

# Transformation Coming to Fruition

Imperative to Stay on Course



Driving a Smarter Future

AGM DATE : 2021/05/25

E-VOTING : 2021/04/24 – 2021/05/22



# Disclaimer

## Safe Harbor Statement

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- This Presentation contains certain forward-looking statements that are based on current expectations and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.
  - Except as required by law, we undertake no obligation to update any forward – looking statements, whether as a result of new information, future events or otherwise.
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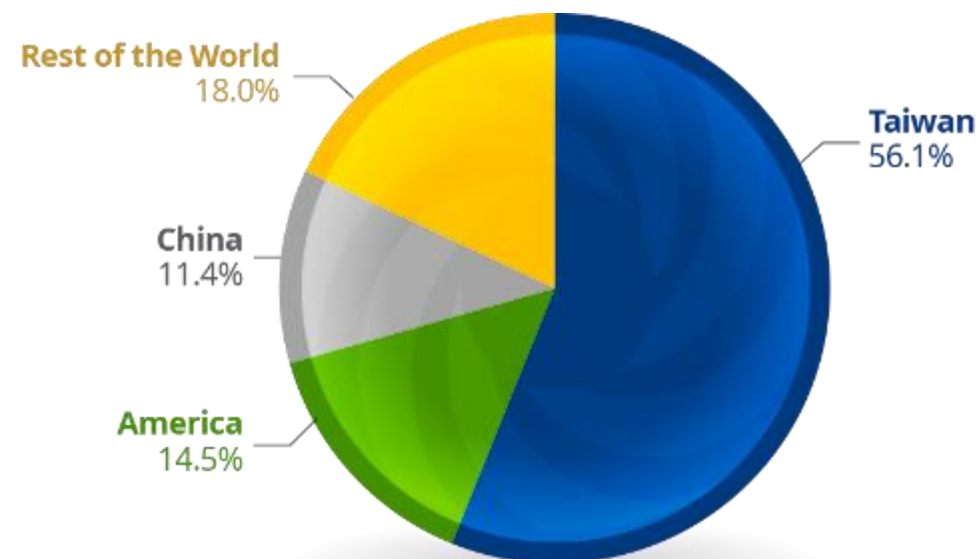
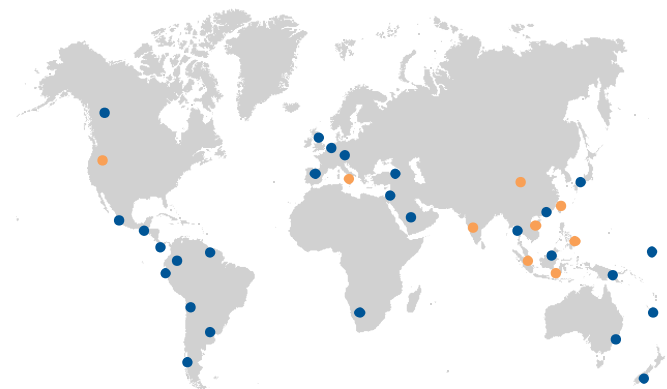
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# TECO Company Profile



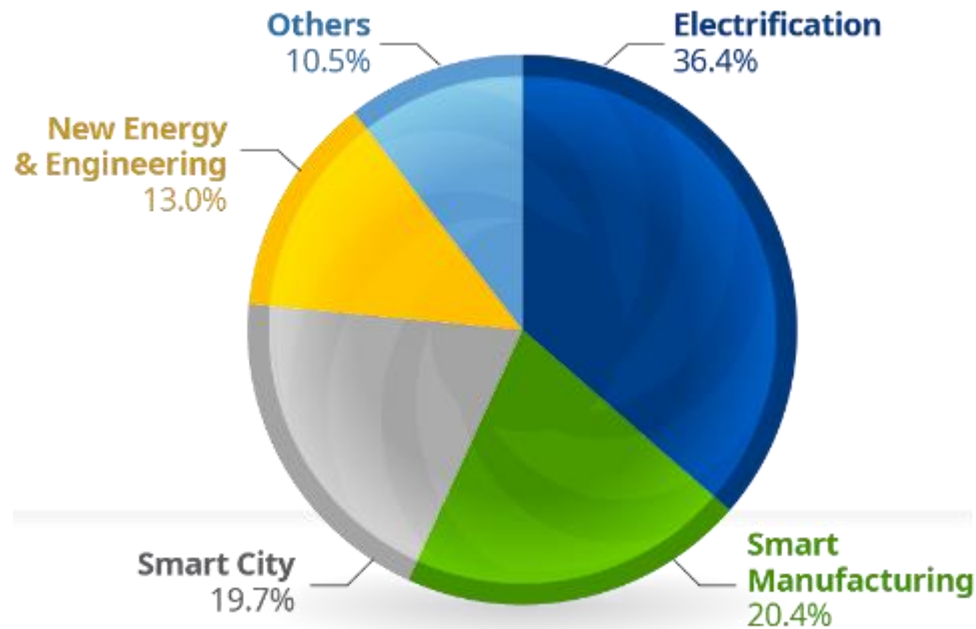
<b>FOUNDED</b>	<b>1956</b>
<b>LISTED</b>	<b>Taiwan Stock Exchange</b>
<b>TICKER</b>	<b>1504.TW</b>
<b>CAPITAL</b>	<b>TWD 21,388 million</b>
<b>MARKET CAP</b>	<b>TWD 68,121 million</b>
<b>EPS</b>	<b>TWD 1.81</b> (2020, 5-Year high)
<b>PAYOUT RATIO</b>	<b>63.5%</b> (2020, 5-Year high)
<b>EMPLOYEES</b>	<b>14,290</b> (as of Dec 31, 2020)



Revenue Breakdown by Area

# TECO Revenue & Products

## Revenue Breakdown by Product



## Products

### Electrification Products 36.4%

Industrial motors, including EV powertrain

### Smart Manufacturing Auto 20.4%

Including Industrial Inverter, Servo system, Gear Reducer, Programmable Logic Controller, Human Machine Interface, machine health management, energy management system, manufacturing execution system...

### Smart City 19.7%

Including Home appliances, Household AC, Commercial AC, home delivery services

### New Energy & Engineering 13%

Including Internet Data Center project, Offshore windfarm substation, Solar plant, energy storage, high spec. AC project for high rise building, hospital & Bio lab

### Others 10.5%

Including development of industry zone, employment agency.

# Inaccurate Peers - Low Product Overlap

## Vast Market Cap Gap & Differences in Industry Micro

Siemens and ABB inappropriate comparisons as peers.

### Siemens

Market Cap: USD 131.98 bn

- **Smart Infrastructure:** 27%
- Smart Healthiness : 27%
- Digital Industries: 29%
- **Smart Mobility:** 17%

### ABB

Market Cap: USD 61.15 bn

- **Electrification:** 45%
- Industry Automation: 22%
- Motion: 26%
- Robotics & Discrete Automation: 7%

### TECO Comparison

#### Market Cap

**Siemens:** 60X TECO  
**ABB:** 30X TECO

#### Product Overlap

**Siemens:** 27%  
**ABB:** 45%

#### Industry Micro

**TECO:** Diversified Industrial Machinery and Tools  
**Siemens:** Market Conglomerate  
**ABB:** Electrical Equipment and Components

2020

**SIEMENS**  
*Ingenuity for Life*

### Revenue by Industrial Business



ABB Group	6,154
Electrification	2,764
Industrial Automation	1,382
Motion	1,583
Robotics & Discrete Automation	629
<i>Corporate and Other (incl. intersegment eliminations)</i>	(204)

# Investment in Core Businesses

TECO Investments are Focused on Key Businesses

## 2015~2020 Equity Investment

	Electrification Business	Smart City Business
--	--------------------------	---------------------

Executed amount (NT mm)

4,008

591

Percentage of Total Equity Investments made during 2015~2020

87.04%

12.83%



**TOTAL**  
NT **4,599** mm  
**99.87%**

# Electrification Products (1)

## Industrial Motors, Including EV *Electric Vehicle* Powertrain

### Electric Vehicle Results

- 2018/3** TECO developed jointly with a European firm to supply its first batch of 250 kW auto permanent-magnet motors to RAC Electric Vehicles Inc., Taiwan's leading electric-bus producer, as the power source of the latter's new electric-bus model.
- 2020/2/12** TECO rolled out its own branded “T Power 90” EV powertrain for electric car at a press conference on Feb. 12, marking its foray into the electric-car key component market. “T Power 90” powertrain could apply to various kinds of passenger car and function car and TECO is targeting the business opportunities in India, ASEAN, and Asia-Pacific.
- 2020/11** “T Power” won the golden prize of 29th Taiwan Excellence Gold Awards and TECO is the only one Taiwanese company which is able to supply with this two key components (motor and drive).
- 2021/2/1** announced to join the Hon Hai MIH (EV Development Platform), supporting commercial vehicle solutions, and is the only supplier that independently designs, develops and manufactures motors and controls, and is a member of high-power and high-voltage products. In addition, TECO is also actively discussing the demand for related models with Foxtron Vehicle Technology to strive for future opportunities.
- 2021/3/17** signed a MOU with the electric bus manufacturer, RAC Electric Vehicle. RAC will purchase 500 sets of powertrains within two years. The first batch of 30 sets will be delivered in the 2nd quarter of 2021. It will be TECO's self-developed powertrains combining with motors and drives.





# Electrification Products (2)

## Industrial Motors, Including EV Powertrain

### Business Plan

- Cooperate with domestic and foreign automakers and system manufacturers to provide power systems for commercial and passenger vehicles
- Develop large-capacity and high-voltage motor drive systems to strive for business opportunities in electric buses for public transportation
- Expand the OEM production of 2W electric scooters/bicycles and the assembly of power modules at home and abroad.

### TECO EV Business (~2020)

#### Commercial Bus



- RAC Electric Vehicles**  
12m Bus SOP  
105 Units (2019)
- Striving For:**  
Tangeng / Sincere Bus  
Group/ Tong Ying...

#### Commercial Cargo Truck



- Kuozui Motors (HINO)**  
3.49t / 5t  
2021 Q1~ SP
- ISUZU**  
6.2t / 7.5t / 17t  
2121 Q3~ MP
- JAC Motors**  
6.2t  
2020 Q4~ SP

#### 4W Passenger Car



- Luxgen (Hangzhou)**  
U5 (130kW) OEM  
~2019 1088 Units
- Energy Absolute (Thailand)**  
"Taxi Model"  
OEM 2021~ 5K/YR
- ASF (Japan)**  
FOMM2 (47kW)  
2021 Q3~ MP

#### 2W Moped



- Gogoro**  
2W/E-Bike "eeyo" (800W)  
2020 Q3~ 14.4K Units/YR

#### Other EV



- E-Ferry (Thailand)**  
200kW Motor Foundry  
Est. 80 Units 2020
- Singapore Port AGV**  
200kW Motor Foundry  
2021 400 Units for Project

