

Stock Code: 1504



TECO ELECTRIC & MACHINERY CO., LTD

GENERAL SHAREHOLDERS MEETING 2024

MAY 24, 2024

# AGENDA

Time: 09:00am, May 24<sup>th</sup>, 2024

Place: 11 An-Tung Road, Chung-Li, Taoyuan City  
(TECO Chung-Li Plant)

This English version is only a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

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# TECO Electric & Machinery Co., Ltd.

## **General Shareholders Meeting 2024**

### **Meeting Procedure**

1. Meeting called to order
2. Addresses by Chairman
3. Reports
4. Ratification
5. Election
6. Discussion
7. Extempore motions
8. Meeting adjourned

# TECO Electric & Machinery Co., Ltd.

## General Shareholders Meeting 2024

### Agenda

Time: 09:00am, May 24<sup>th</sup>, 2024(Friday)

Place: 11 An-Tung Road, Chung-Li, Taoyuan City (TECO Chung-Li Plant)

1. Meeting called to order

2. Addresses by the Chairman.

3. Reports

3.1 Business Report for 2023

3.2 Inspection Report of Audit Committee for 2023

3.3 Remuneration Distribution to Employees and Directors for 2023

3.4 Distribution of Cash Dividends from Profits in 2023

4. Ratification

4.1 Business Report and Financial Statements for 2023

4.2 Distribution of 2023 Profits

5. Election

5.1 Election of the 27<sup>th</sup> term Board of Directors

※ After being discussed case by case, voting for the Ratification and Election will take place at the same time. Vote counting will be conducted separately.

6. Discussion

6.1 Plan to remove the restrictions on non-competition obligation of the 27<sup>th</sup> term of Board of Directors

7. Extempore motion(s)

8. Meeting adjourned

## **Reports**

1. Business report for 2023 (pages 10~16)

Note: please see p.10~p.16 for business report for 2023

2. Inspection Report of Audit Committee for 2023 (page 17)

Note: please see p.17 for Inspection Report of Audit Committee for 2023

3. Remuneration distribution to employees and directors for 2023

Explanatory note:

In 2023, income before tax is NT\$ 6,759,062 thousands, and remuneration to employees is proposed to be NT\$ 409,494 thousands, whilst remuneration to directors is proposed to be NT\$ 幣102,374 thousands. The remuneration would be distributed in cash.

4. Distribution of cash dividends from profits in 2023

**Explanatory note:**

- a. In accordance with Article 27 of the Articles of Incorporation, the Board of Directors is authorized to propose the distribution of profits, in which the cash dividend shall be distributed after the board of directors is authorized to resolve and report to the shareholders' meeting.
- b. The board of directors distributed Cash dividend of NT\$ 4,705,353 thousand from 2023 profit to shareholders at NT\$2.2 per share. Cash dividends were rounded to the nearest whole number. The total amount of cash dividends less than NT\$1 will be recognized as the "Other income" of the Company.
- c. Given the same payout ratio, in the event that proposed distribution of earnings is affected by a change in the Company's outstanding common shares, the chairperson is authorized by the Board of Directors to make adjustment to such distribution and other relevant issues at his/her discretion.

## **Ratification**

### **Proposal 1:**

Business Report and Financial Statements for 2023 (proposed by the board of directors)

### **Explanatory note:**

1. The Board of Directors entrusted certified public accountants Wu, Yu-Lung and Chou, Chien-Hung with Pricewaterhouse Coopers to audit and certify the Business Report and Financial Statements (includes Consolidated Financial Statements) for 2023, both of which were subsequently inspected by Audit Committee and are hereby submitted for ratification.
2. Please see pages 10~16 for the business report and pages 18~52 for the Auditors' Report and the Financial Statements.

### **Proposal 2:**

Distribution of 2023 profits (proposed by the board of directors)

### **Explanatory note:**

1. Distribution of 2023 profits was resolved by Subject to the Board of Directors and audited by Audit Committee.
2. Please see page 53 for the detailed profit distribution plan.

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## **Election**

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### **Proposal 1**

Election of the 27<sup>th</sup> term Board of Directors (proposed by the board of directors)

#### **Explanatory note:**

1. The 26<sup>th</sup> term of the company's board of directors will expire on July 22<sup>nd</sup>, 2024. The re-election of the 27<sup>th</sup> term is held at an earlier schedule and newly elected directors will take office immediately after the election of the General Shareholders' meeting, as well as the 26<sup>th</sup> term will be dismissed at the same time in accordance with Article 199-1 of the Company Law.
2. According to the Articles of Incorporation and the BoD's resolution dated on February 20<sup>th</sup> 2024, there shall be 11 seats for the 27<sup>th</sup> term board of directors, including 4 seats for independent directors. With a three-year term, term of period is starting from May 24<sup>th</sup>, 2024 to May 23<sup>rd</sup>, 2027
3. Election of directors shall adopt nomination system and is also carried out according to article 192-1 of the Company Law. Please see P.54~57 of for the List of Candidates of Directors (including Independent Directors), their shareholdings, educational background and working experience.
4. Please see P.78-79 for "Rules Governing Election of Directors".
5. Submit for election.

