approved without objection.

Director Name: Director Chwen-Jy, Chiu

Agenda Item: Discussion on retirement pension for former Chairwoman Chun-Chih Chiu

Reason for Recusal and Voting Status: As the proposal concerned Director Chun-Chih Chiu's own retirement pension, she recused herself due to a conflict of interest and temporarily left the meeting. She did not participate in the discussion or voting.

Resolution: With Director Chun-Chih Chiu recused, the Chairman consulted the remaining directors present. The proposal was approved without objection.

(2) 27-4th Board Meeting (September 24, 2024)

Director Name: Director Chwen-Jy, Chiu

Agenda Item: Discussion on remuneration for appointment of former Chairwoman as Senior Advisor

Reason for Recusal and Voting Status: As Director Chun-Chih Chiu is the former Chairwoman, she recused herself due to a conflict of interest and temporarily left the meeting. She did not participate in the discussion or voting.

Resolution: With Director Chun-Chih Chiu recused, the Chairman consulted the remaining directors present. The proposal was approved without objection.

Director Name: Director Su-Chiu Wu

Agenda Item: Discussion on the establishment of Guidelines for the Appointment of Board Advisors

Reason for Recusal and Voting Status: As Director Su-Chiu Wu serves as a Board Advisor to the Company, she recused herself due to a conflict of interest and temporarily left the meeting. She did not participate in the discussion or voting.

Resolution: With Director Su-Chiu Wu recused, the Chairman consulted the remaining directors present. The proposal was approved without objection.

(3) 27-5th Board Meeting (November 12, 2024)

Director Name: Director Jack Hou

Agenda Item: Proposed disposal of listed financial asset holdings

Reason for Recusal and Voting Status: As Director Chih-Yuan Hou serves as the legal representative of Lingsheng Technology, he recused himself due to a conflict of interest and temporarily left the meeting. He did not participate in the discussion or voting.

Resolution: With Director Chih-Yuan Hou recused, the Chairman consulted all remaining directors present. The proposal was approved without objection.

Director Name: Director Chwen-Jy, Chiu

Agenda Item: Proposed disposal of all shares of Antai Innovation Technology (Xiamen) Co., Ltd. held by subsidiary Asia Electric Machinery PTE Ltd. for RMB 129 million

Reason for Recusal and Voting Status: As Director Chun-Chih Chiu serves as a director of Antai Innovation Technology (Xiamen) Co., Ltd., she recused herself due to a conflict of interest and temporarily left the meeting. She did

not participate in the discussion or voting.

Resolution: With Director Chun-Chih Chiu recused, the Chairman consulted the remaining directors present. The proposal was approved without objection.

(4) 27-6th Board Meeting (December 17, 2024)

Director Name: Director Chwen-Jy, Chiu

Agenda Item: Proposed investment in EVK Company.

Reason for Recusal and Voting Status: As Director Chun-Chih Chiu serves as a director of Wuxi TECO and Jiangxi TECO, she recused herself due to a conflict of interest and temporarily left the meeting. She did not participate in the discussion or voting.

Resolution: With Director Chun-Chih Chiu recused, the Chairman consulted the remaining directors present. The proposal was approved without objection.

Director Name: Director Chwen-Jy, Chiu

Agenda Item: Intercompany loan arrangement among affiliated enterprises

Reason for Recusal and Voting Status: As Director Chun-Chih Chiu serves as a director of Motovario S.p.A, THI, and TEMx, she recused herself due to a conflict of interest and temporarily left the meeting. She did not participate in the discussion or voting.

Resolution: With Director Chun-Chih Chiu recused, the Chairman consulted the remaining directors present. The proposal was approved without objection.

Director Name: Director Chwen-Jy, Chiu

Agenda Item: Provision of financial guarantees for affiliated enterprises

Reason for Recusal and Voting Status: As Director Chun-Chih Chiu serves as a director of Motovario S.p.A, she recused herself due to a conflict of interest and temporarily left the meeting. She did not participate in the discussion or voting.

Resolution: With Director Chun-Chih Chiu recused, the Chairman consulted the remaining directors present. The proposal was approved without objection.

3. Implementation of Board Performance Evaluation

Evaluation Frequency	Evaluation Period Evaluation Method	Evaluation Scope	Evaluation Method	Evaluation Content
Annually Implementation Once	2024.1.1~ 2024.12.31	Board of Directors	Board Members The "Board Performance Self-Evaluation Questionnaire"	covering five major aspects: participation in the company's operations, enhancement of the quality of board decisions, board composition and structure, director selection and continuing education, and internal control, with a total of 45 evaluation indicators.
Annually Implementation Once	2024.1.1~ 2024.12.31	Individual Board Members	Self-Evaluation by Directors The "Individual Director Performance Self-Evaluation Questionnaire"	covering six major aspects: understanding of the company's goals and missions, awareness of director responsibilities, participation in company operations, management and communication of internal relationships, professional competence and continuing education, and internal control, with a total of 23 evaluation indicators.
Annually Implementation Once	2024.1.1~ 2024.12.31	Functional Committee	Self-Evaluation by Functional Committee Members "Functional Committee Performance Self-Evaluation Questionnaire"	Participation in the company's operations, understanding of the functional committee's responsibilities, enhancement of the quality of committee decisions, composition and member selection of the functional committee, and internal control.
An external professional independent organization conducts the evaluation once every three years.	2023.1.1~ 2023.12.5	Operation of the Board of Directors and Its Functional Committees, Including the Audit Committee and the Compensation Committee	An external professional organization, the "Taiwan Corporate Governance Association," was commissioned to conduct the board performance evaluation. November 2023: A document review was conducted, covering internal regulations, board meeting minutes, and directors' responses to the evaluation questionnaire. December 4 & 5, 2023:	1. Board Professional Competency – including board composition and structure, director selection, and continuing education. 2. Board Decision-Making Effectiveness – including participation in company operations and enhancement of board decision quality. 3. Board Oversight of Internal Controls – the board's emphasis on and supervision of internal control mechanisms. 4. Board Commitment to Sustainability – the board's attitude toward sustainable business operations.

2.2 Operation of Audit Committee

The Company established its **Audit Committee** on **June 15, 2012**, replacing the former supervisor system. The Committee is composed of **four independent directors** appointed by the Board of Directors. One independent director is elected by all committee members to serve as the convener and chairperson of meetings.

For details regarding the professional qualifications and experience of the committee members, please refer to **page 10: “Disclosure of Directors’ Professional Qualifications and Independence.”**

The operations of the Audit Committee are conducted in accordance with the Company’s **“Audit Committee Charter.”** The Committee’s scope of review includes: the Company’s financial statements; auditing and accounting policies and procedures; internal control systems; material asset or derivative transactions; fundraising or issuance of securities; appointment, dismissal, or compensation of the certified public accountant; and the appointment or dismissal of financial, accounting, or internal audit officers.

Key Focus Areas in 2024

a. Reviewed financial reports

The Company’s Board of Directors prepared the 2023 financial statements (including the consolidated financial statements), which were audited and certified by CPA Yu-Long Wu and CPA Chien-Hung Chou of PwC Taiwan. These statements, along with the business report and the proposal for earnings distribution, were reviewed and approved by the 17th meeting of the 4th Audit Committee on March 12, 2024. The proposals were subsequently approved by the 21st meeting of the 26th Board of Directors on March 15, 2024, and have been submitted for approval at the 2024 Annual General Shareholders’ Meeting scheduled for May 24, 2024.

b. Assessed the effectiveness of the internal control system

The Company evaluated the design and implementation of its internal control system for the year 2023 in accordance with the assessment criteria set forth in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” to determine its effectiveness.

The internal control self-assessments conducted by the Company’s internal units and subsidiaries have been reviewed and completed, with no material deficiencies identified in the design or implementation of the internal control system. The results were approved by the 17th meeting of the 4th Audit Committee on March 12, 2024, and subsequently approved by the 21st meeting of the 26th Board of Directors on March 15, 2024. The “Internal Control System Statement” for the year 2023 was then issued accordingly.

c. Reviewed the audit plan

The Audit Office formulated the **2025 Audit Plan** based on risk assessment results. The plan includes: routine audits of business units, audits of engineering projects, and audits of both overseas and domestic affiliated companies. The plan was reviewed and approved by the 5th

meeting of the 5th Audit Committee on December 17, 2024, and subsequently approved by the 6th meeting of the 27th Board of Directors on the same date.

4th Term Audit Committee (4 meetings held in 2024)					
Position	Name	Actual Attendance	Proxy Attendance	(%) Attendance Rate	Notes
Convener & Chairperson	Wei-Chi Liu	4	0	100%	Expected to attend 4 meetings
Member	Li-Chen Lin	3	1	75%	Expected to attend 4 meetings
Member	Shiang-Chung Chen	3	1	75%	Expected to attend 4 meetings
Member	Hsieh-Hsing Huang	4	0	100%	Expected to attend 4 meetings
5th Term Audit Committee (5 meetings held in 2024)					
Position	Name	Actual Attendance	Proxy Attendance	(%) Attendance Rate	Notes
Convener & Chairperson	Hsieh-Hsing Huang	5	0	100%	Expected to attend 5 meetings
Member	Chao-Chin Tung	5	0	100%	Expected to attend 5 meetings
Member	Hui-Yiu Chen	5	0	100%	Expected to attend 5 meetings
Member	Mei-Chun Chao	5	0	100%	Expected to attend 5 meetings
Other Matters to Be Disclosed:					
1. If any of the following situations occur regarding the operation of the Audit Committee, the company shall disclose the date and term of the Board meeting, the proposal content, the resolution of the Audit Committee, and how the company handled the opinions of the Audit Committee:					
(1) Matters listed under Article 14-5 of the Securities and Exchange Act – summarized in the table below.					
(2) Other Board resolutions not approved by the Audit Committee but approved by at least two-thirds of all directors – None.					
Board of Directors	Proposal content and subsequent actions			Matters specified in Article 14-5 of the Securities and Exchange Act	Matters that were not approved by the Audit Committee but were resolved with the consent of at least two-thirds of all directors.
26-21 Board of Directors (2024.3.15)	Completion of 2023 internal control self-assessment			v	
	2023 Business Report and financial statements (individual and consolidated)			v	
	2023 earnings distribution proposal			v	
	Rotation and appointment of CPA; independence and suitability evaluation; fee resolution			v	
	Purchase of 10% equity in Tecobar from Eta Beheer (Netherlands)			v	
	Audit Committee Resolution (March 12, 2024): All proposals approved by all attending members				
	Board resolution: Approved by all attending directors				

Board of Directors	Proposal content and subsequent actions	Matters specified in Article 14-5 of the Securities and Exchange Act	Matters that were not approved by the Audit Committee but were resolved with the consent of at least two-thirds of all directors.
26-22 Board of Directors (2024.4.10)	Proposed merger with TECO Electro Devices	v	
	Disposal of financial assets (O-Bank and Innolux shares)	v	
	Transfer of land use rights in the Philippines (SBGP Phase 1) to Jin Bor Hui Technology	v	
	Audit Committee Resolution (April 8, 2024): For the merger, the Audit Committee requested further information (mainland China tax, share deal vs. cash buyout, cost of delisting) before Board resolution Other proposals approved unanimously Board Resolution: Approved by all attending directors		
26-23 Board of Directors (2024.5.14)	2024 Q1 consolidated financial statements	v	
	Audit Committee Resolution (May 10, 2024): Approved by all attending members Board Resolution: Approved by all attending directors		
27-3 Board of Directors (2024.8.14)	2024 Q2 consolidated financial statements	v	
	Proposed Disposal of Listed Financial Asset Holdings.	v	
	Audit Committee Resolution (August 14, 2024): Approved by all attending members Board Resolution: Approved by all attending directors		
27-4 Board of Directors (113.9.24)	Proposed Investment in Shenchang Electric Co., Ltd	v	
	Resolution of the Audit Committee (September 24, 2024): The proposal was approved as presented after the chairperson consulted all attending committee members. It will be submitted to the Board of Directors for resolution. The execution progress of the merger and acquisition shall be reported to the Board on a regular basis, or on an ad hoc basis if there are any deviations from the original estimates. Board Resolution: Approved by all attending directors		
27-5 Board of Directors (2024.11.12)	2024 Q3 consolidated financial statements	v	
	Proposed Disposal of Listed Financial Asset Holdings.	v	
	Proposed disposal of all equity interests in Antai Innovation Technology (Xiamen) Co., Ltd., held by the subsidiary Asia Electric Machinery PTE Ltd., for a total consideration of RMB 129 million.	v	
	Audit Committee Resolution (November 12, 2024): Approved by all attending members Board Resolution: Approved by all attending directors		
27-6 Board of Directors (2024.12.17)	Proposed Investment in EVK motor Co., Ltd.	v	
	Proposal for Renewal and Addition of Credit Lines with Financial Institutions for the Year 2025	v	
	Proposal for Intercompany Lending Among Affiliates	v	
	Proposal for Provision of Financial Guarantees and Endorsements to Affiliates	v	
	Proposal to Appoint Mr. Andy Liu as Chief Financial Officer of the Company	v	
	Proposal to Establish the "Sustainability Information Management Operating Guidelines"	v	
	Proposal to Amend the Provisions of the "Internal Audit Implementation Rules"	v	
	Audit Committee Resolution (December 17, 2024): Approved by all attending members Board Resolution: Approved by all attending directors		

2. Communication Between Independent Directors, Internal Audit Officers, and Certified Public Accountants

(1) Methods of Communication:

The Company has established direct communication channels between independent directors, the internal audit officer, and the certified public accountants (CPAs). In accordance with regulatory requirements, independent directors regularly review the Company's financial and operational status and communicate directly with both management and governance units.

- a. The internal audit officer reports regularly at each quarterly Audit Committee meeting on the execution of audit activities, follow-up and improvements on audit findings, and the overall effectiveness of corrective measures. In addition to submitting written audit reports to independent directors on a monthly basis, the internal audit officer also delivers project-

specific reports based on the suggestions of individual independent directors.

- b. The CPAs report to the Audit Committee upon completion of the semi-annual and annual audit of the Company's financial statements, including those of domestic and overseas subsidiaries. These reports also cover other matters required by relevant regulations.

(2) Communication between independent directors and the internal audit officer was smooth and effective. A summary of key communication matters in 2024 is as follows:

Audit Committee	Discussion Topic	Summary of Communication
4-17 (2024.3.12)	Report on the execution of internal audit tasks for Q4 2023	Acknowledged. No further comments.
	Completion of the 2023 Internal Control Self-Assessment (<i>Internal Control System Statement</i>)	Approved by all attending members upon consultation by the chairperson. Submitted to the Board for resolution.
4-20 (2024.5.10)	Report on the consolidated financial statements for Q1 2024	Acknowledged. No further comments.
5-2 (2024.8.14)	Report on the execution of internal audit tasks for Q2 2024	Acknowledged. No further comments.
5-5 (2024.12.17)	Report on the execution of internal audit tasks for Q3 2024	Acknowledged. No further comments.
	2025 Audit Plan Proposal	Approved by all attending members upon consultation by the chairperson. Submitted to the Board for resolution.
	One-on-one Communication Between Independent Directors and the Internal Audit Officer (<i>Conducted without the presence of general directors or management</i>) <ul style="list-style-type: none"> Topic: Audit plan for overseas affiliated companies Suggestion from Independent Directors: Increase the frequency of audits for overseas affiliates 	Response from Audit Office: Plans are in place to communicate with the audit accountants of each overseas affiliate at least once per year.

(3) Communication between the independent directors and the Company's certified public accountants was smooth and effective, with no additional recommendations from the independent directors. A summary of key communication matters in 2024 is as follows:

Audit Committee Meeting	Discussion Topic	Summary of Communication
4-17 (2024.3.12)	Report on the 2023 financial statements and consolidated financial statements	Approved by all attending members upon consultation by the chairperson. Submitted to the Board for resolution.
	Scope of the annual audit, audit findings, impact of recent regulatory changes, and other matters of communication	Acknowledged. No further comments.
4-20 (2024.5.10)	Report on the consolidated financial statements for Q1 2024	Approved by all attending members upon consultation by the chairperson. Submitted to the Board for resolution.

Audit Committee Meeting	Discussion Topic	Summary of Communication
5-2 (2024.8.14)	Report on the consolidated financial statements for Q2 2024	Approved by all attending members upon consultation by the chairperson. Submitted to the Board for resolution.
	Scope of financial review, review findings, and other communication matters	Acknowledged. No further comments.
One-on-one Communication Meeting (2024.11.7) (Conducted without the presence of general directors or management)	Topic: Q3 consolidated financial statements Questions Raised by Independent Directors: <ul style="list-style-type: none"> • Explanation of transactions involving non-controlling interests • Evaluation of goodwill impairment for affiliated companies • Tax filing methods for overseas withholding taxes 	CPA Response: Relevant information has been provided to the independent directors.
5-4 (2024.11.12)	Report on the consolidated financial statements for Q3 2024	Approved by all attending members upon consultation by the chairperson. Submitted to the Board for resolution.

2.3 Corporate Governance Practices and Differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and Reasons Thereof.

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company established its Corporate Governance Best-Practice Principles in accordance with the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," which were approved at the 13th meeting of the 21st Board of Directors on March 25, 2008. To align with international corporate governance trends and address emerging social and global concerns, the principles have been amended ten times between 2013 and 2023 through Board resolutions. The latest version is disclosed on the Market Observation Post System (MOPS) and the Company's official website.	Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
2. Shareholding Structure and Protection of Shareholders' Rights and Interests (1) Has the Company established internal procedures for handling shareholders' proposals, inquiries, disputes, and litigation matters, and are these procedures duly implemented? (2) Does the Company maintain a list of its major shareholders who have actual control over the Company, as well as the ultimate beneficial owners of these major shareholders? (3) Has the Company established and implemented a risk control and firewall mechanism to manage its interactions with affiliated enterprises?	V		(1) The Company has a dedicated stock affairs unit responsible for handling shareholders' proposals and inquiries, while shareholder disputes and litigation matters are managed by the Legal Department. All related matters are processed in accordance with established internal procedures. (2) The Company regularly maintains and updates the list of major shareholders with actual control over the Company, as well as the ultimate beneficial owners of such major shareholders. (3) In accordance with the "Regulations for the Division of Authority and Responsibility in Managing Affiliated Enterprises" and the internal control policies regarding "Supervision and Management of Subsidiaries" and "Management of Related Party Transactions," the Company clearly defines the authority and responsibility for personnel, asset, and financial management between the Company and its affiliated enterprises. The Company also conducts regular audits of the	Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
(4) Has the Company established internal regulations to prohibit insiders from trading securities using material non-public information?			financial accounts and internal control systems of its affiliated enterprises to establish appropriate risk control and firewall mechanisms. (4) The Company has established internal regulations, including the "Procedures for Handling Material Inside Information and Prevention of Insider Trading" and the "Code of Ethical Conduct for Directors and Managers," to prohibit insiders from trading securities using material non-public information.	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors formulated a diversity policy, set specific management objectives, and implemented them effectively?	V		(1)The Company is committed to implementing a board diversity policy. The "Corporate Governance Best Practice Principles" set forth the Company's guidelines for board member diversity, which include but are not limited to the following two key dimensions: a. Basic Attributes and Values: such as gender, age, nationality, ethnicity, and cultural background. b. Professional Knowledge and Skills: including professional background (e.g., law, accounting, industry, finance, marketing, or technology), expertise, and industry experience. Management Objectives: The Board of Directors shall include at least one female director; Independent directors shall account for more than one-third of the total number of board seats; Directors who concurrently serve as company managers shall not exceed one-third of the total number of board seats; No more than two directors shall have a spousal or second-degree kinship relationship with each other. Implementation and Results: At the 2024 Annual General Meeting (held on May 24, 2024), the Company elected a total of 11 directors, including 4 independent directors. The board members possess diverse and complementary industry experience as well as professional expertise in finance, accounting, and related fields.	Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
<p>(2) Has the company, in addition to the legally required establishment of the Compensation Committee and the Audit Committee, voluntarily established any other functional committees?</p> <p>(3) Has the company established a method for evaluating the performance of the Board of Directors and its assessment procedures, conducted regular annual performance evaluations, reported the results to the Board,</p>			<p>The Board includes 3 female directors, increasing female representation from 18.18% to 27.27%. Independent directors continue to make up 36.36% of the Board. Among the independent directors, three have served for less than three years, and one has served between three to six years. These results align with the Company's board diversity policy and management objectives. Board members actively participated in meetings, with an actual attendance rate of 99% in 2024, effectively fulfilling their oversight responsibilities and gaining a clear understanding of the Company's operational plans.</p> <p>(2) To establish a sound corporate governance system, enhance management functions, and promote the fulfillment of corporate social responsibility and sustainable development, the Board of Directors approved the establishment of the Corporate Governance and Sustainability Committee at the 3rd meeting of the 25th Board (held on August 13, 2018). At the 2nd meeting of the 27th Board (held on June 18, 2024), the Board resolved to adjust the governance matters and scope of responsibilities of the Corporate Governance and Sustainability Committee, and approved the establishment of two new committees: the Nomination Committee and the Strategy Committee (replacing the original R&D and Innovation Committee, which was abolished). For further details, please refer to Note 1: Information on the Operation of Other Functional Committees.</p> <p>(3) To strengthen corporate governance, clearly define performance goals, and enhance the effectiveness and efficiency of the Board of Directors, the Company adopted the "Board Performance Evaluation Procedures" in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. The procedures were approved by resolution at the 5th meeting of the 24th Board</p>	

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
and utilized the results as a reference for determining individual directors' compensation and re-nomination?			<p>(held on November 13, 2015). Since 2015, at the end of each fiscal year, the Board Secretariat has collected information related to board activities, distributed self-assessment questionnaires, and compiled the evaluation results into a report, which is submitted to the Board for review and improvement.</p> <p>An external evaluation is conducted every three years by an independent professional institution or a team of external experts and scholars, who prepare an external analysis report assessing the implementation of the Board's performance evaluation.</p> <p>At the 20th meeting of the 25th Board (held on November 13, 2020), the Board approved amendments to the "Board Performance Evaluation Procedures." The key revisions included: Introducing individual self-assessment for board members, Establishing guidelines for external performance evaluations conducted by professional institutions, and Assigning the Compensation Committee to periodically review the performance evaluation indicators and use the results as a basis for remuneration decisions.</p> <p>In 2024, the Board Secretariat conducted performance evaluations using the following self-assessment tools: the Board Performance Evaluation Questionnaire, the Individual Director Self-Assessment Questionnaire, and the Functional Committee Performance Evaluation Questionnaire. The evaluation results for the Board of Directors, individual board members, the Audit Committee, the Compensation Committee, the Corporate Governance and Sustainability Committee, the Nomination Committee, and the Strategy Committee were all rated as "Excellent". The 2024 Board Performance Evaluation Report was submitted to the 8th meeting of the 27th Board of Directors (held on March 14, 2025). All evaluation criteria were met, indicating strong board operational efficiency and effective functioning of the committees.</p>	

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>For the 2023 fiscal year, the Company engaged an external professional institution, The Taiwan Institute of Ethical Business and Forensics (TIEBF), to conduct the Board Performance Evaluation.</p> <p>TIEBF has established a dedicated Corporate Governance Committee to promote and carry out board evaluation services. The evaluation was performed by scholars and experts with long-standing focus in the field of corporate governance, ensuring a professional assessment conducted in accordance with international standards.</p> <p>Evaluation Team: Dr. Ching-Ping Shao – Chairperson of TIEBF; Distinguished Professor, College of Law, National Taiwan University Dr. Yang-Tzong Tsai – Honorary Professor, Department of Accounting, National Taiwan University Dr. Yueh-Ping Yang – Associate Professor, Department of Law, National Taiwan University</p> <p>An independence statement was provided by all evaluators in the final report.</p> <p>Evaluation Period: January 1, 2023 to December 5, 2023</p> <p>Scope of Evaluation: The evaluation covered the performance and operations of the Board of Directors, as well as its functional committees, including the Audit Committee and the Compensation Committee.</p> <p>Methodology: In November 2023, a document review was conducted, including internal policies, board meeting minutes, and completed self-assessment questionnaires from directors; On December 4 and 5, 2023, in-person interviews were conducted with members of the Board.</p> <p>Evaluation Content and Results Board of Directors a. Professional Competence of the Board: The composition of the Board reflects the Company's shareholder structure. Board members possess diverse backgrounds across various professional fields, including industry</p>	

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>and finance, enabling them to provide well-rounded and diversified perspectives on Company affairs.</p> <p>b. Effectiveness of Board Decision-Making: Board members are provided with ample opportunities for discussion during meetings. Their participation in the Company's operations and decision-making processes is active and effective.</p> <p>c. Board Oversight of Internal Control: The evaluated company has established risk management policies and adopts a systematic approach to managing risks, enabling board members to effectively grasp group-wide information. This strengthens the Board's ability to oversee and manage corporate risks.</p> <p>d. Commitment to Sustainability: The evaluated company has established a Corporate Governance and Sustainability Committee, which regularly reports to the Board of Directors on the implementation of sustainability strategies. This enables the Board to stay informed about the Company's sustainability development and to continue promoting and overseeing relevant initiatives.</p> <p>Functional Committees Audit Committee: The independent directors of the evaluated company are provided with sufficient information on agenda items. Through close communication with relevant responsible personnel, they are able to more effectively oversee the Company's internal control and internal audit processes, and offer appropriate improvement suggestions. Compensation Committee: The independent directors of the evaluated company engage in thorough discussions and are supported by clearly defined evaluation criteria. This enables them to provide informed recommendations on compensation strategies and reach consensus on related decisions.</p>	

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>Recommendations for Improvement:</p> <p>a. Enhance the frequency and depth of communication between management and board members: It is recommended that, depending on the complexity of each proposal, management should provide timely briefings to board members on the background and context of agenda items.</p> <p>b. Continue to strengthen integrated risk assessment and management mechanisms: It is recommended to deepen discussions on topics such as business strategy deployment and changes in the industry ecosystem, and to provide more comprehensive explanations on integrated risk management assessments and their actual implementation.</p> <p>Improvement Plan:</p> <p>a. The Company's management team will provide timely briefings to board members on the background of agenda items and summarize the comments and responses raised by directors prior to meetings. This will help incorporate past experience into future decision-making evaluations.</p> <p>b. The Company's risk management scope, organizational structure, and risk management operations for the year 2023 were reported to the 12th meeting of the 26th Board of Directors (held on December 22, 2023). In addition to assessing internal control risk, financial risk, strategic and operational risk, compliance risk, information security risk, sustainability risk, and quality risk, the Company expanded its risk categories to include supply chain risk, occupational health and safety risk, human resources risk, macroeconomic risk, geopolitical risk, and disaster risk.</p> <p>Management practices and improvement plans for each risk category were presented. Going forward, the Company will also incorporate timely discussions on business deployment strategies and changes in the industry ecosystem.</p>	

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
(4) Has the company regularly evaluated the independence of the certifying CPA?			<p>The 2023 Board Performance Evaluation Report was submitted to the 21st meeting of the 26th Board of Directors (held on March 15, 2024). The results of the annual board performance evaluations are provided to the Compensation Committee and the Nomination Committee as a reference for determining individual directors' remuneration and considering their reappointment.</p> <p>(4) The Company adopted the "Regulations for the Selection and Evaluation of Certified Public Accountants" by resolution of the 19th meeting of the 23rd Board of Directors (held on December 22, 2014). In accordance with these regulations, the Company's Finance and Accounting Department conducts an annual preliminary assessment of the independence and suitability of the external CPA. The results are submitted to the Audit Committee for review and, upon approval, are further submitted to the Board of Directors for final resolution. The Company requires PwC Taiwan to provide a Statement of Independence from the signing CPA. In addition, in accordance with the "Audit Quality Indicators (AQI) Disclosure Framework and Template" issued by the Financial Supervisory Commission (FSC), PwC provides assessment reports on both firm-level and engagement-level audit quality indicators. The firm and the signing CPA demonstrated performance indicators—such as audit experience and engagement involvement—above the industry average. Moreover, the audit process incorporates digital technologies to enhance audit efficiency and ensure audit quality.</p> <p>The Company referred to the above-mentioned Audit Quality Indicator (AQI) assessment report and, in accordance with the "CPA Selection and Evaluation Procedures – CPA Evaluation Form", reviewed the CPAs' independence requirements, operational independence, and overall suitability (for details, please refer to <i>Note 2</i>).</p> <p>Evaluation Result: No circumstances were identified that would impair the independence or</p>	

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>suitability of CPA Hsu, Sheng-Chung and CPA Tu, Chan-Yuan. Both were deemed fully qualified to serve as the Company's signing CPAs.</p> <p>The evaluation was reviewed and approved at the 18th meeting of the 4th Audit Committee (held on March 12, 2024) and the 21st meeting of the 26th Board of Directors (held on March 15, 2024).</p>	
4. Has the TWSE/TPEX listed company appointed an adequate number of qualified corporate governance personnel and designated a corporate governance officer responsible for handling corporate governance affairs (including but not limited to providing directors and supervisors with necessary information for performing their duties, assisting directors and supervisors in complying with applicable laws and regulations, handling matters related to board and shareholders' meetings in accordance with the law, and preparing meeting minutes for such meetings)?	V		<p>In accordance with Article 3-1 of the Corporate Governance Best Practice Principles, the Company established a Corporate Governance Center in July 2015, staffed with nine dedicated personnel responsible for handling corporate governance-related affairs.</p> <p>Pursuant to the Regulations Governing the Exercise of Powers by Boards of Directors of Listed Companies, the appointment of Mr. Shih-Hsiung Chien, Director of the Corporate Governance Center, as the Company's dedicated Corporate Governance Officer, was approved at the 7th meeting of the 25th Board of Directors (held on May 13, 2019). Mr. Chien has more than three years of relevant managerial experience in a public company and is registered as an appointed managerial officer in accordance with the Company's Articles of Incorporation.</p> <p>His key responsibilities include:</p> <ol style="list-style-type: none"> (1) Handling matters related to Board and Shareholders' Meetings in accordance with applicable laws and regulations. (2) Preparing minutes for Board and Shareholders' Meetings. (3) Assisting directors with onboarding and continuing education. (4) Providing directors with the necessary information to perform their duties. (5) Assisting directors in complying with laws and regulations. (6) Reporting to the Board of Directors on the compliance status of independent directors' qualifications during nomination, appointment, and tenure. (7) Handling matters related to changes in the composition of the Board of Directors. (8) Carrying out other duties as stipulated in the Company's Articles of Incorporation or contractual agreements. 	Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			In accordance with Article 36-3 of the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets," Mr. Shih-Hsiung Chien selected and completed training courses relevant to his professional duties. In 2024, he completed 18 hours of continuing education, and the completion was reported to the Market Observation Post System (MOPS) on December 31, 2024.	
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a dedicated stakeholder section on its official website to appropriately respond to key corporate social responsibility (CSR) issues of concern to stakeholders?	V		<p>The Company places great importance on stakeholder concerns and communication channels. It maintains open and effective lines of communication with a wide range of stakeholders, including shareholders, employees, customers, suppliers, local communities, non-governmental organizations (NGOs), and government agencies.</p> <p>Information is disclosed regularly or on an as-needed basis, and the Company communicates directly with stakeholders to ensure that their legitimate rights and interests are respected and protected. This reflects the Company's commitment to transparent and ethical corporate governance.</p> <p>The stakeholder engagement activities for 2024 were reported to the 6th meeting of the 27th Board of Directors (held on December 17, 2024). (Please refer to Note 3: Stakeholder Concerns and Communication Channels.)</p> <p>A dedicated section titled "Corporate Social Responsibility / TECO Sustainability Commitment / Stakeholder Engagement" has been established on the Company's official website. Designated personnel are responsible for responding to key corporate social responsibility (CSR) issues raised by stakeholders.</p>	Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
6. Has the Company appointed a professional stock affairs agency to handle matters related to the shareholders' meetings?	V		<p>The Company has appointed a professional stock affairs agency to handle matters related to shareholders' meetings.</p> <p>Stock Transfer Agent: Taishin International Bank – Stock Affairs Department Tel: +886-2-2504-8125 Address: B1, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei City, Taiwan</p>	Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
<p>7. Information Disclosure</p> <p>(1) Has the Company established an official website to disclose financial, business, and corporate governance information?</p> <p>(2) Has the Company adopted other methods of information disclosure (such as establishing an English website, appointing designated personnel to collect and disclose information, implementing a spokesperson system, and uploading investor conference materials to the Company's website)?</p> <p>(3) Has the company announced and filed its annual financial report within two months after the end of the fiscal year, and announced and filed its first, second, and third quarter financial reports, as well as monthly operating results, ahead of the regulatory deadlines?</p>	V		<p>(1) The Company has established an official website to disclose information on its financial performance, business operations, and corporate governance. The website address is: www.teco.com.tw</p> <p>(2) The Company has established an English website (https://www.teco.com.tw/en). In accordance with the Company's News Release Policy, designated personnel are responsible for collecting and disclosing corporate information. If any department intends to release news, it must first be approved by the President and then communicated to the Public Relations Department, which will coordinate with the spokesperson for official disclosure. Furthermore, the Company has clearly defined the roles and responsibilities of its spokespersons under the Spokesperson Policy, ensuring that information is disclosed publicly and fairly to all investors and media at the same time, thereby fully implementing the spokesperson system.</p> <p>(3) In accordance with Article 36 of the Securities and Exchange Act and other relevant regulations, the Company announces and files its financial and operational reports within the prescribed deadlines: annual financial reports within 75 days, first, second, and third quarter financial reports within 45 days, and monthly operating results by the 10th of each month. Due to the large number of consolidated entities within the Group—over one hundred—it is not currently feasible to announce and file the annual financial report within two months after the end of the fiscal year. The 2024 annual financial statements were announced and filed on March 15, 2025.</p>	<p>(1) Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</p> <p>(2) Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</p> <p>(3) There is a slight deviation from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, but the Company remains in compliance with the Securities and Exchange Act.</p>
8. Does the Company have any other important information that may help	V		(1) To safeguard employee rights and interests, the Company has established a labor union and holds regular labor-	Consistent with the Corporate Governance

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
stakeholders better understand its corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relationships, protection of stakeholder rights, director and supervisor training, implementation of risk management policies and risk metrics, customer policy implementation, and the purchase of liability insurance for directors and supervisors)?			<p>management meetings to actively foster communication between employees and management. Each quarter, the Company organizes quarterly meetings at headquarters and morning assemblies at each plant, providing senior executives with opportunities to engage directly with employees, clearly communicate the Company's current performance and challenges, and publicly recognize outstanding employees for their achievements.</p> <p>(2) Since 1964, the Company has established an Employee Welfare Committee to promote various welfare initiatives. The Committee also plans a series of family care and support policies aimed at helping employees improve family relationships, enhance personal health and capabilities, and ultimately boost job performance.</p> <p>(3) The Company has established a dedicated department responsible for regularly disclosing material operational information, thereby enhancing information transparency. It has also set up a feedback mechanism to allow investors to share suggestions regarding the Company's development. In addition, the Company actively participates in investor conferences to help investors stay informed about its operational status and strategic plans.</p> <p>(4) The Company conducts at least two visits or communications per year with each supplier on average. Additionally, the Company has promoted the development of an e-Procurement platform, which not only establishes a unified list of qualified distributors across the Group, but also enhances communication channels between TECO and its global suppliers.</p> <p>(5) To protect the rights and interests of stakeholders, the Company has assigned dedicated personnel and established designated sections to respond to inquiries from shareholders and stakeholders. Communication can be made directly via phone, fax, or email. In addition, the Company has set up a whistleblower mailbox to encourage</p>	Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>employees to report any illegal or unethical conduct.</p> <p>(6) The Company is committed to establishing a sound risk management system. By adhering to its existing organizational management structure and internal control cycle, the Company proactively addresses and manages risks arising from its operations, while ensuring compliance with all relevant laws and regulations. Through the implementation of an audit system, the Company provides reasonable assurance of the continued effectiveness of its internal controls. In 2024, the audit team completed all planned audit tasks. The results indicated that the design and execution of internal controls were effective, and that all environmental indicators remained within low-risk levels.</p> <p>(7) The Company is dedicated to providing customers with high-quality, cost-effective products. It also seeks to understand customer expectations regarding the Company and its products through a variety of channels, including customer service hotlines, forums, site visits, after-sales service follow-ups, telephone interviews, the official website, and media platforms. These efforts aim to ensure that the Company's products and services continue to meet customer needs and expectations.</p> <p>(8) Since 1999, the Company has purchased directors' liability insurance during each board term to cover compensation liabilities that directors may be legally obligated to bear in the course of performing their duties. This is intended to reduce and diversify the risk of significant damage to the Company and its shareholders resulting from directors' errors or omissions. The Company reported the details of its directors' liability insurance—including coverage amount (US\$10 million), coverage scope (all directors, managerial officers, and members of functional committees), premium rates, and coverage period (for the full years of 2024 and 2025)—at the 19th meeting of the 26th Board of Directors (held on December 22, 2023) and the 7th meeting</p>	

Evaluation Items	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			of the 27th Board of Directors (held on February 19, 2025).	
9. Please describe the improvements made based on the most recent Corporate Governance Evaluation Results published by the Corporate Governance Center of the Taiwan Stock Exchange, and specify the priority areas and measures to be strengthened for items that have not yet been improved.	V		<p>On April 30, 2024, the Taiwan Stock Exchange announced the results of the 10th Corporate Governance Evaluation for the year 2023. The Company was ranked in the top 5% of all evaluated companies.</p> <p>Improvements Implemented: In 2024, the Company continued to promote the installation of solar power systems. A total of 5.31 MW of new solar power capacity was added across several locations, including TECO Hukou Plant, TECO Guanyin Plant 2, T-Express Sanchong Facility, and the Taichung Green Energy Rooftop. These installations are expected to generate approximately 6.36 million kWh annually, achieving an estimated carbon reduction of 3,141 tCO₂e (based on an emission factor of 0.494). The total investment in solar power system equipment amounted to approximately NT\$229 million.</p> <p>Priority Areas for Enhancement and Measures: The Company will continue to strengthen the disclosure of policies linking senior executive compensation to ESG-related performance evaluations.</p>	Consistent with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Note 1: Operation of Corporate Governance and Sustainability Committee

(1) Corporate Governance and Sustainability Committee

To establish a sound governance framework, enhance management functions, and promote the implementation of corporate social responsibility and sustainable operations, the Company established the Corporate Governance and Sustainability Committee in August 2018. The Committee comprises no fewer than three directors, as resolved by the Board of Directors, and a convener and meeting chairperson are elected from among the members.