# Trend Forecast: Global Electric Vehicle Sales



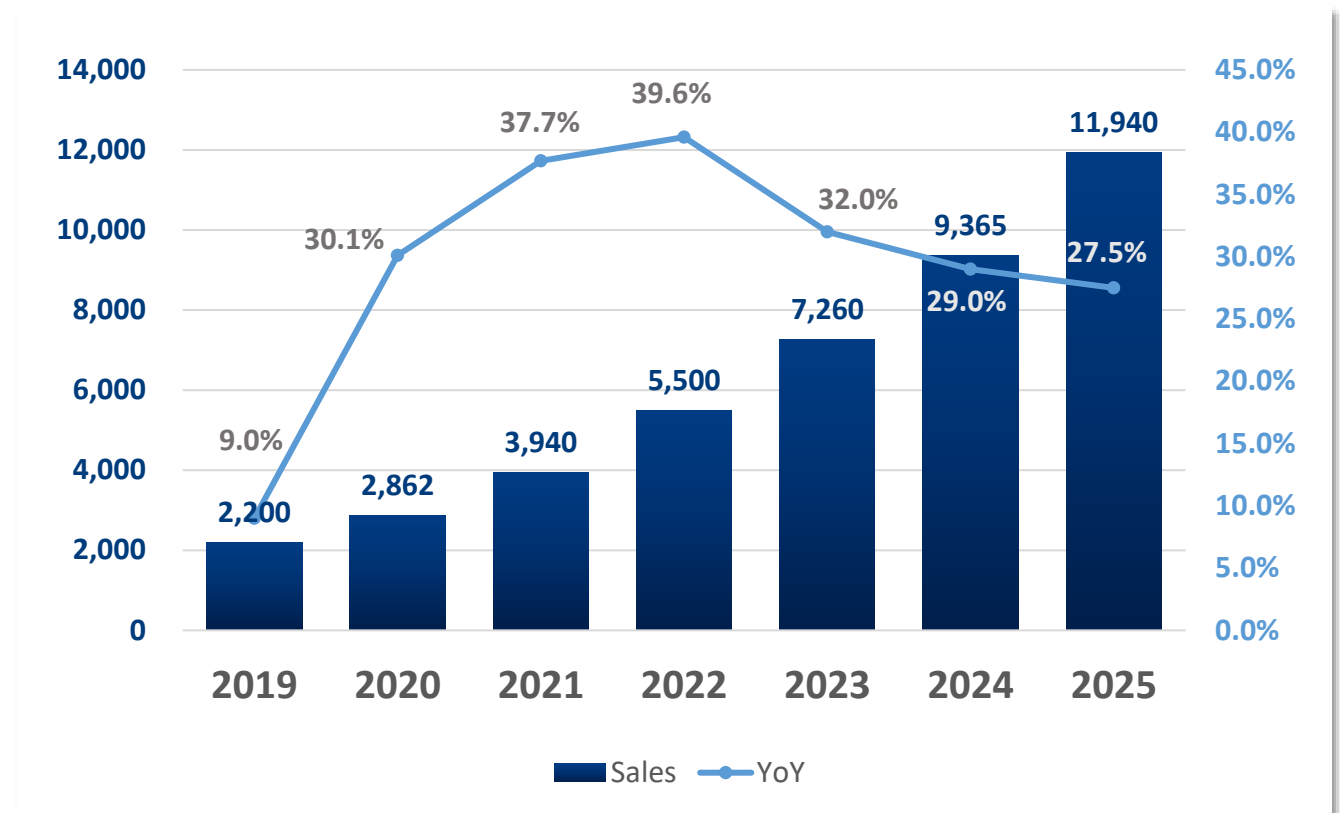
## Industry Outlook

From 2020 to 2025, the electric vehicle market will grow rapidly, with a compound annual growth rate of 33.1%.

By 2025, the annual growth rate of global electric vehicle sales will reach double digits, and the penetration rate will exceed 14%.

Key factors are the implementation of incentive policies for electric vehicles in various countries, the announcement of a ban on the production and sales of petrol vehicles, stricter regulations on carbon dioxide emissions, and the expansion of electric vehicle product lines by vehicle manufacturers.

## 2019 – 2025 Forecast



Source: Digitimes

# Smart Manufacturing /Auto

Including Industrial Inverter, Servo system, Gear Reducer, Programmable Logic Controller, Human Machine Interface, machine health management, EMS *energy management system*, MES *manufacturing execution system*...

## Smart Manufacturing Results

1. **2019/9** at the 2019 China International Industry Fair in Shanghai, taking advantage of TECO group's versatile expertise in motor, inverter, electric-control system, power management, and production-line management to help traditional manufacturers march towards smart factory, in line with the current of Industry 4.0, citing its success in helping Chinese Steel install some 1,000 sensors for real-time data display and a major Taiwanese textile firm set up malfunction alert system at its production line.
2. **2020/8** in Taipei Int'l Industrial Automation Exhibition 2020, TECO showcased a smart-factory solution consisting of digital electric meter, inverter, motor, and PLC (programmable logic controller), coupled with visualized detection technology and sensors, capable of exhibiting visualized data on display. The solution has been applied in TECO's plants in Chungli, Taiwan and Vietnam, which has generated 10% extra benefits and attained over 40% saving in power consumption
3. **2021/1** signed a MOU with Walsin Liwah to have a chance to involve its TWD4.6 billion plan to build smart production lines at its electric wire and cable plant in Yangmei.
4. **2021/3/22** TECO, Chunghwa Telecom and Microsoft signed a MOU on collaboration for pushing the development of Industry 4.0 in Taiwan. The alliance will focus on the development and optimization of smart technological solutions, including smart electro mechanics, automated products, smart energy, smart home appliances, and smart city.

# Smart Manufacturing Industry Outlook



## Industry Outlook

- Global Industrial Control and Factory Automation Market: **CAGR>8% during 2020-2025.**
- The value of warehousing and logistics automation is estimated to **reach US\$270 billion in 2025.**
- The global AI application market has a CAGR of **>30% from 2019 to 2023**, of which the **Asia-Pacific region has grown more than 38%**



Source: Technavio

# Smart City



## IDC

- Google IDC project - Taiwan, Hong Kong and Singapore
- Marcus Project
- Various IDC projects in Taiwan for Taiwan Stock Exchange, Banks and IT companies



## Smart Grid

(Incl. Solar/Battery)

### Self owned roof of factories

- a) 2017: invested TWD 80million in Kuanyin factory to install the capacity of 1.7MW
- b) 2019: invested TWD 163million in Kuanyin factory to install the capacity of 3.6MW
- c) 2020: invested TWD 105million in Chungli plant to install the capacity of 1.7MW



## Heating & Ventilation

Projects in Taiwan, China, North America, Australia & South-East Asia:  
US\$75million in 2020



## Waste / Water Treatment

Global project's amount reached at USD\$ 6million in 2020

# New Energy & Engineering (1/2)

Including Internet Data Center project, Offshore windfarm substation, Solar plant, energy storage, high spec. AC project for high rise building, hospital & Bio lab

## Wind Power Results

1. **2018/5** Signed a MOU with Mitsubishi Vestas Offshore Wind, a major international supplier of offshore wind turbine for cooperation that TECO will produce generators for 9.5 MW, contributing to the localization of offshore-wind power supply chain in Taiwan.
2. **2019/8** Signed a EPC contract with Danish wind-power developer, CIP, for construction of a substation in Changhua Coastal Park, meant to link up two offshore wind farms with combined capacity of 600 MW.
3. **2020/7** Onshore engineering project for Changfang & Xidao Offshore Wind Farms, with TECO as the general contractor, broke ground in Changhua County. The wind farm is expected to fulfill the power needs of 600,000 households after completion.
4. **Business plan:**
  - a) With current backlog of totaling 900 MW, TECO will spare no effort winning general-contractor business of other offshore wind-farm projects, such as Hai Long (1,044MW) and Formosa III(2,000MW).
  - b) develop the generator OEM business for MVOW and other foreign partners with need for local production as the Government's requirements.
  - c) It is expected 5 more GW installation from 2026 to 2030

# New Energy & Engineering (2/2)

Including Internet Data Center project, Offshore windfarm substation, Solar plant, energy storage, high spec. AC project for high rise building, hospital & Bio lab

## Solar Power Results

- 1. Self owned roof of factories**
  - a) 2017: invested TWD 80million in Kuanyin factory to install the capacity of 1.7MW
  - b) 2019: invested TWD 163million in Kuanyin factory to install the capacity of 3.6MW
  - c) 2020: invested TWD 105million in Chungli plant to install the capacity of 1.7MW
- 2. 2021/2** invested in 12MW solar roof project of Taiwan Glass Ind. corp. It is expected to receive the income from power sale of more than TWD2 billion within 20 years with IRR of 13.3%. Meanwhile it also will bring in revenue of TWD600million from EPC project and operation & maintenance.
- 3. 2021/2** signed a MOU with Walsin Liwah to penetrate US solar market via the cooperation with its US. Subsidiary, Borrego. The capacity Borrego built in 2019 reached at 120MW and TECO has made major inroads in battery energy storage systems (BESS) for PV power and wind power, as well as monitoring and control system for smart grid.
- 4. Business plan**

Develop solar power plant/energy storage business with TECO's equipment and system advantages, and extend it to solar smart diagnosis and monitoring system to strengthen maintenance and operation business

# Three Drivers For The Sustainable Development of The Global Wind Power Market



Three major driving forces that promote the sustainable development of the global wind power market are: government policy support, continuous decline in wind power costs, and advancement in auxiliary technologies. Please refer to the table below for details:

Factors Affects Market	Description	Trends In Future Development (Enhanced/Unchanged/Declined)
Support of Policies	To promote the investment in the installation of wind power equipment, the government sets a target for amount of wind power generation equipment, supplemented by various incentives and the grid connection priority.	Enhanced
The Cost of Wind Power Continues To Decline	In the past few years, both onshore and offshore wind power generation costs have shown a downward trend, indicating that the cost competitiveness of wind power technology has continued to rise.	Enhanced
Advancement in Auxiliary Technology	Including the installation of energy storage systems, big data analysis, forecasting power generation and other auxiliary technologies. The continuous improvement can alleviate the impact of wind power generation on the grid.	Enhanced

Source: ITRI Industrial Economics and Knowledge Center (IEK)





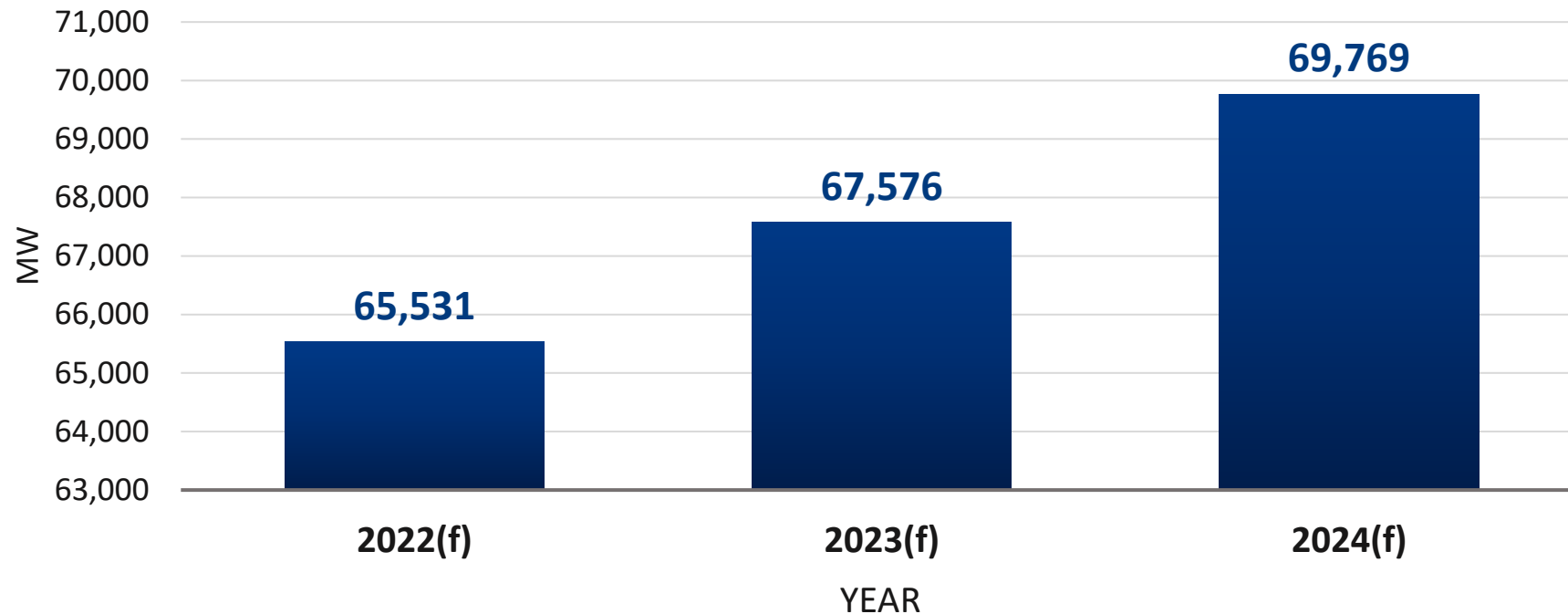
# Wind Power Green Energy Global Market Outlook (2022 – 2024)



The estimated number of new installations in the global wind power market from 2022 to 2024 is shown in the chart below, indicating a compound annual growth rate (CAGR) of 3.2%.