※ Results of voting for the agenda above and election:

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## **Discussion**

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### **Proposal 1:**

Plan to remove the restrictions on non-competition obligation of the 27<sup>th</sup> term of Board of Directors (proposed by the board of directors)

### **Explanatory note:**

1. According to article 209-1 of the Company Law, if a director acts for himself or another person within the business scope of the company, he shall explain the import contents of his act to the shareholder's meeting and obtain his permission.
2. Considering that the newly elected 27<sup>th</sup> directors (including independent directors) may invest in or operate other companies with the same or similar business scope as the company, or act as directors or supervisors, it is proposed to the Shareholders' meeting for permission to remove the restrictions on non-competition of new directors in accordance with article 209.
3. A detailed statement of removal of the restrictions on non-competition of candidates of directors (including independent directors). However, the object of dissolution shall be the actual elected directors (including independent directors). Please see P.58~60 of this agenda.
4. Submit for a referendum.

※ Results of voting for the discussion matters above:

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## **Extempore Motion(s)**

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## **Meeting Adjourned**

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## **Attachments**

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1. Business Report for 2023 on pages 10~16
2. Inspection Report of Audit Committee for 2023 on page 17
3. Financial Statements and Auditors' Report for 2023 on page 18~52
4. Distribution of 2023 Profits on page 53
5. List of Candidates of Directors (Including Independent Directors) on page 54~57
6. List of non-competition obligation of candidates of directors (including independent directors) on page 58~60

## **Business Report**

**Dear Shareholders,**

In 2023, the global economy underwent multiple impacts, including U.S. Fed's interest-hike policy unsettling investment markets, Sino-U.S. AI chip war, Israel-HAMAs war straining geopolitics, and crash of Chinese realty enterprises pressuring the financial market, which, plus slackened end-market demand and adjustment of industrial inventory, putting a damper on global economic growth.

Affected by the adverse factors, Taiwan's investments and exports slackened, with economic growth reaching only 1.31% in 2023, the lowest in 14 years. Despite the sluggish external economic environment, the company still managed to record-high revenue and profits, thanks to the concerted effort of all the employees.

### **A. Review of 2023 business performance**

#### **(a) Result from implementation of 2023 strategic development plan**

In 2023, the company focused on energy generation and storage, electrification, and regional short-chain in its development.

1. Energy generation and storage: The newly established energy generation and storage department scored NT\$500 million revenue for its first-year operation, with self-built and self-managed PV power exceeding 20 MW in capacity, including the pioneering combination PV power generation and storage facility. The company has accumulated the track record of integrated engineering works for various types of systems, on top of development of EMS modules for optical storage and AFC frequency modulation service and related operating capability.

2. Electrification: Continue pushing e-vehicle powertrain, which has had 80% share on Taiwan's e-bus market and made inroads in the commercial pickup market. In North America, it has grasped several new energy-related businesses, such as prefabricated mobile electric room green transportation, and hydrogen-energy transportation and storage, on top of establishing a North American subsidiary for power-charging pole, to accelerate expanding power-charging pole sales and service, in addition to plan for setup of assembly lines.

3. Regional short chain: Complete establishment of two new plants, in Mexico and India, respectively, and continue pushing supply-chain and process optimization, as well as regional production and sale integration.

Besides, in line with the government's energy policy, the company has focused on the businesses of renewable-energy substation engineering and the contract and establishment of large energy-storage items, garnering NT\$9.7 billion new orders in the year and boosting total orders in hand to NT\$13.1 billion, plus completion of Longtan 60 MW energy-storage engineering works.

In home appliances, the main efforts include adjustment of operating directions, optimization of product mix, development of RAC/CAC product development and revenue growth. To meet the needs of food companies and low-temperature home-delivery logistics firms for fast cooling and freshness preservation, the company has launched variable-frequency freezing and refrigeration unit, as well as multi temperature-layer freezer, so as to boost food security and technology for flexible cooling power adjustment.

In digital transformation, in line with the trend of global supply-chain reshuffling, the company has completed automated TOS/EQS operating system, raised supply-chain response speed, and introduced concerted cloud-end industrial platform, concerted team operation platform, e-form signing and approval, and mobile office, boosting employee productivity. To strengthen information security, the company has collaborated with Deloitte in conducting information-security check and infiltration test, in addition to construction joint information-security protection mechanism with major affiliates worldwide, so as to enhance operating resilience, a performance which has won the acknowledgement of the information-leadership award granted by the Taiwan Institute for Sustainable Energy.

(b) R&D results and development of forward-looking products

The company garnered abundant R&D results in 2023, notably six items granted 32nd Taiwan Excellence Awards. In energy conservation, emission reduction, intelligence, and automation, the company successfully developed multiple forward-looking products, including "e-car SiC driver and high-performance motor powertrain," industrial "E710 next-generation compact inverter," "high-performance high precision digital communication alternating servo driving system," "active magnetic-levitation bearing controller," "high-power density matrix inverter mechatronic system," and "back-type no fuse circuit breaker."

(c) 2023 financial status, business plan execution result, and profit analysis

1. Consolidated report of the company and subsidiaries

Unit: NT\$1,000

	2023	2022	Growth rate
Net operating revenue	59,393,661	58,315,216	1.8%
Operating income	6,663,252	5,073,654	31.3%
Current net profit	5,830,061	3,457,667	68.6%

Consolidated revenue advanced 1.8%, thanks mainly to 16.2% growth of smart energy and 2.8% growth of electromechanical products, which, however, offset by revenue decline of air conditioner, home appliances, Tecom, Taiwan Pelican Express. Smart energy's growth is attributed mainly to engineering construction for offshore wind-farm substations and third terminal of International Taoyuan Airport. Growth momentum of electromechanical products derive mainly from North American, which, though, was dampened by sluggish European economy due to the impact of the Russian-Ukraine ware. Revenue of air conditioners and home appliances dropped, due to the higher comparison base of 2022, thanks to the government's program "air conditioner for every classroom." With daily life resuming normal, after the end of the pandemic, home delivery business dropped, dampening the revenue of Taiwan Pelican Express.