The Committee operates in accordance with the Company's Corporate Governance and Sustainability Committee Charter, with responsibilities including the review and assessment of the Company's corporate governance structure and practices, as well as the supervision of corporate social responsibility and sustainability initiatives. The Committee convenes at least twice a year. The meeting frequency and member attendance are as follows:

a. In FY2024, the 2nd Corporate Governance and Sustainability Committee convened two meetings. The attendance details are as follows:				
Position	Name	Meetings Attended	(%) Attendance Rate	Professional Qualifications and Experience
Convener & Chairperson	Li-Chen Lin	2	100%	Legal, Business Management, ESG Expertise
Member	Hsieh-Hsing Huang	2	100%	Accounting and Renewable Energy Expertise
Member	Shiang-Chung Chen	2	100%	Expertise in Renewable Energy and Business Management
Member	Chwen-Jy Chiu	2	100%	Investment and Emerging Technologies Expertise
Member	Show-Shoun Chou	2	100%	Business Management and Government Strategy Expertise
b. In FY2024, the 3rd Corporate Governance and Sustainability Committee convened one meeting. The attendance details are as follows:				
Position	Name	Meetings Attended	(%) Attendance Rate	Professional Qualifications and Experience
Convener & Chairperson	Chwen-Jy Chiu	1	100%	Expertise in Finance, ESG, and Business Management
Member	Su- Chiu Wu	1	100%	Expertise in Finance, Banking, and Renewable Energy
Member	Hui-Yiu Chen	1	100%	Expertise in Investment and Emerging Technologies
Member	Mei-Chun Chao	1	100%	Expertise in Law, Intellectual Property, and Energy
Member	Show-Shoun Chou	1	100%	Expertise in Business Management and Government Strategy

c. Summary of Key Resolutions and Deliberations:

Corporate Governance and Sustainability Committee	Agenda Item	Resolution
2-7 (2024.1.24)	1. FY2024 Work Plans of the Company's ESG Promotion Office, Corporate Governance Center, Compliance and Legal Affairs Office, and Information Security Committee.	<p>1. Key Focus Areas of the ESG Promotion Office: Environmental (E): Promote a 50% emissions reduction over 10 years; plan for RE30 renewable energy adoption; Social (S): Advance DEI (Diversity, Equity, and Inclusion) initiatives; support social care programs; promote environmental and ecological awareness; Governance (G): Strengthen green supply chain management; enhance ESG information transparency.</p> <p>2. Key Focus Areas of the Corporate Governance Center: Strengthen investor relations and communication; Enhance board functionality and effectiveness; Improve information transparency; Ensure strong performance in corporate governance evaluations</p> <p>3. Key Focus Areas of the Compliance and Legal Affairs Office: Intellectual property management and protection; Personal data protection; Compliance with securities and exchange regulations; Implementation of ethical business practices</p> <p>4. Key Focus Areas of the Information Security Committee: Track and verify the handling of abnormal incidents each week; Hold quarterly cybersecurity review meetings with vendors (e.g., firewall, IPS, backup service providers); Implement an information security monitoring and reporting mechanism; Gradually restrict internet browsing access and regulate USB usage policies</p> <p>The proposal was approved without objection after consultation by the Chair with all attending committee members. The Board Secretariat was requested to follow up on the recommendations provided by the members.</p>
	2. Amendment to the Company's "Director Candidate Nomination Criteria."	<p>The key additions to the director candidate nomination criteria are as follows:</p> <p>1. Candidates should possess diverse professional backgrounds, such as experience in business, legal, finance, accounting, or other areas relevant to the Company's operations (e.g., law, accounting, industry expertise, finance, marketing, technology, cybersecurity, risk management, or climate change), along with appropriate professional skills and industry experience.</p> <p>2. Level of Engagement: Candidates who have previously served as directors of the Company or its subsidiaries should dedicate sufficient time to board participation. Their attendance rate (in person or by proxy) at board meetings over the past three years should preferably be 85% or</p>

		<p>higher, and they must have completed the required training hours in accordance with the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies.”</p> <p>3. The board shall include at least one director of a different gender. In addition, the number of directors who are employees of the Company, its parent, subsidiaries, or affiliates shall not exceed one-third of the total number of board seats.</p> <p>4. Independent directors shall comprise at least one-third of the total number of board seats, and no independent director shall serve more than three consecutive terms.</p> <p>After consultation by the Chair with all attending committee members, the proposal was approved with the exception of a revision to the standard stating that the attendance rate (in person or by proxy) should preferably be 85% or higher; all other provisions were approved without objection.</p>
2-8 (2024.4.8)	1. 2024 Proxy Voting Guidelines Report.	The Company's current practices are in full compliance with the 2024 proxy voting guidelines of ISS and Glass Lewis. The report was noted.
	2. Nomination of Candidates for the Company's 27th Term of Directors and Independent Directors.	The proposal was approved without objection after consultation by the Chair with all attending committee members and will be submitted to the Board of Directors for resolution.
3-1 (2024.8.7)	1. Progress Report on the Implementation of the FY2024 First-Half Work Plans of the Company's ESG Promotion Office, Corporate Governance Center, Compliance and Legal Affairs Office, and Information Security Committee.	The report was noted.
	2. Information Security Incident Handling Report.	The report was noted.
	3. Proposal for the Preparation of the Company's 2023 Sustainability Report.	The proposal was approved without objection after consultation by the Chair with all attending committee members and will be further submitted to the Board of Directors for resolution.

(2) Nomination Committee

To enhance the functionality of the Board of Directors and strengthen the Company's management mechanisms, the Nomination Committee was established in June 2024. The Committee is composed of no fewer than three directors appointed by the Board, with a majority required to be independent directors. One member is elected by the Committee to serve as the convener and chairperson.

The Committee operates in accordance with the Company's Nomination Committee Charter, and is responsible for establishing the criteria for the professional qualifications, skills, experience, gender diversity, and independence required of board members and senior executives. Based on these established criteria, the Committee identifies, reviews, and nominates candidates for directors, independent directors, and senior management positions.

The Nomination Committee convenes at least once per year. The meeting frequency and member attendance are as follows:

In 2024, the 1st Nomination Committee convened three meetings. The attendance details are as follows:

Position	Name	Meeting Attended	Attendance by Proxy	(%) Attendance Rate	Professional Qualifications and Experience
Convener & Chairperson	Ming-Shieh Li	3	0	100%	Expertise in Finance and Business Management
Member	Chao-Chin Tung	3	0	100%	Expertise in Finance and Technology
Member	Hsieh-Hsing Huang	3	0	100%	Expertise in Accounting and Renewable Energy
Member	Hui-Yiu Chen	2	1	67%	Expertise in Investment and Emerging Technologies
Member	Chwen-Jy Chiu	3	0	100%	Expertise in Finance, ESG, and Business Management

Summary of Key Resolutions and Deliberations:

Nomination Committee	Agenda Item	Resolution
1-1 (2024.8.13)	1. Proposed appointment of Mr. Heng-Wei Chen as Vice President of the Company's Strategic Development Center.	The proposal was approved without objection after consultation by the Chair with all attending committee members. Mr. Heng-Wei Chen is proposed to attend the Board meeting as a non-voting participant to present the report.
1-2 (2024. 9.10)	1. Proposed promotion of Mr. Kuang-En Chin as Assistant Vice President of the Company's Production and Sales Center.	The proposal was approved without objection after consultation by the Chair with all attending committee members.
1-3 (2024.12.2)	1. It is proposed to promote Mr. Wang Rong-Bang to Regional General Manager of the Americas Region	The proposal was approved without objection after consultation by the Chair with all attending committee members.
	2. It is proposed to promote Mr. Tsai Shang-Yu to Regional General Manager of the China Region	The proposal was approved without objection after consultation by the Chair with all attending committee members.
	3. It is proposed to promote Mr. Liu An-Bing to Associate Vice President of the Finance and Administration Center	The proposal was approved without objection after consultation by the Chair with all attending committee members.
	4. It is proposed to appoint Ms. Liao Yi-Hui as Associate Vice President of the Corporate Planning Center.	The proposal was approved without objection after consultation by the Chair with all attending committee members.
	5. It is proposed to appoint Mr. Jao Da-Ren as Chief Technology Officer of the Office of the CTO.	The proposal was approved without objection after consultation by the Chair with all attending committee members.

(3) Strategy Committee

To strengthen the Company's operational strategy development and enhance innovation-driven R&D, the Company established the "Strategy Committee" in June 2024. The Committee comprises at least three members, who may be directors or external experts, as resolved by the Board of Directors. The Chairperson of the Board serves as the convener and the chair of the Committee.

To strengthen the Company's operational strategy development and enhance innovation-driven R&D, the Company established the "Strategy Committee" in June 2024. The Committee comprises at least three members, who may be directors or external experts, as resolved by the Board of Directors. The Chairperson of the Board serves as the convener and the chair of the Committee.

In 2024, the 1st Strategy Committee held three meetings. Attendance details are as follows:

Position	Name	Actual Attendance	Attendance by Proxy	(%) Attendance Rate	Professional Qualifications and Experience
Chairperson & Convener	Ming-Shieh Li	3	0	100%	Expertise in finance and business management
Member	Jong-Chin Shen	3	0	100%	Expertise in industrial policy and intelligent automation
Member	Su-Chiu Wu	3	0	100%	Expertise in financial management and new energy
Member	Show-Shoun Chou	2	1	67%	Expertise in business management and government strategy
Member	Chwen-Jy Chiu	3	0	100%	Expertise in finance, ESG, and business management

Summary of Key Resolutions:

Strategy Committee	Agenda Item	Resolution
1-1 (2024.8.2)	1. Strategic plan and resource allocation for the Company over the next three years	The proposal was approved without objection after consultation by the Chair with all attending committee members.
1-2 (2024. 9.16)	1. Proposed investment in Shen Chang Electric Co., Ltd.	The proposal was approved without objection after consultation by the Chair with all attending committee members.
1-3 (2024.12.17)	1. Proposed investment in EVK Inc.	The proposal was approved without objection after consultation by the Chair with all attending committee members.
	2. Rationalization and optimization of TECO Group's affiliated investments."	The proposal was approved without objection after consultation by the Chair with all attending committee members.

Note 2: Assessment Form of the Signing Certified Public Accountant

1. Operational Independence Review			
	Evaluation Item	Evaluation Result	In Compliance with Independence Requirements
01	Does the CPA, their spouse, or minor children have any investment or financial interest in the company?	No	V
02	Does the CPA, their spouse, or minor children have any lending or borrowing relationship with the company? (Excluding normal dealings with financial institutions.)	No	V
03	Has the CPA or any audit team member served as a director, manager, or held any position with significant influence on the audit engagement within the past two years?	No	V
04	Has the CPA or audit team member promoted or brokered any securities issued by the company?	No	V
05	Aside from legally permitted services, has the CPA or audit team member represented the company in legal matters or disputes?	No	V
06	Does the CPA or audit team member have any marital, lineal, or second-degree kinship relationship with the company's directors, managers, or personnel with significant influence on the audit engagement?	No	V
07	Has any former co-practicing CPA taken a position with significant influence at the company within one year after leaving the firm?	No	V
08	Has any former co-practicing CPA taken a position with significant influence at the company within one year after leaving the firm?	No	V
09	Is the CPA currently employed by the company or its auditees as a salaried employee, director, or supervisor (audit committee member)?	No	V
2. Operational Independence Review			
	Evaluation Item	Evaluation Result	In Compliance with Independence Requirements
01	Has the CPA refrained from accepting assignments where they have a direct or material indirect interest that could impair objectivity?	N/A The CPA is appointed for audit/review of financial statements.	
02	When providing audit, review, or special examination services, does the CPA maintain both substantive and formal independence?	Yes	V
03	Do audit team members, other co-practicing CPAs, CPA firm partners, affiliated firms, and alliances also maintain independence from the company?	Yes	V

04	Does the CPA demonstrate integrity and diligence in performing professional services?	Yes	V
05	When performing services, does the CPA maintain objectivity and avoid bias or conflicts that could impair professional judgment?	Yes	V
Fitness and Qualifications Review			
Evaluation Item		Evaluation Details	Evaluation Result
01	Has the CPA received any disciplinary actions in the past two years? Has the CPA firm been involved in any major litigation?	According to CPA disciplinary records, Mr. Hsu Sheng-Chung and Mr. Tu Chan-Yuan have not been subject to any disciplinary action. PwC has adopted standardized audit criteria and International Standards on Auditing (ISA) for internal quality control reviews. Both CPAs have passed such reviews with no deficiencies. Their audit quality meets professional standards.	Satisfactory
02	Does the CPA firm have sufficient scale, resources, and regional coverage to provide audit services?	PwC Taiwan (PricewaterhouseCoopers Taiwan) is part of the largest global professional services network with 743 offices in 158 countries and over 250,000 professionals. PwC is a leading service provider in the UK, China, Germany, Australia, South Korea, ASEAN, and the Middle East. It holds the top position in the Asia-Pacific region. Among Global Fortune 500 companies, 86% (429 companies) are PwC clients.	Satisfactory
03	Does the CPA firm have clear quality control procedures to ensure financial reporting quality?	The appointed CPA firm has established robust quality control policies to ensure effective implementation. These procedures comply with Statement of Quality Control Standards No. 1, and internal departments such as ARM (Assurance Risk Management) and ACS (Accounting Consultant Service) are responsible for reviewing listed companies' financial statements.	Satisfactory
04	Does the CPA firm promptly notify the board of any significant issues related to risk management, corporate governance, accounting, or internal controls?	The appointed CPAs have consistently communicated audit findings promptly to management and the audit committee. Major issues were discussed in advance.	Satisfactory

Note 3: Stakeholder Engagement and Communication

Stakeholder	Key Concerns	Communication Channels / Frequency	Outcomes / Achievements:
Shareholders	Business development, Financial transparency, Risk management, Corporate governance, Environmental protection	<ul style="list-style-type: none"> • Market Observation Post System (MOPS) • Annual shareholders' meeting (at least once a year) • 4 online investor conferences annually • Participation in local and international investor forums • Investor visits and brokerage meetings • Dedicated IR hotline/email (handled promptly) • Contact: Director Chien (IR) ir@teco.com.tw 	<ul style="list-style-type: none"> • Selected as a component of the DJSI and TWSI indices • Monthly revenue, quarterly reports, and 47 bilingual MOPS disclosures • 4 investor meetings with bilingual video links posted • Participated in 8 investor forums • 96 investor visits (26 from overseas), 21 broker visits
Employees	Business strategy and operations, Labor relations, Employee rights, Training and career development, Workplace environment, Employee communication	<ul style="list-style-type: none"> • Labor-management meetings (quarterly) • Union meetings (semi-annually) • Catering meetings (quarterly) • Employee quarterly meetings • Occupational Safety and Health Committee (quarterly) • Employee satisfaction survey (annually) • E-bulletin updates • Whistleblower/complaint mailbox: HRP@teco.com.tw • Contact: Director Lin (HR) cplin@teco.com.tw 	<ul style="list-style-type: none"> • Labor-Management Meetings: A total of 16 meetings were held across the Nangang site and other factories in 2024. • Union Forums: Held twice a year, chaired by the Chairman, President, factory heads, and HR executives, with participation from union directors and supervisors — 2 meetings in total. • Cafeteria Meetings: A total of 12 meetings were held across the Nangang site and other factories in 2024. • Employee Quarterly Meetings: A total of 8 meetings were held across the Nangang site and other factories in 2024, including 4 in Nangang conducted via communication software to enable all employees to participate online. • Employee Satisfaction Survey: Conducted to understand feedback from employees and supervisors. • Unlawful Conduct/Complaints: A total of 5 cases (1 substantiated, 2 unsubstantiated, and 2 under investigation). • Electronic Bulletin Board: Used to irregularly announce various employee welfare updates, labor union committee information, important company news, training programs, and annual performance management notices.

Stakeholder	Key Concerns	Communication Channels / Frequency	Outcomes / Achievements:
Customers	Product and service labeling, Customer health and safety, Product quality, Marketing communications, Customer satisfaction surveys, Green products	<ul style="list-style-type: none"> • Customer satisfaction surveys (1–4 times/year) • Customer service hotline (as needed) • Distributor meetings (1–4 times/year) • After-sales follow-ups and interviews • Website/media updates (as needed) • Contact: Spokesperson Chien speaker@teco.com.tw 	<ul style="list-style-type: none"> • Customer Satisfaction Surveys: Analysis and follow-up actions conducted 7 times throughout the year. • Quality Control Audits: <ul style="list-style-type: none"> - External system audits conducted 5 times (from October to November 2024) - Internal audits conducted 9 times - Process audits conducted 97 times - Product audits conducted 42 times • Press Conferences: 4 events held. • Exhibitions Participated: 7 events, including the Smart City Summit & Expo, Smart Mobility Expo, Taipei International Food Show, 2024 Net Zero Emissions Technology Competition @Taiwan, International Energy Week, Taiwan Expo in Indonesia, and Thailand Electronics & Smart Manufacturing Expo. • Press Releases on Official Website: 38 published articles. • Social Media Engagement: 97 Facebook posts and 31 YouTube videos. • 3rd Green Brain Creative Competition for Elementary and Junior High School Students: Promoting energy-saving awareness at a younger age.
Suppliers	Green supply chain management, Supplier human rights assessments, Operational performance, Order management, Quality control, Production technology	<ul style="list-style-type: none"> • Supplier evaluation: 70 annually • Quarterly supplier assessments • GHG inventory guidance (as needed) • E-procurement platform (as needed) • Contact: Director Lin (Procurement) dora@teco.com.tw 	<ul style="list-style-type: none"> • On-site risk evaluations of key suppliers • 100% CSR commitment sign-off from major suppliers • Participated in MOEA's Net-Zero Transformation Project (11 suppliers involved, 4 training sessions held)
Local Community	Occupational Safety and Health Environmental Management	<ul style="list-style-type: none"> • Industrial Park Service Center: Irregular basis • Industrial Park Regional Joint Defense Meetings: Once per quarter 	<ul style="list-style-type: none"> • No violations of air pollution or waste management regulations, and no community-impacting incidents occurred.

Stakeholder	Key Concerns	Communication Channels / Frequency	Outcomes / Achievements:
	Social Engagement Volunteer Service	<ul style="list-style-type: none"> • Communication Mailbox on Company Website: Irregular basis • Volunteer Activities: Held quarterly • Contact Person: (PR) Manager Chiang – pr@teco.com.tw 	<ul style="list-style-type: none"> • Participated in regional joint defense initiatives to enhance disaster prevention collaboration among companies and prevent incidents affecting community safety and the environment. • Conducted energy-saving education programs for the community and local schools. • A total of 582 employee participations in public welfare activities were recorded, with 1,134 volunteer service hours contributed.
Civil Organizations and NGOs	Environmental Protection Social Welfare Labor Conditions	<ul style="list-style-type: none"> • Actively participate in forums and seminars organized by various civic organizations and academic institutions. • Non-financial Information Disclosure: The Company publishes an annual Sustainability Report to disclose specific initiatives and outcomes in the areas of Environmental (E), Social (S), and Governance (G) performance. • Contact Person: (IR) Director Chien – ir@teco.com.tw 	<ul style="list-style-type: none"> • Participated in 22 industry association forums, with a total of 50 employee attendances. • Publishes an annual Sustainability Report and has consecutively received the Taiwan Corporate Sustainability Awards – Platinum Award for 11 years. • Greenhouse Gas Inventory: The Company undergoes annual verification of its GHG inventory in accordance with BSI (British Standards Institution) ISO 14064-1 and has achieved a “reasonable level” of assurance.
Government Agencies	Regulatory Compliance Occupational Safety and Health Greenhouse Gas (GHG) Reduction Environmental Protection Energy Management	<ul style="list-style-type: none"> • Comply with the requirements of competent authorities and submit regular filings in accordance with regulations. • Participate in forums, regulatory hearings, and official correspondence organized by competent authorities on an irregular basis. • Cooperate with regulatory supervision and inspections conducted by competent authorities. • Contact Person: (Spokesperson) Director Chien – speaker@teco.com.tw 	<ul style="list-style-type: none"> • In accordance with OHSAS 18001 and CNS 15506 (Taiwan Occupational Safety and Health Management System), the Company has established an occupational safety and health management system to systematically promote OSH practices and ensure compliance with regulations and effective implementation of the system.

2.4 Operation of the Compensation Committee

To establish a sound compensation system for directors and managerial officers, the Company established the Compensation Committee in August 2011. The members of the committee are appointed by resolution of the Board of Directors.

The committee shall consist of no fewer than three members, with a majority being independent directors. A convener and chairperson is elected from among the independent directors by all committee members.

The committee operates in accordance with the Company's "Compensation Committee Charter."

Its duties include: formulating and regularly reviewing the policies, systems, standards, and structures related to the performance evaluation and remuneration of directors and managerial officers; periodically assessing and determining the remuneration packages of directors and managerial officers

2.4.1 Compensation Committee Members' Information

Role	Name	Professional Qualifications and Experience	Independence Disclosure	Qualification Criteria
				Number of Other Public Companies Served on a Remuneration Committee
Independent Director	Chao-Chin Tung	Please refer to the "Board Members' Professional Qualifications and Independence Disclosure" on page 13.	In accordance with the Company's Articles of Incorporation and Corporate Governance Best Practice Principles, all directors are elected via a candidate nomination system. At the time of nomination and selection, the Company obtained written statements, employment history, proof of current employment, and family relationship declarations from each candidate to verify the independence of the individual, their spouse, and relatives within the third degree of kinship. All four independent directors were confirmed, both two years prior to their appointment and during their tenure, to meet the qualification requirements stipulated by the FSC's "Regulations Governing Appointment of Independent Directors and Related Matters for Public Companies" and Article 14-2 of the Securities and Exchange Act. Furthermore, they have been granted the authority to fully participate in decision-making and express opinions independently pursuant to Article 14-3 of the Act.	1
Independent Director	Hsieh-Hsing Huang			1
Independent Director	Hui-Yiu Chen			4
Independent Director	Mei-Chun Chao			1

2.4.2 Operation of the Compensation Committee

a. The Company's Compensation Committee consists of four (4) members.

b. Term of Current Committee Members:

The current term of the Remuneration Committee members is from May 31, 2024 to May 23, 2027. In the most recent fiscal year, the Compensation Committee held six (6) meetings. The qualifications and attendance of each member are as follows:

In the fifth term of the Remuneration Committee, two (2) meetings were held in fiscal year 2024. The operation details are as follows:

Position	Name	Meetings Attended	Proxy Attendance	(%) Attendance Rate	Remarks
Convener & Chairperson	Shiang-Chung Chen	2	0	100%	Former term (term ended on May 31, 2024) Expected to attend: 2 meetings
Member	Wei-Chi Liu	2	0	100%	Former term (term ended on May 31, 2024) Expected to attend: 2 meetings
Member	Kuan-Yuan Cheng	2	0	100%	Former term (term ended on May 31, 2024) Expected to attend: 2 meetings
Member	Hsieh-Hsing Huang	2	0	100%	Former term (term ended on May 31, 2024) Expected to attend: 2 meetings
Member	Li-Chen Lin	2	0	100%	Former term (term ended on May 31, 2024) Expected to attend: 2 meetings

In the sixth term of the Remuneration Committee, four (4) meetings **were held in** fiscal year 2024. The operation details are as follows:

Position	Name	Actual Attendance	Attendance by Proxy	(%) Attendance Rate	Remarks
Convener & Chairperson	Chao-Chin Tung	4	0	100%	<ul style="list-style-type: none"> Newly appointed (elected on May 31, 2024) Expected to attend 4 meetings
Member	Hsieh-Hsing Huang	4	0	100%	<ul style="list-style-type: none"> Newly appointed (elected on May 31, 2024) Expected to attend 4 meetings
Member	Hui-Yiu Chen	3	1	75%	<ul style="list-style-type: none"> Newly appointed (elected on May 31, 2024) Expected to attend 4 meetings
Member	Mei-Chun Chao	4	0	100%	<ul style="list-style-type: none"> Newly appointed (elected on May 31, 2024) Expected to attend 4 meetings

Other Matters to Be Disclosed:

1. If the Board of Directors does not adopt or modifies the recommendations of the Compensation Committee, it shall disclose the date of the Board meeting, term, proposal content, resolution result, and how the Company handled the Committee's opinion (e.g., if the Board-approved remuneration exceeds the Committee's recommendation, the differences and reasons shall be stated): Not applicable.
2. If any Compensation Committee member expresses dissenting or qualified opinions on resolutions, and such opinions are recorded or stated in writing, the Company shall disclose the meeting date, term, proposal content, all members' opinions, and how the Company addressed those opinions: Not applicable.
3. A summary of key communication items and resolutions in 2024 is as follows:

Compensation Committee	Matters Communicated	Outcome of Communication
5-9 (2024.3.7)	Proposal for Amendments to the Organizational Charter of the Compensation Committee	Acknowledged.
	Proposal for the Distribution of Directors' Remuneration for FY2023	Approved and submitted to the Board of Directors for resolution.
	Discussion on the Distribution of Employees' Remuneration for Fiscal Year 2023	Approved and submitted to the Board of Directors for resolution.
5-10 (2024.4.15)	Report on the Distribution of Long-Term Incentive Bonuses	Acknowledged.
6-1 (2024.6.11)	Discussion on the Chairman's Remuneration	Approved and submitted to the Board of Directors for resolution.
	Discussion on the Retirement Pension for Former Chairperson Ms. Chiu Chun-Chih	Approved and submitted to the Board of Directors for resolution.
	Discussion on the Retirement and Post-Service Benefits Plan for the Chairperson	Approved with amendments and submitted to the Board of Directors for resolution.
6-2 (2024.9.10)	Report on the Distribution of Employee Remuneration to Managerial Officers for Fiscal Year 2023	Acknowledged.
	Discussion on the Remuneration for Appointed Managerial Officers	Approved and submitted to the Board of Directors for resolution.
	Discussion on the Remuneration for Appointing the Former Chairperson as Senior Advisor	Approved with amendments and submitted to the Board of Directors for resolution.
	Discussion on the Guidelines for the Appointment of Board Advisors	Approved and submitted to the Board of Directors for resolution.
6-3 (2024.11.7)	Discussion on the Remuneration for Appointed Managerial Officers	Approved and submitted to the Board of Directors for resolution.
6-4 (2024.12.17)	Performance Evaluation Report for Managerial Officers for Fiscal Year 2024	Acknowledged.
	Year-End Bonus Distribution Report for Fiscal Year 2024	Acknowledged.
	Proposal for the Employee Stock Ownership Trust (ESOT) Plan	Approved and the suspension of the subsidy mechanism will be reported to the Board of Directors for resolution.

2.5 Implementation Status of Sustainable Development Initiatives and Differences from the “Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies,” with Explanations

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
1. Has the Company established a governance structure for promoting sustainable development, appointed dedicated (or concurrent) personnel or units to implement sustainability initiatives, authorized senior management by the Board of Directors to handle related matters, and ensured the Board's oversight of sustainability efforts?	V		<p>a. Establishment of a Dedicated Unit for Promoting Sustainable Development In accordance with the Company's sustainability policy, the Board of Directors serves as the highest level of risk management oversight. Under the Board, five functional committees have been established: the Audit Committee, the Corporate Governance and Sustainability Committee, the Compensation Committee, the Nomination Committee, and the Strategy Committee. The Corporate Governance and Sustainability Committee consists of no fewer than three directors, with a convener and chairperson elected from among the members. The committee is responsible for overseeing sustainability, regulatory compliance, and information security risks, and convenes meetings on a regular basis.</p> <p>b. In 2022, the Company established an ESG Promotion Office and appointed a full-time Sustainability Officer to lead the implementation of sustainability initiatives. To facilitate company-wide coordination and execution, a cross-functional team was assembled, comprising representatives from each business unit and manufacturing site, along with staff departments such as Occupational Safety and Health, Human Resources, and Finance. The ESG Promotion Office reports directly to the Chairman on a regular basis. It is responsible for tracking the progress of TECO's corporate sustainability goals and policy implementation; collecting and assessing climate-related and sustainability risks and opportunities; identifying material sustainability issues relevant to operations and stakeholder concerns; formulating response strategies and action plans; preparing relevant budgets; and planning and executing annual initiatives. The Office also monitors implementation</p>	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>performance to ensure that sustainability strategies are effectively and thoroughly integrated into the Company's day-to-day operations.</p> <p>c. The status of sustainability development initiatives for 2024 has been reported to the Corporate Governance and Sustainability Committee. The Board of Directors' oversight and recommendations regarding sustainability development are as follows:</p> <p>(a). Environmental Aspect (E):</p> <p>i. It is recommended to enhance the disclosure of greenhouse gas (GHG) emission data in the Sustainability Report — currently, third-party external verification has been commissioned.</p> <p>ii. The current coverage scope is broader than that originally defined under the "50% reduction in ten years" target. It is recommended to explain the reason for the change in coverage and to confirm that the emission reduction efforts remain on the originally planned trajectory. The expansion in scope aligns with the FSC's current regulatory requirement for 100% disclosure and remains consistent with the Company's decarbonization roadmap.</p> <p>iii. It is recommended to develop a preparatory action plan for the required disclosure of greenhouse gas (GHG) inventories for all consolidated subsidiaries starting in 2026. The Company has discussed IFRS S1 and S2 disclosure requirements with the Finance Department and has engaged external resources to provide advisory and diagnostic support.</p> <p>(b) Social Aspect (S):</p> <p>i. TECO provides annual sponsorship to the TECO Technology Foundation for its various events and competitions. It is recommended to review the outcomes of these programs and explore opportunities for further collaboration and value creation.</p> <p>ii. The TECO Technology Foundation co-organized an</p>	

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>international competition on net-zero carbon technologies with National Taiwan University (NTU), inviting Pacific Alliance universities to participate and exchange ideas. The platform's visibility and impact have been significantly elevated. It is recommended to consider increasing the sponsorship budget for related activities.</p> <p>iii. As an international company, TECO is encouraged to provide more opportunities for women in employment and career advancement in response to global trends.</p> <p>(c) Governance Aspect (G):</p> <p>i. It is recommended to adopt more diverse and youth-oriented social media platforms and tools, based on different themes, to promote the Company's positive image.</p> <p>ii. Strengthen investor communication with the primary goal of enhancing institutional investor recognition. It is recommended to track the shareholding trends of both domestic and international institutional investors going forward.</p> <p>iii. External communication regarding the development of green energy-related businesses can be strengthened. Presenting the proportion of revenue derived from green energy, along with industry comparisons, could highlight the Company's unique positioning.</p> <p>d. The Sustainability Report for fiscal year 2024 is scheduled to be submitted to the Board of Directors for approval and published by August 2025.</p>	
2. Has the Company conducted risk assessments on environmental, social, and governance (ESG) issues related to its operations based on the principle of materiality, and established corresponding risk management policies or strategies?	V		<p>a. TECO updates its sustainability topics based on international sustainability standards and trends, the Company's business objectives, and material issues identified by peer and benchmark companies. Each topic is prioritized and analyzed from two dimensions: external key stakeholders and internal management. This process helps identify diverse perspectives and define strategic directions for sustainability management.</p>	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>The Company also assesses risks related to transformation failure in sustainability actions and considers factors of double materiality. Internal management mechanisms are established to ensure target achievement. The process for materiality assessment and sustainability goal-setting is conducted annually.</p> <p>b. In 2024, the scope of materiality analysis covered TECO's facilities in Taiwan, Mainland China, and the United States. A total of 215 questionnaires were collected, with responses distributed as follows: Taiwan 71%, Mainland China 8%, and other regions 21%. Among 16 relevant topics, the top ten high-impact material issues identified were: (a) Climate action and achieving net-zero emissions; (b) Use of renewable energy; (c) Regulatory compliance; (d) Waste recycling and resource regeneration; (e) Control of raw material sourcing; (f) Corporate governance; (g) Occupational safety; (h) Pollution prevention and management; (i) Labor-management communication; (j) Supply chain management measures</p> <p>c. TECO is committed to establishing a comprehensive risk management system. The Audit Committee and the Corporate Governance and Sustainability Committee serve as the Company's highest-level risk oversight bodies, each responsible for different categories of risk. This structure ensures clear and professional division of responsibilities across various dimensions of risk control, with regular reporting to the Board of Directors.</p> <p>In addition, the Company has established an Audit Office that reports directly to the Board of Directors. This office is responsible for monitoring and auditing the overall risk management mechanism. Through internal audit procedures, the Company ensures the effectiveness of its risk control measures and the appropriate management of potential risks.</p> <p>d. In accordance with Article 44 of the "Regulations Governing the Establishment of Internal Control Systems by Public Companies," the Company has established a Risk Management Policy and Procedures.</p>	

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
3. Environmental Issues a. Has the Company established an appropriate environmental management system based on the characteristics of its industry?	V		Production-based facilities have obtained international certifications such as ISO 9001 and TS16949 based on their respective business attributes, and have also strengthened the implementation of ISO 14001, ISO 45001, and capabilities for identifying hazardous substances during the original design phase. TECO Electric & Machinery Co., Ltd. (headquarters) and 11 production sites have fully implemented the ISO 14001 Environmental Management System and passed third-party certification, achieving a 100% coverage rate. Certified sites include: TECO Electric & Machinery: Chungli Plant, Guanyin Plant, Hukou Plant; Tesen Electric & Machinery; TECO-Westinghouse; Taian Wuxi; Wuxi TECO; Wuxi Precision; Jiangxi TECO Air Conditioning Equipment; Jiangxi TECO; TECO Vietnam; Wuxi Teco Electro Devices; Motovario	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX
b. Has the Company made efforts to improve energy efficiency and utilize recycled materials with lower environmental impact?	V		<p>a. Energy Efficiency: In 2024, the total energy consumption of the Group was 375,227 GJ, with a coverage rate of 84.34%. The energy intensity was 1.88 MWh per million NTD in revenue.</p> <p>b. Renewable Energy Generation: In 2024, TECO completed the installation of 5.3 MW of solar power capacity at its facilities in the United States and China, bringing the Company's cumulative global installed capacity to 15.046 MW. In 2025, TECO plans to expand its renewable energy installations in Taiwan, Mainland China, and the United States, with the goal of achieving 30% of total electricity consumption from self-generated renewable energy by 2030.</p> <p>c. Use of Recycled Materials in Motors: TECO reuses silicon steel scrap through melting processes to manufacture motor casings, with recycled iron content exceeding 90%.</p> <p>d. Use of Eco-Friendly Refrigerants: TECO continues to promote the replacement of R410A with the more environmentally friendly refrigerant R32. In 2024, R32 accounted for 60.15% of the Company's total refrigerant usage (including residential, commercial, and chiller systems). Notably, 100% of residential air conditioning units have already adopted R32 refrigerant.</p>	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
3. Has the Company assessed the potential current and future risks and opportunities of climate change on its business, and taken corresponding response measures?	V		<p>e. To enhance carbon management effectiveness and foster internal innovation and transformation, TECO has implemented an internal carbon pricing mechanism to support the achievement of short- and medium-term emission reduction targets and net-zero emissions by 2050. Under this mechanism, each business group is allocated an annual carbon emission allowance and required to budget for corresponding carbon-related expenses. In addition, business groups may apply for Carbon Fund subsidies for projects in the following categories, encouraging more active implementation of energy-saving and carbon-reduction strategies to strengthen the Company's overall competitiveness: Energy management; Development and application of renewable energy; Low-carbon product research and innovation</p> <p>f. TECO is actively promoting the development of self-owned power generation facilities worldwide. As of 2024, the Company had achieved a cumulative global installed capacity of 15.046 MW, moving closer to its Group-wide goal of sourcing 30% of total electricity consumption from renewable energy by 2030.</p> <p>g. For more details on climate change governance, please refer to p.85</p>	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX
4. Has the Company compiled statistics on its greenhouse gas emissions, water consumption, and total waste generation over the past two years, and established policies for GHG reduction, water conservation, or other waste management initiatives?	V		<p>a. Greenhouse Gas Emissions: TECO conducts greenhouse gas (GHG) emissions inventories (covering Scope 1 and Scope 2) across its domestic and overseas affiliates and subsidiaries, including operations in Taiwan, Mainland China, Vietnam, Northeast Asia, Southeast Asia, the United States, and Italy. Over the years, the coverage of emission data has been progressively expanded to enhance management scope. TECO's various manufacturing sites and sales offices have planned for their GHG inventories to be verified in accordance with the ISO 14064-1 (GHG Inventory) standard to ensure the accuracy of the reported data.</p> <p>b. In 2024, in accordance with the FSC's regulatory requirements, TECO conducted a greenhouse gas inventory covering 100% of all affiliated companies and subsidiaries included in the</p>	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>consolidated financial statements. The total emissions were as follows:</p> <ul style="list-style-type: none"> • Scope 1 (direct emissions): approximately 25,317 metric tons of CO₂e/year • Scope 2 (energy indirect emissions): approximately 47,367 metric tons of CO₂e/year <p>Third-party verification bodies:</p> <ul style="list-style-type: none"> • Taiwan: BSI (British Standards Institution) • Mainland China and Vietnam: CQC (China Quality Certification Center) • United States: SGS (Taiwan SGS) • Italy: TÜV Rheinland <p>Regional emission factors were based on the most recent figures announced by local energy authorities. The global warming potential (GWP) values referenced are from IPCC Assessment Report 6 (AR6).</p> <p>c. Water Consumption: TECO set a 2024 target to reduce annual water consumption by 5% year over year, with a target value of 365.75 thousand cubic meters (Mm³). The actual total water consumption in 2024 was 317.02 Mm³, indicating that the reduction target was achieved.</p> <p>d. Waste Management: TECO set a 2024 target to reduce waste generation by 5% annually.</p> <ul style="list-style-type: none"> • Non-hazardous waste: The total volume generated was 14,874.50 metric tons, with a recycling and reuse rate of 96.96%. The amount processed was 451.53 metric tons, including 691.24 metric tons of recovered waste heat. • Hazardous waste: The target for 2024 was 292 metric tons, and the actual amount generated was approximately 291.48 metric tons, indicating that the target was achieved. <p>The above comprehensive inventory information will be primarily disclosed in the 2025 Sustainability Report.</p>	
<p>4. Social Issues</p> <p>a. Has the Company established relevant management policies and procedures in</p>	V		<p>TECO Electric & Machinery respects and supports the labor standards set forth in the Universal Declaration of Human Rights, the United Nations Global Compact, and the International Labour</p>	<p>Consistent with the the Corporate Sustainability Best</p>

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
accordance with applicable laws and international human rights conventions?			<p>Organization (ILO) Conventions. The Company has publicly issued the TECO Human Rights Policy Declaration, committing to ensuring that all individuals within and outside the organization are treated with equality and dignity.</p> <p>TECO has established a human rights due diligence process, conducting annual assessments to identify human rights risks, impacted parties, sources of risk, and to formulate corresponding action strategies. Mitigation measures include ensuring a safe and healthy working environment, prohibiting forced labor and child labor, eliminating discrimination, and upholding freedom of association and collective bargaining rights.</p> <p>In addition, TECO promotes an internal DEI (Diversity, Equity, and Inclusion) program to foster a modern workplace culture through education and awareness. In 2024, the Company received several recognitions, including the “Gold Award for DEI Vision” from Womany, the “Silver Award for Gender Equality Certification” from Taipei City Government, and the “DEI-Friendly Employer Award for Multigenerational Inclusion.”</p>	Practice Principles for TWSE/TPEX
b. Has the Company established and implemented reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflected operational performance or results in employee remuneration?	V		<p>a. Sharing of Business Results:</p> <ul style="list-style-type: none"> ● Performance-Based Incentives: TECO has implemented a performance management system to align employee compensation with the Company's business performance, thereby enhancing employees' sense of mission. According to the Company's Articles of Incorporation, up to 10% of the annual profit may be allocated for employee remuneration. In addition, a certain percentage of operating profit is distributed as year-end bonuses under the “Year-End Bonus Evaluation Guidelines.” ● Employee Stock Ownership Trust (ESOT): To foster employee engagement and support financial planning, since 2023 all employees have been eligible to join the ESOT based on the Employee Stock Ownership Association regulations. The Company provides matching contributions to encourage long-term shareholding, reinforcing a partnership model where employees are also shareholders. 	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX.