## Estimated Number of New Installations

(Global Wind Power Market 2022 – 2024)



Source: ITRI Industrial Economics and Knowledge Center (IEK)

# Others

Including Development of Industrial Zone, Employee Agency..

## Asset Activation Results

- 1. Xinzhuang Factory with Kindom Construction Corp**
  - Base area: 401,099 square feet (B type industrial zone)
  - 2021/3** Joint construction with Kindom Construction Corp. It is expected to be approved for rezoning in 2022 and completed in 2028. The total floor area of the building is about 2,811,147 square feet, planned to develop as a complex of biotechnology, AI and ICT industries. It is estimated that the asset value will grow 10 times which exceeds TWD10billions.
- 2. Songjiang Building with To be determined**
  - Base area: 8,902 square feet/ Teco holds about 57%
  - 2020/5** It has applied for reconstruction in accordance with the "Regulations on Accelerated Reconstruction of Urban Dangers and Old Buildings". The house will be demolished and rebuilt before the end of 2021. It is planned to be a rented commercial and office building and the total value of assets held will increase by about 2.5 times.
- 3. BOT project of Century Biotech Development Corp. with Far Eastern Construction Corp**
  - Total floor area after completion: 882,500 square feet
  - Annual Rental income will reach TWD300million
- 4. Bangalore Technology Park, India**
  - Base area: 70 acres
  - Rental income will reach TWD200million per year and huge land value appreciation is highly expected.

# Three Year Outlook for the Taiwan Real Estate Market



We expect continuous growth in housing price in the next 3 year.

Status of Taiwan Real Estate Market	Description
<u>A Seller's Market</u>	<ul style="list-style-type: none"><li>• Taiwan's credible control of Covid 19 has made Taiwan a diplomatic representation that attracts global hot money into Taiwan, causing the Taiwan dollar to rise sharply.</li><li>• Coupled with historically low interest rates, the perfect capital environment structure continues to stimulate Taiwan's stock market and housing market.</li><li>• The bursting market confidence favors the seller's market.</li></ul>
<u>Supply Shortage</u>	<ul style="list-style-type: none"><li>• Continuous expansion and increasing investment of TSMC-led companies creates supply shortage in the construction industry.</li><li>• The foreseeable inflation that will be intensified by the labor shortage and pricing fluctuation of global raw materials due to transportation difficulties caused by the pandemic.</li></ul>
<u>Defer of Land Replotting</u>	<ul style="list-style-type: none"><li>• Certain areas such as Taiyuan and Hsinchu remain to show greater demand than supply, therefore continue to push up housing prices.</li></ul>
<u>Policy Favors Housing Market</u>	<ul style="list-style-type: none"><li>• The successive [Selective Credit Control], [Integration of Real Estate and Land 2.0], and [Nett Price Login 2.0] aims at cracking down on speculative investments and improves the stability of the housing market in the long-run.</li></ul>

Source: Public News

# About to Bear Fruit & Yield Results

Multiple Sell Sides Analysts recognize the Company's direction and operating results

**1 2021/03/23 KGI**  
Results, 4Q20 Earnings "largely in line"  
"Earning growth modest in 2021F"

**2 2021/03/21 Masterlink Securities**  
"Changed from NEUTRAL to BUY"  
"25~30% Gross Margin"  
"Expect business from EV"

**3 2021/02/23 Jih-Sun Securities**  
"Rebound for demand 4Q20, expect 1Q21 raw materials to reflect cost"  
"Steady growth in core businesses in 2021"

**4 2020/12/24 E Sun Investment**  
"Future growth drivers: replacement coal with natural gas power generation for factory equipment, growth of China's plastics industry, the demand for EV in Taiwan."

"TECO, in response to industry needs from MOEA, develops large torque motors and driving force modules, and strives for 10,000 buses demand (2021-2025, 5-year period), and is expected to contribute TWD 300 to 500 million revenue a year."

"Automotive motors can revenue contribution ~NTD 1 bn (next 3 years)"

"Network Data Center (Electrical and Mechanical Engineering) and Taiwan offshore wind power project (~NTD 1-1.5 bn revenue a year)"

**5 2020/12/24 Fubon Securities**  
"2021 outlook positive, stable investors can pay attention"  
"Motor & new energy business growth, with green energy topics such as offshore wind turbines and EV charging stations"

"Next year's overall revenue growth will challenge double digits"

**6 2020/12/07 Masterlink Securities**  
"Main products of offshore wind power are onshore substations and engineering.." "...amount is ~ TWD 4 bn.." "...profit margin is ~15%"  
"E-bicycle motors, the company ships Giant motors, 1,000 units p/month."  
"Order for 82 electric ferries from Thailand"  
"400 units of unmanned guided vehicle motors in Singapore and Vinfast of Vietnam."  
"The total opportunity can reach TWD 1 bn in 3 years, with gross profit margin of about 25-30%."

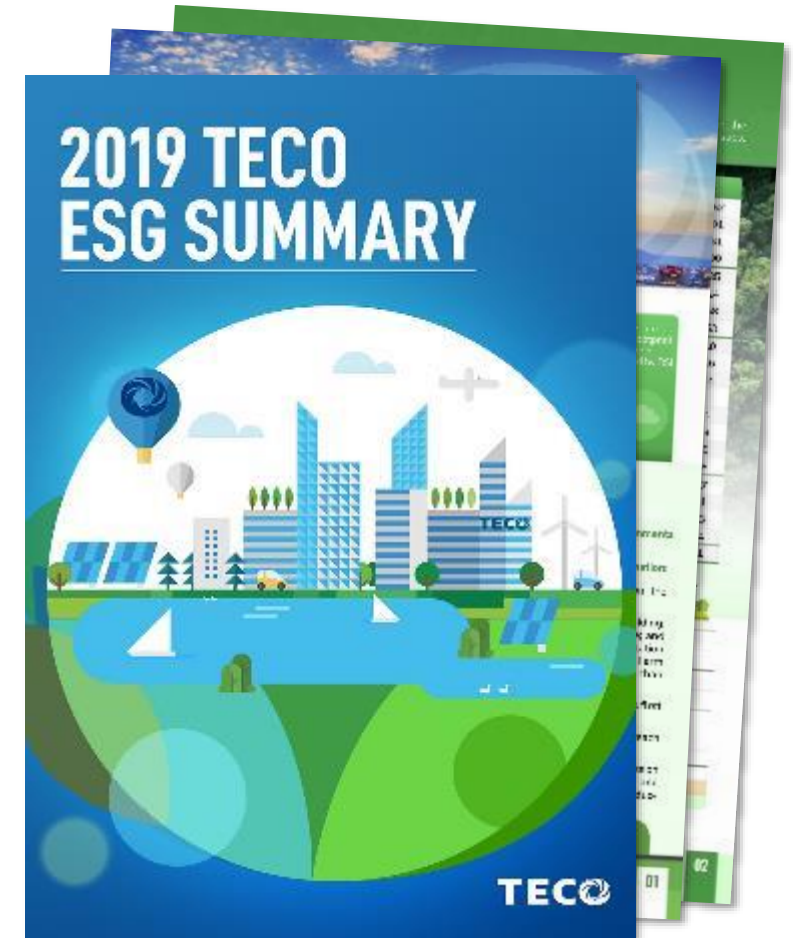
"With Walsin Lihwa, the establishment of a solar field in the United States is one of TECO's future business opportunities."

The collage displays several analyst reports:

- 1 KGI (2021/03/23):** Reports "Moderate earnings growth in 2021F" and "Neutral / Maintained" rating.
- 2 Masterlink Securities (2021/03/21):** Reports "Changed from NEUTRAL to BUY" and "Expect business from EV".
- 3 Jih-Sun Securities (2021/02/23):** Reports "Steady growth in core businesses in 2021".
- 4 E Sun Investment (2020/12/24):** Reports "Future growth drivers: replacement coal with natural gas power generation...".
- 5 Fubon Securities (2020/12/24):** Reports "2021 outlook positive, stable investors can pay attention".
- 6 Masterlink Securities (2020/12/07):** Reports "Main products of offshore wind power are onshore substations and engineering...".

# ESG Achievements

1. 2020/11/16 TECO has been incorporated into 2020 Dow Jones Sustainability Index (DJSI) (as the only Taiwanese firm in the category of ELQ Electrical Components & Equipment), thanks to its extraordinary performance in “innovation management” and “environmental policy and management system”, both of which received full marks.
2. 2021/2/22 TECO Electric & Machinery has been granted "Industry Mover" status in S&P Global 2021 Sustainability Yearbook, in acknowledgement of its remarkable performance in sustainability.
3. Board size reduced from 15 to 11 seats.
4. Increase in Board female representation.
5. Added “Expertise for accounting , law, and International Experience” for Board.
6. Six consecutive years of Top 5% rating for the TWSE Corporate Governance Evaluation, only 12 of 700 listed companies to achieve this feat.



**Top 5%**  
Corporate Governance  
Evaluation (TWSE)  
**6 CONSECUTIVE YEARS**



**Taiwan Corporate  
Sustainability Awards (TCSA)**  
Platinum Award on CSR Reports  
Top 50 Corporate Sustainability Award  
Social Inclusion Award  
Transparency and Integrity Awards  
**3 CONSECUTIVE YEARS**



**Corporate  
Citizen Award**  
Commonwealth  
Magazine  
**8 CONSECUTIVE YEARS**



**Constituent Stock**  
Taiwan's  
Sustainability  
Index  
**FTSE4Good TIP**  
Taiwan ESG Index

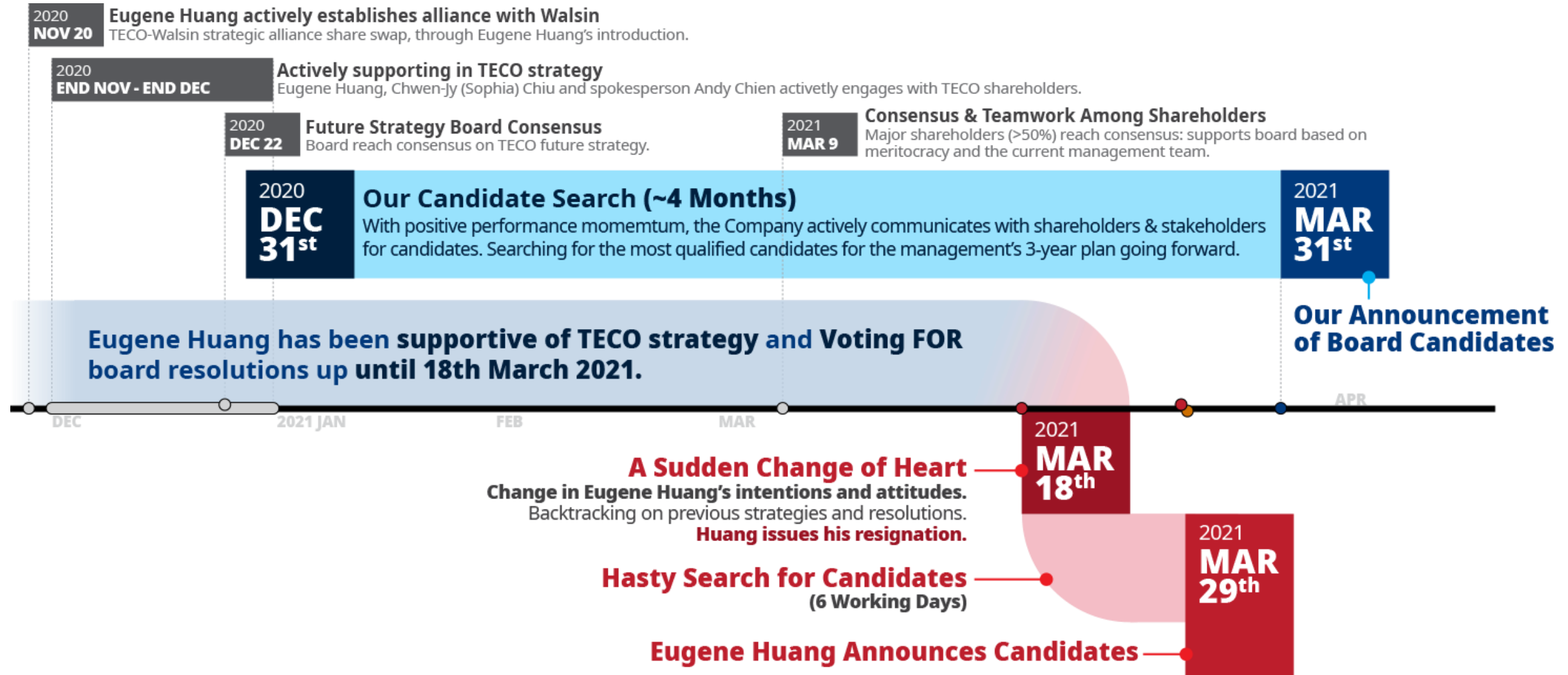
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# Be Wary of Eugene Huang's Proposal