Consolidated operating income jumped 31.3%, thanks mainly to the remarkable performance of electromechanical products, benefitted from stable raw-material prices, increased shipment of high-margin products, shipping-fee decline, and devaluation of NT dollar against the greenback. In addition, the company increased its productivity, cut various costs, and controlled expenses adequately, further boosting operating income. Other favorable factors include increased assessed benefits of financial products in non-operating revenue, interest hike, increased interest income from time deposits. Current net profits jumped 68.6%.

2. Individual financial statement

Unit: NT\$1,000

	2023	2022	Growth rate
Net operating revenue	27,206,836	27,229,403	-0.1%
Operating income	2,178,463	1,845,542	18.0%
Current net profit	5,830,061	3,457,667	68.6%

(d) Financial strategy and result

With the company's main business being R&D, production, and sale of industrial products, the company has adhered to the principle of stable operation in long-term financial strategy. The company makes precision planning for cash flow and decides adequate financial

structure annually, taking into account business plan, capital outlay, working-capital need, and return on equity.

Year	Net profit (NT\$100 million)	Net cash flow adequacy rate %	Current ratio %	Debt ratio %
2019	32.21	126.69	216.55	37.73
2020	35.11	134.73	233.41	36.01
2021	50.13	126.64	213.81	29.98
2022	34.57	117.78	222.11	31.82
2023	59.09	118.73	231.86	32.08

Thanks to its stable cash flow generated by business activities and stable and sustainable operating strategy, Taiwan Ratings granted the company "twA" credit rating starting 2012, enabling the company to secure financing at lower interest rates, slashing financing cost. Taiwan Rating has upgraded the credit rating to "twA+" since 2015. In 2024, the company's rating outlook advances from "stable" to "positive," not only highlighting increase of the company's crediting standings but also its fund-raising and price-negotiation ability and flexibility.

#### B. Brief 2024 business plan

In 2024, the global economy is still ridden with various unfavorable and uncertain factors, including trend of interest hike for curbing inflation, postponing loose policy, lackluster outlook of the Chinese economy, due to realty and local-debt problems, continuation of Russia-Ukraine and Israel-Hamas wars, and Red-Sea shipping crisis. To assure revenue growth, it's necessary to grasp ESG/net zero emission needs, grasp booming green-energy and electrification business opportunities, and deployment in emerging markets.

2024 major business strategy and growth plan:

##### (a) Growth plan for existing businesses

Concerning electromechanical system and automation business group, following inauguration in 2023, the Mexican and Indian plants will further improve capacities and supply chain, boosting revenue growth. Along with the Texas plant, the Mexican plant will exhibit short-chain benefit, extending its reach to Latin America, in addition to supporting growth North American business. Also with short-chain production as its main development axis, the Indian plant will focus on the domestic market, before extending to Southeast Asian and even African market.

As for smart energy business group, given the trend of explosive growth for AI/cloud-end services, IDC-related engineering business is expected to further grow. In line with the government's renewable-energy policy and Taipower's resilient grid plan,

except consolidating market share for offshore wind-power substation engineering works, the group has secured engineering order to SATTOM project, further boosting its engineering and service credential, conducive to winning new bidding projects in the future.

Meanwhile, air-conditioning and smart life business group will continue focusing on provision of all-purpose smart air conditioning and energy management, facilitating ESG carbon-neutrality life. In addition, it will expand commercial air-conditioning products and solutions, optimizing energy-conserving refrigerating and air conditioning system with AI technology and materializing active management via EMS platform, thereby attaining optimization of energy-conserving systems.

#### (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.

#### (c) Sustainable development

The company has won the acknowledgement of international sustainability rating institutions for three consecutive years and covered by DJSI sustainability index and S&P sustainability yearbook, while ranking 1st place in ESG evaluation in electromechanical category in emerging market and 3rd place in global electromechanical industrial section, ahead of major international brands, underscoring the group's long-term effort in sustainable development.

To fulfill the target of "10-year 50% emission reduction" target by 2030, the company will continuously execute emission reductions plans in the four aspects of energy generation, volume reduction, recycling, and substitution, including expansion of rooftop PV power devices in its factory premises worldwide. In 2023, the Italian plant installed a 2.03 MW PV power facility, boosting the group's PV power capacity to 9.66 MW, one step closer to the group's target having renewable energy meeting 30% of power consumption.

In climate governance, implement KPI & ICP quantified performance evaluation, to deepen overall grassroots-level awareness. Take advantage of those mechanisms to help various units identify potential risks and opportunities, prompt them to actively execute carbon-abatement plans, induce low-carbon capital outlay, and strengthen internalization of employees' emission-reduction awareness. In supply-chain management, demand major suppliers in Taiwan to carry out greenhouse-gas inventory, a task completed by over 50 small and medium enterprises under the assistance of TECO in 2023.