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<ul style="list-style-type: none"> ● Long-Term Incentive Program for Managers: Starting in 2023, managerial-level employees set three-year performance targets based on their roles and are granted long-term incentive bonuses. Bonus amounts are determined by the achievement of these targets and individual KPI scores. For those involved in sustainability projects, KPIs are linked to relevant ESG indicators. Furthermore, to promote gender equality and diversity, KPIs are also designed to support inclusive hiring and development practices aimed at increasing the representation of women in the workforce. ● Since 2020, TECO has implemented an Employee Retention Shareholding Program, under which managerial-level employees receive Company shares annually at no cost through a stock trust arrangement. <p>b. Employee Welfare Measures</p> <ul style="list-style-type: none"> ● Comprehensive and Above-Regulatory Leave Policy: To support work-life balance and ensure effective leave management, TECO provides leave entitlements that exceed statutory requirements. In addition to legally mandated leave, the Company monitors the utilization rate of annual leave across departments and incorporates this metric into managers' annual performance evaluations. i. Volunteer Leave: To encourage employee participation in social welfare activities and fulfill the Company's corporate citizenship responsibilities, TECO offers three days of fully paid volunteer leave per year. Participation in volunteer activities under this leave policy does not affect employees' performance evaluations. ii. Welfare Leave: The Company provides three days of paid welfare leave per year to help employees maintain a healthy balance between work and family life. iii. Birthday Leave: Recognizing that birthdays are special personal occasions, the Company offers a paid birthday leave day that can be 	

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>flexibly scheduled within the employee's birth month, allowing them to fully enjoy their celebration as a gesture of appreciation and goodwill from the Company.</p> <p>iv. Prenatal Checkup Leave: During pregnancy, employees are entitled to ten days of fully paid prenatal checkup leave, exceeding the current legal requirement of seven days.</p> <p>v. Convalescent Leave: To ensure employees can rest and recover fully when ill, the Company provides paid convalescent leave equivalent to the number of days hospitalized, which can be taken after discharge.</p> <ul style="list-style-type: none"> ● Wedding Gift Allowance: When an employee or their child gets married, the Company provides supervisors with a subsidy to offer a congratulatory gift. ● Bereavement Assistance: To express care and sympathy, when an employee or their family member passes away, the Company provides supervisors with a subsidy to offer condolence payments, memorial banners, and floral arrangements. ● Employee Dormitories: Free dormitory accommodations are provided to employees working at plant locations. A Dormitory Self-Governance Committee, formed by resident employees, collects a modest monthly management fee to cover the cleaning and maintenance of shared facilities, as well as to support various recreational activities for residents. 	
C. Has the Company provided a safe and healthy working environment for its employees and conduct regular occupational safety and health education and training?	V		<p>The Company also organizes environmental, health, and safety (EHS) training sessions and quiz-based incentive activities to encourage full employee participation through engaging and educational formats. These initiatives help enhance employees' knowledge of EHS-related topics and strengthen their safety awareness. In addition, the Company works with external experts to conduct on-site audits to further improve the practical performance of its EHS implementation.</p> <ul style="list-style-type: none"> ● Disabling Injury Frequency Rate : 2.57 	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<ul style="list-style-type: none"> ● Disabling Injury Severity Rate :118 ● Occupational Injury Statistics: A total of 24 cases were reported in 2024, including 7 cases in Taiwan facilities, 11 cases in Mainland China, 5 cases in Italy, and 1 case in the United States. ● Through incident investigation and analysis, the Company conducts reviews and implements improvements, including reassessing the safety of facilities and equipment. Employees are also reminded to wear appropriate personal protective equipment (PPE) and follow standard operating procedures to strengthen occupational safety and health awareness and ensure a safe working environment. <p>Each year, the Company ensures the inspection and reporting of fire safety systems, and conducts semi-annual fire drills focusing on high-risk equipment and areas within its facilities. In 2024, a total of one equipment-related fire incident was reported.</p> <ul style="list-style-type: none"> ● At Wuxi TECO, combustible materials were accidentally introduced into a baking oven, causing resin to ignite upon contact with an open flame. No property damage was reported, and the equipment was found to be operating normally after inspection. ● The Company enforces occupational safety inspections at its factories, covering safety aspects such as on-site conditions, high-risk operations, fire prevention, equipment, electrical systems, and building safety. <p>In terms of environmental protection, the inspection mechanism also includes categories such as air, water, waste, hazardous substances, and noise to ensure comprehensive compliance and risk control.</p> <ul style="list-style-type: none"> ● Complete verification information will be primarily disclosed in the Sustainability Report. 	
d. Has the company established an effective career competency development training program for employees?	V		<ul style="list-style-type: none"> ● Mentor Program : To strengthen succession planning and organizational capabilities at the mid- to senior-management level, TECO identifies high-potential successors and assigns senior executives as mentors based on results from 360-degree 	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>leadership competency assessments and individual development needs. These mentors share personal experiences, management insights, and provide advice and guidance to accelerate the comprehensive growth of mentees. In addition, a group of promising mid-level managers is selected to form a succession development team, mentored directly by the President. Through the President's guidance, members are trained to develop senior-level strategic thinking. Mentees from different business units also engage in peer learning and cross-functional collaboration, exploring development opportunities, initiating and executing cross-departmental projects, and connecting with external resources to broaden their perspectives.</p> <p>In 2024, 12 high-potential mid-level talents were selected to join the Mentor Program, receiving direct mentorship from the President. A total of five mentoring sessions were conducted throughout the year, accumulating 75 hours of coaching aimed at cultivating senior executive-level thinking among the participants.</p> <ul style="list-style-type: none"> ● Key Talent Development Program: Key talents refer to high-potential employees below the managerial level who are identified for focused development. To enhance talent cultivation and retention, the review and selection cycle for key talents has been adjusted from once every two years to once a year. <p>Following the selection process, each key talent's development progress and retention are incorporated into the department's Key Performance Indicators (KPIs). Department heads work collaboratively with each identified talent to establish a personalized Individual Development Plan (IDP), aligning the individual's growth trajectory with the Company's strategic direction.</p> <p>Through this process, key talents receive structured training and development, which helps strengthen talent retention and drives organizational growth.</p> <p>In 2024, among the 44 key talents identified, 23 employees</p>	

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>were promoted during the program period, resulting in a promotion rate of 52.2%. This included 2 employees promoted to Job Grade 9, and 5 employees who transitioned from non-managerial to managerial positions.</p> <ul style="list-style-type: none"> ● Digital Transformation and Digital Talent Development <ul style="list-style-type: none"> a. Digitalization of Knowledge and Learning In recent years, the Company has made significant progress in promoting the digitalization of knowledge and learning. We have launched a new learning platform, TECO e-Academy, and established a more robust foundation for digital learning by implementing a blended learning model that integrates both online and offline training. The platform's scope of application continues to expand, with an increasing variety of online courses introduced, making it a key driver of internal knowledge sharing, learning and development, and cultural shaping within the Company. In 2024, online learning hours totaled 12,427 hours, accounting for 38% of the Company's total learning hours. b. Digital Seed Talent Development Program To respond to the rapid advancement of digital transformation, the Company officially implemented the Microsoft 365 (M365) collaboration platform in 2023. In addition to providing basic tool training for all employees, the Company also selected digital seed talents from various business units to receive focused training in using M365 tools to drive process automation, data visualization, and other capabilities. These efforts aim to further enhance the overall effectiveness of the Company's digital transformation. In 2024, a total of 58 digital seed talents were trained. The training covered topics such as introductory and advanced RPA, Power BI, and AI Builder, with a cumulative total of 2,430 training hours completed. 	

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	Yes	No	Explanation	
			<p>c. Digital Competition</p> <p>To promote the practical adoption of M365 applications, the Company organized an internal digital project competition. Participating teams went through a complete process—from proposal submission, coaching, and implementation to final results sharing. Leveraging M365 tools, the teams successfully developed a range of practical solutions, including a product integration system, an attendance geo-check-in system, and a materials requisition system. These outcomes have facilitated the broader adoption of M365 tools across the Company, while also improving work efficiency and optimizing existing processes.</p> <p>In 2024, the digital competition received a total of 40 project proposals, among which 11 were selected by the judges for outstanding performance. Based on the projected impact of all submitted proposals, the initiatives are expected to result in approximately NT\$4 million in cost savings.</p> <ul style="list-style-type: none"> ● Management Associate Training Program To cultivate leadership and management capabilities among future management, the Company offers a series of training programs each year for high-potential employees, including basic and intermediate-level Management Associate training. Employees nominated for future supervisory roles are required to complete the relevant training courses before becoming eligible for promotion, ensuring that all supervisors possess the essential leadership and managerial competencies. ● Professional Competency Development Each year, the Company develops new internal instructors and enhances the teaching and knowledge transfer capabilities of existing ones. Through these internal trainers within each department, key professional skills and know-how are passed down via in-house training programs, on-the-job training (OJT), and other instructional methods. <p>In addition, factories hold annual skills certification programs to enhance the Company's technical standards, develop employee</p>	

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			<p>potential, cultivate multi-skilled workers, and recognize employees with outstanding technical capabilities.</p> <p>In 2024, one session of internal instructor training was conducted, with 24 participants completing the program and becoming certified internal instructors. The total training hours reached 168 hours.</p> <p>As part of the Company's digital knowledge transfer efforts, 13 training videos were produced, with a total of 214 views and 38.4 learning hours recorded.</p> <p>Additionally, 71 employees passed the skills certification, and a total of NT\$65,300 in incentive bonuses was awarded.</p>	
e. Has the Company complied with relevant laws and international standards regarding customer health and safety, customer privacy, marketing, and product labeling, and has it established related policies and grievance mechanisms to protect consumer or customer rights and interests?	V		<p>Integrating environmental protection, energy efficiency, and low-carbon design has become a prevailing trend in product development. In addition to complying with international efficiency rating standards, TECO motors continue to support energy conservation and carbon reduction by promoting the adoption of IE4 high-efficiency motors for equipment upgrades. The Company also offers customers electrification-integrated solutions and energy-saving and carbon-reduction programs.</p> <p>In compliance with national CNS regulations, TECO's home appliances and air conditioning products are developed with a focus on inverter technology and high energy efficiency, aiming to achieve both energy conservation and environmental protection. These products incorporate R32 eco-friendly refrigerants and environmentally friendly plastics, and have obtained both energy-saving and green product labels, serving as indicators for sustainable product marketing. This not only helps safeguard consumer health and safety but also contributes to carbon reduction and environmental sustainability.</p> <p>The Company has established a dedicated service hotline for home appliance and air conditioning products (operated by A-OK Technical Service Co., Ltd.) to provide consumers with channels for repair requests and complaints. All service requests are accompanied by a privacy policy statement to ensure the protection of consumer rights and personal information.</p> <p>Privacy Protection and Personal Data Management</p>	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX.

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			The Company has established a Personal Data File Security Maintenance Plan and Handling Procedures, with the Chairman serving as the highest-level authority. Each department has appointed personal data protection officers responsible for implementing personal data management tasks. Through internal audits, data inventory reviews, risk prevention measures, and training programs, the Company ensures the proper protection of customer personal information.	
f. Has the Company established a supplier management policy requiring suppliers to comply with relevant standards on environmental protection, occupational health and safety, and labor and human rights, and what is the status of its implementation?	V		TECO has integrated standards related to economic, social, and environmental aspects into its sustainable supply chain management policy. To ensure that suppliers fulfill their corporate social responsibility (CSR), the Company not only uses a supplier evaluation mechanism that emphasizes competitive quality, delivery, and technical capability, but also incorporates ESG scoring criteria into the evaluation process. These criteria cover environmental protection, occupational health and safety, and labor and human rights. TECO has developed a Supplier ESG Evaluation Form, promoted local procurement strategies, and strengthened supplier oversight through signed declarations and commitments, including the Restricted/Substance-Free Guarantee, Conflict-Free Minerals Declaration, Supplier Code of Conduct, and the Human Rights and Environmental Sustainability Commitment Letter.	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX
5. Does the Company follow internationally recognized reporting standards or guidelines in preparing its sustainability report or other reports disclosing non-financial information? Has the aforementioned report been assured or verified by an independent third-party assurance provider?	V		<ul style="list-style-type: none"> The overall content and structure of the Sustainability Report are prepared in accordance with the GRI Standards 2021, as issued by the Global Sustainability Standards Board (GSSB), using the appropriate reporting option. Environmental topics, including greenhouse gas inventory disclosures, follow the framework and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition, sustainability issues with material financial impact in the industry are disclosed in alignment with the standards of the Sustainability Accounting Standards Board (SASB). The Sustainability Report has been assured for accuracy by BSI in accordance with the AA1000 Assurance Standard (AA1000AS) 	Consistent with the the Corporate Sustainability Best Practice Principles for TWSE/TPEX

Initiatives	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Explanation	
			v3), Type 1, Moderate Level Assurance.	
<p>6. If the Company has established its own sustainability guidelines in accordance with the “Corporate Sustainability Best Practice Principles for TWSE/TPEX Listed Companies,” please describe their implementation and any differences from the said Principles: The Company has established a “Sustainability Best Practice Guidelines,” which apply to the overall business operations of the Company and its group enterprises. The Company aspires to actively align its business operations with international sustainability trends, and, through its role as a responsible corporate citizen, contribute to national economic development, improve the quality of life for employees, communities, and society, and foster a sustainability-driven competitive advantage. There is no difference in the implementation outcome.</p>				
<p>7. Other material information helpful for understanding the Company’s implementation of sustainable development practices:</p> <ul style="list-style-type: none"> ● Since 2022, TECO has established an ESG Promotion Office, which reports regularly to the Chairman on the execution and progress of the Company’s sustainability goals and policy implementation. TECO has committed to its “50% carbon reduction in 10 years” initiative, aiming to achieve a 50% reduction in carbon emissions by 2030, with the ultimate goal of reaching net-zero emissions by 2050. ● In 2023, the Company established the Innovative Energy Storage Operation & Development Division to integrate resources and pursue business opportunities in virtual power plants (VPPs) and microgrids, in line with the liberalization of the power market. ● TECO has been selected for five consecutive years in the Dow Jones Sustainability Emerging Markets Index (DJSI), consistently receiving international recognition for its sustainability performance. In 2024 (Year 113), the Company ranked second globally in the electrical and electronic equipment industry group, and was also included in the S&P Global 2025 Sustainability Yearbook, placing it among the Top 1% of companies worldwide. ● In 2024, TECO generated a total of 1,038 renewable energy certificates (RECs) through on-site solar power generation for self-use. The Company aims to achieve 30% of its total power consumption from renewable generation capacity by 2030. ● The TECO Technology Foundation has long been dedicated to the preservation and promotion of Indigenous cultures. Through its ongoing “Exclamation Mark – Indigenous Sustainable Education Program,” the Foundation actively supports the conservation of Taiwan’s unique cultural heritage while promoting social inclusion and sustainability. ● The Company promotes Diversity, Equity, and Inclusion (DEI) internally. <p>Complete information will be primarily disclosed in the Sustainability Report.</p>				

1. Climate-Related Information Implementation Status

Item	Implementation Status
1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.	<p>The Company's sustainability initiatives for 2024 have been reported to the Corporate Governance and Sustainability Committee. The Board of Directors' oversight and recommendations on sustainability development for 2024 are as follows:</p> <p>Environmental Aspect (E):</p> <ul style="list-style-type: none"> (1) It is recommended to enhance the disclosure of greenhouse gas (GHG) emissions data in the sustainability report – currently verified by an independent third party. (2) The current coverage scope is broader than that defined under the previously set “50% emission reduction in ten years” target. It is recommended to explain the reason for the change in coverage and to confirm that the emission reduction efforts remain on the originally planned trajectory—aligned with the FSC's current regulatory requirement of 100% disclosure, in line with the company's carbon reduction roadmap. (3). It is recommended to prepare a work plan for the required disclosure of greenhouse gas inventories for all consolidated subsidiaries starting in 2026. Discussions have been held with the Finance Department regarding disclosure under IFRS S1 and S2, and external resources have been engaged to assist with guidance and diagnostics. <p>Social Aspect (S):</p> <ul style="list-style-type: none"> (1) TECO Corporation annually sponsors various events and competitions organized by the TECO Technology Foundation. It is suggested to leverage the outcomes of these events to explore and create further collaboration opportunities. (2) The TECO Technology Foundation co-hosted an international Net Zero Carbon Technology competition with National Taiwan University, inviting participation and exchange with schools from the Pacific Alliance. The event significantly elevated the platform's visibility and impact; it is recommended to consider increasing the budget to support similar initiatives. (3) As an international company, TECO is encouraged to align with global trends by providing greater employment and promotion opportunities for women. <p>Governance Aspect (G):</p> <ul style="list-style-type: none"> (1) To strengthen the company's public image, it is advised to utilize a broader range of social media platforms and tools—particularly those favored by younger demographics—tailored to diverse thematic campaigns. (2) Strengthen communication with investors, with the primary goal of enhancing recognition and support from institutional investors. It is recommended to track the shareholding trends of both domestic and international institutional investors in the future. (3) It is suggested to enhance external communication regarding the development of green energy-related businesses. Presenting the proportion of revenue generated from green energy as a key metric—and comparing it with industry peers—can serve as a distinctive highlight. <p>The 2024 Sustainability Report, scheduled for release in 2025, is</p>

Item	Implementation Status
	expected to be submitted to the Board of Directors for approval and subsequently published before August 2025.
2. Describe how the identified climate-related risks and opportunities impact the company's business, strategy, and financial planning over the short, medium, and long term.	<p>The primary climate risks identified by TECO include: carbon pricing mechanisms and carbon tariffs impacting operations and the supply chain; extreme weather events affecting the production environment and workforce; and the pressure to accelerate low-carbon product transformation. These risks have direct implications for the company's business operations.</p> <ul style="list-style-type: none"> ● Short term: Rising costs of critical materials, increased pressure on supply chain management, and shifting market demand. ● Medium term: Product upgrades and market restructuring, rising energy costs, and declining labor productivity. ● Long term: Carbon Border Adjustment Mechanism (CBAM) and the risks associated with industry transformation. <p>In terms of strategic impact</p> <ul style="list-style-type: none"> ● Short term: Implementation of an internal carbon pricing mechanism and enhanced supply chain management. ● Medium term: Global capacity planning and energy transition strategies. ● Long term: Technological innovation, with a strong focus on developing low-carbon technologies such as electric vehicle power modules and IE5 motors, as well as advancing circular economy models. <p>In terms of financial impact:</p> <ul style="list-style-type: none"> ● Short term: Capacity relocation investments — TECO has made investments in Vietnam, India, and Mexico to mitigate geopolitical risks through geographic diversification. ● Medium term: Increased R&D expenditures — additional investment in research and development to meet net-zero emission requirements. ● Long term: Investment risks associated with industry transformation — failure to transition in a timely manner may result in product obsolescence due to carbon footprint concerns. <p>The key environmental opportunities identified by TECO include: the expansion of the low-carbon product market, the application of renewable energy and energy storage technologies, and the development of green supply chains.</p> <p>In terms of business impact:</p> <ul style="list-style-type: none"> ● Short term: Growth in the electric vehicle market, along with government subsidies and green standards. ● Medium term: Increasing corporate demand for carbon reduction; TECO's deployment of solar and energy storage systems helps reduce operational energy costs. ● Long term: Global energy transition, and expansion of smart grid and green building markets. <p>In terms of strategic impact:</p> <ul style="list-style-type: none"> ● Short term: Market-driven product development and adoption of green standards across the supply chain. ● Medium term: Expansion into global markets and investments in renewable energy. ● Long term: Establishing leadership in low-carbon technologies and advancing circular economy models.

Item	Implementation Status
	<p>In terms of financial impact:</p> <ul style="list-style-type: none"> ● Short term: New revenue streams from low-carbon products and government subsidies — certain markets offer incentives for low-carbon products, enhancing profitability. ● Medium term: Returns on renewable energy investments and carbon trading opportunities — leveraging internal carbon pricing mechanisms to reduce future carbon tax burdens. ● Long term: Establishing a leading brand in the low-carbon market, with potential revenue from carbon reduction technology licensing and patents.
<p>3. Describe the financial impacts of extreme weather events and transition activities.</p>	<p>Financial Impacts Faced by TECO Due to Extreme Weather Events and Transition Activities</p> <p>1. Financial Impacts of Extreme Weather Events</p> <ul style="list-style-type: none"> ● Impact of Carbon Pricing Mechanisms: The EU Carbon Border Adjustment Mechanism (CBAM) and U.S. carbon regulations have led to increased costs for key materials such as steel and aluminum, potentially affecting exports to the U.S. market. ● Operational Risks: Extreme weather events such as typhoons and floods may disrupt production and supply chains, resulting in higher maintenance and insurance costs. ● Rising Energy Costs: Carbon pricing and demand for low-carbon equipment have increased energy expenditures and capital investment needs at production sites. <p>2. Transition Actions and Financial Strategies</p> <ul style="list-style-type: none"> ● Product and Market Transformation: Upgrading motor efficiency, promoting low-carbon technologies, and expanding into energy storage and renewable energy equipment to reshape the company's revenue structure. ● Supply Chain Management: Requiring suppliers to provide carbon footprint data and optimizing procurement strategies to reduce the financial impact of high-carbon materials. <p>3. Financial Planning and Future Outlook</p> <ul style="list-style-type: none"> ● Implementation of Internal Carbon Pricing: Linking emission reduction performance to incentives through an internal carbon pricing mechanism. ● Long-term Carbon Cost Assessment: Continuously evaluating carbon-related costs to enable flexible resource allocation and strategic adjustments.
<p>4. Describe how the identification, assessment, and management of climate-related risks are integrated into the overall risk management framework.</p>	<p>TECO continuously updates its sustainability issues based on international sustainability standards and trends, the company's operational goals, and material topics identified in peer and benchmark companies. Through double materiality analysis, TECO identifies potential transition failure risks.</p> <p>The ESG Promotion Office is responsible for validating the content of each issue and detailing the top ten core topics, including their scope of impact, underlying causes, assessment methods, associated risks, and corresponding management strategies.</p> <p>In addition, the company references the "Risk Assessment and Analysis Report" provided by the Finance Department to define key areas for climate risk and sustainability management. The effectiveness of risk management execution by each responsible unit is continuously monitored, and the results are disclosed in the sustainability report to ensure transparency and traceability. The</p>

Item	Implementation Status
	process of identifying material topics and setting sustainability goals is conducted annually to ensure that sustainability strategies are aligned with the company's development direction and to continuously optimize risk response and management mechanisms.
5. If scenario analysis is applied to assess the company's resilience to climate change risks, the selected scenarios, parameters, assumptions, analytical factors, and key financial impacts should be clearly disclosed.	<p>TECO has adopted the GCAM 6.0 model, combined with the IEA 2050 Net Zero Emissions (NZE) scenario, to estimate decarbonization costs. This scenario was selected because it aligns with TECO's declared goal of achieving net-zero emissions by 2050. It is also consistent with the requirements of the Science Based Targets initiative (SBTi), making it an effective tool for assessing the company's capacity and challenges in responding to climate change.</p> <p>1. Key parameters and assumptions are as follows:</p> <ul style="list-style-type: none"> • Policy Factors: It is projected that global governments will strengthen carbon pricing, carbon taxes, and emissions regulations. National climate policies will influence both energy costs and corporate operating expenses. The transition to a low-carbon economy is expected to accelerate, driving increased demand for renewable energy. • Regional Variables: Differences in energy resource availability across TECO's major locations (such as China, Southeast Asia, and the United States) affect the cost and feasibility of implementing decarbonization measures. • Technological Development: Advancements in high-efficiency equipment and low-carbon energy technologies are expected to reduce TECO's energy transition costs; however, the pace of technological progress remains uncertain. <p>2. Key Analytical Factors:</p> <ul style="list-style-type: none"> • Financial Risks: Rising carbon prices will increase operating costs for the company; volatility in energy markets may affect raw material and transportation expenses. • Operational Risks: Changes in policies and regulations may impact market access and compliance costs, while high temperatures and extreme weather events can affect productivity and supply chain stability. <p>3. Key Financial Impacts:</p> <ul style="list-style-type: none"> • IEA 2050 Net Zero (NZE) Scenario: Carbon prices are expected to rise significantly, driving companies to accelerate their energy transition strategies. • IEA Announced Pledges Scenario (APS): The estimated decarbonization cost by 2030 is NT\$30.64 million. Although the pressure to reduce emissions is relatively lower under this scenario, continued investment in energy transition technologies remains necessary. • RCP 2.6 & RCP 6.0 Labor Impact: Additional resources will be required to address employee health and improve working conditions due to climate-related stressors.
6. If there is a transition plan in place to address and manage climate-related risks, please describe the plan, along with the indicators and targets	In terms of emissions reduction, TECO has announced its "50% Reduction in 10 Years" target, aiming to achieve a 50% reduction in operational carbon emissions by 2030. The implementation scope has been expanded to include overseas facilities, ensuring that the entire group contributes to the decarbonization effort. Key actions

Item	Implementation Status
used to identify and manage physical and transition risks.	<p>include energy-saving and emission-reduction initiatives at production sites and the deployment of a digital GHG data management system to enhance data processing efficiency. This system upgrades the current annual GHG inventory to a monthly emissions performance tracking process.</p> <p>On the product side, TECO has completed the development of IE5 premium efficiency motors—the highest standard in energy efficiency—and has adopted environmentally friendly refrigerants across all small-scale air conditioners. In addition, the company plans to establish its own global power generation facilities, with the goal of achieving 30% in-house power generation capacity.</p>
7. If internal carbon pricing is used as a planning tool, the basis for determining the carbon price should be disclosed.	<p>Since 2023, TECO has officially implemented an internal carbon pricing mechanism. Each business group's general manager is assigned an annual emissions allowance, which is incorporated into the budgeting process. Business units are required to allocate actual budgets to cover their annual carbon emissions. If emissions exceed the target, the excess results in additional budgetary costs, directly impacting the business group's performance evaluation and bonus allocation.</p> <p>TECO's internal carbon price is set at NT\$1,600 per metric ton (approximately USD 50). The pricing was determined based on a comprehensive review of global carbon pricing schemes, research reports from the Taiwan Institute of Economic Research, benchmark practices from leading domestic companies, and the estimated cost of carbon reduction investments at TECO's production sites.</p> <p>Each year, the responsible departments collect internal and external data to review and recalculate the internal carbon price. A formal meeting is then convened to discuss and approve the carbon fee for the following year, which serves as a reference for all business groups in their annual planning and budgeting processes.</p>
8. If climate-related targets have been set, the company should disclose the covered activities, greenhouse gas emission scopes, planning timeline, and annual progress toward the targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, the sources and quantities of the offsets or RECs should also be disclosed.	<p>TECO has set a target to reduce Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2030. As of 2024, the company has achieved a cumulative reduction of 38.6% toward this goal.</p> <p>To meet its reduction target through concrete actions, TECO has implemented on-site solar power generation. In 2024, this effort resulted in the issuance of 1,038 Renewable Energy Certificates (RECs) through self-generated and self-consumed solar energy.</p>
9. Greenhouse gas inventory and assurance status, along with reduction targets, strategies, and concrete action plans (to be additionally reported in Sections 1-1 and 1-2).	<p>TECO Group's GHG Inventory Classification and Regulatory Schedule:</p> <p>To comply with the Financial Supervisory Commission's "Sustainability Roadmap for TWSE and TPEX Listed Companies," TECO has developed a disclosure schedule for greenhouse gas (GHG) inventory based on the operational nature, materiality, and production value of subsidiaries included in the consolidated financial statements. These subsidiaries are categorized into four groups and required to complete GHG inventory tasks within the designated timelines.</p>

Item	Implementation Status
	<p>The inventory covers Scope 1 (direct emissions) and Scope 2 (indirect emissions from energy use), and disclosure is carried out in phases, aligned with the scope of the company's consolidated financial reporting.</p> <ul style="list-style-type: none"> • Category A: Global major production sites • Category B: Listed and OTC-listed subsidiaries • Category C: Sales headquarters in Mainland China, Southeast Asia, and Oceania, as well as system integration and sales service companies under each business group • Category D: Subsidiaries under the global sales network, subsidiaries of listed companies, financial investment holding companies, and asset development and management companies

1-1 Greenhouse Gas Inventory and Assurance Status of the Company in the Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

Disclose the greenhouse gas emissions (in metric tons CO₂e), emission intensity (in metric tons CO₂e per NT\$ million), and data coverage scope for the past two years.

	2023	2024
	Coverage Rate (%)	Coverage Rate (%)
Scope 1 (metric tons CO ₂ e)	14,914	12,968
Scope 2 (metric tons CO ₂ e)	47,424	42,381
Emission Intensity (metric tons CO ₂ e / TWD million)	1.24	1.00
Coverage Rate (%)	84.6	84.3

Note: When the disclosure coverage is 100%, Scope 1 emissions amount to 25,318 metric tons CO₂e and Scope 2 emissions amount to 47,367 metric tons CO₂e.

- The regulated scope (84.3%) covers TECO Group's core businesses in electromechanical, home appliances, and engineering, including: TECO Electric & Machinery, Tesen Electric & Machinery, TECO-Westinghouse, Taian Wuxi, Wuxi TECO, Wuxi Precision, Jiangxi TECO Air Conditioning Equipment, Jiangxi TECO, TECO Vietnam, Wuxi Teco Electro Devices, TECOBAR, TECO Malaysia, TECO Johor Bahru, TECO Singapore Sales, Motovario, and other manufacturing bases and major sales operations under substantial control.
- Non-core businesses include logistics, software, telecommunications, human resources, real estate development, and property management, which have been incorporated into management starting in 2024.

"Complete assurance information will be disclosed in the Sustainability Report."

1-1-2 Greenhouse Gas Assurance Information

Disclose the assurance status for the most recent two years as of the date of publication of the annual report, including the scope of assurance, the assurance provider, the assurance standards applied, and the assurance conclusions/opinions.

As of the reporting date, TECO's current GHG inventory sites undergo third-party external verification in accordance with ISO 14064 standards to ensure the accuracy of the inventory data.

Third-party assurance providers include:

- Taiwan: BSI (British Standards Institution)
- Mainland China & Vietnam: CQC (China Quality Certification Centre)
- United States: SGS Taiwan
- Italy: TÜV Rheinland

Emission factors for electricity are based on the annual coefficients published by local energy authorities. The global warming potential values used are from the IPCC Sixth Assessment Report (AR6).

The scope of verification covers TECO Group's core businesses in electromechanical, home appliances, and engineering, including TECO Electric & Machinery, Tesen Electric & Machinery, TECO-Westinghouse, Taian Wuxi, Wuxi TECO, Wuxi Precision, Jiangxi TECO Air Conditioning Equipment, Jiangxi TECO, TECO Vietnam, Motovario, TECOBAR, and other major manufacturing and sales operations under substantial control.

Non-core businesses, such as logistics, software, telecommunications, human resources, real estate development, and property management, have been included in the management scope starting from 2024.

"Complete assurance information will be disclosed in the Sustainability Report."

1-2 Greenhouse Gas Emission Reduction Targets, Strategies, and Concrete Action Plans

Disclose the GHG emissions base year and its data, emission reduction targets, strategies, concrete action plans, and the progress made toward achieving the targets.

TECO has set 2021 as the base year for its greenhouse gas (GHG) emission reduction targets. In that year, Scope 1 and Scope 2 emissions totaled 90,116 metric tons CO₂e, with a coverage rate of 89.5%.

Progress toward this target over the past three years is as follows:

- 2022: 76,543 metric tons CO₂e (coverage rate: 82.7%), achieving 15.0% of the reduction goal.
- 2023: 62,338 metric tons CO₂e (coverage rate: 84.6%), cumulative achievement 30.8%.
- 2024: 55,350 metric tons CO₂e (coverage rate: 84.3%), cumulative achievement 38.6%.

Global digital GHG inventory system: To ensure effective management and timely tracking of emissions performance across all global production sites, TECO has implemented an internal digital GHG inventory system. This platform enables real-time monitoring of monthly emissions at both domestic and overseas locations,

supporting the Group headquarters with fast and integrated data reporting. The system improves communication efficiency and enables the company to:

- Identify GHG emission trends
- Set and adjust decarbonization targets
- Locate major emission hotspots
- Develop and evaluate carbon reduction strategies

The system is currently deployed across TECO's operations in Taiwan and overseas subsidiaries and affiliates.

- **Internal Carbon Pricing System:** Beginning in 2023, TECO fully implemented an internal carbon pricing mechanism, setting the internal carbon price at NT\$1,600 per metric ton. Each business group's general manager is allocated an annual emissions allowance and must budget accordingly to cover their emissions. If actual emissions exceed the assigned target, the excess emissions incur additional costs, which directly impact the business group's performance evaluation and bonus structure. To enhance the overall effectiveness of carbon management and incentivize innovation in pursuit of mid-term reduction goals and the 2050 net-zero target, TECO further introduced the Internal Carbon Fee Allocation and Management Guidelines in 2024. These guidelines formalize the internal carbon fee system and enable the creation of an internal carbon fund, financed by carbon fee payments, to support decarbonization investments within business units. This fund serves as a financial resource for proposals focused on:

- Operational energy management
- Renewable energy development and application
- Low-carbon product and service innovation

Currently, the internal carbon pricing mechanism and carbon fund system are implemented across the three main business groups of TECO Electric & Machinery Co., Ltd.

- **Supply Chain Emission Reduction Initiatives:** TECO has launched supply chain decarbonization initiatives by integrating GHG emissions reduction risk assessments into its internal supplier evaluation and management system. Externally, the company participates in the Ministry of Economic Affairs' Net-Zero Transformation Program for the Manufacturing Sector, collaborating with the Taiwan Institute of Economic Research, National Yunlin University of Science and Technology, and 11 supplier partners to form a "1+N Carbon Management Demonstration Team." This initiative promotes both supply chain GHG inventory and product carbon footprint assessments. Starting in 2024, these efforts have been incorporated into related KPI management. TECO will continue to provide supplier training and guidance on carbon accounting and reduction practices, and monitor the effectiveness of implementation. These efforts aim to enhance the sustainability capabilities of suppliers.
(Current implementation scope: Taiwan-based supply chain)

2.6 Implementation of Ethical Business Practices and Explanation of Any Differences from the Listed Companies' Ethical Corporate Management Best Practice Principles

The Company primarily follows the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" to fulfill its commitment to ethical business practices.