## Exercise Extreme Caution

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# Eugene Huang - A Sudden Change of Heart



# Opportunistic Business or the Sound & Steady? (1/2)



**TECO Image Systems (TIS, 5438.TW)**  
Chaired by **Eugene Huang**

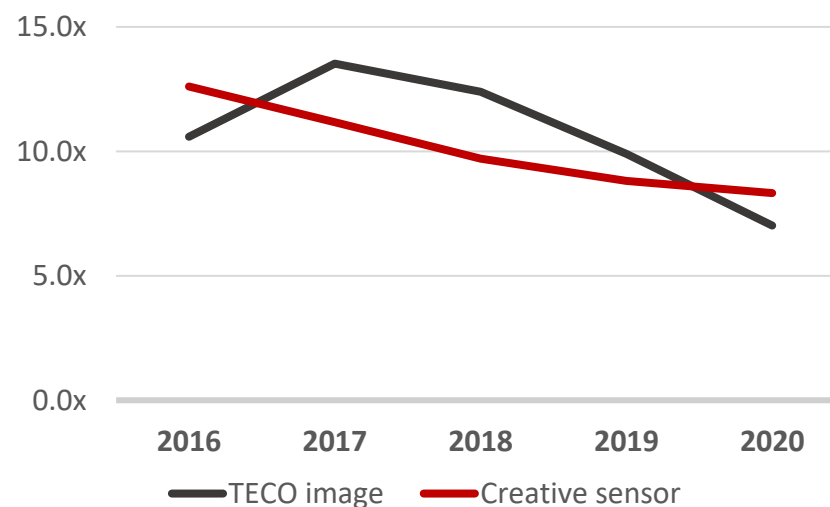


**Creative Sensor Inc (CSI, 8249.TW)**  
Chaired by **Eugene Huang**

	2016			2017			2018			2019			2020		
	TECO	TIS	CSI	TECO	TIS	CSI	TECO	TIS	CSI	TECO	TIS	CSI	TECO	TIS	CSI
Rev YoY Growth	2.7%	(4.0%)	(11.4%)	2.0%	(3.0%)	(8.2%)	(1.6%)	(3.0%)	15.6%	(4.4%)	(18.2%)	(8.9%)	(4.4%)	(27.8%)	(18.5%)
ROA	3.0%	3.6%	4.0%	2.4%	3.5%	2.9%	2.4%	2.7%	3.1%	2.3%	0.0%	3.7%	2.2%	(2.0%)	2.1%
ROE	7.5%	9.6%	7.4%	6.2%	11.6%	6.2%	6.0%	8.7%	6.2%	5.9%	2.8%	5.6%	5.9%	0.0%	5.7%
GM	26.3%	27.3%	15.4%	23.9%	25.9%	13.9%	24.1%	23.0%	12.1%	24.0%	20.0%	14.5%	23.5%	18.3%	13.6%
EBITDA Margin %	11.5%	7.6%	11.1%	9.8%	7.3%	9.6%	10.1%	6.2%	8.7%	10.4%	1.1%	9.3%	11.0%	(2.7%)	8.3%
EBIT Margin %	8.4%	6.9%	6.9%	6.9%	6.6%	5.4%	7.0%	5.3%	4.9%	7.4%	0.1%	6.4%	7.7%	(6.2%)	4.8%
R&D of Total Sales	3.0%	9.0%	2.0%	3.0%	8.0%	3.0%	2.0%	8.0%	2.0%	2.5%	8.0%	2.2%	2.2%	9.0%	1.6%

- **Questionable leadership and ungrounded market entry strategy:**  
Despite steady R&D investments (8 to 9% of total sales), TIS's gross margin continues to deteriorate and has yielded to more than halved ROE in the past 5 years.
- **According to its latest annual report:**  
**top line achievement rate came in <70% and bottom line <30%.**  
Moreover, TIS and CSI have been painting a bleak picture regarding inventory turnover and yet the companies blamed the negative trend solely on COVID and geo-political tension, which has been a shared pain across the tech industry. Furthermore, CSI has been investing 2x in G&A compared to R&D, posing corporate efficiency threats to its outlook.

**Inventory Turnover**



Source: Company Data

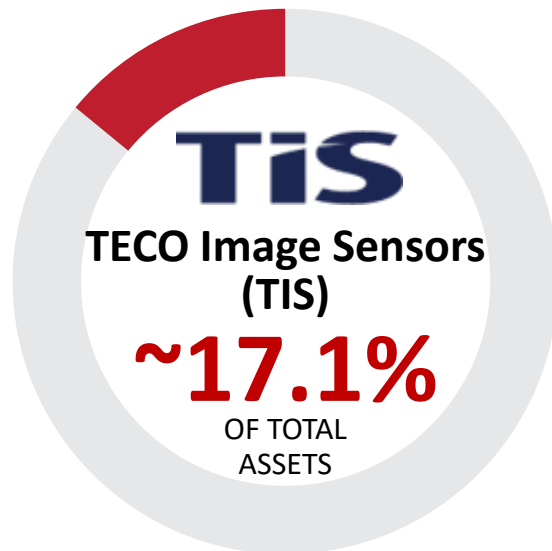


# Opportunistic Business or the Sound & Steady? (2/2)

## Market Research Contradictory to Creative Sensor's performance:

**Yole** market research: Non-mobile CIS market has been relatively stable if not on the rise since 2016. **TechNavio** took an even more bullish call on the post COVID printer market where WFH is to post a 5% CAGR going forward.

And yet, shaky performances aside. Since 2020, TIS & CSI have been accumulating TECO shares – and as of now, **TECO shares** accounts for:



Source: Company Data, Yole, TechNavio

# Proven Sub-par Corporate Governance - Creative Sensor CSI

Appalling corporate governance track record and total disregard for shareholder rights and interests.



Creative Sensor Inc (CSI, 8249.TW)  
Chaired by **Eugene Huang**

## 1 HIGH RISK

Investment in **INDIVIDUAL SECURITIES** with up to **80% Shareholders' Equity** = ~ 1 bn USD

**2019 ANNUAL REPORT:**  
"COVID-19 has spread worldwide, and the epidemic shows no sign of mitigation"

**2020 JUN 25 CSI AGM RESOLUTION:**  
Amend company AOI to allow for investments in INDIVIDUAL SECURITIES **FROM 30% TO 80%** of Shareholder Equity

## 2 INSIDER & RELATED PARTY TRANSACTIONS

2020 JUN 27, AUG 5, OCT 7, NOV 29  
2021 FEB 4, FEB 25, MAR 8

Recurring (7) RPT prior to TECO resignation  
**ALL PURCHASING TECO SECURITIES**

**2021 MAR 18 RESIGNATION FROM TECO BOARD**  
Eugene Huang was both Chairman of CSI and Managing Director for TECO from 2009 until his resignation from TECO in 2021

**2021 MAR 24** Before the Cut Date of TECO AGM board March 27  
**Continued to purchase TECO Shares as CSI**  
**NO JUSTIFICATION OTHER THAN PERSONAL INTEREST**

**IN TECO PROXY CONTEST**

## 3 DISREGARD FOR SHAREHOLDER RIGHTS

Using CSI shareholder equity to accrue solely TECO shares **EVEN AT HISTORICAL 7 YEAR HIGH PRICES**  
**2021 MAR 24 @ 31.75 p/s** (last seen AUG 2014)

**ALL CONTRARY TO EUGENE'S PUBLIC STATEMENTS:**

- "Capital Optimization"
- "Increased Shareholder Value"

Regarding CSI AOI Amendment:  
"To improve the capital utilization efficiency of the company, it is proposed to invest in individual security with stable profit and in order to cope with the future development needs."

- ⊗ CAPITAL UTILIZATION EFFICIENCY
- ⊗ FUTURE DEVELOPMENT NEEDS

## 4 HIGH MANAGEMENT TURNOVER

- 2020 MAR 18 CHANGE** Vice President
- 2020 JUN 15 CHANGE** Acting Spokesperson
- 2020 NOV 11 CHANGE** President
- 2020 NOV 30 RESIGN** Supervisor
- 2020 DEC 30 CHANGE** Financial Manager
- CHANGE** Spokesperson
- CHANGE** Acting Spokesperson

Source: 2020/06/25 CSI AGM Handbook

Source: 2020/03/24 CSI MOPS Announcement  
2020/06/25 CSI AGM Handbook

Source: CSI MOPS Announcements

# Proven Sub-par Corporate Governance - Creative Sensor CSI

Material Information (8249 CSI???????)		
1	Date of announcement	2021/03/24
Announces CSI acquiring securities		
2021/03/24	To which item it meets	paragraph 20
1.Name of the securities (1504)TECO Electric & Machinery 2.Trading date:2021/03/15~2021/03/24 3.Amount, unit price, and total monetary amount of the transaction: Amount : 9,313,000 shares unit price : @31.75 Total monetary amount : NTD 295,712,328 4.Gain (or loss) through disposal (not applicable in case of acquisition of securities):NA 5.Relationship with the underlying company of the trade:The director of TECO Electric & Machinery and the chairman of CSI are the same person 6.Current cumulative amount held, monetary amount, and shareholding percentage of cumulative holdings of the securities being traded (including the current trade), and status of any restriction of rights (e.g.pledges): Current cumulative amount held :77,519,000 shares monetary amount : NTD 2,099,662,268 shareholding percentage of cumulative holdings of the securities being traded:3.62% 7.Current ratio of securities investment (including the current trade) as listed in article 3 of Regulations Governing the Acquisition and Disposal of Assets by Public Companies) to the total assets and equity attributable to owners of the parent as shown in the most recent financial statement and working capital as shown in the most recent financial statement as of the present: to the total assets : 50.46% to the equity attributable : 79.13% working capital : 1,327,809 thousand yuan 8.Concrete purpose of the acquisition or disposal:Long-term investment 9.Any dissenting opinions of directors to the present transaction:NA 10.Whether the counterparty of the current transaction is a related party:YES 11.Trading counterparty and its relationship with the Company:NA 12.Date of the board of directors resolution:2021/03/03 13.Date of ratification by supervisors or approval by the audit committee:2021/03/03 14.Any other matters that need to be specified:NA		

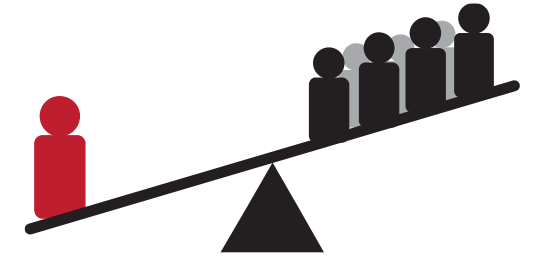
2021 MOPS Announcement

No justification for continued purchase of TECO shares as CSI, apart from:  
**PERSONAL INTEREST**  
 In TECO Proxy Contest

