

November 20th, 2020

Dear Shareholders,

In order to accelerate the company's digital and intelligent transformation and inroads into green energy, the board of directors has resolved to form a strategic alliance with Walsin via share swap in capital increment, in order to integrate the customer resources of both parties, thereby creating maximum benefits for shareholders.

According to the agreement, Walsin will float new shares, in exchange of new shares of TECO, at a ratio of 1:0.83, as a result of which Walsin will own stake in TECO, which in return will hold stake in the former. The trading will be based on the CPA-certified financial reports of both parties on June 30, 2020 and both will commission respective appraisal institutions to conduct due diligence and appraisal, on top of having independent experts issue letters of opinion on the reasonableness of the conditions for the trading.

The alliance aims to tap the markets of renewable energy, industrial automation, and intelligence, in Taiwan and abroad. A noticeable example is offshore wind power, for which TECO has advantages in substation engineering and wind turbines and Walsin excels in electric cable and grid. The latter also has abundant track record for PV power stations and smart grid in the U.S., while 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, in recent years. TECO can also take advantage of its significant achievement in smart manufacturing to help Walsin establish smart production lines for electric wire and cable. In addition, both can integrate their customer resources, in appliances, air conditioners, switchboard, and engineering service for TECO and foreign trade, housing, and factoring building for Walsin.

As a leader in their respective fields, both have had a longstanding partnership, forming a solid foundation for the alliance, which will inject fresh growth momentum into TECO's operation and create long-term benefits for all the shareholders.

Sophia Chiu
Chairman