In social aspect, in order to encourage encouragement of young generation in R&D on new emission-reduction technologies, the company held "green-brain innovative competition" and "international competition for net-zero emission technologies," passing on the mission of net-zero emission sustainability. The company has also

organized International Competition for Net Zero Emission Technology" for college students, encouraging engagement in R&D on emission reduction technology and passing on the mission of net zero emission sustainability. Moreover, the company holds "TECO Award" for outstanding Taiwan figures in science/technology and humanity, for their contribution to build a progressive society with equal emphasis on both fields. With high regard on the benefits of stakeholders, the company has been pushing DEI (diversity, equity, and inclusion), promoting new workplace culture via education and concept, spurring multiple values.

In sum, adhering to the concept of sustainable development, the company will spare no effort pushing ESG and new zero emission, conforming global current to raise international competitiveness, materializing corporate governance, continuous pushing digital transformation, to raise operating efficiency. The goal is forge a sustainable-development working environment and provide customers more quality services and solutions, creating sustainable value for shareholders.

Chairman: Sophia Chiu

President: Thomas Fann

Accounting chief: Tommy Wu



## Inspection Report of Audit Committee

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

The Audit Committee has duly inspected and approved the financial statements for 2023 (including consolidated financial statements), the business report and proposed profit distribution plan prepared and proposed by the Board of Directors, with the financial statements having been audited and certified by Pricewaterhouse Coopers, hereby submit this report pursuant to Article 14 of Securities and Exchange Act and Article 219 of the Company Act.

To

General Shareholders Meeting 2024

TECO Electric & Machinery Co., Ltd

Audit Committee Convener : Wei-Chi Liu

Date: March 15<sup>th</sup>, 2024

**TECO ELECTRIC & MACHINERY CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of TECO Electric & Machinery Co., Ltd. as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other matter* section), the parent company only financial statements present fairly, in all material respects, the financial position of TECO Electric & Machinery Co., Ltd. as of December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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

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

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Key audit matters for the Company's 2023 financial statements are stated as follows:

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

#### Description

Refer to Note 4(31) of the parent company only financial statements for the accounting policies on revenue recognition. The Green Mechatronic Solution Business Group handles the manufacturing and sales of various machinery, equipment and motors. Aside from domestic sales in Taiwan, the customers of Green Mechatronic Solution Business Group are from China, America, Southeast Asia and Europe and the sales terms vary for different customers. Thus, we consider the revenue recognition of export sales of Green Mechatronic Solution Business Group as a key audit matter.

#### How our audit addressed the matter

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

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

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

As described in Note 6(6) of the parent company only financial statements, we did not audit the financial statements of certain investee accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information on the investee disclosed in Note 13 was based solely on the reports of the other auditors. The investments accounted for under the equity method amounted to NT\$4,151,041 thousand and NT\$4,141,796 thousand, both constituting 4% of the related total assets as of December 31, 2023 and 2022, and the comprehensive income amounting to NT\$15,635 thousand and NT\$245,915 thousand, constituting 0.48% and (4%) of the total comprehensive income for the years then ended, respectively.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management

determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and

appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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



opinion.

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

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

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

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Wu, Yu-Lung

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Chou, Chien-Hung

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 15, 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot

accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022			
					(Adjusted)			
			AMOUNT	%	AMOUNT	%		
Assets								
Notes								
Current assets								
1100	Cash and cash equivalents	6(1) and 8	\$	800,854	1	\$	805,394	1
1140	Current contract assets			3,522,415	4		2,112,996	2
1150	Notes receivable, net	6(4)		209,272	-		269,696	
1160	Notes receivable - related parties	7		210,307	-		573,028	1
1170	Accounts receivable, net	6(4)		2,109,068	2		1,976,266	2
1180	Accounts receivable - related parties	7		1,276,082	1		1,578,608	2
1200	Other receivables			125,467	-		96,669	-
1210	Other receivables - related parties	6(6) and 7		526,654	1		550,186	1
130X	Inventories, net	6(5)		3,192,675	3		3,396,654	3
1410	Prepayments			266,467	-		86,056	-
1470	Other current assets	6(1) and 8		292,408	1		476,058	-
11XX	Total current assets			12,531,669	13		11,921,611	12
Non-current assets								
1510	Non-current financial assets at fair value through profit or loss	6(2)		2,344,285	2		2,155,192	2
1517	Non-current financial assets at fair value through other comprehensive income	6(3)		14,735,961	15		16,091,157	16
1550	Investments accounted for under equity method	6(6)		63,586,467	64		63,565,377	64
1600	Property, plant and equipment, net	6(7) and 7		2,990,017	3		2,724,752	3
1755	Right-of-use assets	6(8) and 7		46,744	-		121,532	-
1760	Investment property, net	6(9)		1,987,814	2		2,365,935	2
1780	Intangible assets	6(10)		17,302	-		27,189	-
1840	Deferred income tax assets	6(27)		566,577	1		573,483	1
1900	Other non-current assets	6(11)		96,019	-		132,280	-
15XX	Total non-current assets			86,371,186	87		87,756,897	88
1XXX	Total assets		\$	98,902,855	100	\$	99,678,508	100