Assessment Item	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Summary Description	
<p>1. Establishment of Ethical Corporate Management Policies and Programs</p> <p>a. Has the company established an integrity management policy approved by the board of directors, and clearly outlined the policy, practices, and commitments to implement it in its bylaws and external documents? Additionally, have the board of directors and senior management shown a proactive commitment to ensuring the policy is effectively carried out?</p>	V		<p>a. "Integrity management, the implementation of corporate governance, fulfilling social responsibility, and pursuing sustainable operations" are the core values of the company. On August 14, 2014, the Board of Directors passed a resolution to establish the "Ethical Corporate Management Best Practice Principles," which was amended on December 23, 2016, and November 12, 2019. Additionally, on March 20, 2015, the Board of Directors approved the revision of the "Code of Ethical Conduct for Directors and Managers." In addition to the establishment of the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct for Directors and Managers," which clearly outline the policies for integrity management, all members of the Board of Directors and management personnel have signed a declaration of integrity, demonstrating a proactive commitment to the implementation of integrity management policies. These documents, including the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct for Directors and Managers," are publicly disclosed on the company website. Furthermore, on August 13, 2018, the Board of Directors established the "Corporate Governance and Sustainability Committee Charter" to form the "Corporate Governance and Sustainability Committee," which consists of three or more directors, with at least half being independent directors. The chairperson and meeting convener are to be selected from the independent directors. In consideration of the need to add other functional committees and effectively assign director responsibilities, the committee charter was amended on June 18, 2024, to allow the members to</p>	Consistent with the Ethical Corporate Management Best Practice Principles

Assessment Item	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Summary Description	
<p>b. Has the company established a mechanism for assessing the risk of unethical conduct, regularly analyzing and evaluating business activities within its operations that carry a higher risk of such conduct, and formulated preventive measures accordingly, covering at a minimum the preventive actions outlined in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?</p> <p>c. Has the company clearly defined in its program for preventing</p>			<p>elect one of their own to serve as the convener and chairperson. The committee is tasked with tracking the implementation of corporate governance, corporate social responsibility, and integrity management initiatives.</p> <p>b. On November 12, 2019, the Board of Directors of the company passed a resolution to amend the "Ethical Corporate Management Best Practice Principles," explicitly outlining an evaluation mechanism for business activities that assess the risks of dishonest conduct. The scope of this mechanism includes the prevention of behaviors as outlined in Article 7, Paragraph 2, of the "Ethical Corporate Management Best Practice Principles for Listed Companies," including: (1) bribery and accepting bribes; (2) providing illegal political donations; (3) improper charitable donations or sponsorships; (4) offering or accepting unreasonable gifts, hospitality, or other improper benefits; (5) infringing on trade secrets, trademarks, patents, copyrights, and other intellectual property rights; (6) engaging in unfair competition; and (7) causing direct or indirect harm to consumers or other stakeholders' rights, health, and safety during the research, procurement, manufacturing, provision, or sale of products and services. The company has established an annual "Integrity Risk Assessment Mechanism" implemented by the Legal & Compliance Division. Each department conducts an annual analysis of risks related to dishonest conduct, with preventive measures and plans. After reviewing the materials, the Legal & Compliance Division submits a review report, and the audit department further monitors and audits the company's integrity risks. Furthermore, the company has established a "Procedures for Ethical Management and Guidelines for Conduct," as well as a reporting system to further prevent dishonest behavior by company members during business operations, as explained in section c. below.</p> <p>c. On November 16, 2017, the company established the "Procedures for Ethical Management and Guidelines for</p>	

Assessment Item	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Summary Description	
unethical conduct the operating procedures, code of conduct, disciplinary measures for violations, and grievance mechanisms, and does it effectively implement and regularly review and revise the said program?			Conduct," which clearly states that employees must not, either directly or indirectly, offer, promise, request, or accept any improper benefits or engage in other dishonest behaviors that violate integrity, laws, or fiduciary duties in order to gain or maintain benefits. To encourage employees to maintain awareness of integrity behavior, the company not only disseminates the relevant ethical standards on the internal website but also promotes the signing of the "Integrity Declaration" by all directors and employees, with a signing rate of 100% in 2024. Additionally, all major global affiliates are required to sign the "Corporate Integrity Management Commitment Letter," achieving a 100% completion rate. Various methods, such as educational courses and quarterly meetings, are used to advocate for the integrity behavior system that employees should follow. The company also issued an integrity management questionnaire to suppliers with accumulative transactions exceeding NT\$300 million in the Smart Energy Business Group from 2018 to 2023. Furthermore, to ensure compliance with legal and professional ethical standards, the company has established a "Bylaws to report cases of illegal and unethical conduct," creating both internal and external whistleblowing channels and handling systems. The "Legal & Compliance Division," which reports directly to the Board of Directors, is the dedicated unit responsible for implementing and reviewing the integrity management policies and preventive measures. The most recent review was conducted and approved by the Board of Directors on March 17, 2020.	
2. Implementation of Ethical Corporate Management a. Has the company evaluated the integrity records of its counterparties and included integrity-related clauses in the contracts signed with them?	V		a. When conducting business activities, the company considers the integrity records of its trading counterparts before entering into transactions. The "Legal & Compliance Division," which is under the Board of Directors, incorporates integrity behavior clauses into the company's various standard contracts, requiring trading counterparts, including suppliers and distributors, to strictly adhere to the	Consistent with the Ethical Corporate Management Best Practice Principles

Assessment Item	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Summary Description	
<p>b. Has the company established a dedicated unit under the Board of Directors to promote ethical corporate management, and does it report at least once a year to the Board on the implementation of ethical corporate management policies, prevention programs for unethical conduct, and related supervision?</p> <p>c. Has the company established a conflict of interest prevention policy, provided appropriate reporting channels, and ensured effective implementation?</p> <p>d. Has the company established effective accounting and internal control systems to implement ethical corporate management, and has the internal audit unit developed audit plans based on assessments of unethical conduct risks to audit the</p>			<p>integrity clauses. If any party is found to engage in dishonest behavior, the company may unconditionally terminate or rescind the contract at any time. On June 10, 2021, the company also revised the "Human Rights and Environmental Sustainability Commitment Letter," requiring business partners to sign a declaration of sustainable development. Priority is given to trading counterparts who have signed the commitment to integrity management.</p> <p>b. The company has established the "Legal & Compliance Division" under the Board of Directors as the dedicated unit responsible for formulating and promoting integrity management policies and preventive measures. The department reported its annual work plan and progress at the meetings of the "Corporate Governance and Sustainability Committee" on January 24 and August 7, 2024. It also regularly reports to the Board of Directors annually, with the most recent report presented on December 17, 2024.</p> <p>c. The company has established the "Procedures for Ethical Management and Guidelines for Conduct" and the "Code of Ethical Conduct for Directors and Managers," which explicitly state that all employees must not accept benefits to avoid sacrificing the company's interests for personal gain. If any violation of the integrity regulations is discovered, it may be reported according to the company's "Bylaws to report cases of illegal and unethical conduct." The person being reported is also provided with the opportunity to present their statement or appeal.</p> <p>d. To ensure the implementation of integrity management, the accuracy of accounting and financial processes, and the effectiveness of internal controls, the company has established an "Audit Committee" to oversee the "Financial and Management Center," which is responsible for dynamically managing financial risks. Additionally, the "Audit Team" evaluates compliance with laws and regulations, the COSO internal control framework, and the company's</p>	

Assessment Item	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Summary Description	
<p>compliance with the prevention programs, or has the company engaged external auditors to perform such audits?</p> <p>e. Does the company regularly conduct internal and external training sessions on ethical corporate management?</p>			<p>strategic goals, as well as past audit experiences, to assess risks at all organizational levels and propose the audit plan for the following year. This audit plan is presented for approval at the Audit Committee meeting (on December 17, 2024) and the Board of Directors meeting (on December 17, 2024). In the fourth quarter of each year, the company begins internal control self-assessment operations for each business group and major affiliates. The results of the self-assessment are compiled in the first quarter of the following year and reported to the Audit Committee and Board of Directors. This process evaluates the management's control of overall internal and external risks, the management of business group operational risks, and the effectiveness of the internal control system's design and execution. Furthermore, through the annual internal control self-assessment, each business group of Tecu Electric & Machinery Co., Ltd. must evaluate the effectiveness of its internal control system's design and implementation.</p> <p>e. Tecu regularly conducts internal training courses for new employees and newly appointed managers, while also promoting the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" and other related integrity management standards. Additionally, at least once a year, education and advocacy on relevant laws and regulations are provided for directors, managers, and employees. In 2024, the company conducted education and advocacy for current directors, managers, and employees on topics such as integrity management, personal data inventory training, the prohibition of insider trading—control regulations and case studies, an introduction to the Ministry of Economic Affairs' Intellectual Property Office trademark search system, TIPS general employee training on ubiquitous trademarks and patents, patent search and analysis, and TIPS responsible personnel training. A total of 1,501 person-times were trained, accumulating more than 850.4 hours. In</p>	

Assessment Item	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Summary Description	
			addition to having all employees sign the "Integrity Declaration" (with a 100% signing rate in 2024), the company also complies with the "Insider Trading Prevention Management" regulations, conducting at least one education session on insider trading procedures and relevant laws for directors, supervisors, managers, and employees annually. Education and advocacy for newly appointed directors and managers are arranged timely, and for new employees, it is promoted during pre-job training by the human resources department. After the course, a quiz is conducted to assess learning, and the course presentation and video files are placed in the internal employee system. Employees are required to read the internal regulations carefully and pass the quiz.	
<p>3. The operation of the company's whistleblowing system</p> <p>a. Has the company established a specific whistleblowing and reward system, as well as created convenient channels for whistleblowing? Additionally, has the company assigned appropriate personnel to handle the complaints regarding the reported individuals?</p> <p>b. Has the company established standard operating procedures for investigating whistleblowing matters, the subsequent actions to be taken after the investigation is completed, and relevant confidentiality mechanisms?</p>	V		<p>a. The company has established the "Bylaws to report cases of illegal and unethical conduct." Employees who discover any situation that appears to violate professional ethics may raise an alert at any time. The company has set up a whistleblowing mailbox (integrity@teco.com.tw), a hotline, and an integrity reporting platform for employees, external parties, and vendors to directly report any improper business practices related to financial, legal, and integrity issues. The handling unit is the Internal Audit Team under the Board of Directors, and the Internal Audit Team is responsible for processing these reports.</p> <p>b. The "Bylaws to report cases of illegal and unethical conduct" Articles 3 and 4 outline the whistleblowing channels and procedures, the standard operating procedures for investigating reported matters, and the subsequent actions to be taken after the investigation is completed. Article 4, Section 5 specifies the confidentiality mechanisms, ensuring that the identities and contents related to the whistleblower or individuals involved in the investigation are handled confidentially and cautiously according to the procedure.</p>	Consistent with the Ethical Corporate Management Best Practice Principles

Assessment Item	Implementation Status			Differences from the Principles and the reasons thereof
	Yes	No	Summary Description	
c. Has the company taken measures to protect whistleblowers from being subjected to improper treatment or retaliation as a result of their whistleblowing?			c. The "Bylaws to report cases of illegal and unethical conduct" Article 4, Section 5 clearly defines a whistleblower protection mechanism. The company ensures protection for the whistleblower or any individuals involved in the investigation, strictly prohibiting any form of unfair treatment or retaliation against those who report in good faith or assist in the investigation.	
4. Strengthening Information Disclosure a. Has the company disclosed the contents of its "Ethical Corporate Management Best Practice Principles" and the progress of its implementation on its website and the Market Observation Post System (MOPS)?	V		a. The company has placed integrity management-related regulations and promotional information on its internal website for employees to access at any time. On Teco Electric's external website (https://www.teco.com.tw), the annual report is available under the "Investor Relations" section (also available on the Market Observation Post System), and detailed information about the company's governance, management team, organizational internal regulations, and corporate social responsibility is available under the "About Teco" and "Corporate Social Responsibility" sections. These disclosures include relevant policies, rules, and regulations related to integrity management.	Consistent with the Ethical Corporate Management Best Practice Principles
5. If the company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for Listed Companies," please describe the operation and any differences from the prescribed code: The company has established its own Ethical Corporate Management Best Practice Principles, which has been published on the company's website. The company's operations and the prescribed code are in compliance with the provisions of the "Ethical Corporate Management Best Practice Principles for Listed Companies."				
6. Other important information that helps understand the company's integrity management operations (e.g., the company's review and revision of its Ethical Corporate Management Best Practice Principles, etc.): The company complies with the Company Act, Securities Exchange Act, relevant regulations for listed companies, and applicable laws as the foundation for implementing integrity management. The company prohibits any dishonest behavior in its external business dealings. On November 12, 2019, the company revised the "Ethical Corporate Management Best Practice Principles"; on March 17, 2020, the "Procedures for Ethical Management and Guidelines for Conduct" was amended; on June 10, 2021, the "Human Rights and Environmental Sustainability Commitment Letter" was revised; on April 24, 2022, the "Supplier Code of Conduct" was announced; and on September 14, 2022, the "Teco Electric Group Trade Secret Protection Policy" was revised.				

2.7 Other important information that can enhance the understanding of the company's governance operations may also be disclosed:

1. The company's important information is disclosed on the Market Observation Post System (MOPS) in accordance with the regulations of the competent authorities.

2. The status of directors' continuing education

Title	Name	Date	Organizer	Course Name	Duration
Chairman	Ming-Shieh Li	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Vice Chairman	Ho Yuan International Investment Co., Ltd. Representative : Su Chiu Wu	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Director	Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy Chiu	2024.1.25	Taiwan Sustainable Energy Research Foundation	35th TCCS Council Meeting and CEO Forum	2 hours
		2024.4.25	Taiwan Sustainable Energy Research Foundation	36th TCCS Council Meeting and CEO Forum	2 hours
		2024.7.18	Taiwan Sustainable Energy Research Foundation	37th TCCS Council Meeting and CEO Forum	2 hours
		2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
Director	Jong-Chin Shen	2024.7.31	Financial Legal and Crime Prevention Center	Common Deficiencies and Penalty Cases in the Financial Industry and Prevention of Sexual Harassment	3 hours
		2024.8.13	Taipei Financial Research and Development Foundation	Corporate Governance Course	6 hours
		2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours

Title	Name	Date	Organizer	Course Name	Duration
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Director	Tong Ho Global Investment Co., Ltd. Representative : Cheng-Tsung Huang	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Director	Ho Yuan International Investment Co., Ltd. Representative : Show-Shoun Chou	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.25	Securities and Futures Market Development Foundation	Seminar on Expanding the Asian Asset Management Landscape Using Derivatives for Listed Companies	3 hours
Director	Creative Sensor Inc. Representative : Jack Hou	2024.5.8	Chinese Association for Corporate Governance	ESG-related Legal Issues to Consider for the Board of Directors	3 hours
		2024.8.5	Chinese Association for Corporate Governance	Development Trends of Sustainability Reporting	3 hours
Independent Director	Hsieh-Hsing Huang	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Independent Director	Chao-Chin Tung	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Independent Director	Hui-Yiu Chen	2024.4.29	Taiwan Directors Association	International Carbon Management Practices and Future Trends in Sustainability Reporting	3 hours
		2024.9.26	Chinese Association for Corporate Governance	Cybersecurity Threats and Supervision Trends	3 hours
Independent Director	Mei-Chun Chao	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours

Title	Name	Date	Organizer	Course Name	Duration
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours

3. Status of Managers' Continuing Education

Title	Name	Date	Organizer	Course Name	Duration
President	Thomas Fann	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Vice President	Scott Chen	2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Business Group President	Feiyuan Kao	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Business Group President	Sung-Pin Chang	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
Business Group President	Chi-Tseng Peng	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Financial and Management Center Assistant Vice President	Andy Liu	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.12.17	Cross-Strait Business Development Foundation	The Present and Future of Energy Service Technologies (ESCO)	3 hours
Corporate Governance Officer	Shih-Hsiung Chien	2024.8.14	Chinese Association for Corporate Governance	Trends in Smart Manufacturing and the Application of Digital Technology in Management	3 hours
		2024.9.12	Taiwan Investor Relations Association	Four Key Principles Every Shareholder Activism Should Learn	3 hours

Title	Name	Date	Organizer	Course Name	Duration
		2024.10.1	Chinese Independent Directors Association	2024 Environmental and Economic Win-Win: Taiwan's ESG Practices	3 hours
		2024.10.8	Taiwan Stock Exchange	2024 WIW Forum: Digital Finance and Sustainable Finance Concerto in the AI Boom	3 hours
		2024.12.17	Taipei Bar Association	2024 Corporate Governance Forum: New Challenges for Corporate Governance Supervisors	3 hours
		2024.12.25	Securities and Futures Market Development Foundation	Listed Companies: Expanding the Asian Asset Management Landscape with Derivatives	3 hours
Accounting Chief	Tommy Wu	2024.10.1	Chinese Institute of Certified Public Accountants	Revision of Internal Control System Guidelines and Practical Compliance with Financial Reporting Laws	6 hours
		2024.12.26	Chinese Institute of Certified Public Accountants	Robotic Process Automation (RPA) to Enhance Internal Control Effectiveness	6 hours

4. Succession Planning for Board Members and Key Management:

The structure of the company's Board of Directors is determined based on the company's business development scale and the shareholding situation of its major shareholders, while also considering practical operational needs. To establish a good governance system, the company established the "Corporate Governance and Sustainability Committee" on August 13, 2018, which is responsible for nominating candidates for directors and independent directors, as well as strengthening the functions of the Board of Directors. On June 18, 2024, the company established a "Nomination Committee," which is now responsible for setting the standards for the professional knowledge, skills, experience, gender diversity, and independence required for board members and senior managers. Based on these established selection standards, the committee identifies, reviews, and nominates candidates for directors, independent directors, and senior managers.

The company implements the board member diversification policy in accordance with the "Corporate Governance Best Practice Principles." At the 2024 Annual Shareholders' Meeting (May 24, 2024), the company elected 11 directors (including 4 independent directors), with diverse and complementary industry experience and expertise in finance, accounting, and other fields. The proportion of independent directors increased to 36.36%, and the number of female directors increased to 3, making up 27.27%.

Regarding the succession plan for the Board of Directors, the company cultivates senior managers to enter the board and familiarize them with board operations and the business of the group's units. Through job rotations, the company deepens their industry experience. Currently, the group has several

senior management talents, so the company has a rich talent pool to select from for future board positions. In addition to considering diversification, no more than one-third of the board seats will be held by directors who also serve as managers of the company. The company will also focus on gender equality and ensure that directors have the knowledge, skills, and qualifications required to perform their duties. The 26th Chairman, Ms. Chwen-Jy Chiu, joined the Teco management team in 1997, holding positions such as Finance Director, Home Appliances Department Assistant Vice President, Deputy President, and President, and joined the Board of Directors in 2006. She served as the Chairman from 2015 to May 2024. The current 27th Chairman, Mr. Ming-Shieh Li, joined the Teco Group on May 24, 2024. He has previously held roles such as Chairman of China Trust Commercial Bank, Director of the Mainland Affairs Council, Director of the Taipei City Bank Association, Chief Executive Officer of China Guangfa Bank, and Chairman of Citibank Taiwan, with extensive experience in multinational financial management. With the complementary nature of core and emerging green energy products, he combines Teco's global industry chain to expand revenue growth and create greater value for shareholders, employees, and society.

The succession plan for key management is designed to meet the company's strategic development goals. When a key management position becomes vacant due to the company's strategic layout, priority is given to selecting candidates from the succession talent pool. The details of the succession plan and its operation are as follows:

1. Succession Candidates: The succession plan for key management is focused on nurturing candidates for managerial positions, Assistant Vice President, business group president, and President.
2. Selection Criteria: In addition to work ability and performance, succession candidates must demonstrate the company's five core values: ambition, customer orientation, teamwork, integrity, and innovation, as well as have broad and inclusive leadership traits, along with management ability and thinking.
3. Methods:
 - Talent Pool: Supervisors above the department head level are included in the succession talent pool for key management.
 - Selection Process: Through talent evaluation and reviews, the company regularly assesses and inventories the readiness of the talent pool and tailors individual career development plans for short, medium, and long-term succession needs of the group. In 2022, the company completed talent evaluations and selected 5 supervisors for medium- and long-term development planning.
 - Development: Mentorship system, job rotation, management training, and personal development plans.

President Mr. Thomas Fann joined the Teco Group on April 7, 2022, bringing extensive international experience and a complete industry background. He is also a mentor at the National Taiwan University Innovation Center. Before

joining Teco, he served as President of Ford Lio Ho Motors, President of Jiangling Motors Group and Executive Committee Chairman of Ford Motor Group, Assistant to Chairman of Foxconn Interconnect Technology Limited, and President of the American Chamber of Commerce in Taiwan. His work experience spans locations in Taipei, Mainland China, North America, and Europe. Mr. Fann is focused on the development of senior successor talent, and in 2022, he regularly mentored 5 supervisors in individual development plans and arranged cross-company job rotations within the group. In 2023, three supervisors were assigned for rotation in the United States and Mainland China, and starting from 2023, they began participating in the group's senior management decision-making meetings to cultivate global decision-making capabilities and improve strategic thinking. On April 7, 2024, Mr. Feiyuan Kao will take over as the company's President. He has held various roles including Manager of the Factory Automation Division, Assistant Vice President of Wuxi Teco, Assistant Vice President of the Green Energy Electric Motor Research and Development Business Unit, and President of Green Mechatronic Solution Business Group. With solid experience in domestic and international business rotations and outstanding operational management performance (in 2023, Green Mechatronic Solution Business Group achieved a NT\$5.5 billion revenue, contributing over 80% of the company's profits), Mr. Kao is committed to building a resilient global supply chain for small motors. (Established TECO Vietnam plant in 2019, launched EV powertrain production line of Zhongli plant in 2021, and established new plants in Mexico and India in 2023)

2.8 Status of Internal Control System Implementation:

1. Internal Control System Statement

Teco Electric & Machinery Co., Ltd. Internal Control System Statement

Date: March 14, 2025

Based on the results of the self-assessment, the internal control system of our company for fiscal year 2024 is hereby declared as follows:

1. The company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the board of directors and management. The company has established such a system. Its purpose is to achieve the effectiveness and efficiency of operations (including profitability, performance, and asset security), provide reliable, timely, transparent, and compliant reporting, and ensure compliance with relevant regulations and laws, providing reasonable assurance.
2. The internal control system has inherent limitations. Regardless of how well-designed it is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a mechanism for self-monitoring, and any deficiencies identified will be rectified promptly by the company.
3. Our company evaluates the effectiveness of the internal control system based on the criteria outlined in the "Guidelines for Establishing Internal Control Systems for Publicly Traded Companies" (hereinafter referred to as the "Guidelines"). These criteria are used to assess the design and implementation effectiveness of the internal control system. The criteria adopted in the "Guidelines" categorize the internal control system into five components based on the management control process: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring. Each component includes several elements. Please refer to the provisions of the "Guidelines" for the specific details of these elements.
4. Our company has already adopted the internal control system assessment criteria mentioned above to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the inspection results mentioned above, our company believes that the internal control system (including supervision and management of subsidiaries) as of December 31, 2024, effectively ensures the achievement of operational effectiveness and efficiency goals, reliable, timely, transparent reporting, and compliance with relevant regulations and laws. The design and implementation of the internal control system are effective and can reasonably ensure the achievement of the above objectives.
6. This statement will serve as the main content of our company's annual report and public disclosure document, which will be made available to the public. Any false or concealed information in the above public content may incur legal liabilities under the Securities and Exchange Act, including Articles 20, 32, 171, and 174.
7. This statement has been approved by the board of directors of our company on March 14, 2025. There were 11 directors present or represented by proxy, all of whom fully agreed with the contents of this statement.

Teco Electric & Machinery Co., Ltd.
Chairman: Morris Li
President: Thomas Fann

2. If the company has entrusted an accountant to review the internal controls, the accountant's review report should be disclosed: None.

2.9 Important Resolutions of the Shareholders' Meeting and Board of Directors in the Most Recent Year and up to the Date of the Annual Report Printing:

1. Important Resolutions of the Shareholders' Meeting and Board of Directors:

2024/02/20: The Board of Directors resolved to convene the Annual Shareholders' Meeting on 2024/05/24, to be held at 11 Antong Road, Zhongli District, Taoyuan City (the company's Zhongli factory). The period for suspension of stock transfers is from 2024/03/26 to 2024/05/24.

2024/03/15:

1. The Board of Directors approved the 2023 Financial Report, which includes consolidated revenue of NT\$59,393,661 thousand, net profit of NT\$6,332,032 thousand, net profit attributable to the parent company of NT\$5,830,061 thousand, and basic earnings per share of NT\$2.76.
2. The Board of Directors resolved to distribute a cash dividend of NT\$2.2 per share, totaling NT\$4,705,353 thousand in dividends.

2024/04/10: The Board of Directors resolved to merge with TECO Electro Devices Co., Ltd., a subsidiary in which the company holds 59.56% of shares, to expand overall economies of scale and efficiency, enhance business revenue sources, and improve industry competitiveness. Following further discussions, the board agreed to set 2024/08/31 as the merger record date.

2024/05/14:

1. The Board of Directors resolved to set 2024/06/24 as the ex-dividend date and 2024/07/15 as the dividend payout date, totaling NT\$4,705,353 thousand in cash dividends (NT\$2.2 per share).
2. The first-quarter consolidated financial report of 2024 was presented to the Board, showing cumulative revenue of NT\$13,729,598 thousand, net profit of NT\$1,286,957 thousand, net profit attributable to the parent company of NT\$1,159,139 thousand, and basic earnings per share of NT\$0.55.

2024/05/24: Important resolutions of the Shareholders' Meeting:

1. Approval of the 2023 Business Report and Financial Statements (proposed by the Board of Directors).
2. Approval of the 2023 Earnings Distribution (proposed by the Board of Directors).
3. Election of the 27th Board of Directors (including independent directors) (proposed by the Board of Directors).
4. Approval of the removal of non-compete restrictions for the 27th Board of Directors (including independent directors) (proposed by the Board of Directors).

2024/05/31: The first meeting of the 27th Board of Directors elected Ming-Shieh Li as the new Chairman.

- 2024/08/14: The second-quarter consolidated financial report of 2024 was presented to the Board, showing cumulative revenue of NT\$28,255,525 thousand, net profit of NT\$3,048,368 thousand, net profit attributable to the parent company of NT\$2,806,090 thousand, and basic earnings per share of NT\$1.33.
- 2024/09/24: The Board of Directors approved an investment of NT\$548,330 thousand to acquire 23,840,416 shares (57.2% of the company's issued shares) of Shen Chang Electric Co., Ltd.
- 2024/11/12: The third-quarter consolidated financial report of 2024 was presented to the Board, showing cumulative revenue of NT\$41,712,869 thousand, net profit of NT\$4,951,696 thousand, net profit attributable to the parent company of NT\$4,576,095 thousand, and basic earnings per share of NT\$2.17.
- 2024/12/17:
1. The Board elected Su Chiu Wu as the new Vice Chairman.
 2. The Board approved Andy Liu, Assistant Vice President of the Financial and Management Center, as the new Chief Financial Officer, effective from 2025/01/01.
- 2025/02/19: The Board of Directors resolved to convene the Annual Shareholders' Meeting on 2025/06/03, to be held at the Taipei Biotech Park Multifunctional Conference Hall, No. 508, Section 7, Zhongxiao East Road, Nangang District, Taipei City. The period for suspension of stock transfers is from 2025/04/05 to 2025/06/03.
- 2025/03/14:
1. The Board approved the 2023 Financial Report, which includes consolidated revenue of NT\$55,234,746 thousand, net profit of NT\$6,251,281 thousand, net profit attributable to the parent company of NT\$5,767,637 thousand, and basic earnings per share of NT\$2.73.
 2. The Board resolved to distribute a cash dividend of NT\$2.2 per share, totaling NT\$4,705,353 thousand in dividends.
 3. The Board approved an investment of MYR 70,000 thousand to acquire 1,500,000 shares (80% of the company's issued shares) of NCL Energy Sdn Bhd.
 4. The Board approved Gao Feiyuan as the new General Manager and Chief Information Security Officer, effective from 2025/04/07.
 5. The Board approved Dora Lin as the new Internal Audit Chief, effective from 2025/03/15.
 6. The Board resolved to buy back treasury shares for the 17th time, with the purpose of transferring shares to employees. The buyback period is from 2025/03/17 to 2025/05/16, with a target of 5,000,000 shares.
 7. The Board resolved to include the following in the 2025 Annual Shareholders' Meeting agenda: a report on the "Buyback of Treasury Shares" and discussions on amendments to the "Procedures for Acquiring or Disposing of Assets" and "Procedures for Endorsement and Guarantee"

2. Implementation of Resolutions from the 2024 Annual Shareholders' Meeting (held on 2024/05/24):

Serial No.	Resolution Item	Implementation Status
1.	Ratification of the 2023 Business Report and Financial Statements (proposed by the Board of Directors)	※ The votes in favor accounted for 96.11% of the total voting rights of the shareholders present, and the resolution was passed as proposed.
2.	Ratification of the 2023 Earnings Distribution (proposed by the Board of Directors)	1. The votes in favor accounted for 96.18% of the total voting rights of the shareholders present, and the resolution was passed as proposed. 2. The Board of Directors resolved on 2024/05/14 to set the ex-dividend date as 2024/06/24, and the cash dividend was paid on 2024/07/15, totaling NT\$4,705,353 thousand in cash dividends (NT\$2.2 per share).
3.	Election of the 27th Board of Directors (proposed by the Board of Directors)	1. Eleven directors (including 4 independent directors) were elected for a 3-year term, from 2024/05/24 to 2027/05/23. 2. The new directors' appointment was approved by the Ministry of Economic Affairs on 2024/06/25, with official approval letter No. 11330098670.
4.	Removal of non-compete restrictions for the 27th Board of Directors (proposed by the Board of Directors)	※ The votes in favor accounted for 94.54% of the total voting rights of the shareholders present, and the resolution was passed as proposed.

2.10 In the most recent year and up to the date of the annual report printing, if any director or supervisor expressed disagreement with any important resolution passed by the Board of Directors, and there is a record or written statement, the main content is: None.

3. Information on Fees Paid to Certified Public Accountants

3.1 Accountant Information

Name of accounting firm	CPA names		Auditing period	Note
Pricewaterhouse Coopers, Taiwan	Hsu, Sheng-Chung	Tu, Chan-Yuan	2024	

3.2 Table of Brackets for CPA Fees

Unit: NT\$ thousand

Name of accounting firm	CPA names	Auditing period	Auditing fee	Non-auditing fee	Total	Note
Pricewaterhouse Coopers	Hsu, Sheng-Chung	2024/1/1~12/31	13,380	-	13,380	
	Tu, Chan-Yuan					
Pricewaterhouse Coopers	Hsu, Li-Chen	2024/1/1~12/31	-	2,011	2,011	Note
	Huang, Ching-Yen					
Pricewaterhouse Coopers	Li, Yi-Hua	2024/1/1~12/31	-	3,200	3,200	Note

Note: The above-mentioned non-audit fee is mainly for three-tiered TP documentation review, tax administrative relief and inventory scrapping, etc.

3.3 In case of switching accounting firms and the audit fees for the new accounting firm being lower than the previous year's audit fees: No such situation.

3.4 In case of a decrease of more than 10% in audit fees compared to the previous year: No such situation.

4. Information on Replacement of Accountants: Not applicable.

5. Information on Whether the Chairman, President or Other Managers Have Worked for CPA Firms or Related Entities in the Past Year: None.

6. Share Transfer and Pledge Changes of Directors, Managers, and Shareholders Holding More Than 10% of Shares in the Most Recent Year and up to the Date of the Annual Report Printing.

6.1 Changes in Shareholding of Directors, Managers, and Major Shareholders

6.1.1 Changes in Shareholding of Directors

Title	Name	2024		As of 2025/04/07	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Chairman	Ming-Shieh Li	200,000	0	0	0
Director	Ho Yuan International Investment Co., Ltd. Representative: Su Chiu Wu	0	0	0	0
		0	0	0	0
Director	Ho Yuan International Investment Co., Ltd. Representative: Show- Shoun Chou	0	0	0	0
		0	0	0	0
Director	Tung Kuang Investment Co., Ltd. Representative: Chwen- Jy Chiu	0	151,000	0	0
		207,109	0	31,341	0
Director	Tong Ho Global Investment Co., Ltd.	0	260,000	0	0
		0	(2,947,000)	0	0
Director	Creative Sensor Inc. Representative: Jack Hou	(575,000)	(7,000,000)	0	0
		0	0	0	0
Director	Jong-Chin Shen	0	0	0	0
Independent Director	Hsieh-Hsing Huang	0	0	0	0
Independent Director	Chao-Chin Tung	0	0	0	0
Independent Director	Hui-Yiu Chen	0	0	0	0
Independent Director	Mei-Chun Chao	0	0	0	0

6.1.2 Changes in Shareholding of Management

Title	Name	2024		As of 2025/04/07	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
President	Thomas Fann	0	0	0	0
Business Group President	Sung-Pin Chang	9,987	0	0	0
Business Group President	Chi-tseng Peng	49,073	0	0	0
Business Group President	Fei-yuan Kao	62,010	0	34,080	0
Region President	Jung-Pang Wang (Note 1)	0	0	34,080	0
Region President	Shang-yu Tsai (Note 1)	0	0	0	0
Strategic DevelopmentCenter Vice President	Scott H. Chen (Note 2)	0	0	0	0
CTO	Da-Jeng Yao (Note 2)	0	0	0	0
Assistant Vice President	K. Clarence King (Note 2)	0	0	0	0
Assistant Vice President	Amy Liao (Note 1)	0	0	0	0
CFO	Andy Liu (Note1)	27,031	0	34,080	0
Corporate Governance Officer	Shih-Hsiung Chien	0	0	15,055	15,000
Accounting Chief	Tommy Wu	6,013	0	15,786	0

Note 1: The Board of Directors approved the appointment of managers Jung-Pang Wang, Shang-yu Tsai, Andy Liu, and Amy Liao, effective from 2025/01/01.

Note 2: The Board of Directors approved the appointment of managers: Da-Jeng Yao, effective from 2025/01/06; K. Clarence King, effective from 2024/09/25; Scott H. Chen, effective from 2024/08/15.

6.1.3 Changes in Shareholding of Major Shareholders

Title	Name	2024		As of 2025/04/07	
		Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Major Shareholder	PJ Asset Management	0	0	0	0
Major Shareholder	Walsin Lihwa Corporation	0	0	0	0

6.2 Shares Transfer with Related Parties

Name	Reason of Transfer	Date of Transaction	Transferee	Relationship between Transferee and the Company, Directors, Supervisors and Shareholders with more than 10% shareholding	Shares	Transaction Price (NTD)
Sung-Pin Chang	Gift Share	20240419	Buwei Chang	Father & Son	20,000	56.3
Sung-Pin Chang	Gift Share	20240419	Yayun Chang	Father & Daughter	20,000	56.3

6.3 Shares Pledged with Related Parties

Name	Reason of Pledge	Date of Transaction	Transferee	Relationship between Transferee and the Company, Directors, Supervisors and Shareholders with more than 10% shareholding	Shares	Shares holding %	Shares Pledged %	Pledged Amount
None								

7. Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

2025.4.7

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Share holders		Note
	Shares	%	Share s	%	Share s	%	Name	Relation	
PJ Asset Management	373,237,991	17.45%	0	0%	0	0%	Ho Yuan International Investment Co., Ltd.	Director is the representative of Ho Yuan International	None
Walsin Lihwa Corporation	231,104,730	10.81%	0	0%	0	0%	None	None	None
Yuanta/P-shares Taiwan Dividend Plus ETF	116,624,114	5.45%	0	0%	0	0%	None	None	None
Jaryuan Investment Co. Ltd	115,451,000	5.40%	0	0%	0	0%	Ho Yuan International Investment Co., Ltd.	an investee company in which Ho Yuan holds more than 50% of the shares	None
Yuanta Taiwan Value High Dividend ETF	60,870,000	2.85%	0	0%	0	0%	None	None	None
Ho Yuan International Investment Co., Ltd.	50,420,000	2.36%	0	0%	0	0%	PJ Asset Management	The director represents PJ Asset Co., Ltd. as its designated corporate representative	None
Creative Sensor Co., Ltd.	46,987,000	2.20%	0	0%	0	0%	None	None	None
Tong Kuang Investment Co., Ltd.	31,991,364	1.50%	0	0%	0	0%	Kuan Yuan Industrial Co., Ltd.	1. Serving as a director of Kuan Yuan Industrial Co., Ltd. 2. Supervisor is the same person	None
Kuan Yuan Industrial Co., Ltd.	26,833,919	1.25%	0	0%	0	0%	Tong Kuang Investment Co., Ltd.	1. Serving as a director of Tong Kuang Investment Co., Ltd. 2. Supervisor is the same person	None
Yinge Int. Inv. Co., Ltd	22,554,698	1.05%	0	0%	0	0%	None	None	None

※ Major shareholders of corporate entities among the top 10 shareholders

2025.4.7

Corporate shareholders	Major shareholders of corporate shareholders
PJ Asset Management	Ho Yang Management Consulting Co., Ltd. (100%)
Walsin Lihwa Corporation	Jin Xin Investment Co., Ltd. (6.15%), Winbond Electronics Corporation (6.14%), TECO Electric & Machinery Co., Ltd. (5.22%), Jiang Rong Co., Ltd. (4.95%), Custodian Account for Royal Bank of Canada (Singapore) Investment Account (4.54%), Hua Li Investment Co., Ltd. (2.65%), Yu-Hui Chiao (1.74%), Norges Bank Investment Management, Yu-Heng Chiao (1.62%)
Yuanta/P-shares Taiwan Dividend Plus ETF	Not Applicable
Jaryuan Investment Co. Ltd	Ho Yuan International Investment Co., Ltd. (99.89%), Chang Wei Management Consulting Co., Ltd. (0.11%)
Yuanta Taiwan Value High Dividend ETF	Not Applicable
Ho Yuan International Investment Co., Ltd.	Five Star Asset Management Co., Ltd. (100%)
Creative Sensor Co., Ltd.	Teco Image Co., Ltd. (19.39%), Universal Cement Corporation (8.83%), Tien Da Investment Co., Ltd. (8.28%), Universal Cement Investment Co., Ltd. (6.04%), Kuan-Ling Electronics Co., Ltd. (3.82%), Creative Sensor Inc. (Treasury Shares 3.38%), Kao-Huang Lin (1.56%), Ah-Chung Hou (1.29%), Ho-Kuei Lai (0.75%), Jung-Huang Liu (0.57%)
Tong Kuang Investment Co., Ltd.	Kuang Yuan Industrial Co., Ltd. (39.27%), Ho-Hui Huang-Lin (35.01%), Bright Industry (HK) Co., Ltd. (12.73%), Tong Ho Global Investment Co., Ltd. (6.00%), Others (6.99%)
Kuan Yuan Industrial Co., Ltd.	Tung Kuang Investment Co., Ltd. (34.46%), Ho-Hui Huang-Lin (51.58%), Bright Industry (HK) Co., Ltd. (10.0%), Tong Ho Global Investment Co., Ltd. (0.74%), Others (3.22%)
Yinge Int. Inv. Co., Ltd	Po-Chih Huang (99.28%), Feng-Mei Hsu (0.72%)

8. The number of shares held by the company, its directors, managers, and subsidiaries directly or indirectly controlled by the company in the same investee company, and the consolidated shareholding percentage

Consolidated Shareholding Percentage

Unit: share; % 2024.12.31

Investee	Ownership by TECO		Direct / Indirect Ownership by Directors, Supervisors and Management		Total Investment	
	Shares	%	Shares	%	Shares	%
Tong Dai Co., Ltd.	6,615,234	83.53%	0	0.00%	6,615,234	83.53%
TECO International Investment Co., Ltd.	82,549,378	100.00%	0	0.00%	82,549,378	100.00%
TECO Holding, USA	1,680	100.00%	0	0.00%	1,680	100.00%
TECO Electric & Machinery Pte Ltd. Singapore	7,200,000	90.00%	800,000	10.00%	8,000,000	100.00%
Tong An Assets Management & Development Co., Ltd.	395,415,338	100.00%	0	0.00%	395,415,338	100.00%
Tong An Investment Co., Ltd.	592,881,321	99.60%	2,381,048	0.40%	595,262,369	100.00%
Tecnos International Consultant Co., Ltd.	7,937,980	57.52%	2,210,820	16.02%	10,148,800	73.54%
UVG Investment Co., Ltd.	195,416,844	100.00%	0	0.00%	195,416,844	100.00%
Information Technology Total Services Co., Ltd.	11,467,248	41.97%	1,924,250	7.04%	13,391,498	49.01%
Tesen Electric & Machinery Co., Ltd.	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
Taitec Technology CO.,LTD.	950,000	95.00%	50,000	5.00%	1,000,000	100.00%
Yatec Engineering Corp.	7,800,000	64.95%	0	0.00%	7,800,000	64.95%
Taian (Subic) Electric Co., Inc.	17,131,155	76.70%	0	0.00%	17,131,155	76.70%
An Tai International Investment Co., Ltd.	43,447,554	100.00%	0	0.00%	43,447,554	100.00%
Micropac (BVI)	6,883,591	100.00%	0	0.00%	6,883,591	100.00%
Taian-Etacom Technology Co., Ltd.	7,863,000	94.73%	0	0.00%	7,863,000	94.73%
Taian Electric Co., Ltd.	100,000	100.00%	0	0.00%	100,000	100.00%
Tecom	19,228,898	63.52%	0	0.00%	19,228,898	63.52%
E-Joy International Co., Ltd.	11,369,684	93.16%	598,403	4.90%	11,968,087	98.07%
A-Ok Technical Co., Ltd.	1,950,000	86.67%	0	0.00%	1,950,000	86.67%
TECO Technology (Vietnam) Co., Ltd.	0	100.00%	0	0.00%	0	100.00%
TECO (Philippines) 3C & Appliances, Inc.	2,604,000	60.00%	0	0.00%	2,604,000	60.00%
An-Sheng Travel Co., Ltd.	480,000	16.00%	2,207,500	73.58%	2,687,500	89.58%
Taiwan Pelican Express Co., Ltd.	24,121,700	25.27%	7,740,800	8.11%	31,862,500	33.38%
Eagle Holding Co.	1	100.00%	0	0.00%	1	100.00%
Century Development	100,592,884	28.67%	84,515,627	24.08%	185,108,511	52.75%
Teco Sun Energy	2,100,000	30.00%	2,100,000	30.00%	4,200,000	60.00%
Temico International Pte. Ltd.	7,728,000	60.00%	0	0.00%	7,728,000	60.00%
Tong An Energy	5,000,000	100.00%	0	0.00%	5,000,000	100.00%
Teco Electro Devices Xo., Ltd.	2,510,000	100.00%	0	0.00%	2,510,000	100.00%
Shen Chang Electric Co., Ltd.	23,840,416	57.21%	0	0.00%	23,840,416	57.21%

9. Major Information Processing Procedures: The company has established the " Procedures for Handling Material Inside Information and Prevention of Insider Trading " within its internal control system. These procedures have been announced to and are to be followed by all employees.