- On 2021/03/24 – The amount of **investment** in an **individual securities** TECO was showed **79.13% of the CSI shareholders' equity**.
- On 2021/03/24 – After resignation from TECO Board, Eugene Huang purchased TECO share as CSI, at historical **7-year highs of TWD 31.75 per share. Totaling NTD TWD 295 Mn**

 **CSI** → **TECH Company?**  
**INVESTMENT Company?**

2020 AGM Meeting Handbook



Source: MOPS, Company Disclosure

[Attachment 5]

**CREATIVE SENSOR INC.**  
**Comparison Table for Amendments of "Procedures for Acquisition and Disposal of Assets"**

Provisions After Amendment	Provisions Before Amendment	Descriptions of Amendment
Article 5 1. The limits for the aforementioned assets acquired by the Company are specified as follows: (I) For non-operating real properties, the total amount shall not exceed 30 percent of the shareholders' equity indicated in the financial statements of the most recent period of the Company certified by the independent auditor. (II) The total amount of investments in securities shall not exceed the shareholders' equity indicated in the financial statements of the most recent period of the Company certified by the independent auditor. (III) The amount of investment in an individual securities shall not exceed 80% of the shareholders' equity indicated in the financial statements of the most recent period of the Company certified by the independent auditor.	Article 5 1. The limits for the aforementioned assets acquired by the Company are specified as follows: (I) For non-operating real properties, the total amount shall not exceed 30 percent of the shareholders' equity indicated in the financial statements of the most recent period of the Company certified by the independent auditor. (II) The total amount of investments in securities shall not exceed the shareholders' equity indicated in the financial statements of the most recent period of the Company certified by the independent auditor. (III) The amount of investment in an individual securities shall not exceed 30% of the shareholders' equity indicated in the financial statements of the most recent period of the Company certified by the independent auditor.	I. To improve the capital utilization efficiency of the Company, it is proposed to invest in individual securities with stable profit and interest distribution as well as high security in a long term. II. In order to cope with the future development needs of the Company and to establish long-term cooperation relationship with the investment subject matter, it is proposed to increase the current limit on the investment of individual securities to "not exceeding 80%".

# Proven Sub-par Corporate Governance - TIS

Appalling corporate governance track record and total disregard for shareholder rights and interests.



TECO Image Systems (TIS, 5438.TW)  
Chaired by **Eugene Huang**

## 1 HIGH RISK

According to the TIS AOI:  
**Investments in Securities with Shareholders' Equity**  
Approved only by:  
**'undisclosed internal authority'**



**NO APPROVAL NEEDED FROM Board / Supervisors / Audit Committee**

Eugene Huang on TECO's future:

"..TECO must become far more focused and innovative.."

"Increased Shareholder Value"

"Capital Optimization"

Innovative strategy entail focused investments?

**TIS** **TECH Company?**  
**INVESTMENT Company?**

Source: Teco Image Systems AOI

## 2 INVESTMENT WITHOUT CHECKS & BALANCES

2020 **MAY** During the worsening of the global COVID-19 pandemic

**Purchases:**  
**500** = ~ 17.5 mn USD  
**mn NTD**  
On TECO Shares & One Mutual Fund



**NO APPROVAL NEEDED FROM Board / Supervisors / Audit Committee**

**SHAREHOLDER BACKLASH!**  
Major shareholders voice concern:

**Disregard for shareholders' rights!**



Source: 2020 May TIS MOPS Announcement

## 3 INVOLVED WITH INSIDER TRADING

2011 **TIS Subsidiary Krom Electronics INSIDER TRADING**



1 Eugene Huang arranges **Yang to Chair KROM.**



4 2020 **JUN 1**  
**Yang Convicted of INSIDER TRADING**  
**GUILTY VERDICT**  
**4 YEARS SENTENCE**  
**TIS Shareholder Value in buying PROPPED UP KORYO SHARES?**

Source: Judicial Yuan <https://law.judicial.gov.tw/FJUD/default.aspx>

## 4 HIGH MANAGEMENT TURNOVER

- 2020 **JUN 24** **CHANGE** Director Elections
- 2020 **SEP 24** **RESIGN** Representative Director
- 2020 **DEC 28** **CHANGE** Financial Manager
- 2020 **DEC 30** **RESIGN** Representative Director
- 2020 **DEC 31** **CHANGE** Key Operations Manager
- 2021 **JAN 4** **CHANGE** Representative Director
- 2021 **JAN 15** **CHANGE** Key Operations Manager
- 2021 **MAR 17** **CHANGE** President
- 2021 **MAR 18** **DISMISSED** Due to change in shareholding Representative Director

Source: TIS MOPS Announcements

# Proven Sub-par Corporate Governance - TIS

序號	1	發售日期	1090311	發售時間	16:18:01
發言人	楊進德	發言人職銜	董事	發言人電話	(02)2793-1110
公告	本公司為備有價證券公告				
公告類別	第 20 款	證券類別	10903117		
公告日期	1100304				

序號	2	發售日期	1090211	發售時間	16:20:07
發言人	楊進德	發言人職銜	董事	發言人電話	(02)2793-1110
公告	本公司取得有價證券公告				
公告類別	第 20 款	證券類別	1100304		
公告日期	1100304				

9. 本次交易表示具議董事之意見：  
不適用
10. 本次交易為關係人交易：  
否
11. 交易相對人及其與公司之關係：  
不適用
12. 董事會通過日期：  
不適用
13. 監察人承認或審計委員會同意日期：  
不適用

7. 迄目前為止，依「公開發行公司取得或處分資產處理準則」第三條所列之有價證券投資（含本次交易）占公司最近期財務報表中總資產及歸屬於母公司業主之權益之比例暨最近期財務報表中營運資金數額：  
 占公司最近期財務報表中總資產之比例：61.14%  
 占公司最近期財務報表中股東權益之比例：83.47%

## 2020 Announcements for 2 transactions: Teco shares & Yuanta Fund

2020/5/11 Both transactions in accordance with material information disclosure:

**Actual total investment amount in Securities : 83.47% of Shareholder's Equity**

**DOES NOT require approval by: Board of directors, Supervisors, nor the Audit Committee**

### 第八條：取得或處分有價證券投資處理程序

#### 一、評估及作業程序

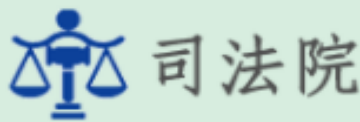
本公司有價證券之購買與出售，悉依本公司內部控制制度投資循環作業辦理。

#### 二、交易條件及授權額度之決定程序

(一) 於集中交易市場或證券商營業處所為之有價證券買賣，應由財務單位依市場行情研判決定之，其投資總額度及單一標的投資上限悉依本辦法第五條之規定辦理，買賣之核准權限悉依本公司之「職務權限表」規定辦理。

## TIS AOI - Procedures for Acquisition or Disposal of Assets

The total amount of investments in securities up to **100% the shareholders' equity** is approved: "according to the company's '**undisclosed internal authority**' and **DOES NOT REQUIRE submission to the Board, Supervisors, or Audit Committee for approval**"



裁判字號 (內容大小)	裁判日期	裁判案由
臺灣臺北地方法院 106 年度 全臺訴 字第 8 號刑事判決 (126K)	107.03.30	證券交易法等

...格，而刑事對於計算內線交易犯罪所得上亦參引用前開依據為據。2. 惟本案之重大消息乃「東友公司董事長黃育仁為迴避東友公司申報義務而要求被告楊其進於短期內以光隆公司購買光隆公司股票共計3,380 仟股」之消息，該消息係因其消息本身為重大影響光隆公司股票市場供求之消息，而構成證...

## Judicial Yuan - Involved With Insider Trading

**"TIS Chairman Eugene Huang, to avoid obligation for TIS disclosure of share purchases, requests defendant Qi-Heng Yang to purchase a total of 3,380,000 Koryo shares within a short timeframe"**

Source: MOPS, TIS Articles of Incorporation, Judicial Yuan

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**TECO's Strategy is Coming to Fruition  
In the Coming Three Years  
Requires Prudent Selection of the  
Best-suited Candidates**

Competency, Teamwork, and Avoid Risks of Unnecessary Conflict

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# TECO Emerging from Transformation Does Not Need Disruptive Revolution

A Transformed TECO is Poised for the Future – **Creating Unnecessary Conflict Now Will Be Detrimental**

## Momentum Going Forward with Board Consensus

### ● Support for Board Teamwork, Collaboration, and Continuity

The Company requires a stable and collaborative Board to ensure the integrity of recent strategic results.

### ● Board and Major Shareholders Have Reached Consensus

There are only 2 lists of candidates, the Board, and the Dissenting Eugene Huang's. TECO is a public company that needs to be held accountable to all stakeholders, and shareholder rights and interests should always be placed before personal interests or vendettas.

### ● Commitment to R&D Need to be Prudent and Thoroughly Assessed

Furthermore, we believe **currently TECO does not need to over-invest in R&D** as:

- There are large orders for Electric Busses, Cargo Trucks, Passenger Cars already. TECO is ready to ramp-up, ready to sell. Not stuck in the R&D stage.
- Semiconductor and mechanical engineering are two distinct fields.
  - TECO is not a wafer fabricator
  - TSMC & UMC is focused on smaller **processes (3nm)**, and only 3% production of the automotive market
  - **28nm process** is sufficient for automotive purposes

- **Multi-Faceted Business Expansion:** Electric busses, passenger cars, membership in MIH, and the expansion of motors into different industries, wind power related demands, etc. **Not a one-bet EV + Overhaul approach.**

*Eugene Huang's public stance<sup>1</sup>:*

***"There are Four Factions Vying for the Board"***

*When asked if he were to lose this contest<sup>1</sup>:*

***"Will challenge for the board again and again, until he (Mao-Hsiung, Huang, father) is toppled."***

*Eugene Huang advocates for*

***Proposal for a significant spending increase in R&D and EV. Aggressively overhauling Systems & Automation stack.***



Source<sup>1</sup>: Online Interview <https://www.youtube.com/watch?v=JM6hVbY1w-Q>

# TECO Emerging from Transformation Does Not Need Poor Stewardship

A Transformed TECO is Poised for the Future - **Poor Leadership Will Be Detrimental**

## Corporate Governance is Crucial

### ● **TECO is a solid Corporate Governance performer**

We recognize in terms of Corporate Governance, there is always room for improvement. TECO has been recognized by various CG awards, accolades, and third-party validated results, including Top 5% TWSE Corporate Governance Evaluation for six consecutive years.



### ● **Succession Based on Merit, Not by Blood**

Succession should be based on ability, experience and merits, and procedures and policies are subject to the Company's Corporate Governance and Sustainability Committee.

### ● **Meritocracy for reinvestment projects**

**Our Proposed Candidates Brings Asset Development and Reinvestment Experience**

The Board is no longer held by the five founding families in the past, but now have independent competency units, and high levels of shareholder participation. This enables sound supervision and control of the Company's various reinvestment projects. **The new board is competent and diverse; this allows for strict control of synergies and performance of reinvestment projects and review of non-performers.**

### **Appalling CG practices**

**Eugene Huang, Chairman**

- CSI (8249.TW)
- TIS (5438.TW)

**Song-Ren, Fang, Chairman**

- Koryo Electronic (8032.TW)

CSI and Koryo allow for investments in securities up to **100%** and **80%** of shareholders' equity for securities and individual securities respectively; TIS does **not** require board, supervisor or audit committee oversight.

*Eugene Huang advocates for*

**Asset Utilization & Overhauling Business Portfolio**

But Eugene-proposed board offers minimal asset utilization and reinvestment expertise.