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	(Adjusted) AMOUNT	%
	<b>Current liabilities</b>					
2120	Current financial liabilities at fair value through profit or loss	6(12)	\$ 5,503	-	\$ 3,845	-
2126	Current financial liabilities for hedging	6(13)	5,025	-	-	-
2130	Current contract liabilities	6(21)	1,124,814	1	1,145,375	1
2150	Notes payable		27,992	-	57,919	-
2160	Notes payable - related parties	7	-	-	64,712	-
2170	Accounts payable		3,678,665	4	4,180,733	4
2180	Accounts payable - related parties	7	1,597,346	2	1,347,033	2
2200	Other payables		3,333,090	3	3,001,050	3
2220	Other payables - related parties	7	209,777	-	168,513	-
2230	Current income tax liabilities	6(27)	480,737	1	408,383	1
2250	Provisions for liabilities - current		100,516	-	92,691	-
2280	Current lease liabilities	6(8) and 7	10,916	-	91,479	-
2399	Other current liabilities, others		209,048	-	193,896	-
21XX	<b>Total current liabilities</b>		<u>10,783,429</u>	<u>11</u>	<u>10,755,629</u>	<u>11</u>
	<b>Non-current liabilities</b>					
2530	Corporate bonds payable	6(14)	5,000,000	5	5,000,000	5
2540	Long-term borrowings	6(15)	250,000	-	1,350,000	2
2550	Provisions for liabilities - non-current		94,079	-	106,678	-
2570	Deferred income tax liabilities	6(27)	1,452,270	2	1,234,836	1
2580	Non-current lease liabilities	6(8) and 7	8,468	-	8,467	-
2600	Other non-current liabilities	6(16)	1,166,019	1	1,197,964	1
25XX	<b>Total non-current liabilities</b>		<u>7,970,836</u>	<u>8</u>	<u>8,897,945</u>	<u>9</u>
2XXX	<b>Total liabilities</b>		<u>18,754,265</u>	<u>19</u>	<u>19,653,574</u>	<u>20</u>
	<b>Equity</b>					
	Share capital	6(17)				
3110	Common stock		21,387,966	22	21,387,966	21
	Capital surplus	6(18)				
3200	Capital surplus		9,629,730	9	9,575,822	9
	Retained earnings	6(19)				
3310	Legal reserve		8,237,099	8	7,899,057	8
3320	Special reserve		3,640,779	4	3,640,779	4
3350	Unappropriated retained earnings		22,400,066	23	19,680,601	20
	Other equity interest	6(20)				
3400	Other equity interest		15,364,660	16	18,352,419	19
3500	Treasury stocks	6(6)(17)	( 511,710)	( 1)	( 511,710)	( 1)
3XXX	<b>Total equity</b>		<u>80,148,590</u>	<u>81</u>	<u>80,024,934</u>	<u>80</u>
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		<u>\$ 98,902,855</u>	<u>100</u>	<u>\$ 99,678,508</u>	<u>100</u>

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

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items		Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21) and 7	\$ 27,206,836	100	\$ 27,229,403	100
5000	Operating costs	6(5)(16)(26) and 7	( 21,933,283 )	( 81 )	( 22,204,807 )	( 82 )
5900	Net operating margin		5,273,553	19	5,024,596	18
5910	Unrealized profit from sales	7	( 461,280 )	( 2 )	( 411,132 )	( 1 )
5920	Realized profit from sales		411,132	2	375,720	1
5950	Net operating margin		5,223,405	19	4,989,184	18
	Operating expenses	6(16)(26), 7 and 12(2)				
6100	Selling expenses		( 1,848,247 )	( 7 )	( 2,006,530 )	( 7 )
6200	General and administrative expenses		( 611,705 )	( 2 )	( 595,895 )	( 2 )
6300	Research and development expenses		( 580,808 )	( 2 )	( 542,554 )	( 2 )
6450	Expected credit impairment (loss) profit		( 4,182 )	-	1,337	-
6000	Total operating expenses		( 3,044,942 )	( 11 )	( 3,143,642 )	( 11 )
6900	Operating profit		2,178,463	8	1,845,542	7
	Non-operating income and expenses					
7100	Interest income	6(22)	26,034	-	9,890	-
7010	Other income	6(3)(9)(23) and 7	1,191,554	4	991,812	3
7020	Other gains and losses	6(2)(12)(24)	( 322,334 )	( 1 )	( 481,909 )	( 2 )
7050	Finance costs	6(8)(25) and 7	( 68,758 )	-	( 73,251 )	-
7070	Share of profit of subsidiary, associates and joint ventures accounted for under equity method	6(6)	3,754,103	14	1,824,257	7
7000	Total non-operating income and expenses		4,580,599	17	2,270,799	8
7900	<b>Profit before income tax</b>		6,759,062	25	4,116,341	15
7950	Income tax expense	6(27)	( 929,001 )	( 4 )	( 658,674 )	( 2 )
8200	<b>Profit for the year</b>		\$ 5,830,061	21	\$ 3,457,667	13

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars, except earnings per share)