III. Fundraising and Capital Utilization Plans

1. Capital and Shares

1.1 Type of Stock

2025.4.7 Unit: share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	2,138,796,616	891,753,384	3,030,550,000	-

1.2 Summary reporting system information: None.

1.3 List of Major Shareholders

2025.4.7

Shareholder's Name	Shares	Percentage
PJ Asset Management	373,237,991	17.45%
Walsin Lihwa Corporation	231,104,730	10.81%
Yuanta/P-shares Taiwan Dividend Plus ETF	116,624,114	5.45%
Jaryuan Investment Co. Ltd	115,451,000	5.40%
Yuanta Taiwan Value High Dividend ETF	60,870,000	2.85%
Ho Yuan International Investment Co., Ltd.	50,420,000	2.36%
Creative Sensor Co., Ltd.	46,987,000	2.20%
Tong Kuang Investment Co., Ltd.	31,991,364	1.50%
Kuan Yuan Industrial Co., Ltd.	26,833,919	1.25%
Yinge Int. Inv. Co., Ltd	22,554,698	1.05%
PJ Asset Management	373,237,991	17.45%

1.4 Company Dividend Policy and Execution Status:

1.4.1 Company Dividend Policy

If the company has surplus in its annual financial statement, after paying taxes and covering accumulated losses, 10% will be allocated as legal surplus reserve. In addition, special surplus reserves will be set aside or reversed as required by the competent authority. If there is a remaining balance, special dividends will be allocated to preferred shareholders for the year, and the remaining balance will be added to any undistributed earnings from the previous year. The Board of Directors will draft a dividend distribution proposal, and the distribution of stock dividends requires approval from the shareholders' meeting. The distribution of cash dividends will be authorized by the Board of Directors, with a decision made by the attendance of at least two-thirds of the directors and a majority of those present, and will then be reported to the shareholders' meeting.

The company operates in a stable and growing industry, though its invested businesses are still in the growth phase. Considering future expansion and reinvestment plans, the dividend distribution will be based on the available earnings after allocating legal surplus reserves and special surplus reserves, with the remaining balance added to undistributed earnings from the previous year. The principle is to distribute 80% of dividends to shareholders. The ratio of cash dividends in each year's shareholder dividend distribution will be 50% as the principle, but it must not be less than 5%.

1.4.2 On March 14, 2025, the Board of Directors resolved to distribute a cash dividend of NT\$2.2 per share, which will be paid after setting the ex-dividend date according to the operating procedures.

1.5 The Impact of the Proposed Bonus Share Distribution at the Shareholders' Meeting on the Company's Business Performance and Earnings per Share:

The proposed bonus share distribution at this shareholders' meeting does not involve the issuance of bonus shares, therefore it is not applicable.

1.6 Employee Compensation and Director Compensation:

A. The Percentage or Range of Employee and Director Compensation as Stated in the Company's Articles of Incorporation:

The company allocates between 1% and 10% of the annual profit for employee compensation. Director compensation will not exceed 5% of the total.

B. Estimated Employee and Director Compensation for the Current Period:

(a) Basis for Estimating Employee and Director Compensation:

The estimated compensation for employees and directors is based on the net profit for the current period, in accordance with the percentages specified in the Articles of Incorporation and considering the previous distribution percentages.

(b) Basis for Calculating Stock Compensation: Not applicable.

(c) When the actual distribution amount differs from the estimated amount, the difference will be recognized in the following year's profit and loss.

C. Board of Directors Resolution on the Distribution of Compensation:

(a) Employee and Director Compensation Paid in Cash or Stock:

i. Employee cash compensation: NT\$400,483 thousand.

ii. Employee stock compensation: NT\$0 thousand.

iii. Director compensation: NT\$108,327 thousand.

iv. The above decision to distribute employee and director compensation is NT\$43,948 thousand less than the amount recognized in the 2024 financial statements (NT\$552,758 thousand). The difference from the recognized amount will be considered an accounting estimate change and will be recognized in the profit and loss for the 2025 fiscal year.

(b) Employee Stock Compensation and Its Proportion to Net Income After Tax in the Current Individual or Consolidated Financial Reports and Total Employee Compensation: Not applicable.

(c) Estimated Earnings per Share After Considering the Proposed Distribution of Employee Compensation and Director/Supervisor Compensation: Not applicable.

D. Actual Distribution of Employee Compensation and Director Compensation for the Previous Year:

Unit : NT\$ thousand

	Distribution amount resolved by board of directors
Employee Bonus - Cash	410,531
Directors' Remuneration – Cash	102,374
Total	512,905

This represents a decrease of NT\$102,372 thousand compared to the previous year, and the difference will be recognized in the profit and loss for the 2024 fiscal year.

1.7 Share Repurchase by the Company:

1.7.1 Share Repurchase by the Company (Completed Transactions): None.

1.7.2 Share Repurchase by the Company (Ongoing Transactions):

On March 14, 2025, the Board of Directors resolved to repurchase 5,000 thousand shares of treasury stock for the purpose of transferring the shares to employees. The execution period is from March 17 to May 16, 2025. As of the date of the annual report printing, the repurchase is still ongoing.

1.8 The Impact and Risks of Large Share Transfers or Changes by Directors, Supervisors, or Major Shareholders Holding More Than 10% of Shares:

The Company's corporate director, Creative Sensor Inc., due to its investment strategy, transferred a total of 575,000 shares in the public market in 2024, representing 0.03% of the Company's issued shares. Since Creative Sensor Inc. holds only one seat on the company's Board of Directors and is not part of the core management team, this transfer does not have a significant impact or risk on the company's operations.

2 Corporate Bonds

2.1 Issuance of Corporate Bonds

Type of Corporate Bond	1 st Unsecured Ordinary Corporate Bonds in 2020	2 nd Unsecured Ordinary Corporate Bonds in 2020
Issue date	2020/06/12	2020/09/15
Par value	NT\$ 1,000,000	NT\$ 1,000,000
Issue and Trading Place	Domestic	Domestic
Issue Price	According to face amount	According to face amount
Total Amount	NT\$ 3 billion	NT\$ 2 billion
Interest Rate	0.70%	0.60%
Duration	5 years, Expiration Date: 2025/06/12	5 years, Expiration Date: 2025/09/15
Assurance Institution	None	None
Assignee	Taishin International Bank Ltd.	China Trust Bank Ltd.
Underwriting Institution	Capital Securities	Masterlink Securities
Signed Lawyer	Handsome Attorneys-at-Law Ya-Wen Chiu	Handsome Attorneys-at-Law Ya-Wen Chiu
Signer Accountants	PricewaterhouseCoopers, Taiwan Wu, Yu-Lung	PricewaterhouseCoopers, Taiwan Wu, Yu-Lung
Repayment	Accrual Bond	Accrual Bond
Outstanding Amount	NTD\$ 3 billion	NTD\$ 2 billion
Redemption or Advanced Repayment	N/A	N/A
Restrictive Clauses	N/A	N/A
Credit Rating Institution, Credit Rating Date and the Outcome of the Rating	Taiwan Ratings Rating Date:2020/2/18 Issuer Ratng: twA+ IssueRating: None	Taiwan Ratings Rating Date:2020/2/18 Issuer Ratng: twA+ IssueRating: None
Others	None	None
	None	None
Shares Dilution & Influence on Stockholders' Equity	None	None
Entrust Institution of Exchange Object	None	None

2.2 Information of the Convertible Bond: None

2.3 Information of Shelf Registration Corporate Bond: None

2.4 Equity warrant bonds: None

3. Equity Warrant Preferred Stock: None

4. Preferred Shares: None

5. Overseas Depositary Receipts: None

6. Employee Stock Warrant and Restricted Stock Awards

6.1 Status of Employee Stock Warrant Issuance:

On March 14, 2025, the Board of Directors approved the repurchase of treasury shares from March 17, 2025 to May 16, 2025, for the purpose of transferring shares to employees.

6.2 Names, acquisition details, and subscription status of managerial officers and the top 10 employees (by number of stock warrants acquired) who are eligible to subscribe for more than NT\$30 million worth of shares through employee stock warrants: None.

6.3 Status of issuance of restricted stock awards for employees: None.

6.4 Names, acquisition details, and subscription status of managerial officers and the top 10 employees who received restricted stock awards: None.

7. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None

8. Financing Plans and Implementation: Not applicable

IV. Business Overview

1. Scope of Business

1.1 Current Product Lines and Their Revenue Proportions:

Business Scope	Sales %
Electrification and Automation Products	52.37%
Air Conditioners and Home Appliances	19.08%
Mechatronic Engineering and Electrical Equipment	21.39%
Others	7.15%
Total	100.0%

1.2 Current Product (Service) Items

(a) Electrification and Automation Products

- Medium and high voltage motors (125–60,000 HP)
- Low voltage motors: Permanent Magnet Motors (1–400 HP); Induction Motors (1/4–1000 HP); Synchronous Reluctance Motors (5.5–55 kW)
- Motors and drivers for EV power systems (50–350 kW)
- Gear reducers
- Medium and high voltage inverters (200–12,000 HP)
- Low voltage inverters (0.25–800 HP)
- Explosion-proof motors
- AC/DC servo drive systems (SVO)
- Motion controllers and PLCs
- Industrial motor drivers (inverters/servo drivers)
- Mobile electrical house (VB-Skid)
- EV charging stations
- Transformers
- Hairpin motors

(b) Air Conditioning and Home Appliance Products

- AC products (residential, commercial, chillers, VRF, heat pump, energy-saving systems)
- HVAC engineering (project management, design, construction, maintenance)
- Large appliances (refrigerators, washing machines, TVs)
- Small appliances (DC fans, air purifiers, vacuum cleaners, juicers, inverter microwaves, ovens)
- Refrigeration products (inverter condensing units, evaporators, brine chillers)

(c) Electromechanical Engineering and Power Equipment

- Turnkey electromechanical engineering: IDC data centers, renewable energy (offshore wind, solar), energy storage systems, microgrids,

integrated infrastructure, public and transport projects, medical biotech and factories

- Power equipment: distribution panels, generator sets, power accessories, hydrogen fuel cell systems
- Appliance products: green energy market (solar/storage/charging MCCB, SPD, FUSE), Taipower market
- High & low voltage power devices: 161/69 kV GIS, 15 kV overhead switches, 22.8 kV fused switches, electromagnetic switches, circuit breakers, smart meters, generators, outdoor PCS for commercial energy storage

(d) Others

- Home delivery and logistics services
- Communication product R&D, manufacturing, sales
- IT software, data processing, electronic services
- Real estate leasing
- Staffing services
- Residential/building development, leasing and sales
- Financial investments

1.2 Planned New Product Development

(a) Electrification and Automation Products

TECO aims to become a global driving force in electrification, intelligentization, and green energy development. The company is actively engaged in the advancement of technologies related to system energy efficiency and green energy, focusing on the development of the following new products and technologies:

- Industrial High-Efficiency Power Systems: Development of high-efficiency, high power density cast-iron motors (T-Hipro+), high-voltage high-speed inverter motors, next-generation insulation systems, ultra-high efficiency IE5 permanent magnet motors, IE5 ultra-high efficiency synchronous reluctance motors and drives, and NEMA Super Premium (IE4) energy-efficient motors.
- Automotive Power Systems: Development of motor and drive power systems for electric buses and commercial vehicles, as well as traction motors for rail vehicles.
- Green Energy Industry in Response to the Net-Zero Trend: Development of offshore wind turbine technologies, offshore wind turbine yaw motors, and specialized reciprocating compressors for hydrogen energy.

(b) Air Conditioning and Home Appliance Products

In response to consumer demand for clean air, TECO has developed a series of intelligent, energy-saving air conditioners based on key indicators such as temperature, humidity, and air cleanliness. By offering integrated refrigeration, freezing, and air conditioning solutions, the company helps customers achieve their energy-saving and carbon-reduction ESG goals

- All TECO inverter household products meet the government's top-tier CSPF (Cooling Seasonal Performance Factor) Grade 1 standards and adopt high-efficiency, eco-friendly R32 refrigerant to enhance performance while reducing carbon emissions and mitigating global warming. These products also feature antibacterial, anti-mold self-cleaning functions and ergonomic 3D airflow design.
- TECO is developing a new generation of variable refrigerant flow (VRF) systems with inverter outdoor units. The entire product line meets CSPF Grade 1 energy efficiency standards. The system supports up to 72HP through unit combination, making it suitable for green buildings and high-end commercial office applications.
- Development of a 700RT magnetic levitation centrifugal chiller featuring a multi-pressure single system with a high IPLV (Integrated Part Load Value) design. It can operate stably even under 20% partial load, ensuring optimal energy efficiency and constant temperature control. In addition, TECO has launched an intelligent HVAC energy-saving solution that enables integrated group control of four major peripheral systems—chilled water pumps, cooling water pumps, cooling towers, and air handling units—while also offering energy management and predictive maintenance services. High-efficiency IPLV DC inverter permanent magnet screw chillers are also being developed to offer customers diverse energy-saving options.
- Development of inverter condensing units using the environmentally friendly refrigerant R407H for refrigeration and freezing applications, as well as the launch of dedicated brine cooling systems for cold chain logistics in food industries. These products provide customized temperature zone solutions for convenience stores, supermarkets, agriculture, fisheries, and aquaculture industries.
- Development of fixed- and variable-speed air-cooled packaged air conditioners for industrial power plants, as well as commercial precision temperature and humidity control air conditioning systems.

(c) Electromechanical Engineering and Power Equipment

With the goal of integrating the Group's diversified industrial products and maximizing overall synergy, TECO is vigorously promoting the expansion of smart energy products. The planned development projects are as follows:

- Grid Resilience Enhancement Plan by Taipower (Taiwan Power Company) Taipower has officially announced the "Power Grid Resilience Enhancement Plan," which involves a NT\$564.5 billion investment over ten years, centered around three main pillars: decentralization, reinforcement, and defense. The plan outlines 10 concrete measures—5 for decentralization, 3 for reinforcement, and 2 for defense—to be implemented within a decade. Of the total, NT\$376.1 billion has already been planned and is under execution, while an additional NT\$188.4 billion will be allocated through new project proposals to further expand and accelerate grid improvement work.

This includes business opportunities in the indoor substation construction of more than 15 Taipower substations. TECO's product division provides a range of power equipment to meet electricity demand, including 161kV and

69kV GIS (Gas-Insulated Switchgear), power distribution panels, switchgear, and overhead line switches. TECO is actively pursuing EPC (Engineering, Procurement, and Construction) contracts for these substation projects. In response to future market trends, the company is also evaluating the development of 23kV high-voltage gas-insulated switchgear (C-GIS) without SF₆ gas, in collaboration with Siemens.

- In the green energy sector, TECO has launched products supporting 1,500V DC and over 800V AC for solar energy systems, along with power conditioning systems (PCS) for energy storage, enabling bi-directional conversion between AC and DC power. These systems are designed to regulate charging and discharging of energy storage batteries in solar power applications.

To meet the energy needs of commercial and industrial users, TECO is also actively developing commercial energy storage solutions that offer high-performance systems to enhance power stability, reduce electricity costs, and support demand response (DR) programs as well as participation in ancillary service markets.

In the field of hydrogen fuel cells, TECO is closely monitoring the development of hydrogen energy and fuel cell technologies, exploring their applications in distributed power generation, backup power systems, and green energy supply chains. The company aims to further enhance sustainable energy development through the adoption of clean energy technologies.

1.2 Industry Overview

- (a) Industrial status and development and association among industrial upstream, midstream, and downstream sectors

a. Electrification and Automation Products

Upstream	Silicon steel sheet, copper wire, aluminum, insulating material, power chip, etc.
Midstream	Electromechanical system and automation equipment manufacturers Status and major manufacturers: TECO, Tatung, Shihlin, Fortune, ABB, SIEMENS, WEG, Delta, Yaskawa, Omron
Downstream	Corporate customers: Power plant, steelmaking plant, petrochemical, metallurgy, mining water treatment, automation equipment

b. Air conditioners and home appliances

Upstream	Copper, aluminum, steel, electronic substrate, motor, compressor
Midstream	Air conditioner and home appliances manufacturers Status and major manufacturers: TECO, Tatung, Sampo, Matsushita, Hitachi, LG.
Downstream	Dealers, mass merchandisers, end customers, enterprises, government agencies, construction firms

c. Mechatronic Engineering and Electrical Equipment

Upstream	Design & consulting, electromechanical materials, equipment suppliers, integrated software suppliers, installation firms
Midstream	Electromechanical engineering & electric equipment firms
Downstream	Status and major enterprises: TECO, Fortune, Tatung, Star Energy, CTCL, L & K, Acter

(b) Product Development Trends and Competitive Landscape:

a. Electrification and Automation Industry:

TECO is a leading brand among manufacturers of mechatronics system products and is actively promoting “green products” by integrating ultra-high efficiency motors, gear reducers, medium- and low-voltage inverters, permanent magnet direct-drive systems, servo systems, transformers, and rectangular wire motors. TECO offers comprehensive power drive system solutions and services to help customers achieve their goals of “safety and stability, performance enhancement, and carbon neutrality.” The company has established in-house R&D and design centers in Taiwan, the U.S., and mainland China, with capabilities to manufacture motors ranging from 1/4HP to 100,000HP across low, medium, and high voltage, as well as ultra-high voltage motors up to 14.5kV. These products are certified by multiple national laboratories, including NVLAP (200378-0), TAF, and CSA for energy efficiency testing. TECO is also the only manufacturer in Taiwan capable of conducting full-load integrated testing of motors and drives. Based on its high-performance motor and drive solutions and manufacturing capabilities, TECO focuses on niche applications in electric commercial vehicles and is actively expanding into the markets for electric buses, school buses, commercial vehicles, logistics vehicles, and trucks.

In terms of energy conservation and carbon reduction, TECO leverages its strengths in motor and inverter R&D to provide system integration solutions that deliver high efficiency, energy savings, and precision. Its newly launched inverters offer enhanced features such as auto-tuning, high-speed communication, safety protection, and noise immunity, and are widely applied in smart and automated environments. The new generation of servo products, integrated with EtherCAT communication, is also being promoted for use in robotic arms.

b. Air Conditioning and Home Appliance Industry:

In response to the global trend of energy conservation and emission reduction, government standards for deep energy efficiency continue to rise. Brands are launching more energy-efficient products, challenging manufacturers' inverter technologies. Amid supply chain price inflation, manufacturers face pressure to raise prices, and are focusing on enhancing product value to increase average selling prices and mitigate profit margin compression.

Japanese brands have long held over 50% of the market share. In recent years, their pricing has approached that of local products, while low-cost brands, such as those from China, continue entering the market. TECO has

responded by developing new technologies, including smart air conditioning, patented UVC purification modules, and Indoor Air Quality (IAQ) management systems, to enhance brand value and product competitiveness.

To align with market trends, TECO's Air Conditioning and Smart Life Business Group integrates group resources—such as self-developed products, logistics, and information technology—to focus on intelligent, energy-saving, health-focused, and environmentally friendly refrigeration and air conditioning solutions. TECO's air conditioning products have already exceeded the government's top-tier energy efficiency standards. The company also collaborates with corporate and government research institutions through energy and technology projects to adopt cutting-edge energy-saving technologies for innovation in technology, products, and services, thereby enhancing the competitiveness of Taiwan's brands in international markets.

c. Electromechanical Engineering and Power Equipment Industry:

The development of electromechanical engineering and power equipment is primarily trending toward green energy. TECO, in line with national renewable energy policies, has progressively engaged in the construction of offshore wind farms, photovoltaic systems, and related energy storage and microgrid systems. It also participates in turnkey projects for onshore substations in offshore wind power, working with mid- and downstream suppliers and adopting TECO-manufactured core power equipment to support the goal of localizing offshore wind power.

In the energy and power equipment field, power distribution panels and generators are part of a mature market, with major customers in the construction, electronics, and steel industries. However, due to economic conditions and low-price competition, traditional products face significant challenges. TECO is therefore actively developing new energy and smart products to meet the demands of high-quality, intelligent, and green energy markets.

In the area of electromechanical apparatus, the mechatronics industry primarily handles end-user power control, with a structure centered on low-voltage devices, such as motor control components used in the machinery and industrial automation sectors. In response to the growing demand for smart and green energy markets, TECO is proactively engaged in the R&D of automation and energy-saving products, closely monitoring competitor technologies and government policy developments to ensure continued market competitiveness.

1.3 Technology and R&D Overview

- (a) In 2024, the Group invested NT\$1,016,565 thousand in research and development.

From January 1 to March 31, 2025, R&D expenditures amounted to NT\$244,145 thousand.

(b) Recent Technological and Product Developments

a. Industrial Motor Category

- i. Low-speed, high-torque permanent magnet direct drive system
- ii. IE5 ultra-high-efficiency energy-saving permanent magnet motor
- iii. Ultra-efficient smart control system for cooling towers
- iv. IE5 high-efficiency synchronous reluctance motor and driver
- v. High-efficiency, high power-density steel frame motor (T-Hipro+)
- vi. Large two-pole rigid shaft variable-frequency smart motor
- vii. Development of next-generation insulation system
- viii. Mobile electric room (VB-Skid)
- ix. Specialized hydrogen-powered reciprocating compressor

(b) Automation and Intelligent Systems Category

- i. ACS2 series servo drive system
- ii. High-precision digital communication AC servo drive system
- iii. High power-density, energy-saving matrix inverter integrated system
- iv. Back-mounted molded case circuit breaker (MCCB)
- v. E710 next-generation compact inverter

(c) Renewable Energy – Green Energy Category

- i. Waste heat recovery high-speed generator and inverter
- ii. Offshore wind turbine technology development
- iii. Yaw motors for offshore wind turbines

(d) Automotive Power Systems Category

- i. 250kW electric bus motor and driver domestic production project
- ii. 130kW commercial EV integrated power system solution
- iii. SiC-based driver and high-performance motor system for electric vehicles
- iv. Traction motors for railway vehicles

(e) Refrigeration and Air Conditioning Category

- i. Full series of high-efficiency R32 inverter ACs exceeding top-tier CSPF, with self-cleaning features
- ii. Next-generation breeze-sensitive inverter ACs and VRF systems with parallel connection capability
- iii. Ultra-efficient IPLV magnetic levitation centrifugal chillers
- iv. Ultra-efficient IPLV DC inverter permanent magnet screw chillers
- v. Commercial air-cooled fixed/inverter-type ACs and constant temperature/humidity ACs for industrial use
- vi. 3–8 HP R407H eco-refrigerant inverter condensing units for refrigeration

vii. Brine refrigeration systems designed for cold chain logistics

viii. Smart energy-saving air treatment products:

- Inverter air purifying dehumidifiers
- Air purifying fresh air machines
- Bathroom heaters
- Air conditioner purifying modules
- TECO i-Air air management solutions (integrated AC/dehumidifier/air purifier/anti-bacterial systems)
- Next-gen TaiSEIA-integrated and app-controlled smart solutions for residential and commercial ACs

(f) Industrial IoT Category

i. WiFi application systems

ii. Edge computing system applications

iii. Application Examples:

- Edge computing applied in the VPI continuous furnace process at TECO Zhongli Plant for monitoring and automated production traceability
- WiFi-based digital management system applied in the assembly lines at TECO Zhongli Plant

iv. Smart Air Conditioning Energy-Saving Control System:

Integrated intelligent hardware and software that enables proactive optimization and self-diagnostic capabilities, forming a dual-function system for energy efficiency and predictive maintenance in HVAC solutions

1.4 Short- and Long-Term Business Development Plans

(a) Electrification and Automation Products

In recent years, countries around the world have been intensifying their energy efficiency policies. In response, TECO has continued to launch high-efficiency motors to further boost overall sales and market share. In the short term, the company will focus on promoting a globalized production and sales network, strengthening its manufacturing and cost control capabilities. In the long term, TECO aims to rank among the top three global motor manufacturers by market share. The key development initiatives are as follows:

Energy Conservation and Carbon Reduction:

In response to the growing demand for energy savings in the manufacturing sector driven by carbon neutrality and rising electricity prices, TECO has introduced a range of high-efficiency and net-zero emission products. The IE5 ultra-high-efficiency energy-saving synchronous reluctance motor, designed without rare earth materials, enhances supply chain flexibility while operating

at high efficiency to reduce customer carbon emissions, helping clients achieve their net-zero targets more easily. TECO also integrates group resources to offer energy-saving system solutions tailored to industry needs, leveraging past successful cases and partnerships with ESCO providers to expand its presence in the energy-saving market.

Green Energy:

Technologies such as CCUS (Carbon Capture, Utilization, and Storage) and hydrogen energy play a critical role in achieving zero-carbon goals. TECO actively seizes this opportunity by offering related products and solutions for applications in pumps, compressors, and explosion-proof motors, meeting the needs of equipment manufacturers.

Electrification:

TECO's mobile variable frequency control station (VB-Skid) combined with high-efficiency motors has successfully delivered comprehensive solutions to pipeline operators in the North American petrochemical industry. The company is now exploring potential customers in Southeast Asia and Australia as the electrification trend continues. TECO's vehicle electrification solutions target markets such as electric buses, retrofit vehicles, commercial trucks, and marine propulsion systems. In Taiwan, TECO has already secured orders for electric bus power systems and, beyond strengthening its domestic presence, is actively expanding exports to China, the United States, India, and Mexico.

Through the acquisition of EVK Motor, TECO has obtained hairpin winding motor technology, enabling it to target the E-Axle drive system market for commercial electric vehicles in Europe and the United States—an opportunity valued in the tens of billions of USD. This further expands TECO's product supply chain and competitive edge.

In North America, in response to the Buy America policy, TECO has established a new sales company, Teco NexE, which partners with regional power utilities, major school bus operators, and vehicle modification firms to promote green energy products. As the world enters a new phase of grid transformation, TECO is also acquiring high-efficiency transformer technology and establishing related production lines to pursue business opportunities for power transformers in both the North American and Taiwanese markets.

Development in High-Potential Regions:

In September 2023, TECO's Mexico plant was completed, enabling short lead times and localized supply to markets in North America, Mexico, and Central America. This operation is integrated with the existing Mexican sales company to form strategic alliances with local OEM clients—primarily international pump manufacturers.

In November 2023, TECO inaugurated a new Bangalore plant in India, integrating the existing northern India supply chain and collaborating with Mitsui to expand the local dealership network and develop the EV market. In Southeast Asia, TECO is actively expanding into less-penetrated regions such as Indonesia and Malaysia, using more competitive product offerings to capture new market opportunities.

(b) Air Conditioning and Home Appliance Products

TECO's long-term business development plan aims to become the No. 1 brand in air conditioning and home appliances in Taiwan, while also actively expanding into overseas markets.

In alignment with the government's 2050 net-zero emissions pledge and related policies—such as building energy efficiency classifications and energy conservation programs for major energy users—TECO is fully committed to promoting smart living products. Its air conditioning product line now includes a full range of energy-saving models that exceed Grade 1 energy efficiency standards, as defined by the government. TECO collaborates with corporate partners and government research institutes, leveraging energy and technology projects to introduce the latest energy-saving technologies across technological, product, and service innovations, thereby enhancing the global competitiveness of Taiwan's brands.

As a leading brand among commercial air conditioning manufacturers, TECO supports the government's net-zero carbon emission goals by offering tailored AC system solutions for large-scale energy users. In addition to supplying top-tier energy-efficient products, TECO provides control systems integrated with chilled water system components (such as cooling towers and pumps). By adjusting the chilled water or cooling water flow rate according to changes in site load, the system can optimize motor speed to reduce electricity consumption and avoid surcharge penalties for exceeding contracted power usage.

TECO also offers energy management and health diagnostics services, along with visualized power monitoring tools and indoor air quality monitoring systems, creating a comprehensive one-stop air conditioning system integration service.

In response to the post-pandemic surge in demand for cold chain logistics, TECO has developed proprietary DC inverter technology and launched inverter condensing units (3–8HP) for freezing and refrigeration, marking its official entry into the commercial refrigeration market. Its technical strategy incorporates AI-based energy-saving solutions for HVAC systems, including multi-temperature zone adjustable cold storage units. TECO's commercial refrigeration technology is among the best in the industry, capable of meeting a full range of cooling demands from -55°C to +18°C. With a focus on technological leadership, the company remains committed to energy efficiency, health, and food preservation.

(c) Electromechanical Engineering and Power Equipment

TECO's long-term development plan is to become the leading brand in smart energy engineering in Taiwan, while also actively expanding into international markets. Upholding the philosophy of "Quality and Innovation", and leveraging its extensive experience in smart energy engineering, TECO is fully committed to supporting national energy development policies by engaging in offshore wind power, solar photovoltaics, microgrid systems, energy storage systems, and large-scale electromechanical engineering projects. To date, TECO has secured approximately 2.5 GW of onshore substation projects for offshore wind farms in Taiwan, representing a 35% market share.

TECO has also accumulated over 600 MW of completed IDC (Internet Data Center) infrastructure projects in Taiwan and abroad, supporting the construction of large-scale data processing centers for the cloud computing industry. Amid the rapid growth of the cloud sector, this business area continues to provide TECO with strong momentum for expansion.

One notable example of TECO's collaboration with Taipower is the Longtan Energy Storage System, the largest self-built energy storage site in Taiwan, with a total storage capacity of 80 MWh. The system spans 0.66 hectares, includes 25 containerized units, and has an installed capacity of 60 MW, supplying enough electricity to power approximately 8,000 households for an entire day. This project alone accounts for 37.5% of Taipower's self-built energy storage capacity.

TECO has integrated an Energy Storage Management System (ESMS), which reports operational status every 10 seconds. During testing, the system demonstrated a total response time of less than 0.4 seconds, surpassing the regulatory requirement of less than 1 second, and achieving an execution rate of over 99%, exceeding the standard threshold of 95%.

To enhance the safety and stability of the power system, TECO implements multiple layers of safety protection for energy storage, including gas detectors, isolation switches, and clean agent fire suppression systems.

TECO is also aggressively expanding its international presence, with ongoing data center projects in Singapore, Indonesia, Malaysia, and Thailand.

In the field of solar energy, TECO has completed self-built installations totaling 21 MW, with total awarded project capacity exceeding 15 MW. In energy storage, beyond completing the localization of PCS (Power Conditioning System) production, TECO's technically experienced team—skilled in both energy storage systems and EMS integration—has actively participated in both Taipower and private-sector storage projects, with a total awarded project capacity now exceeding 160 MW.

2. Market and Sales Overview

2.1 Market Analysis

(a) Electrification and Automation Products

a. Primary Sales Regions

The main sales regions for TECO's motor systems and automation products include North America, Europe, Australia, Japan, Southeast Asia, Mainland China, and Taiwan. The company is also actively expanding into emerging markets such as Mexico, India, and Vietnam.

b. Market Share

TECO holds nearly 50% market share in Taiwan for general-purpose motors. Internationally, it has a strong presence in North America, Southeast Asia, and Australia. For specialty and customized motors, TECO offers tailored solutions based on customer requirements—its induction motors can reach up to 30,000 horsepower. Currently, TECO ranks 5th in global market share.

c. Future Supply-Demand Outlook and Growth Potential

According to the International Energy Agency (IEA), 46% of global electricity is consumed by motor-driven systems, and the industrial sector accounts for 50% of domestic electricity usage—70% of which goes to motors. Consequently, major power consumers in industries such as steel, electronics, and chemicals are adopting low-carbon production strategies. According to Omdia's motor market research report, motors rated IE4 and above comprise approximately 9.2% of the global market, valued at around USD 1.4 billion, with a projected CAGR of over 10% for 2023–2028, significantly higher than the 5.5% CAGR for the overall low-voltage motor market. The EU implemented IE4 minimum efficiency standards in July 2023. Taiwan and the United States are expected to implement IE4 as the minimum standard in 2025 and 2027, respectively, likely triggering a wave of motor replacements. TECO launched IE4-compliant motors as early as 2015 and continues to develop IE5 motor technologies. As of June 2024, TECO has completed MEPS (Minimum Efficiency Performance Standard) registration for its full range of 0.75–200kW motors. Starting July 1, 2025, induction motors from 75 to 200kW will be required to meet IE4 or higher, supporting continued growth for TECO's motor products.

In addition, the global push for net-zero emissions by 2050 is driving the electrification trend worldwide. Commercial vehicle electrification: TECO is promoting DMIT electric bus and logistics vehicle solutions. It already holds over 85% market share in Taiwan for electric vehicle power systems. The company is expanding globally, with production lines in India expected to be operational by 2025, targeting electric bus opportunities. Its hairpin winding motor technology supports development of E-Axle drive systems for commercial EVs in Europe and the U.S. In North America, TECO NexE provides full-scope charging station solutions, including hardware, software, communication systems, and commissioning services tailored to customer needs.

With the development of industrial electrification, TECO's mobile variable-frequency control station (VB-Skid) combined with high-efficiency motors has set a benchmark in North America's petrochemical industry and is being rolled out to Southeast Asia and Australia.

As the world transitions to next-generation power grids, the growing demand for transformers presents opportunities for TECO's high-efficiency, energy-saving transformer products.

d. Competitive Advantages, Future Outlook, and Mitigation Strategies

TECO's motor systems and automation products enjoy a strong reputation for quality and functionality and are widely recognized in the industry. The company has production and sales sites in Taiwan, the U.S., China, and Southeast Asia, with sales offices in Japan, Europe, and Australia, demonstrating steady internationalization. However, rapid changes in the business environment—such as geopolitical tensions and industrial restructuring—pose challenges. TECO will continue to build on its established strengths to adapt to these changes.

i. Favorable Factors:

- Strong R&D and in-house manufacturing capabilities, with high customization ability
- Leading position in production scale and market share
- High product reliability and brand recognition
- Comprehensive product range, with certified motors for special specifications
- Global sales and distribution network
- Surging demand for high-efficiency products; TECO's IE4/IE5 products are market-ready
- Carbon neutrality initiatives drive demand for electrification and plant-wide energy-saving solutions
- Expansion of the global supply chain with new motor factories in Mexico and India shortens lead times and meets market demand

ii. Unfavorable Factors:

- Taiwan market saturation; foreign competitors aggressively undercutting prices
- Leading global motor brands expanding via M&A with substantial capital support
- Low technical entry barriers for small motors lead to intense low-price competition from local players, especially in Asia where Chinese price-dumping pressures persist
- Top motor brands increasingly offer total solution sales models; more customers expect integrated system offerings rather than stand-alone motors

- Strategic partnerships between motor manufacturers and equipment suppliers affect bid competitiveness
- U.S. tariffs on imports from China and Mexico raise costs, dampening domestic purchasing interest

iii. Response Strategies:

- Reduce costs and shorten lead times to strengthen competitiveness and increase market share
- Accelerate new product development and focus on high value-added offerings; enhance global division of labor
- Expand overseas sales networks and build effective service systems
- Collaborate with international engineering firms to secure project orders
- Shift parts of production to Vietnam, India, and Mexico to diversify risks and reduce the impact of U.S. tariff hikes

(b) Air Conditioning and Home Appliance Products

a. Primary Sales Regions

TECO's air conditioning and home appliance products are primarily sold in Taiwan, China, and Australia, with ongoing efforts to expand into Southeast Asia and countries such as Indonesia.

b. Market Share

The company is one of the top three manufacturers of air conditioning and home appliance products in Taiwan, with an estimated domestic market share of approximately 10% across its various product categories.

c. Future Supply-Demand Outlook and Growth Potential

TECO continues to focus on the energy-saving segment within the air conditioning field and has introduced new high-efficiency models that exceed the 2025 energy efficiency standards by 20%. These units offer not only smart connectivity but also feature the industry's first immersive comfort air conditioning technology. In line with ESG principles, TECO has also developed the industry's only solar-powered air conditioner, reinforcing its product advantage in energy conservation and emission reduction, which has been well received in the market. To support energy efficiency goals, Taiwan's Ministry of Economic Affairs has allocated a NT\$6.8 billion budget for two subsidy programs: "Energy-Efficient Appliance Replacement for Residential Users" & "Energy-Efficient Equipment Subsidy Program for the Commercial Sector". The commercial program provides options for either replacing single units with Grade 1 energy-efficient products or applying for system-wide energy-saving projects. The subsidy scheme will be effective starting January 2025, covering all 22 cities and counties in Taiwan and open to all service industries, including retail, food & beverage, beauty salons, and laundry services, as well as medical institutions, cram schools, educational institutions, government agencies, and professional offices. TECO offers a full product lineup—from small split-type air conditioners to large chiller systems, all meeting Grade 1 energy efficiency standards—positioning the company to benefit from this replacement-

driven demand surge and increase overall sales.

d. Competitive Advantages, Future Outlook, and Mitigation Strategies

i. Favorable Factors:

- TECO leverages a strong brand image and group-level synergies to successfully translate industrial motor drive technology into the commercial air conditioning and refrigeration sectors through re-platforming of inverter drive systems, resulting in continuous innovation in high-efficiency products for applications focused on energy-saving, health, and food preservation.
- The company has developed a shared Inverter Common Platform, enabling cross-product integration of control logic, continuous product innovation, and improved customer service satisfaction.
- TECO adheres to ESG principles by introducing R32 refrigerant-based high-efficiency models that exceed national standards. It also emphasizes clean manufacturing and the use of eco-friendly materials, with products recognized under Green Mark, MIT mark, and energy efficiency certifications.
- As a member of the “Smart Home Appliance R&D Alliance,” TECO has integrated its smart air conditioning and home appliances with IoT applications, launching the first cloud-based air conditioning solution featuring scheduling control, energy visualization, remote control, and “left-on reminders,” pioneering customer-centric smart home innovation.
- In the commercial air conditioning segment, TECO offers a cloud-based smart control system integrated with chilled water systems and peripherals. These HVAC (Heating, Ventilation, and Air Conditioning) solutions also include energy health diagnostics, visualized energy management, and indoor air quality monitoring, forming a complete monitoring and control ecosystem.
- TECO's commercial refrigeration products feature AI-powered energy-saving regulation systems, enabling proactive system management, safety assurance, and flexible cooling allocation, optimizing overall energy efficiency.
- TECO is the first in Taiwan to adopt R448A eco-friendly refrigerant in its refrigeration units—characterized by the lowest global warming potential (GWP)—paired with inverter-based temperature control, reducing spoilage rates and contributing meaningfully to energy saving and carbon reduction.

ii. Unfavorable Factors:

- The household air conditioning and appliance market is approaching saturation, with Japanese brands holding over 50% market share. Traditional distributors are under heavy pressure from hypermarkets and chain retailers, making profitability more difficult. TECO must rely on technological innovation to maintain competitiveness.