# TECO Shareholding

**Eugene Huang & CSI**  
2.64%

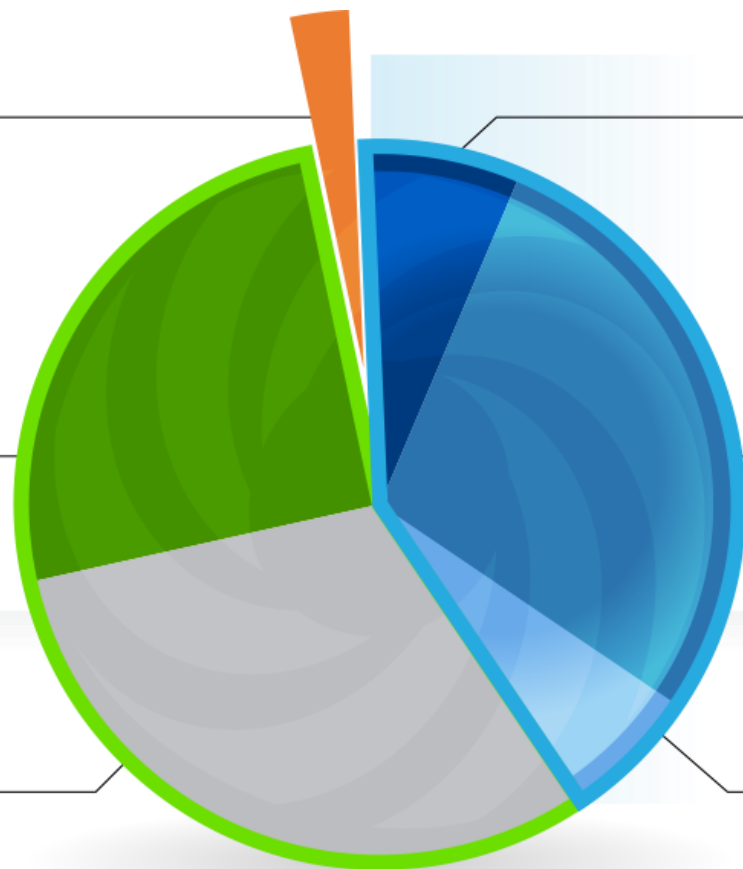
**ONLY** party publicly criticizing management efforts for sake of criticizing

**FINI Shareholding**  
25.20%

In E-Voting Period  
4/24 - 5/22

**Other Shareholding**  
30.98%

Voting at AGM 5/25



**Incumbent Board**  
(Excl. Eugene Huang)  
7.05%

**Pau Jar Group**  
(PJ Group Founding Family Lin.  
Not PJAM, which has been dissolved)  
25.70%

**Walsin Lihwa Corp.**  
8.47%

**41.22%**

Publicly supports management team strategies and recognize anticipated fruition of results

# Our Director Candidates (1/2)

	NAME	EDUCATION	CURRENT POSITIONS	PAST EXPERIENCE
1	<b>F Sophia Chiu</b> 邱純枝 Tung Kuang Investment Co., Ltd. Representative INCUMBENT	<ul style="list-style-type: none"> <li>MBA, University of Michigan, Ann Arbor</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of TECO Electric &amp; Machinery Co., Ltd</li> <li>Chairman of Taiwan Pelican Express Co., Ltd</li> <li>Chairman of TECO Westinghouse Motor Company (TWMC)</li> </ul>	<ul style="list-style-type: none"> <li>President of TECO Electric &amp; Machinery Co., Ltd</li> <li>Director of Chinese International Economic Cooperation Association (CIECA), TAIWAN</li> <li>Director of Taiwan Institute for Sustainable Energy</li> </ul>
2	<b>M Cheng-Tsung Huang</b> 黃呈琮 INCUMBENT	<ul style="list-style-type: none"> <li>Bachelor of Economics, Fu Jen Catholic University</li> </ul>	<ul style="list-style-type: none"> <li>Director of TECO Electric &amp; Machinery Co., Ltd</li> <li>Chairman of Sen Yeh Construction Co., Ltd.</li> <li>Independent Director of Aurotek Corporation</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Tai Hong Machinery Electric (Kunshan) Co., Ltd</li> <li>President of Importers and Exporters Association of Taipei</li> <li>Chairman of Taiwan Business Council for Sustainable Development</li> </ul>
3	<b>M Wen-Chyi Ong</b> 翁文祺 Tong-An Investment Co., Ltd. Representative NEW CANDIDATE	<ul style="list-style-type: none"> <li>Master degree in Investment and Financial Risk Management, the City University of London</li> </ul>	<ul style="list-style-type: none"> <li>Professor, Department of Finance, National Chengchi University</li> <li>Vice Chairman, Tong An Asset Development &amp; Management Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Sinopac Financial Holdings Company Limited</li> <li>Chairman of Chunghwa Post Co., Ltd</li> <li>Director of Taiwan's Financial Supervisory Commission, Office in New York</li> <li>Counsellor of Permanent Mission of Taiwan to the WTO (Geneva)</li> <li>Director of Taiwan Corporate Governance Association</li> <li>Representative (Ambassadorial ranking) of Taipei Economic and Cultural Center in India</li> </ul>
4	<b>M Mao-Hsiung Huang</b> 黃茂雄 Tong Ho Global Investment Co., Ltd. Representative INCUMBENT	<ul style="list-style-type: none"> <li>Master of Economics, University of Pennsylvania</li> <li>Honours degree of Chang Jung Christian University</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Century Development Corporation</li> <li>Director of TECO Electric &amp; Machinery Co., Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Century Development Corporation</li> <li>Chairman of Chinese East Asia Economic Association</li> <li>Chairman of Taiwan India Business Association</li> <li>Chairman of TECO Electric &amp; Machinery Co., Ltd</li> <li>Chairman of Taiwan Business Council for Sustainable Development</li> </ul>

# Our Director Candidates (2/2)

	NAME	EDUCATION	CURRENT POSITIONS	PAST EXPERIENCE
5	<b>M Wei-Chuan Gau</b> 高渭川 Walsin Lihwa Corporation Representative <b>NEW CANDIDATE</b>	<ul style="list-style-type: none"> <li>• Doctor of Accounting ,Business Renmin University of China</li> <li>• MBA, Baruch College, City University of New York</li> <li>• Diploma Program in Information Systems Auditing, New York University</li> </ul>	<ul style="list-style-type: none"> <li>• Consultant of KPMG in Taiwan</li> </ul>	<ul style="list-style-type: none"> <li>• Certified Public Accountant in Taiwan and New York State, USA</li> <li>• CPA of KPMG in Taiwan</li> <li>• Vice Chairman of KPMG Taiwan Inc.</li> <li>• Director of KPMG in Taiwan</li> <li>• KPMG Taiwan International Insurance Coordinator</li> <li>• Lecturer, Department of Accounting, Soochow University</li> <li>• Lecturer, Department of Law, Soochow University</li> <li>• Certified Information System Auditor, Computer Audit Association</li> <li>• Certificate of Financial Risk Management, Taiwan Academy of Banking and Finance</li> </ul>
6	<b>M Show-Shoun Chou</b> 周守訓 <b>NEW CANDIDATE</b>	<ul style="list-style-type: none"> <li>• Ph.D of Policy Analysis and Administration, Cornell University</li> </ul>	<ul style="list-style-type: none"> <li>• Consultant of Legislative Yuan</li> <li>• Chairman of Monte Jode Science &amp; Technology Association of Taiwan</li> <li>• Director &amp; CEO of National Policy Foundation</li> </ul>	<ul style="list-style-type: none"> <li>• Legislator, Legislative Yuan</li> <li>• Convener, Science and Technology Legislative Alliance, Legislative Yuan, ROC</li> <li>• Secretary-general of Monte Jode Science &amp; Technology Association of Taiwan</li> <li>• Vice Chairman of ADATA Technology Co., Ltd.</li> <li>• Consultant, Chairman &amp; CEO Office, Hon Hai Precision Ind. Co., Ltd.</li> </ul>
7	<b>M Pen-Ching Cheng</b> 程本清 Ho Yuan International Investment Co., Ltd. Representative <b>NEW CANDIDATE</b>	<ul style="list-style-type: none"> <li>• Master of Public Administration, National Chengchi University</li> </ul>	<ul style="list-style-type: none"> <li>• Commissioner(Retiree), Department of Personnel, Taipei City Government</li> </ul>	<ul style="list-style-type: none"> <li>• Commissioner, Department of Personnel, Taipei City Government</li> <li>• Director of Taipei Rapid Transit Corporation</li> <li>• Director of Shin Shin Natural Gas Co., Ltd.</li> <li>• Director of RSEA Engineering Corporation</li> </ul>

# Our Independent Director Candidates

	NAME	EDUCATION	CURRENT POSITIONS	PAST EXPERIENCE
8	<b>M Wei-Chi, Liu</b> 劉維琪 INCUMBENT	<ul style="list-style-type: none"> <li>Ph. D. of Business Administration, Northwestern University</li> </ul>	<ul style="list-style-type: none"> <li>Independent Director of TECO Electric &amp; Machinery Co., Ltd.</li> <li>Independent Director of AN-SHIN Food Services CO.,LTD.</li> <li>Independent Director of FuSheng Precision Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Taiwan High Speed Rail Corp.</li> <li>Chairman of IBF Financial Holdings</li> </ul>
9	<b>M Shiang-Chung Chen</b> 陳翔中 NEW CANDIDATE	<ul style="list-style-type: none"> <li>The School of Industrial Engineering at Purdue University</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Mercuries Data Systems Ltd</li> <li>Director of Mercuries Holdings Corporation</li> <li>Independent Director of Walsin Lihwa Corporation</li> <li>Independent Director of TECO Image Systems (TIS) Co., Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Director of TPIDA</li> <li>Supervisor of Powtec ElectroChemical Corporation</li> <li>Director of the Institute for National Policy Research</li> <li>Vice President of Criminal Investigation and Prevention Association of the Republic of China</li> </ul>
10	<b>M Hsieh-Hsing Huang</b> 黃協興 NEW CANDIDATE	<ul style="list-style-type: none"> <li>Master of Laws Program for Executive, National Chengchi University</li> <li>Master of Business Management, National Sun Yat-sen University</li> <li>Department of Economics, National Chengchi University</li> </ul>	<ul style="list-style-type: none"> <li>Chairman of Chungsun Prime Certified Public Accountants</li> <li>Supervisor of Kaohsiung Rapid Transit Corporation</li> <li>The Board of New Taipei City Real Estate Association Consultant</li> </ul>	<ul style="list-style-type: none"> <li>Chairman and Founder of Chungsun Prime Certified Public Accountants</li> <li>Member of The CPA Discipline Committee, Financial Supervisory Commission</li> <li>Director of Accounting Research and Development Foundation</li> <li>Supervisor of Taiwan Television Enterprise Co., Ltd.</li> <li>Supervisor of Taiyen Biotech Co., Ltd.</li> <li>China CPA Examination Passed</li> <li>Director of CPA Associations R.O.C(Taiwan)</li> <li>New Taipei City Tax Agent Association Chairman</li> </ul>
11	<b>F Li-Chen Lin</b> 林麗珍 NEW CANDIDATE	<ul style="list-style-type: none"> <li>Master of Business Administration, Tulane University</li> <li>Bachelor of Law, National Taipei University</li> </ul>	<ul style="list-style-type: none"> <li>Director of PCL TransAsia Law Offices</li> <li>Chairman of LeadSun Investment &amp; Asset Management Limited</li> <li>Director of CPC Corporation, Taiwan</li> <li>Director of Luo Lih-Fen Holding Co., Ltd.</li> <li>Chairman of Zhi-Tai Investment Ltd.</li> <li>Chairman of Changyuan Wind Power Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>International Partner, Jones, Day, Reavis &amp; Pogue</li> <li>Independent Director of Cheng Uei Precision Industry Co., Ltd.</li> <li>Independent Supervisor of Silicon Application Corp.</li> <li>Supervisor of China Metal Products Co., Ltd.</li> <li>Independent Director of Super Dragon Technology Co., Ltd.</li> </ul>

# Our Director Candidates Analysis (1/2)

## 1 Sophia Chiu 邱純枝

F INCUMBENT

- **Senior Leader, Experienced Chairman and President** – Due to the changing shareholder structure, TECO needs to have senior incumbent board members to aide new board members familiarizing of the Company's operations and strategic direction. Board continuity is paramount for sound execution of the Company's three-year operational plans.
- **Proven Operational Results** – All-round, multi-faceted development of motor related businesses, technology received recognition and invited into the MIH platform, large orders for EV-related applications. Development of green energy related motor demands.
- **Seasoned Corporate Leadership** – Large public corporation chair and management experience.