				Year ended December 31			
				2023		2022	
Items		Notes	AMOUNT	%	AMOUNT	%	
	<b>Other comprehensive income</b>						
	<b>Other comprehensive income that will not be reclassified to profit or loss</b>						
8311	Other comprehensive (loss) income, before tax, actuarial losses on defined benefit plans	6(16)	(\$ 31,149)	-	\$ 56,332	-	
8316	Unrealised gains and losses on valuation of investments measured at fair value through other comprehensive income	6(3)(20)	( 1,350,847)	( 5)	4,190,884	15	
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 1,338,532)	( 5)	( 15,632,304)	( 57)	
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 2,720,528)	( 10)	( 11,385,088)	( 42)	
	<b>Other comprehensive income (loss) that will be reclassified to profit or loss</b>						
8361	Currency translation differences of foreign operations	6(20)	167,213	1	1,910,986	7	
8368	(Losses) gains on hedging instrument		( 5,025)	-	-	-	
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	6,222	-	( 331,321)	( 1)	
8360	Components of other comprehensive loss that will be reclassified to profit or loss		168,410	1	1,579,665	6	
8300	<b>Other comprehensive loss for the year</b>		(\$ 2,552,118)	( 9)	(\$ 9,805,423)	( 36)	
8500	<b>Total comprehensive income (loss) for the year</b>		\$ 3,277,943	12	(\$ 6,347,756)	( 23)	
	<b>Earnings per share (in dollars)</b>	6(28)					
9750	Basic earnings per share		\$ 2.76		\$ 1.64		
9850	Diluted earnings per share		\$ 2.76		\$ 1.64		

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

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Retained Earnings					Other equity interest				
								Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Treasury stocks	Total equity
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations				
<u>2022</u>											
Balance at January 1,2022		\$ 21,387,966	\$ 9,529,520	\$ 7,374,048	\$ 3,640,779	\$ 19,712,565	(\$ 4,033,116 )	\$ 32,113,711	\$ -	(\$ 511,710 )	\$ 89,213,763
Profit for the year		-	-	-	-	3,457,667	-	-	-	-	3,457,667
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	66,771	1,579,665	( 11,451,859 )	-	-	( 9,805,423 )
Total comprehensive income (loss)		-	-	-	-	3,524,438	1,579,665	( 11,451,859 )	-	-	( 6,347,756 )
Appropriations of 2021 earnings	6(19)										
Legal reserve		-	-	525,009	-	( 525,009 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 2,887,375 )	-	-	-	-	( 2,887,375 )
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	46,302	-	-	-	-	-	-	-	46,302
Disposal of investments in equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	( 144,018 )	-	144,018	-	-	-
Balance at December 31,2022		\$ 21,387,966	\$ 9,575,822	\$ 7,899,057	\$ 3,640,779	\$ 19,680,601	(\$ 2,453,451 )	\$ 20,805,870	\$ -	(\$ 511,710 )	\$ 80,024,934
<u>2023</u>											
Balance at January 1,2023		\$ 21,387,966	\$ 9,575,822	\$ 7,899,057	\$ 3,640,779	\$ 19,680,601	(\$ 2,453,451 )	\$ 20,805,870	\$ -	(\$ 511,710 )	\$ 80,024,934
Profit for the year		-	-	-	-	5,830,061	-	-	-	-	5,830,061
Other comprehensive income (loss) for the year	6(20)	-	-	-	-	( 43,402 )	173,435	( 2,677,126 )	( 5,025 )	-	( 2,552,118 )
Total comprehensive income		-	-	-	-	5,786,659	173,435	( 2,677,126 )	( 5,025 )	-	3,277,943
Appropriations of 2022 earnings	6(19)										
Legal reserve		-	-	338,042	-	( 338,042 )	-	-	-	-	-
Cash dividends		-	-	-	-	( 3,208,195 )	-	-	-	-	( 3,208,195 )
Effect of changes in net equity of associates and joint ventures accounted for under the equity method		-	53,908	-	-	-	-	-	-	-	53,908
Disposal of investments in equity instruments at fair value through other comprehensive income	6(20)	-	-	-	-	479,043	-	( 479,043 )	-	-	-
Balance at December 31,2023		\$ 21,387,966	\$ 9,629,730	\$ 8,237,099	\$ 3,640,779	\$ 22,400,066	(\$ 2,280,016 )	\$ 17,649,701	(\$ 5,025 )	(\$ 511,710 )	\$ 80,148,590

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



TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 6,759,062	\$ 4,116,341
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(24)	( 242,423 )	143,577
Net loss on financial liabilities at fair value through profit or loss	6(12)(24)	15,960	17,281
Expected credit impairment loss (gain)	12(2)	4,182	( 1,337 )
Interest income	6(22)	( 26,034 )	( 9,890 )
Interest expense	6(25)	66,651	70,880
Dividend income	6(23)	( 646,658 )	( 616,443 )
Changes in unrealized gain from downstream sales		50,147	35,412
Share of profit of associates and joint ventures accounted for under the equity method	6(6)	( 3,754,103 )	( 1,824,257 )
Depreciation, amortization and net gain or loss on disposal of property, plant and equipment, net	6(7)(8)(9)(24)(26)	420,476	413,615
Changes in operating assets and liabilities			
Changes in operating assets			
Current contract assets		( 1,409,419 )	209,237
Notes receivable		60,428	( 34,927 )
Notes receivable - related parties		362,721	( 192,871 )
Accounts receivable		( 141,831 )	568,840
Accounts receivable - related parties		301,651	( 4,984 )
Other receivables		( 23,080 )	7,158
Other receivables - related parties		23,532	56,076
Inventories		203,979	76,853
Prepayments		( 180,411 )	( 31,066 )
Other current assets		21,659	( 77,878 )
Financial assets at fair value through profit or loss - non-current		53,330	23,681
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss-current		( 14,302 )	( 13,436 )
Current contract liabilities		( 20,561 )	166,165
Notes payable		( 29,927 )	1,850
Notes payable - related parties		( 64,712 )	( 11,705 )
Accounts payable		( 502,068 )	190,979
Accounts payable - related parties		250,313	( 78,945 )
Other payables		345,233	139,051
Other payables - related parties		41,264	( 11,669 )
Provisions for liabilities - current		7,826	( 13,053 )
Provisions for liabilities - non-current		( 12,600 )	106,678
Other current liabilities		15,152	38,580
Other non-current liabilities		( 62,664 )	( 104,467 )
Cash inflow generated from operations		1,872,773	3,355,326
Interest received	6(22)	26,034	9,890
Dividends received		2,307,121	1,776,932
Payment of interest		( 67,150 )	( 73,811 )
Payment of income tax		( 626,085 )	( 381,714 )
Net cash flows from operating activities		3,512,693	4,686,623