- The global trend of bilateral and regional free trade agreements places Taiwan at a disadvantage in export competition.
- Mergers between Japanese and American brands in recent years have created challenges for Taiwanese domestic brands.

iii. Response Strategies:

- Transform direct-to-consumer e-commerce operations, expand online sales channels, and offer smart, high-efficiency products with visualized online services such as installation assistance to increase market share.
- Selectively utilize China's cost advantage in hardware manufacturing through SKD (semi-knocked down) assembly to improve cost competitiveness while maintaining Taiwan's design innovation, creating a synergy of innovation and scale.
- Encourage commercial air conditioning distributors to switch to inverter-based products, expand direct sales of energy-saving systems, and offer cloud-based smart air conditioning control solutions with intelligent diagnostics and optimized operation of chillers.
- Combine sales of commercial air conditioning and refrigeration products under a single, domestically produced brand, offering one-stop solutions for complex multi-use spaces to increase market penetration.

(c) Electromechanical Engineering and Power Equipment

a. Primary Sales Regions

TECO's electromechanical engineering and power equipment products are primarily sold in Taiwan, with expansion efforts also targeting Japan and Southeast Asia. For products such as circuit breakers and magnetic contactors, the main markets are Taiwan and Mainland China, with active development of the Southeast Asian market underway.

b. Market Share

TECO is one of the top two manufacturers in Taiwan for low-voltage switchgear products, including circuit breakers, magnetic contactors, ACBs (Air Circuit Breakers), RCSs (Remote Control Switches), and ATSS (Automatic Transfer Switches). These products are widely used in residential buildings, factories, public infrastructure, machinery, and the Taipower system, accounting for approximately 20% of the domestic market share.

c. Future Supply-Demand Outlook and Growth Potential

TECO has deeply engaged in the renewable energy market, securing numerous domestic and international project orders. To accelerate renewable energy development, the Taiwanese government has set a policy goal of 15GW in offshore wind power capacity between 2026 and 2035, with expectations of reaching 20GW in total offshore capacity by 2035. The offshore wind power market is forecasted to exceed NT\$1.3 trillion, indicating continued growth in renewable energy demand.

In solar power, the government aims to reach 20GW of installed capacity by 2025, and 31GW by 2030. As of the end of July 2024, a total of 13.52GW of

solar PV systems had been installed in Taiwan. This leaves a gap of 17.48GW over the next five years, with the 2025–2030 market value projected at NT\$10 trillion.

c. Competitive Advantages, Future Outlook, and Mitigation Strategies

TECO's Competitive Strengths in Electromechanical Engineering and Power Equipment Include:

- i. Extensive experience in executing large-scale engineering projects
- ii. A project management team of over 250 personnel
- iii. Solid financial structure capable of supporting large project working capital requirements
- iv. Strong corporate image, with 10 consecutive years of sustainability awards
- v. In-house production of key electrical equipment, including transformers, high-voltage switchgear, distribution panels, busbars, HVAC systems, and emergency generators

Key Factors Affecting the Development of the Smart Energy Business:

i. Favorable Factors:

- Strong capabilities in system integration for engineering projects
- Deep expertise in IDC (Internet Data Center) infrastructure
- No. 1 market share in offshore wind substation projects in Taiwan
- No. 1 market share in Taipower energy storage and STATCOM projects

ii. Unfavorable Factors:

- Labor shortages in the engineering industry make it difficult to recruit talent with both foreign language proficiency and engineering supervision skills
- Rising prices of raw materials and high-voltage equipment

iii. Response Strategies:

- Enhance internal training to improve employees' foreign language and technical skills
- Ensure price adjustment clauses are included in contracts to mitigate cost fluctuation risks during inflationary periods
- Negotiate long-term agreements with key material suppliers to secure stable pricing and supply continuity

2.2 The Production Procedures of Main Products

Electrification and automation products

Products	Use	Production Process
High-efficiency motors, single-phase motors, low- and high-voltage 3-phase motors, synchronous motors, explosion-proof motors, brake motors, variable-pole motors, gear-reducing motors, crane motors, high-temperature exhaust gas fan motors, inverter-duty motors, high-thrust motors, steel-cased motors, aluminum-cased motors, eddy-current motors, wound rotor motors, submersible motors, DC motors, ventilation blowers, wind generators and transformers.	Provision of power for industrial production	Casting, Stamping, Electrical Engineering, Mechanical Engineering, Design, Planning, Assembly, Matching
Permanent magnet motors for EVs, hairpin motors, EV induction motors, synchronous reluctance motors, AC permanent magnet servo motors, EC motors, integrated IE3/IE4 high-efficiency motor-driver units	Industrial and electric vehicle used	Stamping, Electrical Engineering, Mechanical Engineering, Magnet, Design, Planning, Assembly, Matching, Integration

Air Conditioners & Home Appliances:

Products	Use	Production Process
CSPF-grade 1 air conditioner, new environment-friendly coolant inverter duty air conditioner (one to one and VRF type), smart air conditioner, energy-saving inverter duty refrigerator, high efficiency refrigerator, direct-drive inverter duty washing machine, dehumidifier, clothes dryer, small home appliances, home-delivery low-temperature cart, elevator air conditioner, cooling device for machine tool, low-temperature logistics freezer, heat-dissipation module for PC	Household, commercial, industrial use	Design, planning, assembly, and matching
LED Display, small home appliances	Home Entertainment	Design, Planning, Assembly
Chillers for centralized air-conditioning systems, package air conditioners, split-type air conditioners, inverter multi-evaporator VRF air conditioner, train air-conditioning systems, maglev centrifugal chiller, IPLV chiller solution	Commercial, Industrial Applications; Transportation systems	Design, Planning, Assembly, Matching

Electromechanical Engineering and Electrical Equipment

Products	Use	Production Process
Turnkey project of Substation of offshore wind power, internet data center (IDC), solar power generation system, energy storage system, , micro-grid system.	energy industry, power system	design, procurement, construction and maintenance
Power equipment, generator sets, hydrogen fuel cells, high- and low-voltage switches	power system	Design, Planning, Assembly, Matching

2.3 Main Material

	Main Material	Main Source	Supply
Electromechanical products	Silicon Steel	At home and abroad	Centralized Procurement by season
	Aluminum Ingot	At home and abroad	Centralized Procurement by season
	Rod Iron	At home and abroad	Procurement by Contract
	Copper Wire	At home and abroad	Procurement by Contract and Order Placing
	Bearing	At home and abroad	Procurement by Contract
	Engine	Abroad	Procurement by Contract

2.4 Major Clients (each commanding 10%-plus share of annual order volume) Information for the Last Two Calendar Years : None.

3. Human Resources

Year		2023		2024		April 7 2025	
		TECO	Global	TECO	Global	TECO	Global
Number of Employees		2,271	13,415	2,384	12,968	2,417	13,147
Average Age		44.2	42.6	44.8	43.0	45.0	43.0
Average Years of Service		15.0	8.6	15.8	10.3	14.5	10.2
Education	Master above	14.6	6.0	14.6	7.2	14.7	7.3
	Colleague	56.8	51.2	57.5	51.8	57.1	51.9
	Senior high	24.7	31.7	23.6	30.9	23.8	30.8
	Junior high and below	3.9	11.1	4.1	10.1	4.2	10.0

Note: Employees mentioned here refer to those people who are hired by the entities under consolidated financial statements.

4. Environmental Protection Expenditure Information

This section outlines the most recent year's environmental performance and, up to the date of this annual report's publication, any losses (including compensation), penalties, future response plans, and potential expenditures resulting from environmental pollution.

4.1 Losses from Environmental Pollution: None.

4.2 Response Measures:

(a) Planned Improvements

a. Environmental Equipment Improvement Plans

Solar Green Energy Deployment:

To reduce greenhouse gas emissions and fulfill its corporate social responsibility, TECO has implemented solar power systems at its Guanyin and Zhongli plants in Taiwan. In parallel, solar energy deployment has also begun at plants in Mainland China and Southeast Asia. In 2024 (Year 113 of the ROC calendar), solar systems were additionally installed at TECO Jiangxi and TECO Wuxi plants. The company will continue expanding its overall solar energy initiatives in the future.

Equipment and Process Improvements:

TECO's domestic and overseas plants are simultaneously undertaking process improvements to reduce greenhouse gas emissions. For example, after substantial SF₆ gas reduction improvements at the Hukou plant, those improvements have been maintained. In 2022, the Guanyin plant began refining its home appliance production processes, significantly reducing refrigerant leakage by approximately 70%. In 2024, the plant further introduced eco-friendly refrigerants. These best practices from Taiwan are now being extended to overseas plants to improve refrigerant leakage control.

By leveraging TECO's existing system control and motor technologies, the company provides consumers with green and energy-efficient products. It is also replacing outdated, energy-intensive equipment with newer, energy-saving alternatives. Maintenance and waste reduction measures are being strengthened to improve workplace conditions. TECO actively promotes resource conservation, such as the reuse of cooling water at its foundries. Nearly 100% of waste silicon steel generated during production is recovered and remelted by in-house foundries for reuse in new products—both enhancing resource recycling and lowering production costs.

b. Management Improvement Plans

TECO actively and continuously implements the ISO 14001 Environmental Management System to control and manage the environmental impact across all operational activities—including production, sales, product use, and post-use disposal—throughout the product life cycle. The company identifies key environmental impacts and opportunities for improvement, with the goal of reducing environmental impact and enhancing environmental performance.

TECO is fully committed to promoting the adoption of the more environmentally friendly R32 refrigerant in household appliances, thereby helping end-users adopt greener refrigerants. The company has also integrated ESG performance into daily management KPIs, with quarterly performance reviews to ensure that environmental improvement actions are effectively implemented. Since 2023, TECO has introduced a digital management system that allows real-time monitoring of greenhouse gas emissions across the company. Any irregularities are immediately addressed with corrective actions. This system is being gradually expanded to cover the Group's major overseas manufacturing facilities.

c. Ongoing Greenhouse Gas Inventory and Reduction Initiatives

In response to global climate change, TECO has been conducting greenhouse gas inventories since 2005 (Year 94) and obtains third-party verification in accordance with ISO 14064-1 annually. As of 2024, the inventory scope has extended beyond Taiwan to include major overseas production bases in Mainland China, Vietnam, Italy, and the United States (TWMC).

TECO has mobilized all personnel to promote energy-saving and carbon-reduction initiatives and has established a dedicated energy-saving task force to propose and implement viable solutions.

TECO is fully committed to its strategic vision of "Energy Saving, Emission Reduction, Intelligence, and Automation." Across every aspect of the business—from product development and raw material sourcing to production processes and marketing—TECO embraces energy conservation and emission reduction as its core mission. New business development is also aligned with the green energy industry, and the company, through its foundation, regularly organizes science and humanities activities that promote ECO values internally. TECO continues to lead the way toward sustainable operations and long-term environmental responsibility.

d. Projected capital outlay for environmental protection in the next three years(including overseas plants)

i. Planned procurement of anti-pollution equipment and outlays

(i) Plans in next three years

2025	2026	2027
The continued promotion of solar energy systems, energy-efficient equipment, and other energy-saving solutions will be pursued.	The continued promotion of energy-efficient equipment, and other energy-saving solutions will be pursued.	The continued promotion of energy-efficient equipment, and other energy-saving solutions will be pursued.
By implementing environmentally friendly paint systems, the proportion of eco-friendly paints will be increased.	Improving or adding painting equipment, continuous furnaces, and maintaining air pollution control systems.	Improving or adding painting equipment, continuous furnaces, and maintaining air pollution control systems.
Replacement of consumables such as activated carbon, filters, and filter balls, and improvements in organic solvent processes.	Replacement of consumables such as activated carbon, filters, and filter balls, and improvements in organic solvent processes.	Replacement of consumables such as activated carbon, filters, and filter balls.
Improvement of the process environment around the plant.	Improvement of the process environment around the plant.	Improvement of the process environment around the plant.
Continued implementation of smart air compressor systems to enhance operational efficiency.	Continued implementation of energy saving equipment to enhance operational efficiency.	Continued implementation of energy saving equipment to enhance operational efficiency.
Ongoing improvements to lighting systems to conserve energy.	Ongoing improvements to lighting systems to conserve energy.	Ongoing improvements to lighting systems to conserve energy.

(ii) Projected outlays (Unit: NT\$thousand)

2025	2026	2027
\$ 143,726	\$ 145,818	\$ 236,721

i. Expected Improvements

- (i) In addition to reducing greenhouse gas emissions and lowering electricity costs, solar power can also help mitigate potential competitive threats from the future implementation of carbon taxes. As of 2024, TECO has completed solar systems expected to generate 16.57 million kWh annually, which will yield an estimated NT\$80 million in electricity savings per year.
- (ii) With the adoption of eco-friendly water-based paints, the proportion of green coatings reached 85% by the end of 2024. Compared to the 2015 baseline, total VOC (volatile organic compound) emissions have been reduced by 70%.
- (iii) A remote monitoring system has been installed to track air pollution emissions in real time, ensuring compliance with environmental

regulations. TECO also collaborates with domestic industrial associations to identify opportunities for improving air pollution and wastewater treatment.

- (iv) The company is promoting industrial waste reduction by decreasing waste generation, enhancing waste recycling mechanisms, and exploring opportunities for material reuse. Since 2022, waste reduction has been formally included in management indicators, making energy saving, emission reduction, and waste minimization a shared responsibility for all employees. A dedicated unit reviews performance improvements monthly, which are also included in each department's quarterly KPI assessments.
- (v) Each business group is implementing carbon reduction initiatives aligned with TECO's goal of reducing greenhouse gas emissions by 50% between 2021 and 2030, based on their individual carbon inventory baselines. These plans are closely monitored by the ESG Promotion Office, which reports directly to the Board of Directors. By 2024, TECO had already achieved 38.6% of the targeted 50% reduction, equivalent to a goal achievement rate of 77.2%.
- (vi) TECO is committed to reducing greenhouse gas emissions through the development of energy-saving and environmentally friendly products. The company uses its proprietary control systems and energy-efficient technologies to offer green household appliances, and is advancing the full adoption of eco-friendly refrigerants to reduce CO₂ emissions, aligning with its corporate social responsibility and climate action goals.

e. Impact After Improvements

i. Impact on Net Income

- (i) The implementation of solar power systems is expected to generate 16.57 million kWh annually, reducing electricity expenses by about NT\$80 million per year and cutting carbon emissions by approximately 8,300 metric tons.
- (ii) Recycling and reuse of industrial waste help reduce material costs and lower outsourced waste treatment expenses.
- (iii) Improvements in air and water pollution control help avoid penalties and related losses.
- (iv) Prevents public disputes caused by environmental pollution.
- (v) Avoids losses from forced production shutdowns due to environmental violations.
- (vi) Reduces environmental management expenses through waste minimization and pollution prevention, thus lowering overall costs.

ii. Impact on Competitive Position

- (i) The solar power system directly reduces greenhouse gas emissions and aligns with international emission reduction trends. Once carbon taxes are implemented, this will lessen trade barriers and cost

pressures, increase product sales opportunities, and enhance product competitiveness.

- (ii) Strengthening in-house capabilities in solar system deployment will expand the company's business potential.
- (iii) Recycling and reuse of industrial waste reduce production costs and increase product competitiveness.
- (iv) Enhancing the company's image and fulfilling stakeholder expectations.
- (v) Leveraging existing technical capabilities to develop online power monitoring systems that optimize electricity distribution, identify energy-saving opportunities, and create external business opportunities.

(b) Items Without Mitigation Measures

- a. Reasons for not taking improvement measures: None.
- b. Pollution status: None.
- c. Potential losses and compensation amounts: None.

5. Employer-Employee Relations

The company provides diverse and open communication channels to foster a harmonious and trustworthy relationship between labor and management, aiming to achieve win-win outcomes. As early as 1982, the company signed a collective agreement with the labor union and has since maintained a positive and constructive dialogue. To ensure long-term stability in labor relations, promote workplace harmony, and enhance employee welfare, the company applied for expert consultation from the competent authority in 2017. In 2019, the revision and negotiation process for the collective agreement was formally initiated. After 13 rounds of negotiation meetings, both parties signed the revised collective agreement on February 21, 2023.

The effective period of the agreement is three years from the date of enactment. If no new collective agreement is signed upon expiration, the agreement will automatically be extended for another three years, and such extensions may continue thereafter under the same terms. The agreement includes several provisions that are more favorable than the minimum requirements under labor laws, including:

“Party A agrees to provide full pay to Party B union members who are full-time employees with over three months of service for up to three days of combined personal and sick leave per year.”

“When a union member is hospitalized due to illness or injury, they may apply for convalescence leave equal to the number of days hospitalized.”

“If union members are unable to perform their duties due to a natural disaster, Party A shall provide fully paid leave.”

“If Party A requires union members to work during a natural disaster, attendance bonuses shall be paid as if working on a public holiday.”

“In the event of a non-work-related death of a union member, the member’s family may apply for benefits under the company’s group insurance plan; however, the total condolence payment shall not be less than NT\$300,000.”

“If employees are dismissed under the Mass Redundancy Protection Act, in addition to severance pay as prescribed by the Labor Standards Act, an additional one-month severance payment shall be granted.”

The collective agreement applies to all Party A employees who qualify as members of Party B (the labor union).

5.1 Career Development and Self-Fulfillment

To cultivate outstanding talents with initiative and innovative thinking, and to help them realize personal achievement on TECO’s platform, the company not only offers comprehensive onboarding and care programs for new employees but also ensures open career development channels. Relevant initiatives include:

(a) Internal Recruitment Priority

To invigorate and streamline talent development pathways, the company requires that all job openings be offered internally first, providing employees with voluntary and autonomous career advancement opportunities. The application process is confidential to ensure fairness. For successful internal applicants, systematic handover and transition arrangements are made,

allowing employees to explore new opportunities where they can fully apply their skills.

(b) Key Talent Program

Key talents refer to high-potential employees below managerial level. To improve talent development and retention, the evaluation cycle has been changed from once every two years to once annually. Key talent development and retention have been included as a KPI for departments. Supervisors work with identified key talents to formulate individual development plans (IDPs) aligned with both company and personal growth goals. These employees receive structured training and development, which helps strengthen talent retention and drive organizational growth.

(c) Future Leadership Training

To build future leaders, TECO provides annual training programs for junior and mid-level managerial candidates. Employees recommended for promotion to management positions must complete the relevant courses before being considered, ensuring foundational leadership and management capabilities.

(d) Succession Evaluation

To develop talents with operational and long-term growth potential, the company holds biannual evaluations for promotions to mid-level or higher managerial roles. Candidates must present their views on various aspects of corporate operations. A review panel consisting of senior executives, academic professionals, and industry experts evaluates the candidates through a multidimensional, in-depth process. This enables outstanding talents to gain exposure and fosters strategic thinking in addition to performance and capability demonstration.

(e) Professional Skill Development

Every year, TECO develops new internal trainers and enhances the teaching and mentoring capabilities of existing trainers. Key technical knowledge and know-how are passed down via internal courses and on-the-job training (OJT). The company's factories also host annual skill certification tests to elevate technical standards, uncover employee potential, promote multi-skilled talent, and reward technical excellence.

(f) Mentor Program

To strengthen mid- and senior-level managerial succession and organizational capability, high-potential successors are paired with senior executives as mentors, based on 360-degree competency assessments and individual needs. Mentors share experiences and provide tailored guidance to accelerate holistic development. Additionally, a select group of high-potential mid-level managers receive direct mentoring from the General Manager. Through this program, mentees gain high-level strategic insight and engage in interdepartmental collaboration. They also lead cross-functional projects and seek external partnerships. Regular group coaching sessions are held to review progress and provide feedback based on development status and project milestones.

(g) Digital Transformation and Talent Development

a. Digital Learning:

TECO has made significant strides in digitalizing learning. The launch of the new platform, TECO e-Academy, has strengthened the foundation for blended learning (online + offline). The platform continues to grow in scope and variety, supporting internal knowledge sharing, personal growth, and cultural shaping.

b. Digital Competitions:

To respond to rapid digital transformation, TECO introduced the M365 collaboration platform in 2023. Basic training was provided to all employees, while selected digital “seed talents” from each business unit were trained in automation and visualization tools to enhance the company's digital productivity.

c. Digital Seed Training Program:

To promote real-world applications of M365, the company hosted internal digital project competitions. Teams went through proposal, coaching, implementation, and results-sharing stages. Final outcomes included tools such as a product integration system, GPS attendance tracking system, and material requisition system, which improved internal work efficiency and optimized processes.

5.2 Employee Rights and Benefits

(a) Job Application and Employment Security

In compliance with the Personal Data Protection Act, the company ensures the confidentiality of job applicants' personal data and does not use such data for any purposes other than recruitment without the applicant's consent. All employment practices follow applicable labor laws and TECO's Human Rights Policy, which emphasizes fairness, non-discrimination, the prohibition of child labor, and the prevention of forced labor.

(b) Gender Equality Protection

TECO actively promotes gender equality by narrowing gender gaps through institutional measures. The company has established the “TECO WAO! (Women's Ability Organization)” club, offers diverse and inclusive types of leave, fosters a family-friendly workplace, and hosts educational campaigns supporting gender diversity. In 2024 (Year 113), TECO received the Silver Award for Workplace Gender Equality Certification from the Taipei City Government and was also nominated for the DEI (Diversity, Equity, Inclusion) Award by Womany.net.

(c) Competitive Compensation Policy

TECO continuously monitors market compensation levels to remain competitive and reviews its internal compensation policies regularly to attract and retain top talent. To recognize employees' contributions, the company offers special duty allowances for unique job requirements and multiple bonus programs including: Sales bonuses, Patent bonuses, Task-based incentives, Proposal incentives, Skill certification awards.

To retain key talent, TECO has implemented supporting reward mechanisms and provides comprehensive salary and benefits to ensure peace of mind for employees. Since 2023, all employees have been eligible to join the Employee Stock Ownership Trust, per the program's charter. The company offers matching contributions to encourage long-term shareholding, aligning employees with company success and building a co-ownership culture.

(d) Retirement System and Implementation

In accordance with applicable laws, TECO has established a Labor Retirement Plan, contributing monthly to the trust fund managed by the Bank of Taiwan to secure post-retirement income for employees. For those who opted into the new labor pension system starting July 1, 2005, the company contributes 6% of monthly salary to the employee's personal account at the Bureau of Labor Insurance, based on government-specified wage tiers.

(e) Communication Channels and Employee Feedback Surveys

TECO is committed to building strong communication bridges with its employees. The company has received numerous awards, including: National Award for Excellence in Labor-Management Relations (by the Council of Labor Affairs), Model Labor-Management Conference Award, Taoyuan County Award for Outstanding Labor-Management Relations.

In addition to communication through labor unions, labor-management meetings, and regular employee quarterly and daily meetings, TECO conducts an annual Employee Satisfaction Survey using anonymous questionnaires to gather feedback and respond to employee needs.

(f) Employee Satisfaction Survey

TECO conducts an annual employee satisfaction survey using anonymous questionnaires to better understand employee views, enhance engagement, and ultimately boost organizational performance and competitiveness. In September 2024 (Year 113), the company conducted a survey across all affiliated domestic and overseas entities, covering four dimensions: Satisfaction, Engagement, Well-being & Job stress. The overall response rate was 36%, while the response rate for TECO Electric & Machinery Co., Ltd. (parent entity) was 58%.

Results showed that 62.9% of employees globally expressed strong recognition of the company. TECO aims to raise this figure to 70% by 2025. Well-being scored the highest among the dimensions, indicating strong positive sentiment and collegial workplace relationships. However, job stress received the lowest satisfaction rating. Compared to the previous year, employees reported increased stress levels. After internal review, the company attributed this to its push for innovation, strategic initiatives, and operational restructuring, such as leadership empowerment and succession planning. In response, TECO plans to launch stress management workshops, offer psychological counseling, and implement leadership training programs in 2025 to help employees manage pressure and better support their work.

5.3 Work-Life Balance

(a) Comprehensive Leave Policy

To support employees in balancing their work and personal lives, the company strictly enforces leave policies in compliance with labor regulations. In addition, the utilization rate of annual leave is reviewed and included as an evaluation indicator for supervisors' annual performance assessments.

(b) Volunteer Leave

To encourage employee participation in social welfare and community engagement, TECO grants three days of paid volunteer leave per year. This leave does not affect the employee's performance evaluation and reflects the company's commitment to corporate citizenship.

(c) Wellness Leave

TECO offers three days of paid wellness leave annually to help employees maintain a healthy work-life balance and attend to personal or family needs.

(d) Birthday Leave

Recognizing birthdays as a special occasion, TECO grants employees a flexible birthday leave during their birth month, allowing them to enjoy and celebrate their special day with personal arrangements.

(e) Physical and Mental Wellness Initiatives

To safeguard the health and well-being of its employees, TECO provides nutritious and delicious group meals, and assigns professional nurses at each factory site. Medical consultation rooms are also available, with regular visits from certified physicians to ensure health and safety in the workplace. The company promotes various health and wellness programs, supports employee recreational and sports clubs, and employs visually impaired massage therapists to provide on-site stress relief services.

For maternal health, TECO has made significant efforts to build a mother-friendly workplace. Since 2019, the nursing room at TECO's Nangang headquarters has consistently received certification from the Taipei City Government. The company also provides maternity health consultations and ten days of paid prenatal checkup leave, exceeding statutory requirements to help employees feel secure in starting and raising families. Additionally, since 2023, TECO's Nangang headquarters has installed two Automated External Defibrillators (AEDs) and earned the AED-Safe Location Certification from the Taipei City Government, enhancing workplace health and safety protection.

5.4 Employee Conduct and Code of Ethics

To uphold order in the workplace and clearly define the rights and obligations of both labor and management, the company has established "Employee Work Rules" in accordance with legal requirements. These rules have been submitted to and approved by the relevant authorities and are publicly disclosed. They provide a standardized framework for managing employees, with clear provisions covering areas such as positions, appointments, leave, compensation, rewards and penalties, evaluations, promotions, benefits, severance, occupational injury compensation, and retirement.

TECO expects every employee to do their utmost to achieve the company's highest operational goals while upholding the highest standards of personal integrity. For this purpose, the company has implemented the "Code of Conduct and Ethical Business Operation Procedures and Guidelines." A summary of its core content is as follows:

(a) Avoidance of Conflicts of Interest

Employees must avoid using their position at the company to obtain improper benefits for themselves, their spouses, parents, children, or any other related individuals.

(b) Confidentiality and Trade Secrets

All internal information related to TECO's business interests—whether technical, financial, commercial, or otherwise—shall be regarded as trade secrets. Employees are obligated to keep such information strictly confidential. They must not exploit it for personal gain or disclose it to unauthorized parties.

Even after leaving the company, employees must continue to honor their confidentiality obligations and may not leak or use TECO's trade secrets for illegal or unfair competitive purposes.

(c) Fair Dealing with Clients

Employees must comply with all laws and internal company regulations. They must avoid offering or accepting improper gifts or benefits in any form. All interactions with customers and suppliers must be conducted fairly, transparently, and professionally.

(d) Political Contributions

Employees are prohibited from making political contributions or sponsorships to any candidates on behalf of the company or its affiliates.

(e) Charitable Donations

Employees must ensure that all charitable donations or sponsorships have a legitimate and clearly defined purpose. Donations must not be used as a disguised form of bribery.

(f) Reporting and Whistleblower Obligations

TECO encourages open communication between employees and third parties. Any concerns, complaints, or reports related to unfair treatment or violations of company policies may be submitted through designated fraud and ethics reporting mailboxes. Malicious or false accusations are strictly prohibited. Reports of unlawful activity will be handled confidentially, and the company will protect the identity and rights of those involved in the investigation.

Status of the company's staffers related to financial-information transparency in securing certificates designated by the regulator.

License	Number of People	
	Financial Accounting	Auditing
CPA (ROC)	4	0
CPA (US)	1	0
Certified Internal Auditor	3	0

5.5 The company has consistently maintained harmonious labor-management relations, and all employee work rules are in compliance with relevant labor laws and regulations.

However, in 2024, the company was fined NT\$20,000 for a violation of Article 38, Paragraph 4 of the Labor Standards Act.

For more details, please refer to the table below.

Date	Reference No.	Legal Violation	Description	Penalty	Action Taken
2024/12/17	Gov. Ref. No. 1130485642	Labor Standards Act, Article 38-4	Failure to compensate unused special leave at contract termination or year-end	NT\$20,000 fined	The configuration of the special bonus distribution system has been thoroughly reviewed and successfully implemented.

6. Information Security Management

Information Security Governance	<p>TECO has established an Information Security Committee under the Board-level Corporate Governance and Sustainability Committee, and appointed a Chief Information Security Officer (CISO). On September 1, 2024, the company formally established an Information Security Office as the dedicated unit responsible for information security management and the ongoing supervision of security enhancement initiatives.</p> <ul style="list-style-type: none"> ● Board of Directors – Vice Group Chairman Mr. Chiu: Oversees TECO Group's digital transformation and information security strategies. The company obtained ISO/IEC 27001 and CNS 27001:2014 Information Security Management System (ISMS) certifications on November 4, 2021. ● Board of Directors – Director Mr. Jong-Chin Shen: Currently serving as Senior Advisor to the Office of the President. During his tenure as Vice Premier and CISO of the Executive Yuan, he elevated cybersecurity to a national security issue, supervised responses to cyberattacks from Mainland China, and promoted the development of Taiwan's cybersecurity industry and ecosystem. ● Board of Directors – Independent Director Ms. Mei-Chun Chao: As an executive council member of the Taipei Bar Association, she served on the IT Committee and led efforts to reconstruct the Association's information systems. ● Chief Information Security Officer (CISO) – President Mr. Fei-yuan Kao: Also serves as Chairperson of the Information Security Committee. She is responsible for the planning and oversight of the Group's information security policies and the execution of ISMS operations.
Information Security Protection	<p>To strengthen information security management and ensure the confidentiality, integrity, and availability of its information systems, equipment, and network infrastructure, TECO has established an Information Security Policy to guide its information security risk management. The company's information operations aim to align with international cybersecurity standards.</p> <p>In addition, TECO has implemented related management and incident reporting policies, and has incorporated information security into employee performance evaluations. Annual information security training programs are also conducted to raise awareness and reinforce best practices.</p> <p>In 2024, the company conducted penetration testing using hacker-style simulated attacks on its external service websites to proactively identify vulnerabilities. TECO also successfully completed projects including the upgrade of identity authentication and access control systems. For its EOS systems, a decommissioning and replacement schedule has been established, with full implementation expected by 2025. By then, TECO will also complete enhancements to its network detection and response (NDR) capabilities and malware detection mechanisms, further fortifying its overall information security defenses.</p>
Process Architecture	<p>To ensure business continuity, TECO conducts Business Continuity Validation exercises at least semi-annually. In 2024, these exercises were carried out for key systems including the ERP system, Global Order System, and core network firewalls, simulating scenarios to verify uninterrupted operations.</p> <p>TECO also successfully completed the ISO 27001:2022 transition audit by the end of 2024, maintaining the validity of its ISO 27001 certification. Looking ahead, the company will evaluate the adoption of additional certifications, such as ISO 27701.</p> <p>Since 2012, TECO has implemented a Personal Data File Security Maintenance Plan and Processing Procedures, and has consistently promoted and enforced personal data protection practices across its operations.</p>
Risk Management and Control	<p>To ensure the stable and secure operation of information systems, TECO has adopted a defense-in-depth strategy focusing on three core objectives: anti-virus, anti-intrusion, and data leakage prevention.</p> <p>The company has strengthened its network firewalls, anti-virus systems, and network whitelist controls, while deploying intrusion detection systems (IDS) to identify malicious traffic and proactively block such traffic from entering the network.</p> <p>These measures enhance TECO's capabilities in defending against external cyberattacks and safeguarding internal confidential information, ensuring that the company's information assets remain protected from threats and disruptions that could compromise the availability or accuracy of its information services. °</p>

In July 2024, TECO Electric & Machinery Co., Ltd. experienced a cybersecurity incident in which certain information systems were targeted by a hacker attack. The company immediately activated its cyber

defense and recovery mechanisms and notified the relevant government authorities in accordance with regulatory requirements.

After assessment, the incident was determined to have no material impact on the company's financial results or operations. In response, TECO has further strengthened its information and network security management framework to ensure continued protection of its digital infrastructure going forward. °

7. Material Contracts

Agreement	Counterparty	Period	Major contents	Restrictions
1. Agency contract	Yaguang Co., Ltd. and a total of 1045 other companies	One year after the signing contract/starting of shipment, should any party fail to notify contrary opinion one month before the ending of the contract, the contract will be extended by one year automatically, an arrangement which will be repeated afterwards.	Rights and obligations for agency for home appliances, electric motor, heavy electric products, power device and air conditioners.	None
2. Project Undertaking	Taoyuan International Airport Co., Ltd.	The contract was signed on July 31, 2019, and is valid until the expiration of the warranty period.	Taiwan Taoyuan International Airport Terminal 3 Public Facilities Project (1) New Construction	None
3. Project Undertaking	Taoyuan International Airport Co., Ltd.	The contract was signed on August 30, 2022, and is valid until the expiration of the warranty period.	The motor project at Taoyuan Airport Terminal 3 Area.	None
4. Project Undertaking	CIP Copenhagen Infrastructure Fund	The contract was signed on July 31, 2019, and is valid until the expiration of the warranty period.	Changfang and Xidao Offshore Wind Farm Substation early work agreement, condition of contract	None
5. Project Undertaking	Century Biotech Development Corporation	The contract was signed on June 29, 2019, and is valid until the expiration of the warranty period.	The new mechanical and electrical engineering of Taipei Nangang Biotechnology Industry Building (BOT).	None
6. Major credit contract	Australia and New Zealand Banking Group Limited, Bank SinoPac, Bank of Taiwan, Taishin International Bank, CTBC Bank Co., Ltd., Mizuho Bank, Ltd. Taipei Branch, The Hongkong and Shanghai Banking Corporation Limited, DBS Bank (Taiwan) Ltd., and First Commercial Bank Co., Ltd.	From March 27, 2024, until August 20, 2029, at the latest.	Syndicated Credit Facility Agreement, Project Financing Agreement	None
7. Project Undertaking	Hai Long II Wind Power Co., Ltd. etc.	The contract was signed on October 14, 2022, and is valid until the expiration of the warranty period.	EPC project of onshore substation of Hailong offshore wind farm	None

Agreement	Counterparty	Period	Major contents	Restrictions
8. Project Undertaking	Exyte Taiwan Co., Ltd.	The contract was signed on December 3, 2021, and is valid until the expiration of the warranty period.	CHG-5 ELECTRICAL WORKS	None
9. Project Undertaking	China Steel Power Corporation	The contract was signed on July 7 2020, and is valid until the expiration of the warranty period.	EPC project of onshore substation of China Steel Power offshore wind farm	None
10. Project Undertaking	Chunglu Construction Co., Ltd.	The contract was signed on December 6, 2021, and is valid until the expiration of the warranty period.	New construction project of Yangmei highly efficient plant for Walsin	None
11. Project Undertaking	National Archives Administration, National Development Council and Construction and Planning Agency Ministry of the Interior	The contract shall be effective from March 15, 2021, until the expiration of the warranty period.	New project for National Archives	None
12. Project Undertaking	Taiwan Power Company Limited	The contract shall be effective from April 14, 2022, until the expiration of the warranty period.	The energy storage system at Longtan Ultra-High Voltage Substation (E/S).	None
13. Land Joint Development Agreement	Mingtai Property Insurance Co., Ltd Dong'an Asset Development Management Co., Ltd.	The contract shall be effective from February 10, 2023, until the expiration of the warranty period.	Joint development of land located at No. 934, Section 2, Jilin Segment 2 in Zhongshan District, Taipei City.	None
14. Contract for the Construction Project of the Dongyuan Mingtai Building	Fujiyu Construction Co., Ltd.	The contract shall be effective from June 17, 2023, until the expiration of the warranty period.	Construction project for the new building of Dong Yuan Mingta.	None
15. Project Undertaking	Taiwan Power Company Limited	The contract shall be effective from August 29, 2023, until the expiration of the warranty period.	Contract for the turnkey project of the 161kV Static Synchronous Compensator (STATCOM) for the Zhangong Boosting Substation and Yongxing Switching Station.	None
16. Project Undertaking	Railway Bureau, Ministry of Transportation	The contract shall be effective from November 24, 2022, until the expiration of the warranty period.	Tainan Railway Underground Project E202Z Contract for Permanent Track Infrastructure, Telecommunications, Tunnel Ventilation, and Central Monitoring System Works.	None
17. Project Undertaking	Yixiangle International Co., Ltd.	The contract shall be effective from August 9, 2022, until the expiration of the warranty period.	Construction of Air Conditioning Equipment for the New Building Project of the Asia Pacific Empire Commercial Building".	None
18. Joint Venture Agreement	Tong An Asset Management Co., Ltd. Kindom Development Co., LTD..	The contract shall be effective from March 26, 2021. This contract was mutually terminated on September 25, 2024.	Joint Development of 16 Parcels of Land in Hongfu Section, Xinzhuang District, New Taipei City.	None

Agreement	Counterparty	Period	Major contents	Restrictions
19.Merger Agreement	TECO Electro Devices Co., Ltd	The contract shall be effective from April 11, 2024, until the completion of the merger by both parties.	TECO Electric & Machinery Co., Ltd. (the surviving company) will merge with TECO Electro Devices Co., Ltd. (the dissolving company) through a cash merger.	None
20.Capital Increase Agreement	Shenchang Electric Co., Ltd.	The contract shall be effective from September 24, 2024, until the completion of the capital increase	Shenchang Electric Co., Ltd. will conduct a capital increase through cash injection, with TECO Electric & Machinery Co., Ltd. subscribing to the new shares, thereby becoming the controlling shareholder of Shenchang Electric.	None
21.Equipment and Materials Purchase Agreement	Chunglu Construction Co., Ltd.	The contract shall be effective from March 21, 2024, through April 30, 2025.	The client has commissioned the procurement of materials for the new construction project of Walsin's submarine cable plant in Kaohsiung.	None

V. Financial Condition, Performance Analysis, and Risk Factors

1. Financial Condition

Comparative Financial Position Analysis Table

Unit: NT\$1,000

Item \ Year	2024.12.31	2023.12.31	Amount Increase (Decrease)	Change %	Note
Current Assets	57,266,092	52,480,611	4,785,481	9	
Property, Plant and Equipment	20,312,637	20,290,504	22,133	0	
Intangible Assets	4,874,016	4,832,979	41,037	1	
Other Assets	41,857,372	49,709,696	(7,852,324)	(16)	Note 1
Total Assets	124,310,117	127,313,790	(3,003,673)	(2)	
Current Liabilities	28,496,405	22,634,485	5,861,920	26	Note 2
Non-current Liabilities	14,140,659	18,236,525	(4,095,866)	(22)	Note 2
Total Liabilities	42,637,064	40,871,010	1,766,054	4	
Equity Attributable to Owners of the Parent	75,482,209	80,148,590	(4,666,381)	(6)	
Capital Stock	21,387,966	21,387,966	0	0	
Capital Surplus	9,616,391	9,629,730	(13,339)	0	
Retained Earnings	35,593,556	34,277,944	1,315,612	4	
Other Equity	8,884,296	14,852,950	(5,968,654)	(40)	Note 1
Non-controlling Interests	6,190,844	6,294,190	(103,346)	(2)	
Total Equity	81,673,053	86,442,780	(4,769,727)	(6)	

Note 1: The decrease was primarily due to unrealized valuation losses recognized in 2024 on financial assets measured at fair value through other comprehensive income (FVOCI) held by the Group, resulting in a simultaneous reduction in both assets and equity.