## 2 Cheng-Tsung Huang 黃呈琮

M INCUMBENT

- **Two Decades of Senior TECO Directorship Experience** - Due to the changing shareholder structure, TECO needs to have senior incumbent board members to aide new board members familiarizing of the Company's operations and strategic direction. Board continuity is paramount for sound execution of the Company's three-year operational plans.
- **Asset Activation** – Asset activation, land development experience (Sen Yeh Construction Chairman).
- **International Sales & Marketing expertise** – President of Importers and Exporters Association of Taipei, responsible for leading products onto the international stage, pioneering and developing markets to secure business opportunities.

## 3 Wen-Chyi Ong 翁文祺

M NEW CANDIDATE

- **Extraordinary Management Skills** – Lead Sinopac FHC with outstanding results and achievements. Turnaround from "*Lacks excitement, weaker than peers, Underweight*" to "*2020 results ahead, positive guidelines, outperformer*". MSCI ESG Ratings for Corporate Governance upgraded from BB to A in recent three years.
- **Reinvestment Streamlining & Restructuring Expertise** – Background from buy-side China Post and Sinopac FHC, solid large-scale holding company asset management experience.
- **Asset / Land Development** – Vice Chairman of Tong An Asset Development & Management Co., Ltd.
- **International Sales & Marketing expertise** – WTO, Financial Supervisory Commission New York experience. Expert in governmental relations abroad, key asset for market entry and development.

## 4 Mao-Hsiung Huang 黃茂雄

M INCUMBENT

- **Founding Family** – Familiar with TECO's complete competency, Company culture, and structure.
- **Global Mindset** – International exposure, experience and mindset.
- **Asset Activation** – Asset activation, land development experience (Century Development Chairman).
- **Sustainable Development Expertise** - Chairman of Taiwan Business Council for Sustainable Development.
- **Seasoned Corporate Leadership** – Large Public Corporation Chair and Management Experience.

# Our Director Candidates Analysis (2/2)

## 5 Wei-Chuan Gau 高渭川

M NEW CANDIDATE

- **International Accounting – TW and US CPA & Doctor of Accountancy D.Acc** TECO operations geographic breakdown (Taiwan 57%, US 15%, China 12%) /
- **Reinvestment Streamlining & Restructuring Expertise** – KPMG and investment holding background.
- **Smart Manufacturing Expertise** – Certified Information Systems Auditor(CISA) to guide Energy Management System (EMS), Manufacturing Execution System (MES).
- **Oversight, Internal Controls and Systems** – Risk control management expertise, information systems auditing experience.
- **Seasoned Corporate Leadership** – International corporation directorship and management experience

## 6 Show-Shoun Chou 周守訓

M NEW CANDIDATE

- **Domestic Policies and Regulations** – Grasp of laws and regulations and its developments is intrinsic to EV and Green energy industries.
- **Government Familiarity & Experience** – Government orders and related developments account for 13% of TECO revenue.
- **IDC & 5G knowledge to contribute on Smart City** – Highly experienced in fields of new technologies, innovation and talent cultivation (Monte Jode Science & Technology Association of Taiwan). COVID-19 has increased demand for remote learning and remote work, Chou can lead TECO, navigate relevant government regulations, and achieve goals for all-round development in the Smart City industry.
- **EV Focus Hon Hai (Foxconn) MIH** – Foxconn Chairman& CEO Office consultant experience, can accelerate cooperation between TECO and Foxconn.
- **Seasoned Corporate Leadership** – Large public corporation chair and management experience.

## 7 Pen-Ching Cheng 程本清

M NEW CANDIDATE

- **Grasp of Domestic Policies and Regulations** – Development of laws and regulations is intrinsic to EV and green energy industries.
- **Public Infrastructure** – Public transportation, infrastructure, and development expertise. Crucial for transportation, logistics, green energy endeavors.
- **Workforce and personnel management** – Key optimization insights for workforce management during ramp-up phase of corporation.
- **Reinforce Diversity Program Goals in TECO** – Talent training and development, Gender diversity and equality, labor rights and interests.

# Our Independent Director Candidates Analysis

TIS INED – Against Eugene Huang’s TIS actions due to unsound board procedures, cannot effectively exercise.

## 8 Wei-Chi Liu

劉維琪

M INCUMBENT

- **TECO Committee Chair Experience** – Only incumbent independent director candidate with TECO remuneration and audit committee chair experience.
- **Reinvestment Streamlining & Restructuring Expertise** – Assisted seeking of M&A targets for transformation of IBF Financial Holdings.
- **Smart Manufacturing** – FuSheng Precision supplies industrial products in the aerospace and automotive industry.
- **Grasp of Domestic Policies and Regulations** – Taiwan High Speed Rail Corp. is state owned enterprise (Ministry of Transportation and Communications hold over 60% ownership).
- **Seasoned Corporate Leadership** – Large public corporation chair and management experience.

## 9 Shiang-Chung Chen

陳翔中

M NEW CANDIDATE

- **TECO-Walsin Cooperation** – Familiar with both TECO and Walsin Lihwa structure, operations and culture.
- **Strives for Sound Corporate Governance** – Against Eugene Huang’s TIS actions, but due to TIS poor governance, cannot effectively exercise oversight as independent director of TIS.
- **Supervisory Experience** – As Supervisor and Independent Director of public companies.
- **New Energy** – Expertise in field of new green energy and development ,Powtec ElectroChemical Corporation.
- **Seasoned Corporate Leadership** – Large public corporation chair and management experience.

## 10 Hsieh-Hsing Huang

黃協興

M NEW CANDIDATE

- **Supervisory Experience** – With experience in the Discipline Committee, Financial Supervisory Commission.
- **Accounting Expert** – Over 20 years of accounting experience, and previous director of the CPA Associations R.O.C(Taiwan)
- **Asset Activation** – Familiar with Real Estate Market.
- **Grasp of Domestic Policies and Regulations** – Public transportation, EV policies and regulations (Kaohsiung Rapid Transit Corporation).
- **Seasoned Corporate Leadership** – Founder and Chair of CPA firm, director and oversight experience in various public companies.

## 11 Li-Chen Lin

林麗珍

F NEW CANDIDATE

- **Supervisory Experience** – As Supervisor and Independent Director of public companies.
- **Law Expertise** – Over 20 years of legal experience with industry leader.
- **New Energy** – Experience in field of new energy, Changyuan Wind Power Chairman, Super Dragon Technology Independent Director.
- **Smart Manufacturing, Smart City, Land Development** – Cheng Uei Precision Industry Independent Director, China Metal Products Supervisor
- **Seasoned Corporate Leadership** – Chair of large corporation, Director experience in public companies.

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# Eugene Huang's Proposed Candidates

## Key Points of Concern

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# Eugene Huang's Director Candidate Analysis

## 1 Li-Chong Huang

黃立聰

M INCUMBENT

- **Recently Appointed** – Newly appointed (2021/01/01) TECO legal representative director (succession passed from Huang's father)
- **No Proof of Mettle** – Position deemed nepotistic and lacks oversight.
- **Experience Lacking** – No Experience in Large Corporation Leadership C-level management experience

## 2 Eugene Huang

黃育仁

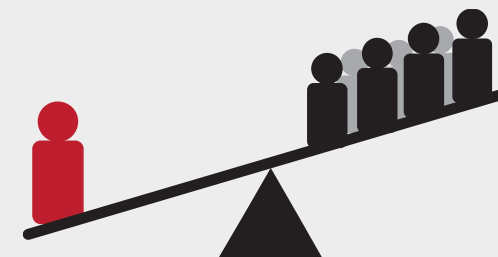
M NEW CANDIDATE

Resigned on 18 Mar.2021

- **Proven Sub-par Corporate Governance** – Apart from the lackluster performance of TIS and CSI, corporate governance issues raise more red flags.

No justification for continued purchase of TECO shares at 7-year highs of TWD 31.75 per share, apart from:

**PERSONAL INTEREST**  
In TECO Proxy Contest



## 3 Song-Ren Fang

方頌仁

M NEW CANDIDATE

- **Proven Sub-par Corporate Governance** – Koryo Company (8032.TW). Akin to CSI, according to the Koryo AOI, it can invest up to **100% and 80% of shareholders' equity on securities and individual securities** respectively. Transactions didn't be approved by the Board, Supervisors nor the Audit Committee.
  - **Lack of Sound Oversight: Improver Checks and Balances**  
**2020: 07/28, 10/06, 12/03.** Bought TECO shares totaling 0.45% shareholder equity (RPT) **without** Board, Supervisor or Audit Committee approval.
  - **Violation of Koryo's own AOI: Neglect of Duty, Disregard for Corporate Governance**  
**2020: 08/18.** : Late announcement of previously bought TECO shares (**07/08**). Against Article 13 of Koryo's Procedures for Acquisition and Disposal of Assets, which states any erroneous or omitted announcements must be amended and announced 2 days later.  
**More than a month delay in announcement.**

# Eugene Huang's Independent Director Candidate Analysis

## 4 Ming-Shian Lee 李明萱

F NEW CANDIDATE

- **Lacking Corporate Experience** – No Experience in Large Corporation Leadership C-level management experience.
- **Narrow Focus** – Semiconductor industry.
- **Supervisory Experience**
- **International Accounting**
- **Asset / Land Development**

## 5 Chi-Husan Liu 劉積瑄

M NEW CANDIDATE

- **Lacking Corporate Experience** – No Experience in Large Corporation Leadership or C-level management experience.
- **No Taiwan Legal License** – Input in Taiwan legal oversight will be limited.
- **Few Synergies** – PCB /Yangcheng Technology, FamilyMart, Life Service /Longyan , Insurance , unrelated to TECO core businesses and future strategies.
- **Supervisory Experience**
- **US Law Expertise** (US accounts for only 14.5% of TECO operations)

## 6 Yo-Wen, Sun (Elizabeth) 孫又文

F NEW CANDIDATE

- **Lacking Corporate Experience** – No Experience in Large Corporation Leadership C-level management experience.
- **Narrow Focus** – 17 Years experience all in TSMC, semiconductor industry.
- **Few Synergies** – Custodian Bank / Securities sector unrelated to TECO core businesses and future strategies.
- **Supervisory Experience**

## 7 Chih-Sheng Hou 侯智升

M NEW CANDIDATE

- **Family Business Succession** – Universal Cement (1104.TW) positions enabled by father. Only recently (2020/07/01) appointed as the President.
- **Lacking Diligence** – Even as a founding family of Universal Cement, commitment to Board meetings is sub-par, **2019: 80%, 2018: 83%**.
- **Narrow Focus** – Only experience is in family business, Cement industry.
- **Risk** – Universal Cement is classified as HIGH RISK in the Sustainlytics Risk Rating Report – in part to management's inability to alleviate risks.
- **Directorship Experience in Large Public Corporations**

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# Aligning Skills with Strategy

## Skill Matrix Analysis of Both Parties

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# Strategically Focused Industries

## EV

- The scale of the EV industry – It is estimated CAGR> 22% globally during 2017-2025 and the scale will reach US\$567.2 billion.
- The Ministry of Transportation & Communication will invest TWD90 billion in the next 10 years to promote the electric bus industry.
- Taiwan's e-bike is ranked first in the EU import market, accounting for 63.4% of the market in 2020.