(Continued)

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease in restricted bank deposit	8	\$ 161,991	\$ 588,890
Increase in non-current financial assets at fair value through other comprehensive income		-	( 150,000 )
Decrease in non-current financial assets at fair value through other comprehensive income		4,349	9,129
Increase in investments accounted for under equity method		-	( 118,377 )
Proceeds from disposal of property, plant and equipment		4,789	-
Acquisition of property, plant and equipment	6(7)(29)	( 209,662 )	( 225,570 )
Increase in deferred expenses		( 12,481 )	( 36,826 )
Increase in refundable deposits		( 2,313 )	( 7,425 )
Dividends received		646,658	616,443
Proceeds from disposal of investments accounted for under the equity method		257,904	10,875
Increase in other non-current assets		31,414	16,557
Acquisition of intangible assets		( 1,021 )	( 34,527 )
Net cash flows from investing activities		<u>881,628</u>	<u>669,169</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term loans		-	( 545,307 )
Repayments of bonds	6(14)(30)	-	( 1,000,000 )
Decrease in long-term loans		( 1,100,000 )	( 650,000 )
Cash dividends paid	6(19)	( 3,208,195 )	( 2,887,375 )
Lease liabilities paid		( 90,666 )	( 82,937 )
Net cash flows used in financing activities		( 4,398,861 )	( 5,165,619 )
Net (decrease) increase in cash and cash equivalents		( 4,540 )	190,173
Cash and cash equivalents at beginning of year		<u>805,394</u>	<u>615,221</u>
Cash and cash equivalents at end of year		\$ 800,854	\$ 805,394

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

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
 (Expressed in thousands of New Taiwan dollars)

Notes	Year ended December 31	
	2023	2022

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Notes	Year ended December 31	
	2023	2022

**TECO ELECTRIC & MACHINERY CO., LTD.**  
**AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2023 AND 2022**

TECO ELECTRIC & MACHINERY CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
 (Expressed in thousands of New Taiwan dollars)

Notes	Year ended December 31	
	2023	2022

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To TECO Electric & Machinery Co., Ltd.

### ***Introduction***

We have audited the accompanying consolidated balance sheets of TECO Electric & Machinery Co., Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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

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

requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

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

##### Description

Refer to Note 4(34) of the consolidated financial statements for the accounting policies on revenue recognition and Note 14 for the segment financial information. The Group disclosed the financial information of green mechatronic solution business group, intelligence energy business group and air and intelligent life business group in the segment financial information. Green mechatronic solution business group handles the manufacturing and sales of various machinery, equipment and motors. The sales revenue of the green mechatronic solution business group amounted to NT\$31,667,634 thousand, representing 53% of the consolidated total sales revenue for the year ended December 31, 2023. Aside from domestic sales in Taiwan, the customers of green mechatronic solution business group are from America, Asia and Europe and the sales terms vary for different

customers. Thus, we consider the revenue recognition of export sales of green mechatronic solution business group as a key audit matter.

How our audit addressed the matter

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

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

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

As described in Notes 4(3) and 6(7) of the consolidated financial statements, we did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$2,715,657 thousand and NT\$2,859,697 thousand, both constituting 2% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and total operating revenues amounted to NT\$2,924,901 thousand and NT\$3,163,153 thousand, both constituting 5% of consolidated total operating revenues for the years then ended, respectively. The investments accounted for under the equity method amounted to NT\$2,514,353 thousand and NT\$2,406,380 thousand, both constituting 2% of consolidated total assets as of December 31, 2023 and 2022, respectively, the credit balance of investments accounted for under the equity method amounted to NT\$83,843 thousand and NT\$194,811 thousand, both constituting less than 1% of consolidated total assets as of December 31, 2023 and 2022, and the comprehensive



income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$20,272 thousand and NT\$212,320 thousand, constituting 1% and (3%) of the consolidated total comprehensive (loss) income for the years then ended, respectively.