Note 2: As corporate bonds totaling NT\$5 billion are scheduled to mature on June 12, 2025 and September 15, 2025, they were reclassified in 2024 as current portion of non-current liabilities, leading to an increase in current liabilities and a corresponding decrease in non-current liabilities.

2. Financial Performance

2.1 Comparative Financial Performance Analysis

Unit: NT\$1,000

Item	2024	2023	Amount Increase (Decrease)	Change %	Note
Net Operating Revenue	55,234,746	59,393,661	(4,158,915)	(7)	
Operating Costs	(41,094,708)	(44,451,003)	3,356,295	(8)	
Gross Profit	14,140,038	14,942,658	(802,620)	(5)	
Net (Un)realized Intercompany Profit from Affiliates	(534)	(1,068)	534	(50)	
Net Gross Profit	14,139,504	14,941,590	(802,086)	(5)	
Operating Expenses	(7,907,899)	(8,278,338)	370,439	(4)	
Operating Profit	6,231,605	6,663,252	(431,647)	(6)	
Non-operating Income and Expenses	1,848,224	1,610,892	237,332	15	
Income Before Tax from Continuing Operations	8,079,829	8,274,144	(194,315)	(2)	
Income Tax Expense	(1,828,548)	(1,942,112)	113,564	(6)	
Net Income for the Period	6,251,281	6,332,032	(80,751)	(1)	
Other Comprehensive (Loss) Income	(5,745,051)	(2,506,178)	(3,238,873)	129	Note 1
Total Comprehensive (Loss) Income for the Period	506,230	3,825,854	(3,319,624)	(87)	Note 1
Analysis of Changes:					
1. The change was primarily due to an increase in unrealized losses recognized during the year on financial assets measured at fair value through other comprehensive income (FVOCI) compared to the previous year, resulting in higher other comprehensive losses and a reduction in total comprehensive income for the period.					

2.2 Gross Profit Variance Analysis:

The change in gross profit did not exceed 20%; therefore, analysis is not required.

3. Cash Flows

3.1 Cash Flow Analysis for the Current Year (2024)

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Cash Deficit	
				Investment Plans	Financing Plans
23,640,536	4,392,007	1,977,256	26,055,287	-	-
<p>A. Analysis of change in cash flow:</p> <p>a. Operating activities: The increase in cash flows from operating activities was primarily due to stable profitability and effective management of payment and collection cycles.</p> <p>b. Investing activities: The main sources of cash inflows from investing activities were the disposal of financial assets measured at fair value through other comprehensive income (FVOCI) and dividend income received.</p> <p>c. Financing activities: The main uses of cash in financing activities were the distribution of cash dividends, and the repayment of borrowings and lease liabilities..</p> <p>B. Remedy and liquidity analysis for insufficient cash: not applicable.</p>					

3.2 Improvement plan for insufficient liquidity: Not applicable

3.3 Cash Flow Analysis for the Coming Year (2025)

Unit: NT\$1,000

Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Remedy for Cash Deficit	
				Investment Plans	Financing Plans
26,055,287	4,232,202	6,415,026	23,872,463	-	-
<p>A. Analysis of change in cash flow in the current year:</p> <p>a. Operating activities: Revenue and profit margins are projected to increase compared to 2024. As a result, net cash inflows from operating activities in the current year are expected to be comparable to those in 2024.</p> <p>b. Investing activities: Dividend income expected to be received in 2025 is anticipated to be sufficient to cover investments in property, plant, and equipment (PPE). However, due to an increase in strategic acquisition investments during the year, cash inflows from investing activities in 2025 are expected to be lower than in 2024.</p> <p>c. Financing activities: Although cash dividends projected for 2025 exceed those of 2024, a slight decrease in net cash inflows from operating activities, combined with increased strategic investments, is expected to result in a modest increase in borrowings during the year.</p> <p>B. Remedy for Cash Deficit and Liquidity Analysis: Not Applicable</p>					

4. Financial and Business Impact from Major Capital Expenditure Items

4.1 Major Capital Expenditure Items and Source of Capital

Unit: NT\$thousand

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure	
				2023	2024~2025
2024 Capital Expenditure – new equipment, equipment renewal and capacity expansion	Working Capital	2024/12/31	1,266,000	1,266,000	0
2025 Capital Expenditure – new equipment, equipment renewal and capacity expansion	Working Capital	2025/12/31	1,765,000	0	1,765,000

4.2 Expected Benefits

The aforementioned capital expenditures will not only increase the production capacity of high- and low-voltage motors, home appliances, and automation and intelligent system products, but will also contribute to lowering production costs and improving product quality.

The Songjiang Building reconstruction project will incorporate energy-saving, carbon reduction, and smart technologies, including the integration of an intelligent information and communication management system, bringing a refreshed and modern outlook to the Nanjing–Songjiang commercial district.

Meanwhile, development continues at the India Biotech Park, where standardized factory buildings are under construction to support rental and sales operations, thereby enhancing asset utilization for the company.

5. Recent-Year Investment Policy, Major Causes of Gains or Losses, Improvement Plans, and Investment Plans for the Coming Year

5.1 Investment Policy:

In response to evolving domestic and international economic trends and increasingly competitive market conditions, the Company focuses its investments on vertical and horizontal integration within its core businesses of electromechanical systems, energy engineering, and household appliances/air conditioning.

Adhering to the themes of energy saving, emission reduction, intelligence, and automation, TECO continues to strengthen its digital transformation and focuses on the three main sectors of electromechanical, energy, and air conditioning. All investment projects are carefully evaluated in alignment with the Company's long-term strategic development plan.

5.2 Primary Causes of Gains or Losses:

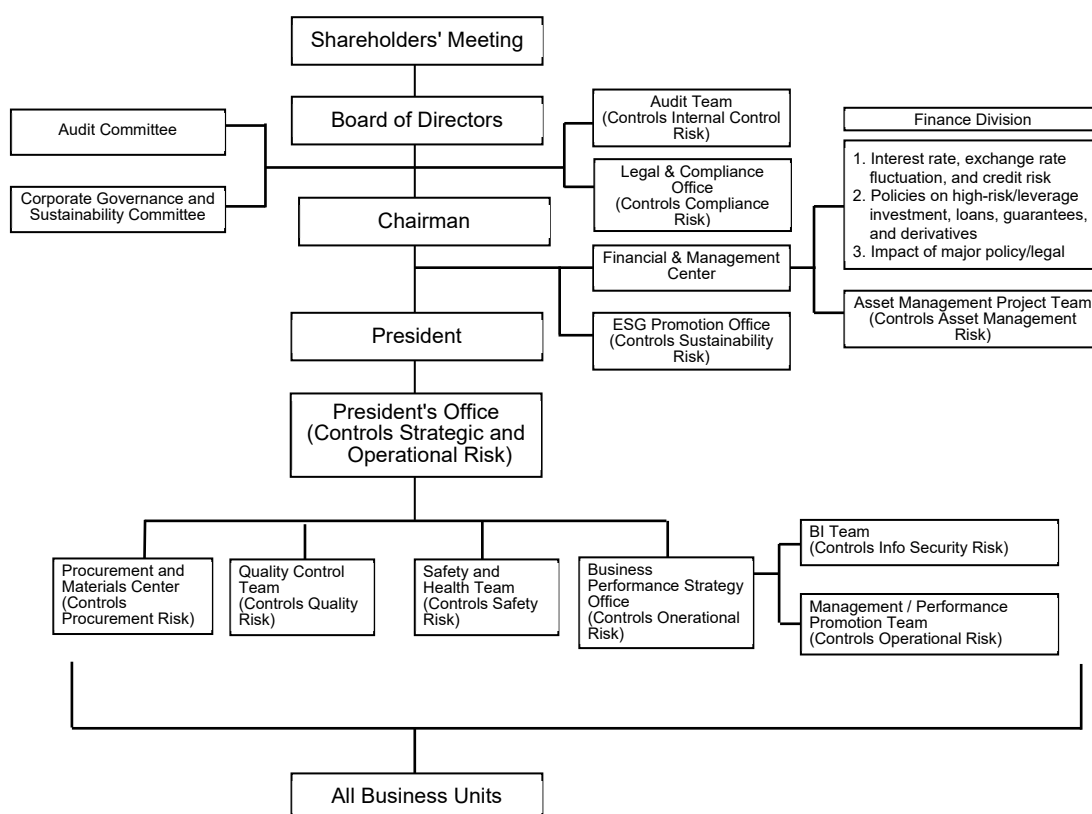
In 2024, the Group recognized investment income of NT\$132,084 thousand under the equity method, an increase of NT\$108,154 thousand compared to the NT\$23,930 thousand recorded in 2023. The increase was primarily attributable to improved profitability at TPI BEARINGS.

5.3 Investment Plans for the Coming Year:

In the upcoming year, in addition to the replacement of aging equipment, the Company will continue to focus on energy efficiency, intelligence, automation, and digitalization. Planned developments include: In the high- and low-voltage motor businesses: high-efficiency, high power density steel-frame motors, high-efficiency IE5 permanent magnet motors, low-speed direct-drive permanent magnet motors, synchronous reluctance motors, and EC motors. In the home appliance business: the development of innovative high-efficiency inverter air conditioners and solar hybrid air conditioning systems. The Company will also actively seek new opportunities for growth and potential mergers and acquisitions in the areas of electrification and renewable energy.

6. Risk Management Analysis

Risk Governance Framework



6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A. Effects of Changes in Interest Rates on Corporate Finance, and Future Response Measures

2024	Unit: NT\$1,000
Net Interest Income or Expense (1)	396,954
Sales Revenues(2)	55,234,746
Operating Profit(3)	6,231,605
(1)/(2)	0.72%
(1)/(3)	6.37%

The Company's net interest income for the year 2024 was NT \$ 396,954 thousand, accounting for 0.72% of annual sales revenue and 6.37% of operating profit.

In 2024, the global interest rate environment adjusted as inflation gradually cooled. The U.S. Federal Reserve cut interest rates three times during the year, with a total reduction of 100 basis points (bps), signaling a gradual shift toward a more accommodative monetary policy. However, core inflation remained resilient, resulting in a more cautious rate-cutting pace than market expectations, and the impact of a high interest rate environment persisted. In Taiwan, the Central Bank raised its policy rate by 12.5 basis points (0.125%) in March, reflecting both domestic inflationary pressures and global interest rate trends. Despite this hike, interest rates remained relatively high throughout the year.

Amid this environment, the Company continued to closely monitor domestic and international interest rate movements, and optimized its funding strategy by adjusting the structure and duration of NT dollar and foreign currency borrowings and deposits, thereby reducing interest rate risk and improving capital allocation efficiency.

B. Effects of Changes in Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

2024	Unit: NT\$1,000
Currency Exchange Gain or Loss(1)	56,756
Sales Revenues(2)	55,234,746
Operating Profit(3)	6,231,605
(1)/(2)	0.10%
(1)/(3)	0.91%

In 2024, the Company recorded net foreign exchange gains of NT\$56,756 thousand, primarily due to the strengthening of the U.S. dollar against the New Taiwan dollar, Japanese yen, and Chinese RMB.

During the first half of the year, U.S. inflation remained resilient, and the pace of rate cuts was slower than expected, sustaining a high interest rate environment and contributing to a significant appreciation of the U.S. dollar

against other major currencies. In the second half of the year, as the Federal Reserve initiated a rate-cut cycle, the narrowing of bond yield spreads briefly supported a rebound in non-USD currencies. However, subsequent developments in geopolitical tensions and the surge of AI-related capital inflows into the U.S. drove continued demand for safe-haven assets, allowing the U.S. dollar to maintain relative strength.

As global economic growth forecasts for the year are revised downward, and with continued uncertainty surrounding geopolitical risks and trade tensions, exchange rate volatility is expected to increase. In response, the Company continues to monitor foreign exchange movements closely and has adopted the following hedging measures:

- a. Utilize natural hedging through the matching of asset and liability positions, supplemented with forward foreign exchange contracts to achieve effective economic hedging;
- b. Maintain close communication between the Finance Department and the foreign exchange divisions of partner financial institutions to gather timely and relevant market intelligence, allowing the Company to track international currency trends and respond proactively to potential adverse exchange rate impacts. These insights also serve as a reference for forward FX transactions and settlements;
- c. The Finance Department regularly prepares internal evaluation reports on net foreign currency asset (or liability) positions requiring hedging, which are submitted to management for informed decision-making on appropriate hedging strategies.

C. Impact of Inflation on the Company's Profit and Loss, and Future Countermeasures:

According to the Directorate-General of Budget, Accounting and Statistics (DGBAS), Taiwan's Consumer Price Index (CPI) posted a 2.18% year-on-year increase in 2024, indicating a moderating inflation trend. The Company's main raw materials include steel, copper, and aluminum. While steel prices have softened, aluminum and copper procurement costs remain elevated relative to historical levels.

As most raw materials are procured through contract-based price negotiations, the Company is able to coordinate pricing mechanisms with suppliers even in an inflationary environment. Therefore, price fluctuations in raw materials have not had a material adverse impact on the Company's profitability. Going forward, the Company will continue to closely monitor basic metal price trends, and formulate optimal procurement strategies in line with operational needs.

6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

A.The company abstains from high-risk and high leveraged investments.

B.At the end of 2024, outstanding loans extended by the company amounted to NT\$0 thousands.

C.In 2024, the outstanding amount of the endorsement and guarantee extended by the company reached NT\$0 thousand, for the company's subsidiaries, affiliates, and business partners. The company has obtained the financial statements and business profile information of the company endorsed and guaranteed at ordinary times, analyzes its profit situation, in order to evaluate the risk of the company's endorsement guarantee, and plans the risk reduction plan in advance

D.In 2024, the derivative products held by the company are mainly forward foreign exchange transactions. Since the counterparties of the transactions are all creditworthy international financial institutions, and the company also trades with many financial institutions to diversify risks, the contract counterparty default risk is very low, so the credit risk of the derivative commodity transactions that the company engages in is very low. In addition, the derivative products held by the company are mainly of a hedging nature, and the resulting profit and loss will offset the profit and loss of the hedging project, so the market risk is also very low. The company calculates the fair value of individual contracts based on the mid-price of the exchange rate reported by the Taiwan Bank's exchange rate

E.The company has formulated numbers of investment guidelines for cutting risk, including "Procedure for the Acquisition and Disposal of Assets," "Procedure for Lending Capital to the Others", "Procedure for the Endorsement and Guarantee," and "Procedure for the Trading and Disposal of Derivatives."

6.3 Future Research & Development Projects and Corresponding Budget

TECO Group's estimated R&D expenditure in 2025 is NT\$1,332,443 thousand.

In recent years, TECO has consolidated the R&D capabilities and market experience of its various domestic and overseas R&D units, and strengthened its core businesses through industry-academia collaboration, while actively investing in the green energy industry. Several major R&D projects have been launched in areas such as permanent magnet synchronous motors, electric vehicle power system integration and development, power conditioning systems, medium-voltage inverters, precision servo motors, IE5 synchronous reluctance motors and drivers, advanced control algorithms, residential and commercial air conditioning system solutions, and IoT applications.

To address the needs of mid- to long-term development of new technologies and products, as well as short-term operational demands for product cost-performance improvement, TECO's R&D teams actively seek external resources through technical consulting, collaboration, and technology acquisition to enhance its technological capabilities.

Starting from its core technologies in rotating machinery and generator design, motor drive and design, power electronic control and design, and gateway technologies, TECO integrates new market demands, industrial standards, applications of new materials, sensor application technologies, wireless communication technologies, and green energy technologies (such as hydrogen energy and CCUS — Carbon Capture, Utilization, and Storage) to coordinate its overall R&D strategy and technology planning.

To effectively plan for future R&D projects, the company primarily relies on the following principles:

- A. Analysis and understanding of industry development, national policies, and market trends;
- B. Establishment and solidification of key technologies;
- C. Comparative competitiveness with European, American, and Japanese peers;
- D. Global market positioning and technology integration;
- E. Accurate control of R&D progress and quality.

Accordingly, in 2025 TECO plans to continue or initiate the following R&D directions, aiming to comply with new European standards in existing product markets, develop high value-added applications through existing marketing channels, and explore opportunities for commercialization and market creation of emerging technologies.

A. Electrification and Automation Products and Technologies:

a. Electrification Products

- Development of MW-class high-voltage, high power density steel frame motors
- IE5 ultra-high efficiency explosion-proof motors
- Development of IE5 ultra-high efficiency synchronous reluctance motors and drivers
- Special-purpose reciprocating compressors for hydrogen energy
- Development of low-speed high-torque permanent magnet direct-drive systems
- Development of power systems for commercial UAVs
- Development of high power density axial flux motors
- Axial motors with sealless pump systems
- Development of high-voltage permanent magnet low-speed (40rpm) vector control drivers
- Development of high-voltage permanent magnet high-speed field weakening vector control drivers
- Development of 690V three-level, low-harmonic, long-distance drive inverters
- Development of 3.3kV compact low-harmonic energy-saving retrofit inverters

b. Electric Vehicle Products

- 350kW SiC high-power direct drive solution for electric buses
- 130kW all-in-one power system solution for commercial electric vehicles

c. Automation Products

- Development of next-generation JSDG3 high-performance servo drivers
- Development of next-generation JSDL3 compact AC servo products
- Development of E710 next-generation compact inverters
- Integrated robot modules
- Next-generation heavy-duty inverters
- Intelligent programmable logic controllers

B. Air Conditioning and Smart Home Appliance Products and Technologies:

a. Residential Products

- Development of ultra-high energy efficiency models exceeding CSPF national standard by 70%
- Development of full antibacterial and anti-mold self-cleaning functions for indoor and outdoor AC units
- Development of ergonomic 3D airflow comfort functions
- Development of "i-Air" fully intelligent healthy air solution
- Development of grade-1 energy-efficient inverter two-door refrigerators with freezing function
- Development of hybrid AC/DC powered air conditioners

b. Commercial Products

- Development of high-efficiency IPLV multi-stage magnetic centrifugal chillers
- Development of high-efficiency IPLV DC inverter permanent magnet screw chillers
- Development of R407H eco-refrigerant inverter condensing units for cold storage and refrigeration
- Development of brine refrigeration systems for food cold chains
- Development of fixed/frequency air-cooled commercial air conditioners for power plants
- Development of water-cooled precision commercial air conditioners for archive preservation
- Development of two-phase flow cooling systems for industrial motor power semiconductors

c. Smart Networked Systems

- Development of HVAC group control energy-saving solutions

- Integrated energy-saving control for four major subsystems: chilled water pumps, cooling water pumps, cooling towers, and air handlers
- Development of cloud-based HVAC monitoring and diagnostic expert systems
- Energy-saving retrofit service for smart chiller control systems
- Development of smart connected precision cooling units for data centers with high sensible heat loads
- Development of next-generation TaiSEIA-linked control and app for residential AC series

C. Industrial IoT:

- a. Application of edge heterogeneous network integration and feature analysis systems
- b. Parallel deployment of industrial IoT: Power monitoring of key equipment at Guanyin Plant, Power overshoot alerts at Zhongli Plant, Vibration monitoring and alert systems for key equipment
- c. EV motor production traceability system: Deployment at low-voltage motor plant and TEMICO India plant
- d. Plant-wide intelligent air compression system and electricity/gas usage management: To be deployed in parallel at Wuxi Precision Plant
- e. AI vision integration into process record tracking (dynamic balancing): Deployed at high-voltage motor plant, Wuxi Jin II Plant, and Jiangxi TECO plant (6) Digitization of measurement systems:
- f. Stator insulation testing systems, airtightness testing systems, dynamic balancing systems

D. New Energy Creation and Storage Products and Technologies:

- a. Development of MW-class centralized grid-forming and kW-class distributed energy storage systems
- b. Development of ultra-high-speed pneumatic bearing PMSM air compressors and controllers for vehicle-mounted fuel cells
- c. Development of aggregated energy management platform systems

The company's general research institute oversees the overall R&D strategy, technology deployment and ongoing product R&D, with an eye on technological deployment and product development in short-, medium-, and long-term, including:

Term of R&D	Focus	Major R&D items
Short-term	Develop new-product application market, Enhance performance of existing products & Enhance product profitability and market share	<p>Electrification and Automation Products</p> <p>Development of ultra-high-efficiency motors (explosion-proof and steel-frame synchronous reluctance types)</p> <p>Development of low-speed, high-torque permanent magnet direct drive systems</p> <p>Special-purpose reciprocating compressors for hydrogen energy</p> <p>Development of unmanned aerial vehicle (UAV) power systems</p> <p>Development of power systems for commercial vehicles and electric buses</p> <p>Development of hairpin-winding motors for automotive and industrial applications</p> <p>Development of 3.3kV compact low-harmonic energy-saving retrofit inverters</p> <p>Development of 690V three-level low-harmonic long-distance drive technology</p> <p>Development of specialized inverters for high-voltage permanent magnet chain machine AC conversion</p> <p>Electrification and Automation Technology</p> <p>Research and development of drive technology (sensorless, servo parameter auto-adaptation, regenerative braking, etc.)</p> <p>Air Conditioning and Smart Home Appliance Products and Technology</p> <p>HVAC air conditioning development projects (energy-saving solutions with group control systems and cloud-based diagnostic systems)</p> <p>Development of high-efficiency IPLV magnetic levitation centrifugal chiller units with multiple pressure single systems</p> <p>Development of specialized commercial variable/fixed frequency air conditioning/refrigeration units (environmentally friendly refrigerant R407H, for power plants, archival preservation, etc.)</p> <p>Development of new technologies (ultra-efficient variable frequency, whole-unit antibacterial and mold prevention with self-cleaning, and DC-DC converters, etc.)</p> <p>Energy Creation and Storage Products and Technology</p> <p>Development of MW-scale centralized and kW-scale distributed energy storage Power Conditioning System (PCS) products</p>
Mid-term	Accumulation of core technological strength & Development of new technological strength	<p>Electrification and Automation Technology</p> <p>Development of next-generation insulation systems</p> <p>Development of MW-class high-voltage, high power density steel-frame motors</p> <p>Development of high-speed permanent magnet motors and drivers</p> <p>Vector control technology for high-voltage, low-speed (40 rpm) permanent magnet direct drive systems</p> <p>Field-weakening vector control technology for high-voltage, high-speed permanent magnet motors</p> <p>SiC high-power powertrain system solutions</p> <p>Development of ultra-low-speed direct drive permanent magnet motors</p> <p>R&D of medium- and high-voltage inverter technologies</p>

Term of R&D	Focus	Major R&D items
		<p>Development of ultra-high-speed air bearing permanent magnet synchronous motor drivers</p> <p>Development of high power density axial flux motors</p> <p>Sealless axial motor water pump systems</p> <p>Development of inverter control technology for HVAC system applications</p> <p>Development of continuous wave winding technology for hairpin (rectangular wire) coils</p> <p>Development of immersion oil-cooling technology</p> <p>Development of 69kV power-grade transformer products</p> <p>Air Conditioning and Smart Home Appliance Technology</p> <p>Development of DC/AC-DC hybrid to variable frequency air conditioning technology</p> <p>Development of specialized fixed/variable frequency models (for food cold chain brine chillers, smart networked data centers, and energy-saving transformations for smart chilled water systems, etc.)</p> <p>Development of next-generation TaiSEIA digital home connectivity and app</p> <p>AI-Enabled Intelligent Energy Management System</p> <p>Energy Creation and Storage Technology</p> <p>Development of 100kW-Class Distributed Energy Storage System (ESS)</p> <p>Development of Energy Management Systems (EMS)</p>
Long-term	Deployment in new business scope	<p>Electrification and Automation Technology</p> <p>Development of traction motors for rail vehicles</p> <p>Research and development of machine-to-machine (M2M) integration systems</p> <p>Development of 161kV Power-Grade Transformer Products</p> <p>Air Conditioning and Smart Home Appliance Technology</p> <p>Development of next-generation green energy variable frequency air conditioning technology</p> <p>Development of specialized two-phase flow cooling units for industrial cooling</p> <p>Energy Creation and Storage Technology</p> <p>Aggregated Energy Storage System Platform Solutions</p> <p>Development of Solid-State Transformer (SST) Technology</p> <p>Development of Grid Technologies (Including Microgrid Systems and Weak Grid Applications)</p> <p>Development of Air Compressor Systems for Vehicle-Mounted Fuel Cells</p> <p>AEM (Anion Exchange Membrane) Electrolyzer Technology</p>

6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company closely monitors all domestic and international policies and regulations that may potentially affect its financial performance and operations. As of the most recent fiscal year and up to the date of this annual report, no changes in policies or regulations have had a material impact on the Company's financial condition or business operations.

6.5 Effects of and Response to Changes in Technology (including cyber security risk) and in Industry Relating to Corporate Finance and Sales

In response to technological changes, TECO Electric & Machinery Co., Ltd. established a high-level Information Security Committee under the Board-level Corporate Governance and Sustainability Committee in January 2021. The President serves as the Chairperson of the Committee and is responsible for overseeing the effectiveness of TECO's information security governance. The President also concurrently holds the position of Chief Information Security Officer (CISO), tasked with overall planning of the Company's information security policies and governance efforts. A biannual Information Security Management Review Meeting is convened, attended by business group presidents, heads of Board Audit, Legal, Human Resources, and Digital Development. The committee reviews the status of information security governance and continuously promotes enhancements to cybersecurity practices. TECO's Information Security Management System (ISMS) was certified to the ISO/IEC 27001 international standard by a third-party in October 2021, marking the establishment of comprehensive information security policies and management procedures. In November 2024, TECO passed the ISO/IEC 27001:2022 revision certification.

TECO's cybersecurity defense framework continues to be strengthened across multiple layers, including endpoint detection and response (EDR), network anomaly traffic monitoring, intrusion detection and prevention, comprehensive system backups, and a centralized cybersecurity monitoring platform. These enhancements across both management and technical dimensions aim to deepen defense-in-depth strategies and reduce cybersecurity risks.

In response to declining workforce demographics and the growing demand for green energy, TECO evaluates global development trends, aligns with government industrial policies, and considers its existing technological capabilities and the growth potential of relevant industries. In addition to strengthening its competitive advantages in high-efficiency motors, eco-friendly refrigerants for home appliances, and inverter energy-saving technologies, the Company closely studies international science and market trend reports and introduces innovation methodologies to guide its development. To address the social trend of declining labor force, TECO has initiated biomedical technology forums and developed long-term technology development roadmaps, along with strategic objectives and implementation timelines. In line with green energy transformation, TECO is actively planning developments in electric vehicle motors, wind power generators, smart grid peripheral equipment, energy-efficient green appliances, and multi-split air conditioning systems.

6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company pursues comprehensive excellence through a strategy of diversified operations and global deployment, while also demonstrating deep social commitment through the TECO Foundation. This is complemented by strict adherence to quality and service standards, showcasing TECO's image as a high-caliber international enterprise.

The Company's crisis management plans cover all global production sites. In recent years, the Company has effectively handled various unforeseen incidents,

thanks to the continual cultivation of its crisis response capabilities. A global risk event reporting mechanism has been established to identify and respond in a timely manner to major risk events that may arise during daily operations, thereby minimizing potential losses and operational impact. Looking ahead, the Company will continue to simulate major emergency scenarios and develop corresponding contingency plans to ensure the protection of shareholder interests.

6.7 Expected Benefits from Risks Relating to and Response to Merger and Acquisition Plans

On April 10, 2024, the Board of Directors of the Company approved the cash merger with Teco Electro Devices Co., Ltd. (hereinafter referred to as “Teco Electro Devices”). Through this organizational restructuring, the Company aims to integrate production, sales, R&D, and capital resources, optimize product offerings and costs, enhance electromechanical system integration capabilities, and expand economies of scale and overall operational efficiency. This merger will enable both parties to provide customers with a more diverse and high-quality range of products and services, while reducing overall operating costs. This transaction constitutes an internal corporate reorganization and is not expected to involve any material risks.

On September 24, 2024, the Board of Directors approved the acquisition of Shenchang Electric Co., Ltd. (hereinafter referred to as “Shenchang”) as a strategic entry point into the global transformer market, addressing existing product portfolio gaps in TECO’s electrification segment and accelerating the Company’s expansion in North American and Taiwanese markets. In the future, TECO plans to expand its presence in the power transformer business. Currently, Shenchang primarily manufactures distribution transformers, and its production capacity is fully utilized. It will need to continue capacity expansion and customer acquisition, while technological and production capabilities in power transformers will require time to accumulate.

On December 17, 2024, the Board of Directors approved the acquisition of EVK Motor Co., Ltd. (hereinafter referred to as “EVK”), through which TECO will acquire hairpin-wound high-efficiency motor technologies and a base of commercial EV customers, strengthening the Company’s electrification integration solutions. This acquisition will further support TECO’s layout in the electric vehicle E-Axle drive system market (integrating motor, inverter, and gearbox) and in the industrial hairpin motor segment. As EVK is a startup company, efforts will be required to integrate internal management systems and expand into overseas markets to improve profitability.

6.8 Expected Benefits from Risks Relating to and Response to Factory Expansion Plans

In 2024, the Company added a total of 2,579.79 kW in newly installed capacity across its solar power plants. Due to differing grid-connection dates among the various sites, the total electricity generated during the year was 1.798 million kWh. All generated electricity is currently sold to Taiwan Power Company (Taipower) under a feed-in tariff scheme, providing stable cash flow. The operation and maintenance of the sites, as well as equipment safety, are managed by professional teams and are fully covered by relevant insurance policies, ensuring the reliable operation of the power plants. As such, potential risks, including

weather variability and equipment failure, are considered low, allowing the Company to maintain stable plant operations and returns.

6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

None

6.10 Effects of Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

Due to its investment strategy requirements, our corporate director, Creative Sensor Co., Ltd., has transferred 575 thousand shares of our company's stock on the centralized market from the fiscal year 2024 onwards until the printing date of the annual report. This represents 0.03% of the total issued shares of our company. As Creative Sensor Co., Ltd. only holds one directorship in our company and is not part of the main management team, there are no significant impacts or risks to our company's operations.

6.11 Effects of Risks Relating to and Response to Changes in Control over the Company

None

6.12 For litigation and non-litigation cases, specify the company and directors, supervisors, president, chief executive, and major shareholders with over 10% of shareholding, as well as affiliates. For major litigation, non-litigation, or administrative disputes with major effects on the interests of shareholders or stock prices, disclose the facts, target value, starting dates for litigation, major parties involved, and the status of the cases up to the publication of the yearbook

Unit: NT\$ thousand

Number	The cause of the case	the counterparty	the progress of the case	Amount
1	Request for change and additional engineering payment	LiJin Engineering. Hua Nan Commercial Bank, Ltd. (Intervenor)	In the first instance, the court ruled that the opposing party shall pay the Company NT\$11,542,920. The Company has appealed the decision with respect to the amount of NT\$64,642,974, and the intervenor, Hua Nan Bank, has also filed an appeal concerning the NT\$11,542,920. The case is currently under court review. There is no material adverse impact on TECO at this time.	\$76,186
2	Request payment for the new construction of Nangang Exhibition Hall	Construction and Planning Agency, Ministry of the Interior	The first-instance judged that the counterparty should pay TECO (Leader Construction, TECO, TMA Architects and Associate) a total of NT\$407,657 thousand and interest from 2008.3.7 to the date of settlement. The counterparty filed an appeal on 2020.5.22. The second instance of the court on 2022.11.29 pronounced: the original judgment ordering the appellant to pay more than NT\$392,052 thousand was rejected, and the Construction Administration of the Ministry of the Interior has appealed. Received notification from the Supreme Court on January 9, 2024, regarding the referral to the Taiwan High Court. At present, there is no material adverse effect on TECO.	\$197,262

Number	The cause of the case	the counterparty	the progress of the case	Amount
3	Kingdom Construction Co., Ltd. requests Tong An Asset Development & Management Co., Ltd. (a subsidiary of Tong An) to return unjust enrichment.	Kingdom Construction Co., Ltd.	Both parties reached a settlement on September 25, 2024, and mutually agreed to terminate the joint construction contract in dispute. There is no material adverse impact on TECO.	\$538,543
4	Mediation for the performance dispute in the EID case	Central Engraving and Printing Plant	A settlement was reached on January 19, 2024, and the acceptance and payment process is underway. There is no material adverse impact on TECO.	\$266,585

6.13 Other Major Risks and Countermeasures

In order to strengthen information security management, ensure the confidentiality, integrity and availability of information, as well as the reliability of information equipment and network systems, the company has established information security policies as guidelines for information security risk management in company regulations. At the same time, under the information security risk management framework, build intrusion prevention systems / email anti-spam systems / endpoint anti-virus systems to gradually complete information security protection. Also, regularly conducts data off-site backup systems and disaster recovery mechanism exercises to ensure that services are not interrupted.