## Smart Auto

- Global Industrial Control and Factory Automation Market: CAGR>8% during 2020-2025.
- The value of warehousing and logistics automation is estimated to reach US \$270 billion in 2025
- The global AI application market has a CAGR of >30% from 2019 to 2023, of which the Asia-Pacific region has grown more than 38%

## Smart City

### IDC

- Google- Estimated increase of 6-8 phases of IDC construction planning, with a total investment of more than TWD70 billion
- Microsoft is expected to invest US\$300 million to build IDC in Taiwan.
- Air-conditioning is fully installed in primary and secondary schools, with 100,000 units and TWD10 billions of business opportunities

## Green Energy

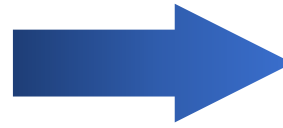
### "Renewable energy" represent 20% of domestic energy supply in 2025

- Solar 20GW grid-connected: including construction project, equipment and power station operation and maintenance business, the scale is estimated to exceed TWD 3 trillion
- Offshore wind power 5.5GW grid-connected: output value exceeds TWD 900 billion
- Taipower's energy storage demand is nearly 600MW: about TWD18 billion for construction projects and equipment business

## Land Development

- Xinzhuang Factory: It is expected to be approved for rezoning in 2022 and completed in 2028. The total floor area of the building is about 2,811,147 square feet, planned to develop as a complex of biotechnology, AI and ICT industries. It is estimated that the asset value will grow 10 times which exceeds TWD10billions
- BOT project of Century Biotech Development Corp. : Total floor area after completion: 882,500 square feet. Annual Rental income will reach TWD300million.
- Bangalore Technology Park, India: (Base area: 70 acres) Rental income will reach TWD200million per year and huge land value appreciation is highly expected.

# Generate Over TWD 20 bn Revenue in Three Years



**40 X** GROWTH RELATIVE TO CURRENT PERFORMANCE

## EV

- Cooperate with domestic and foreign automakers and system manufacturers to provide power systems for commercial and passenger vehicles
- Develop large-capacity and high-voltage motor drive systems to strive for business opportunities in electric buses for public transportation
- Expand the OEM production of 2W electric scooters/bicycles and the assembly of power modules at home and abroad

## Smart Auto

- Smart handling and packaging: develop AR recognition technology and multi-vehicle automated guided vehicles (AGV) to provide one-stop smart logistics solutions
- Smart factory IoT4.0 solution: through unmanned processing and assembly line construction investment to develop industry 4.0 intelligent system integration technology and modules
- Smart operation & maintenance: through the MHm+ cloud platform, with digital value-added maintenance services, strengthen customer linkages and follow-up business opportunities

## Smart City

- Develop new markets in Taiwan based on IDC mechanical and electrical engineering foundation, and expand business to other Asia-Pacific regions
- Smart logistics industry application: Introduce AI image visual driving warning system, improve the intelligent and safe transportation of moving vehicles, and integrate a full-field intelligent management platform
- Business Opportunities for Air Conditioning in Primary and Secondary Schools: Use EMS central control management to achieve smart energy-saving benefits, plus exclusive PM2.5/bacteriostatic and clean technology

## Green Energy

- Develop solar power plant/energy storage business with TECO's equipment and system advantages, and extend it to solar smart diagnosis and monitoring system to strengthen maintenance and operation business
- Strive for the turnkey project of offshore wind power onshore substation and develop the generator OEM business

## Land Development

- Songjiang — The house will be demolished and rebuilt before the end of 2021. It is planned to be a rented commercial and office building and the total value of assets held will increase by about 2.5 times.

# Our Candidates Skill Matrix

\*13% Revenue, Smart City, Green Energy, Land related

		BUSINESS					EXPERTISE							
		EV	SMART AUTO	SMART CITY	NEW ENERGY	LAND DEVELOPMENT	SEASONED EXEC. CORP. LEADERSHIP	GOV. STRATEGY*	INTERNATIONAL SALES & MARKETING	REINVESTMENT RESTRUCTURING FINANCE	ESG	SUPERVISORY	ACCOUNTING	LEGAL
F	1 <b>Sophia Chiu</b> 邱純枝	INCUMBENT	●	●	●	●	●	●			●			
M	2 <b>Cheng-Tsung Huang</b> 黃呈琮	INCUMBENT	●	●	●	●	●		●		●			
M	3 <b>Wen-Chyi Ong</b> 翁文祺	NEW				●	●		●	●	●			
M	4 <b>Mao-Hsiung Huang</b> 黃茂雄	INCUMBENT	●	●	●	●	●		●		●			
M	5 <b>Wei-Chuan Gau</b> 高渭川	NEW		●			●			●		●	●	(TW,CN,US)
M	6 <b>Show-Shoun Chou</b> 周守訓	NEW	●		●		●	●						
M	7 <b>Pen-Ching Cheng</b> 程本清	NEW						●			●			
M	8 <b>Wei-Chi, Liu</b> 劉維琪	INCUMBENT	●	●	●	●	●	●	●	●	●	●		
M	9 <b>Shiang-Chung Chen</b> 陳翔中	NEW			●		●				●	●		
M	10 <b>Hsieh-Hsing Huang</b> 黃協興	NEW	●			●	●	●			●	●	●	(TW,CN)
F	11 <b>Li-Chen Lin</b> 林麗珍	NEW		●	●	●	●				●	●		●

# Eugene Huang Criticizing for the Sake of Criticizing But Offers Unsuitable Candidates

			BUSINESS					*13% Revenue, Smart City, Green Energy, Land related					EXPERTISE					UNNECESSARY	
			EV	SMART AUTO	SMART CITY	NEW ENERGY	LAND DEVELOPMENT	SEASONED EXEC. CORP. LEADERSHIP	GOV. STRATEGY*	INTERNATIONAL SALES & MARKETING	REINVESTMENT RESTRUCURING FINANCE	ESG	SUPERVISORY	ACCOUNTING	LEGAL	SEMI-CONDUCTOR	VENTURE CAPITAL MGMT.		
M	1	<b>Li-Chong Huang</b> 黃立聰	INCUMBENT	Only 4months	●	●	●	●				●							
M	2	<b>Eugene Huang</b> 黃育仁	NEW	Resigned on 3/18	●	●	●	●		●						●			
M	3	<b>Song-Ren Fang</b> 方頌仁	NEW					●								●	●		
F	4	<b>Ming-Shian Lee</b> 李明萱	NEW				●			●		●		● (TW, US)		●			
M	5	<b>Chi-Husan Liu</b> 劉積瑋	NEW									●		● (US Only)		●			
F	6	<b>Yo-Wen, Sun</b> (Elizabeth) 孫又文	NEW								●	●				●			
M	7	<b>Chih-Sheng Hou</b> 侯智升	NEW					●								●			

## 1. Different Knowledgebase –

Discrepancy between EV and Semiconductor industries:

- 28nm processes for automotive use, UMC & TSMC focuses on 3nm processes, EV also only accounts for 3% of total TECO production.
- TECO is not in heavy R&D stage anymore – gearing towards moving volumes and fulfillment.

## 2. Don't Put All Eggs in One EV Basket

- International carmakers have lower forecasts for EV output due to chip shortage.
- Apart from EV, TECO must attend to the other 63% of revenue (Smart Auto, Smart City, New Energy, and Others: Land Development).

## 3. Lacking Leadership Experience in Large Corporations or C-Level Management Experience

Inevitable long learning curve for inexperienced candidates.

## 4. Insufficient Prudence – Six Days

With six days to nominate Eugene's candidates, questionable due diligence :

- Do they understand TECO overall operational status and strategies?
- Do they have ability to assess the integrity of Eugene Huang's vision for TECO?
- Are they aware of Eugene Huang's disregard for corporate governance: Abusing CSI shareholder rights to obtain TECO stake to advance personal interest?
- Do they support Eugene's ongoing public statements and justification regarding the contest, "Will challenge for the board again and again, until he (Mao-Hsiung, Huang, father) is toppled."?

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**Board Recommends **Against****  
**Shareholder Proposal on Reinvestment**  
Analysis  
Proposal Lacking Proper Procedures / Considerations

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# Board Recommend Against: Shareholder Proposal for Reinvestment

東元電機股份有限公司

110 年股東常會股東提案單

案由：轉投資事業檢討改進案

說明：

- 一、為聚焦核心事業、創造公司及股東長期價值，東元電機應集中資源於核心事業領域的發展與創新，諸如深化各式馬達產品的開發、綠能機電產品之創新應用等，以響應世界經濟發展趨勢及環保永續之價值理念。
- 二、為此，本股東提案應由股東常會決議轉投資事業須符合能對核心事業領域產生綜效之原則才予以投資，否則應檢討處分，未來轉投資亦應採取相同原則辦理，並於 111 年股東常會向股東報告。
- 三、本項提案係為敦促東元電機增進全體股東價值之公共利益，並善環保永續社會責任之議案。

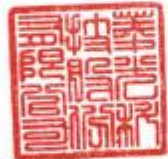
董

股東：

持有股數：77,519,000

聯絡人：賴建一

0936627825



## All TECO Reinvestments Subject to General Meeting Approval

### TRANSLATED

#### Explanation:

- I. To focus on the core business and create long-term value for the company and its shareholders, TECO should focus its resources on the development and innovation of its core business areas, such as the enhancement of various motor products, innovation and application of green electrical products; to follow the trend of global economic development and the value and philosophy of environmental protection and sustainable development.
- II. To that end, we propose a resolution that **the company shall only make a reinvestment if such reinvestment can bring synergies to the core business of the company, and only if approved by shareholders at general meetings.** Otherwise, reviews of disposal shall be initiated. **The same principle shall apply to future reinvestments,** and a report shall be made to the general meeting of shareholders in 2022.
- III. This proposal is to prompt TECO to promote the interest of all shareholders' value, and to fulfill its social responsibility for environmental protection and sustainable development.

# Suggests Inadequate Diligence: Lack of By-the-books Approach by Proposal

The Board **cannot** pass the shareholder proposal for the following reasons

1. The proposing shareholder is unfamiliar with TECO's Articles of Incorporation (AOI). In order to subject all reinvestments to shareholder approval, the proposal should first be to amend the Company's AOI:

- **Due to Article 202 of the Company Act:**

*"Business operations of a company shall be executed pursuant to the resolutions to be adopted by the board of directors, except for the matters the execution of which shall be effected pursuant to the resolutions of the shareholders' meeting as required by this Act or the Articles of Incorporation of the company."*

- Currently for Taiwan listed companies, there are **no cases** of AOI that subject reinvestments to approval at the general meeting.
- TECO AOI clearly defines reinvestments as business operations of the Company, and not pursuant to the resolutions of the shareholders' meeting.

2. TECO has established the Procedure for Acquisition or Disposal of Assets and have clearly defined reinvestment amount values.

- **Procedure for acquisition or disposal of real property or equipments:**

*The terms and transaction price of the acquisition or disposal of real property shall be determined by reference to, among others, the posted current value, appraised value, and the actual transaction price of other real property located nearby .. Transactions with a value of over TWD100 million must be approved by the Board of Directors in advance.*

TWD 100 million = **0.13%** of TECO shareholders' equity

- **Procedure for acquisition or disposal of marketable securities:**

*For acquisition and disposal of long-term securities, the execution unit should evaluate transaction conditions and authorized quota before submitting its proposal to the board of directors for approval. During adjournment of the board of directors, the timeliness and the company's interests shall be considered. Transactions with a value of over TWD300 million must be approved by the Board of Directors.*

TWD 300 million = **0.39%** of TECO shareholders' equity

3. **Expertise:**

The board includes independent directors specializing in accounting, law, and relevant industries; and the audit committee is consisted of three independent directors. **It is unreasonable to assume partaking shareholders at the general meeting are knowledgeable or experience in accounting, legal or familiar with relevant industries.** Thereby requiring shareholder resolution for reinvestments may pose high levels of risk and uncertainty for the business operations of the Company.



**We call for your valued support.  
Every vote counts and will ensure the  
fruition of TECO strategies and speed  
up the delivery of shareholder value.**

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**Thank You**