7. Other Significant Matters

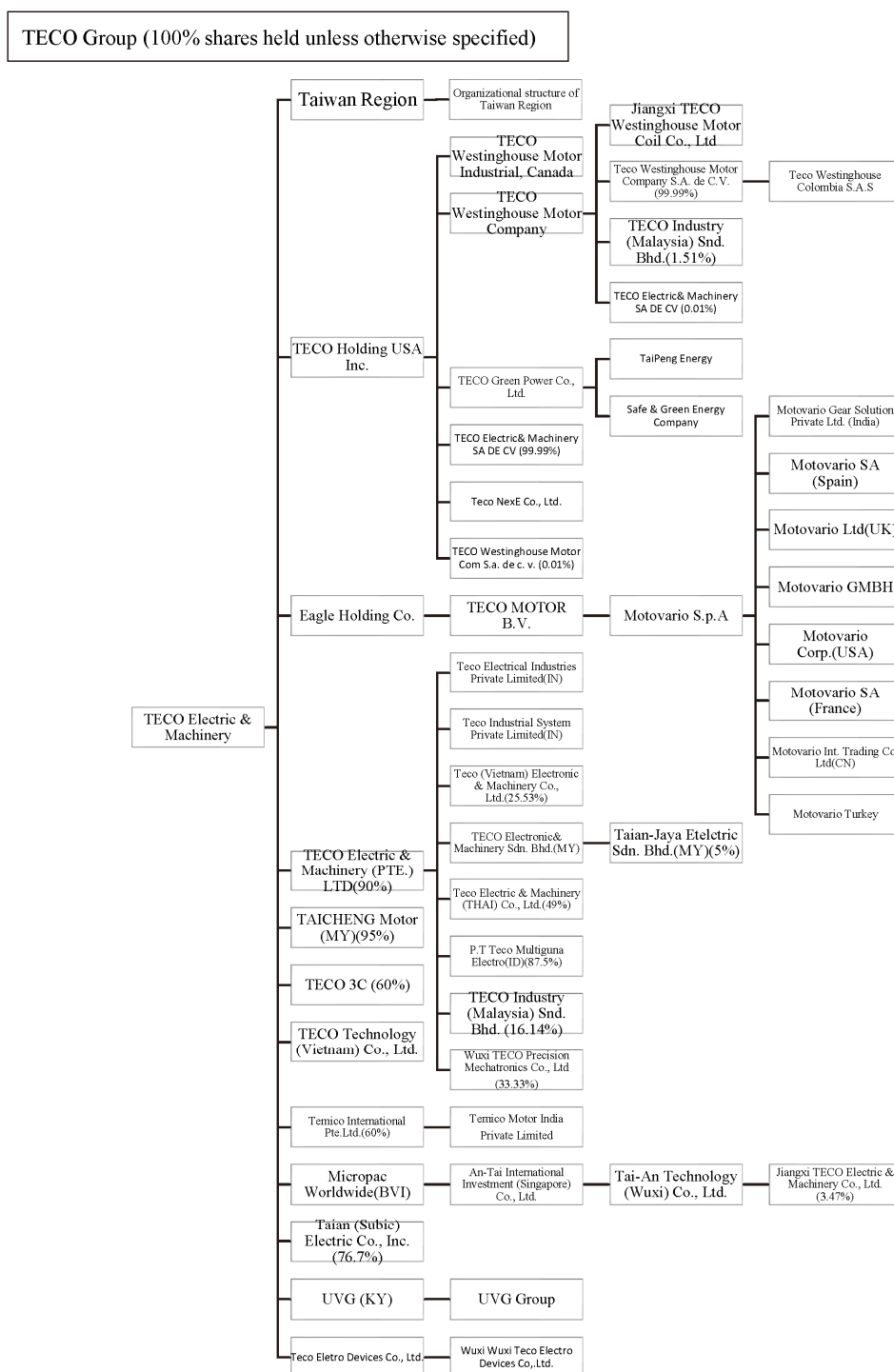
None

VI. Special Disclosure

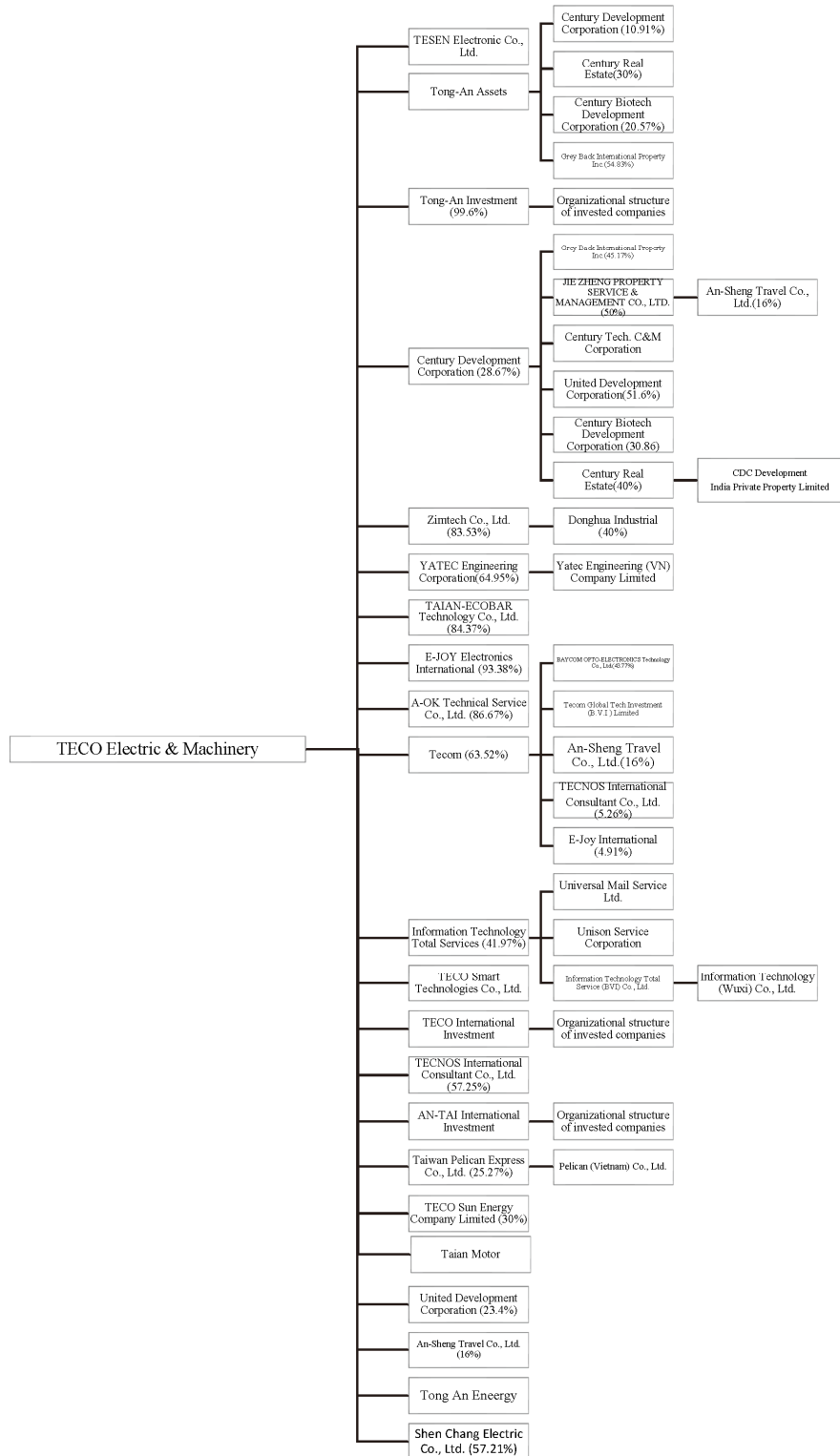
1. Summary of Affiliated Companies

1.1 Consolidated Business Report of Affiliated Enterprises

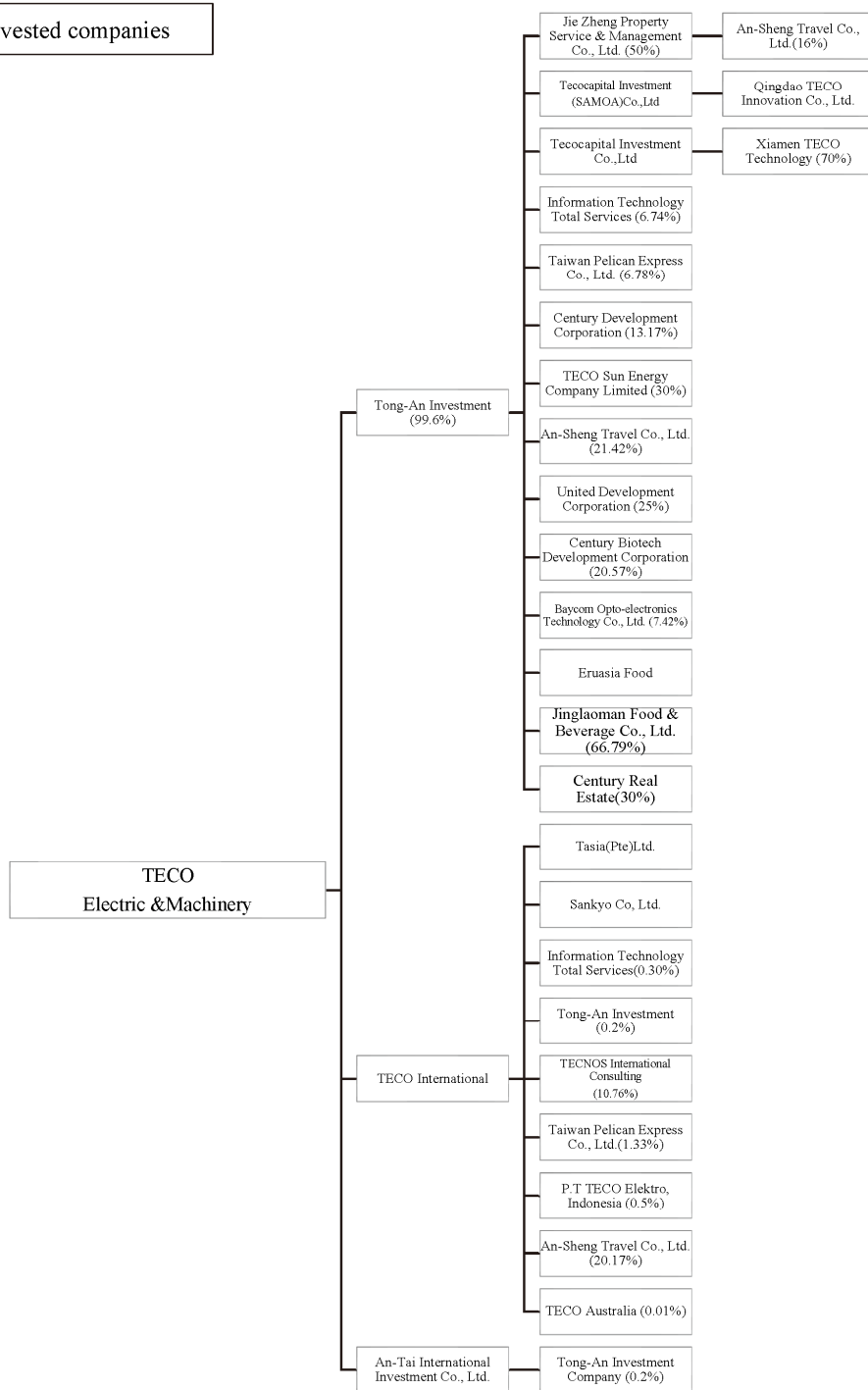
a. Chart of Affiliated Companies

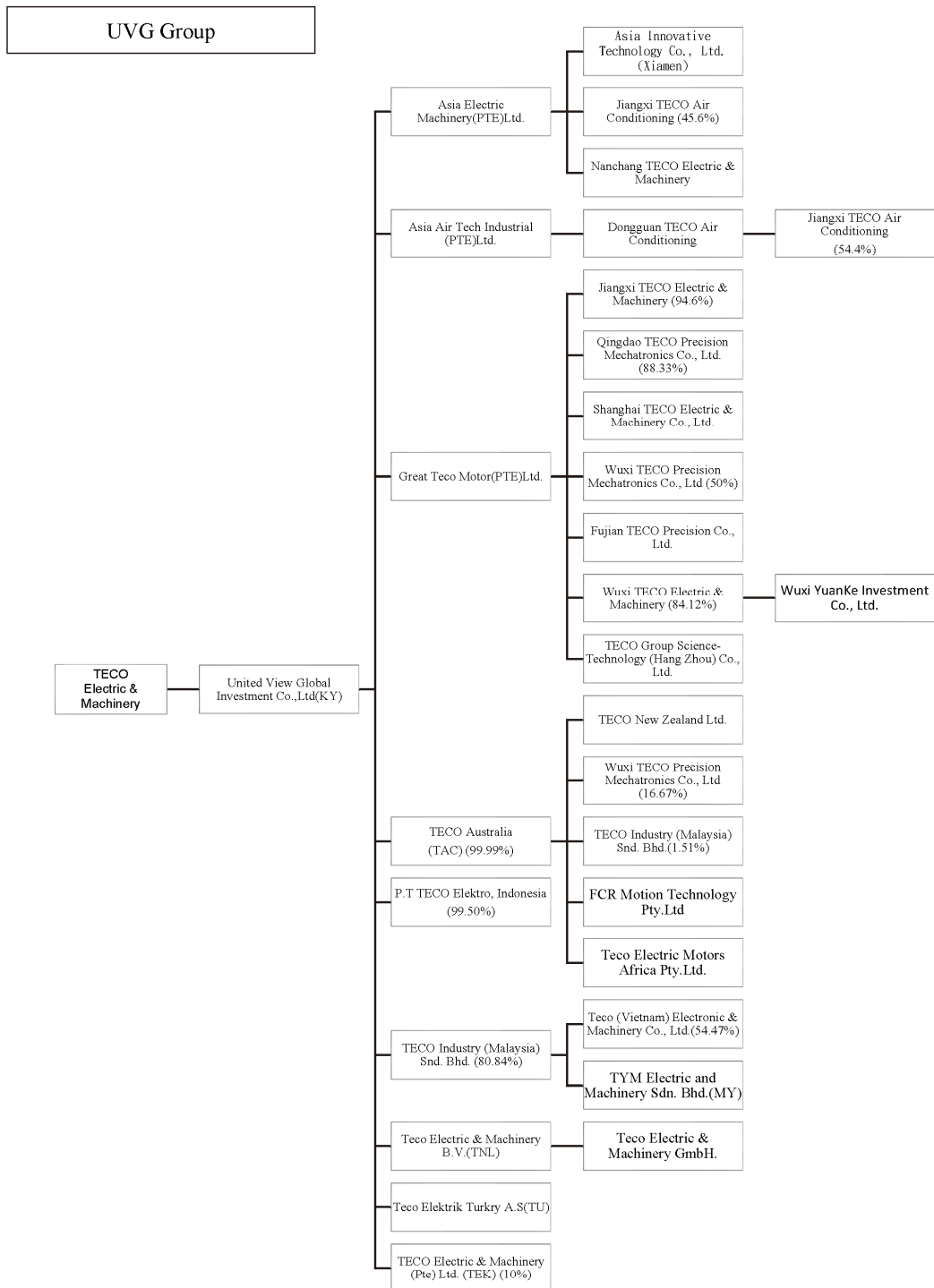


Taiwan Region



Invested companies





b. Information Regarding Affiliated Companies

Unit: NT\$thousand

Company	Date of Incorporation	Paid-in Capital	Major Business
Tong Dai Co., Ltd.	1972.06	79,194	Sales of Motors
TECO International Investment Co., Ltd.	1989.06	778,474	Investment Activity
TECO Holding USA Inc.	1995.03	820,172	Investment and Trading in USA
TECO Electric & Machinery (Pte) Ltd. Singapore	1972.09	183,040	Sales of Motors in Singapore and Other Countries Nearby
Tong-An Assets Management & Development Co., Ltd.	1997.07	3,954,153	Real Estate Business
Tong-An Investment Co., Ltd.	1998.08	5,802,343	Investment Activity
Tecnos International Consultant Co., Ltd.	1998.06	130,119	Business Consulting and Human Resource Services
United View Global Investment Co., Ltd. (UVG)	1999.08	7,228,370	Investment Holding Company
Information Technology Total Services Co., Ltd.	1990.12	273,234	Sales of Software
Tesen Electric & Machinery Co., Ltd.	2001.03	200,000	Manufacture of Home Appliance
Yatec Engineering Corporation	1993.01	120,100	Electric System Development and Service
Taian (Subic) Electric Co., Inc.	1997.03	205,447	Manufacture and Sales of Tools and Equipment
An-Tai International Investment Co., Ltd.	1990.09	396,419	Investment Activity
Micropac (BVI) Worldwide Investment Co., Ltd.	1993.03	211,361	International Trading
Taian-Etacom Technology Co., Ltd.	1999.12	83,000	Manufacture of Bus Way Components
E-Joy International Co., Ltd.	2004.06.25	115,798	Distributor of Home Appliance
A-Ok Technical Co., Ltd.	2004.10.07	22,500	Repair of Home Appliance
Taiwan Pelican Express Co., Ltd.	1999.09.10	954,670	Home Delivery Service
Tasia (Pte) Ltd.	1995.12	24,734	Investment Activity
Asia Air Tech Industrial (Pte) Ltd.	1999.06	260,993	Investment Activity
TECO (Dong Guang) Air Conditioning Equipment Co., Ltd.	1999.11.09	304,343	Manufacture of Air Conditioning Equipment
TECO Australia Pty. Ltd.	1993.04	624,900	Sales of Motors and Home Appliance in Australia
TECO New Zealand Ltd.	1983.04	58,170	Sales of Home Appliances
Great Teco Motor (PTE) Ltd.	2000.01.27	3,409,060	Investment Activity
Wuxi TECO Electric & Machinery Co., Ltd.	2002	1,449,991	Manufacture and Sales of Motors
TECO Industrial (Malaysia) Sdn. Bhd.	1989.06	591,894	Manufacture and Sales of Motors in Malaysia
P.T TECO Elektro, Indonesia	1997.08.14	781,442	Sales of Home Appliances
P.T TECO Multiguna Electro	1983.06	15,008	Investment and Trading Activities
TECO Electronic & Machinery (Thai) Co., Ltd.	1987.04	53,640	Investment and Trading Activities
TECO Westinghouse Motor Company	1988.01	634,550	Sales of Motors in USA
TECO Westinghouse Motor Industrial, Canada	1995.12	25,613	Sales of Motors
TECO Electro Devices Co., Ltd.	1998.03	104,704	General Trading and Investment

Company	Date of Incorporation	Paid-in Capital	Major Business
Wuxi Teco Electro Devices Co.,Ltd.	2001.12	119,135	Manufacture and Sales of Stepping Motors
An-Tai International Investment (Singapore) Co., Ltd.	1993.03	265,880	Investment
Tai-An Technology (Wuxi) Co., Ltd.	2000.07	513,204	Manufacture and Sales of Optical Fiber
Asia Electric & Machinery Pte Ltd.	2000.06.05	1,679,103	Holding Company
Jack Property Service & Management Company	2000.04.13	30,250	Mansions Management Services
Nanchang TECO Electric & Machinery Co., Ltd.	2003.11.10	493,715	Manufacture and Sales of Air Conditioning
Sankyo Co, Ltd.	1992.02.14	6,516	Sales of Home Appliances
TECO Electronic & Machinery B.V.	2005.04.18	22,427	Sales of Motors and LCD TV in Europe
TECO Electric & Machinery Sdn.Bhd.	1987.12	59,145	Investment and Trading
Jiangxi TECO Electric & Machinery Co., Ltd.	2005.06.01	1,449,523	Manufacture and Sales of Motors
Qingdao TECO Precision Mechatronics Co., Ltd	2006.12	810,287	Manufacture and Sales of Compressors
TECO Westinghouse Motor Company S.A. de C.V	2005.12	65,361	Manufacture and Sales of Motors
TYM Electric & Machinery Sdn. Bhd.	2006.06	3,353	Manufacture and Sales of Motors
TECO (Vietnam) Electric & Machinery Company	2005.04	372,796	Manufacture and Sales of Motors
TECO Technology (Vietnam) Co., Ltd.	2006.08	454,482	Manufacture and Sales of Tools and Equipment
Asia Innovative Technology (Xiamen) Co., Ltd.	2006.12	807,084	R&D and Manufacture of LCD TV
TECO Group Science-Technology (Hang Zhou) Co., Ltd.	2007.06	9,831	R&D of Electronic Devices and System Automation
Jiangxi TECO Air Conditioning Equipment Co., Ltd.	2010.02.05	160,389	Sales of Air Conditioners
Fujian TECO Precision Co., Ltd.	2008.05	363,922	Sales and Production of Motors and Generators
Taian Electric Co., Ltd.	2004.03.17	1,000	Manufacture and Sales of electric equipment
An-Sheng Travel Co., Ltd.	2005.03.15	30,000	Travel Business
Universal Mail Service Ltd.	1989.12	15,600	Business Document Processing
Unison Service Corporation	2001.08	17,000	Software, Data Processing and Information Provision
Information Technology Total Service (BVI) Co., Ltd.	2001.03	47,316	Investment Activities
Information Technology (Wuxi) Co., Ltd.	2004.08	10,744	Software, Data Processing and Information Provision
GreyBack International Property Inc.	2007.02.28	30,708	Real Estate Business
Taian-Jaya Electric Sdn. Bhd.	1988.06.07	6,706	Manufacture and Sales of Motors
Tecocapital Investment Co., Ltd.	2008.04.15	20,204	Investment Activities
TECO (PHILIPPINES) 3C & APPLIANCES, INC.	2008.08.22	30,041	Sales of Home Appliance and Air Conditioners
Qingdao TECO Innovation Co., Ltd.	2010.08.11	56,619	Merchant and Management Service for Science Park's Development and Operation
TECO Capital Investment (SAMOA) Co., Ltd.	2011.01.18	61,410	Holding Company
Technical Information International Co., Ltd.	2008.07.28	43,270	Development & Sales of Software
Shanghai TECO Electric & Machinery Co., Ltd.	2012.08.04	58,979	Agency of Machinery and Electric Products

Company	Date of Incorporation	Paid-in Capital	Major Business
TECO Electric and Machinery GmbH.	2012.09.01	850	Production & Sales of Machinery
Tecom Co., Ltd.	1980.09.25	302,719	Production and Sales of Business Communication Products
Baycom Opto-Electronics Technology Co., Ltd.	1980.04.16	335,913	Research, Production & Sales of Fiber and Fiber Cables
Tecom Global Tech Investment (B.V.I) Limited	2002.08.13	33,156	Investment Activities
Wuhan Tecom Co., Ltd.	2003.02.24	7,163	Internet Telecommunication Technology Development and Related Services
Donghua Enterprise Co., Ltd.	1968.07.30	18,000	Franchise of FA/GE Product
TECO Elektrik Turkey A.S	2013.08.01	6,440	Franchise of Home Appliance and FA/GE Product
Jiangxi TECO Westinghouse Motor Coil Co., Ltd	2014.07.24	106,756	Manufacture and Sales of electric machinery, coil and merchandise
Teco Westinghouse Colombia S.A.S.	2014.05.02	0	Manufacture and Sales of motor and generator
Motovario S.p.A.	1965.10.05	611,980	Manufacture and Sales of motor and gear reducer
Motovario S.A(Spain)	2001.2.14	22,461	Manufacture and Sales of motor and gear reducer
Motovario Ltd	1999.3.26	14,251	Manufacture and Sales of motor and gear reducer
Motovario GMBH	1997.2.28	10,942	Manufacture and Sales of motor and gear reducer
Motovario Corp.	1997.10.06	9,519	Manufacture and Sales of motor and gear reducer
Motovario S.A(France)	1995.2.09	10,976	Manufacture and Sales of motor and gear reducer
Motovario Int. Trading Co. Ltd	2004.7.22	7,161	Manufacture and Sales of motor and gear reducer
Motovario Gear Solution Private Ltd	2011.7.15	4,618	Manufacture and Sales of motor and gear reducer
Eagle Holding Co.	2010.8	3,412,879	Holding Company
TECO MOTOR B.V.	2015.7	3,398,340	Holding Company
Wuxi TECO Precision Mechatronics Co., Ltd	2015.7	851,606	Manufacture and Sales of electric machinery and component
Century Development Corporation	1993.2.9	3,509,055	Management of property and industrial park development
Century Tech. C&M Corporation	1975.10.4	52,500	Construction industry
United Development Corporation	1994.3.8	118,285	Consultant service for industrial park and land investment
Teco Industrial System Private Limited	2012.6	5,501	Sales and marketing for motors in India
Teco Electrical Industries Private Limited	2016.6	24,011	Dealer for motors
Yatec Engineering (VN) Company Limited	2016.12	18,548	Design and maintenance of electrical systems
Century Real Estate (International) Pte. Ltd.	2017.8	933,432	Investment in other regions
CDC Development India Private	2017.10	746,188	Consulting service for industrial zone and land investment
Century Biotech Development Corporation	2018.3.23	2,500,000	Consulting service for industrial zone and land investment
Teco Sun Energy	2018.6.15	70,000	Production of equipment for power generation, transmission and distribution
Temico International Pte. Ltd.	2018.6.21	394,814	Holding company

Company	Date of Incorporation	Paid-in Capital	Major Business
Euro Asia Mado	2018.12.3	22,500	Chain food industry
Jing Lao Man Restaurant	2012.7.24	34,000	Chain food industry
Teco Electric Motors Africa Pty. Ld	2017.11	0	Agent of motor and home appliance
F C R Motion Technology Pty. Ltd.	2018.2	54,905	Sales of motor and home appliance
Temico Motor India Private Limited	2020.2.21	343,542	Manufacture and Sales of motor
PELICAN EXPRESS (VIETNAM) COMPANY LIMITED	2020.5.19	6,024	Storage Services
Tong An Energy	2022.1.11	50,000	Energy Technology Service
TECO Green Power Company Limited	2022.7.18	295,139	Energy Technology Service
Taipemg Energy	2013.10.09	136,000	Energy Technology Service
TECO ELECTRIC & MACHINERY SA DE CV	2023.03	1,533,725	Manufacture and Sales of motor
Teco NexE, Inc.	2023.10	58,340	Sales of part of TECO's product in USA
Safe & Green Energy Company	113.09.20	7,500	Energy Technology Services
Shenchang Electric Co., Ltd	60.07.31	416,685	Manufacturing of Power Generation, Transmission, and Distribution Machinery
Wuxi Yuanke Investment Co., Ltd.	113.12.12	896	Engaging in Investment Activities with Own Capital
MOTOVARIO TURKEY	113.12	2,781	Manufacturing and Sales of Gear Reducers and Motors

c. Operational Highlights of Affiliated Companies

Unit: NT\$1,000; EPS(NT\$)

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Profit / Loss	EPS (NT\$)
Tong Dai Co., Ltd.	79,194	854,902	357,483	497,419	1,525,626	96,122	94,647	11.95
Tecnos International Consultant Co., Ltd.	138,004	405,849	219,521	186,328	1,780,186	21,786	18,795	1.36
TECO International Investment Co., Ltd.	825,494	2,217,215	54,008	2,163,207	65,391	61,621	68,042	0.82
TECO Electro Devices Co., Ltd.	0	0	0	0	423,119	6,150	30,306	N.A.
TECO Electric & Machinery (Pte) Ltd. Singapore	193,040	2,378,899	246,253	2,132,646	1,030,090	22,727	86,443	10.81
Information Technology Total Services Co., Ltd.	273,234	1,021,207	422,559	598,648	1,145,210	42,071	71,441	2.61
UVG Investment Co., Ltd.	7,718,030	8,935,758	390,980	8,544,778	0	-322	1,087,181	4.62
Tong-An Investment Co., Ltd.	5,952,624	17,088,306	702,012	16,386,294	494,760	438,155	498,764	0.84
TECO Holding USA Inc.	875,589	18,235,312	3,055,562	15,179,750	10,754,116	952,321	1,076,254	40.30
TECO Westinghouse Motor Company	677,535	7,304,596	1,748,588	5,556,008	7,977,759	1,007,292	932,089	45.10
An-Tai International Investment Co., Ltd.	434,476	889,130	28,754	860,376	25,787	24,870	27,101	0.62
Taian (Subic) Electric Co., Inc	219,364	451,286	88,487	362,799	485,601	31,554	38,473	4.80
Taian-Etacom Technology Co., Ltd.	83,000	878,858	643,607	235,251	1,278,308	108,474	89,173	10.74
Tasia (PTE) Ltd.	1,496	0	0	0	0	-457	-457	-7.37
Teco Electronic & Machinery (THAI) Co., Ltd.	57,252	237,816	34,178	203,638	161,486	6,391	7,757	0.13
TECO Australia Pty. Ltd.	611,700	2,165,887	806,995	1,358,892	2,389,435	190,433	159,008	5.30
TECO Industrial Malaysia Sdn. Bhd.	646,981	697,924	3,724	694,200	0	11,965	52,890	0.60
P.T TECO Elektro, Indonesia	834,378	528,845	4,741	524,104	32	13,602	13,684	0.54
Asia Air Tech Industrial (PTE) Ltd.	278,673	138,888	7,996	130,892	0	0	-509	-0.06
TECO Westinghouse Motor Industrial, Canada	25,193	1,445,236	343,486	1,101,750	1,650,307	181,771	168,856	152.95
Jiangxi TECO Westinghouse Motor Coil Co., Ltd	119,840	24,190	6,833	17,357	191,979	8,696	10,280	N.A.
Teco Westinghouse Colombia S.A.S.	0	0	923	-923	0	0	0	N.A.
An-Tai International Investment (Singapore) Co., Ltd.	275,470	277,784	150	277,634	0	0	203,376	17.81

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Profit / Loss	EPS (NT\$)
TECO (Dong Guang) Air Conditioning Equipment Co., Ltd.	268,799	142,512	4,554	137,958	17,128	-4,879	-321	N.A.
Micropac (BVI) Worldwide	225,679	871,678	104	871,574	0	183	95,188	13.83
Taian Technology (Wuxi) Co., Ltd	495,123	1,668,131	735,296	932,835	1,627,623	68,918	95,388	N.A.
Great Teco Motor Ltd.	3,639,995	5,063,326	326	5,063,000	0	-287	781,186	7.04
Jack Property Service & Management Company	30,250	325,420	150,013	175,407	521,382	76,248	51,206	16.93
Universal Mail Service Ltd.	15,600	46,584	19,118	27,466	90,327	8,105	6,107	3.91
Information Technology Total Service (BVI) Co., Ltd.	50,522	95,641	0	95,641	0	-381	9,534	6.19
Tong-An Assets Management & Development Co., Ltd.	3,954,153	6,364,679	1,058,409	5,306,270	169,156	52,972	116,660	0.30
P.T. TECO Multiguna Electro	15,008	477,536	44,189	433,347	512,580	58,909	52,208	0.01
Yatec Engineering Corporation	120,100	291,590	79,376	212,214	227,649	27,616	16,077	1.34
TECO New Zealand Limited	55,101	106,308	92,863	13,445	113,648	2,152	3,470	1.16
Asia Electric & Machinery	1,792,848	396,837	50,740	346,097	0	0	9,700	0.18
Wuxi TECO Electric & Machinery Co., Ltd	1,697,276	4,986,487	2,366,878	2,619,609	5,452,115	467,981	597,135	N.A.
Tesen Electric & Machinery Co., Ltd.	200,000	714,958	497,019	217,939	2,823,383	9,718	7,012	0.35
Teco Electronic Devices Co., Ltd.	111,797	281,136	0	281,136	0	0	25,701	7.54
Wuxi Teco Electro Devices Co.,Ltd.	115,225	452,329	279,670	172,659	407,907	19,936	25,703	N.A.
Unison Service Corporation	17,000	52,458	22,785	29,673	97,855	13,821	11,003	6.47
Taian Electric Co., Ltd.	1,000	752	0	752	0	-12	-7	-0.07
E-Joy International Co., Ltd.	122,040	240,565	102,617	137,948	574,286	10,310	9,705	0.80
A-Ok Technical Co., Ltd.	22,500	186,256	125,984	60,272	422,639	17,229	13,712	6.09
Nanchang TECO Electric & Machinery Co., Ltd.	456,293	3,269	24,336	-21,067	0	-36	-1,616	N.A.
Sankyo Co., Ltd.	10,495	89,906	61,296	28,610	387,764	30,969	24,656	0.49
TECO Electric & Machinery B.V.	22,532	164,350	555,048	-390,698	225,571	16,561	7,951	12.05
TECO Electric & Machinery Sdn.Bhd.	64,650	462,939	45,039	417,900	324,898	24,307	27,285	3.09
Jiangxi TECO Electric & Machinery Co., Ltd.	1,481,569	1,939,019	257,083	1,681,936	979,470	135,512	126,421	N.A.

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Profit / Loss	EPS (NT\$)
Qingdao TECO Precision Mechatronics Co., Ltd	947,331	398,994	116,552	282,442	6,371	-29,998	-4,000	N.A.
Teco Westinghouse Motor Company S. A. de C. V.	56,898	345,424	216,355	129,069	835,327	73,177	50,224	N.A.
TYM Electric & Machinery Sdn. Bhd.	3,665	144,099	11,127	132,972	103,250	1,958	1,958	4.06
Teco (Vietnam) Electronic & Machinery Company Ltd.	372,796	718,412	397,178	321,234	1,126,269	68,292	82,538	N.A.
TECO Technology (Vietnam) Co., Ltd.	454,482	497,699	247,907	249,792	133,109	-15,403	-44,241	N.A.
Asia Innovative Technology (Xiamen) Co., Ltd.	678,681	323,979	27,768	296,211	60,615	6,767	6,789	N.A.
Fujian TECO Precision Co., Ltd.	391,843	114,614	220	114,394	0	-21,796	53,114	N.A.
An-Sheng Travel Co., Ltd.	30,000	12,935	2,592	10,343	29,094	-329	-189	-0.06
Information Technology (Wuxi) Co., Ltd.	10,167	52,458	11,520	40,938	48,424	5,469	5,700	N.A.
GreyBack International Property Inc.	0	0	0	0	0	0	0	N.A.
Teco Group Science-Technology (Hang Zhou) Co., Ltd.	9,837	23,057	3,717	19,340	32,569	2,254	2,084	N.A.
Taian-Jaya Electric Sdn. Bhd.	7,330	91,265	22,818	68,447	77,053	2,912	2,933	2.93
Tecocapital Investment Co., Ltd.	21,573	14,917	0	14,917	0	0	0	0.00
TECO (PHILIPPINES) 3C & APPLIANCES, INC.	32,076	57,561	60,131	-2,570	41,603	590	343	0.35
Taiwan Pelican Express Co., Ltd.	954,670	4,266,884	2,216,928	2,049,956	4,023,321	-41,038	-9,305	-0.10
Jiangxi TECO Air Conditioning Equipment Co., Ltd.	79,813	278,420	136,320	142,100	383,485	1,201	5,646	N.A.
Qingdao TECO Innovation Co., Ltd.	59,444	56,691	24,870	31,821	0	-6,665	-5,580	N.A.
TECOCAPITAL INVESTMENT (SAMOA) Co., Ltd.	65,570	33,080	0	33,080	0	0	0	0.00
Technical Information International Co., Ltd.	44,780	20,800	1,209	19,591	13,414	3,415	3,343	N.A.
Shanghai TECO Electric & Machinery Co., Ltd.	23,829	1,933,083	1,709,690	223,393	5,698,035	94,070	99,827	N.A.
TECO Electric and Machinery GmbH.	854	7,036	1,110	5,926	17,985	-19	-27	-1.09
Tecom Co., Ltd.	302,719	1,167,254	967,958	199,296	483,859	-15,506	-14,694	-1.09

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Profit / Loss	EPS (NT\$)
Baycom Opto-Electronics Technology Co., Ltd.	335,913	461,162	26,315	434,847	136,810	-11,719	-3,831	-0.11
Wuhan Tecom Co., Ltd.	6,950	23,856	26,576	-2,720	69,468	-1,668	-1,582	N.A.
Donghua Enterprise Co., Ltd.	18,000	213,267	139,231	74,036	324,938	40,212	31,823	17.68
Teco Elektrik Turkey A.S	5,747	3,712	313	3,399	3,348	-1,890	-1,134	N.A.
Motovario S.p.A.	614,861	6,418,596	2,959,843	3,458,753	3,565,543	20,991	-122,422	-6.80
Motovario SAU(Spain)	22,564	240,201	152,840	87,361	475,364	27,111	27,505	N.A.
Motovario Ltd	15,007	139,320	109,708	29,612	284,071	6,730	11,060	N.A.
Motovario GMBH	10,997	60,342	69,735	-9,393	187,429	238	1,218	N.A.
Motovario Corp.	10,163	588,638	245,065	343,573	510,719	32,739	34,321	N.A.
Motovario S.A(France)	11,037	97,431	85,533	11,898	201,459	1,997	5,049	N.A.
Motovario Int. Trading Co. Ltd	7,412	91,542	51,910	39,632	89,380	1,753	2,052	N.A.
Motovario Gear Solution Private Ltd	4,618	144,616	157,483	-12,867	201,816	1,099	23,620	N.A.
Eagle Holding Co.	3,644,072	4,890,326	0	4,890,326	0	0	-122,586	N.A.
TECO MOTOR B.V.	3,414,341	4,890,466	0	4,890,466	0	0	-122,422	N.A.
Wuxi TECO Precision Mechatronics Co., Ltd	656,500	1,144,675	234,011	910,664	774,492	22,440	26,827	N.A.
Century Development Corporation	3,509,055	6,675,567	2,022,800	4,652,767	767,579	457,204	466,187	1.33
Century Tech. C&M Corporation	61,888	222,267	111,094	111,173	124,308	1,198	48,103	15.08
United Development Corporation	118,285	243,596	34,356	209,240	6,447	146	12,614	1.07
Teco Industrial System Private Limited	5,501	14,632	8,009	6,623	34,637	4,980	4,690	0.31
Teco Electrical Industries Private Limited	24,011	23,624	45,979	-22,355	0	-4,305	-9,792	-0.99
Yatec Engineering (VN) Company Limited	18,548	17,485	609	16,876	2,440	-4,045	-3,776	N.A.
Century Real Estate (International) Pte. Ltd.	996,664	679,633	98	679,535	0	-129	-12,673	-0.42
CDC Development India Private	746,188	893,226	252,788	640,438	5,506	-9,190	-12,952	-0.01
Century Biotech Development Corporation	2,500,000	5,480,942	2,944,859	2,536,083	472,960	203,489	139,303	0.56
Teco Sun Energy	70,000	188,467	111,043	77,424	23,995	8,477	5,026	0.72
Temico International Pte.Ltd.	421,559	308,161	70	308,091	0	-481	-25,113	N.A.
Euro Asia MADO	22,500	4,788	241	4,547	2,061	-3,406	-4,275	-1.90
Jing Lao Man Restaurant	34,000	11,701	45,709	-34,008	94,217	-667	392	0.12
Teco Electric Motors Africa Pty. Ltd.	0	556	0	556	0	-87	-87	N.A.

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Sales	Operating Income	Net Profit / Loss	EPS (NT\$)
F C R Motion Technology Pty. Ltd.	53,361	255,405	75,504	179,901	342,738	32,884	23,854	9.12
Temico Motor India Private Limited	343,542	289,455	5,780	283,675	19,439	-29,827	-24,300	N.A.
PELICAN EXPRESS (VIETNAM) COMPANY LIMITED	6,024	11,544	3,800	7,744	28,692	2,709	485	N.A.
Tong An Energy	50,000	164,901	112,041	52,860	15,509	5,200	2,487	0.50
TECO Green Power Company Limited	295,139	337,826	266	337,560	0	-124	38,993	1.32
TaiPeng Energy	136,000	574,037	399,749	174,288	69,970	16,389	37,950	N.A.
TECO ELECTRIC & MACHINERY SA DE CV	133,515	527,601	625,031	-97,430	82,986	-167,059	-208,341	N.A.
Teco NexE, Inc.	62,292	133,009	59,243	73,766	121,424	14,153	121,424	1.99
Safe & Green Energy Company	7,500	7,470	144	7,326	0	-179	-174	-0.23
Shenchang Electric Co., Ltd	416,685	904,748	161,691	743,057	675,465	74,632	63,055	1.51
Wuxi Yuanke Investment Co., Ltd.	896	896	0	896	0	0	0	N.A.
MOTOVARIO TURKEY	2,781	720	116	604	0	-1,024	-1,024	N.A.

1.2 Consolidated Financial Report of Affiliated Enterprises

TECO Electric & Machinery Co., Ltd. and its Subsidiaries Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024 (from January 1, 2024 to December 31, 2024), the companies required to be included in the preparation of consolidated financial statements of affiliated enterprises in accordance with the “Regulations Governing the Preparation of Consolidated Business Reports, Consolidated Financial Statements, and Affiliation Reports of Affiliated Enterprises” are the same as those required to be included in the preparation of parent-subsidary consolidated financial statements under International Financial Reporting Standard 10.

Furthermore, all required disclosures of the consolidated financial statements of affiliated enterprises have already been made in the aforementioned parent-subsidary consolidated financial statements. Therefore, separate consolidated financial statements of affiliated enterprises are not prepared.

This is hereby declared.

Company Name: TECO Electric & Machinery Co., Ltd.
Responsible Person: Ming-Shieh Li
Date: March 14, 2025

1.3 Consolidated Financial Statements of Affiliated Enterprises and Affiliation Report:

Please visit the Market Observation Post System (<https://mops.twse.com.tw>), click on "Listed Company Info," then select "Download Electronic Files" under the "Financial Reports" section. Enter the company code (or abbreviation) and the year to search.

2. Private Placement of Securities in the Most Recent Fiscal Year and up to the Date of Annual Report Publication:

None.

3. Matters Occurring in the Most Recent Fiscal Year and up to the Date of Annual Report Publication That May Have a Material Impact on Shareholders' Equity or the Price of Securities as Specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act:

Change of President; no material impact.

4. Other Necessary Supplementary Explanations:

None

TECO ELECTRIC & MACHINERY CO., LTD.

Address: 5F., No. 19-9, San Chong Rd., Nan Kang,
Taipei, Taiwan, R.O.C.
Tel: 886-2-2655-3333