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

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of TECO Electric & Machinery Co., Ltd. as of and for the years ended December 31, 2023 and 2022.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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Wu, Yu-Lung

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Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 15, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



**TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	(Adjusted) AMOUNT	%
	<b>Current assets</b>					
1100	Cash and cash equivalents	6(1) and 8	\$ 23,640,536	19	\$ 21,375,400	17
1110	Current financial assets at fair value through profit or loss	6(2)	27,314	-	31,790	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	333,178	-	761,573	1
1140	Current contract assets		3,858,752	3	2,316,064	2
1150	Notes receivable, net	6(5) and 8	868,642	1	1,039,556	1
1160	Notes receivable - related parties	7	99	-	101	-
1170	Accounts receivable, net	6(5)	10,488,483	8	10,049,783	8
1180	Accounts receivable - related parties	7	194,077	-	301,997	-
1200	Other receivables		351,635	-	326,141	-
1210	Other receivables - related parties	7	73,276	-	86,927	-
130X	Inventories, net	6(6)	11,631,793	9	12,895,287	10
1410	Prepayments		575,230	1	496,418	-
1470	Other current assets	6(1) and 8	437,596	-	636,384	1
11XX	<b>Total current assets</b>		<u>52,480,611</u>	<u>41</u>	<u>50,317,421</u>	<u>40</u>
	<b>Non-current assets</b>					
1510	Non-current financial assets at fair value through profit or loss	6(2)	3,541,679	3	3,271,436	3
1517	Non-current financial assets at fair value through other comprehensive income	6(3) and 8	30,577,940	24	33,765,890	27
1535	Non-current financial assets at amortised cost, net	6(4) and 8	15,557	-	115,909	-
1550	Investments accounted for under the equity method	6(7) and 7	3,468,923	3	3,911,876	3
1600	Property, plant and equipment, net	6(8) and 8	20,290,504	16	19,131,777	15
1755	Right-of-use assets	6(9) and 8	7,473,207	6	6,735,166	5
1760	Investment property, net	6(10)	2,785,187	2	2,966,896	2
1780	Intangible assets	6(11)	4,832,979	4	4,668,399	4
1840	Deferred income tax assets	6(30)	1,346,615	1	1,198,512	1
1900	Other non-current assets	6(12)	500,588	-	519,828	-
15XX	<b>Total non-current assets</b>		<u>74,833,179</u>	<u>59</u>	<u>76,285,689</u>	<u>60</u>
1XXX	<b>Total assets</b>		<u>\$ 127,313,790</u>	<u>100</u>	<u>\$ 126,603,110</u>	<u>100</u>

(Continued)

**TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

			December 31, 2023		December 31, 2022	
					(Adjusted)	
Liabilities and Equity		Notes	AMOUNT	%	AMOUNT	%
<b>Current liabilities</b>						
2100	Short-term borrowings	6(13) and 8	\$ 1,357,111	1	\$ 1,751,344	1
2120	Current financial liabilities at fair value through profit or loss	6(14)	5,850	-	4,144	-
2126	Current financial liabilities for hedging	6(15)	5,025	-	-	-
2130	Current contract liabilities	6(24)	2,305,861	2	2,319,189	2
2150	Notes payable		547,144	1	784,357	1
2160	Notes payable - related parties	7	1,088	-	434	-
2170	Accounts payable		8,663,722	7	9,077,048	7
2180	Accounts payable - related parties	7	38,189	-	48,756	-
2200	Other payables	6(16)	6,494,050	5	5,994,197	5
2230	Current income tax liabilities	6(30)	936,600	1	852,683	1
2250	Provisions for liabilities - current		435,516	-	301,730	-
2280	Current lease liabilities		531,002	-	531,318	-
2320	Long-term liabilities, current portion	6(18) and 8	484,224	-	228,159	-
2399	Other current liabilities, others		829,103	1	841,157	1
21XX	<b>Total current liabilities</b>		22,634,485	18	22,734,516	18
<b>Non-current liabilities</b>						
2530	Corporate bonds payable	6(17)	5,000,000	4	5,000,000	4
2540	Long-term borrowings	6(18) and 8	3,065,622	2	3,427,355	3
2550	Provisions for liabilities - non-current		215,991	-	156,881	-
2570	Deferred income tax liabilities	6(30)	2,632,812	2	2,432,283	2
2580	Non-current lease liabilities		5,346,519	4	4,541,089	4
2600	Other non-current liabilities	6(7)(19)	1,975,581	2	1,992,487	1
25XX	<b>Total non-current liabilities</b>		18,236,525	14	17,550,095	14
2XXX	<b>Total liabilities</b>		40,871,010	32	40,284,611	32
<b>Equity attributable to owners of parent</b>						
	Share capital	6(20)				
3110	Common stock		21,387,966	17	21,387,966	17
	Capital surplus	6(21)				
3200	Capital surplus		9,629,730	7	9,575,822	7
	Retained earnings	6(22)				
3310	Legal reserve		8,237,099	6	7,899,057	6
3320	Special reserve		3,640,779	3	3,640,779	3
3350	Unappropriated retained earnings		22,400,066	18	19,680,601	16
	Other equity interest	6(23)				
3400	Other equity interest		15,364,660	12	18,352,419	14
3500	Treasury stocks	6(20)	( 511,710)	-	( 511,710)	-
31XX	<b>Equity attributable to owners of the parent</b>		80,148,590	63	80,024,934	63
36XX	Non-controlling interest	6(34)	6,294,190	5	6,293,565	5
3XXX	<b>Total equity</b>		86,442,780	68	86,318,499	68
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	<b>Total liabilities and equity</b>		\$ 127,313,790	100	\$ 126,603,110	100

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

**TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(9)(10)(24) and 7	\$	59,393,661	100	\$ 58,315,216	100
5000 Operating costs	6(6)(8)(9)(19)(29)					
	and 7	(	44,451,003)	( 75)	( 45,129,917)	( 77)
5900 Net operating margin			14,942,658	25	13,185,299	23
5910 Unrealized profit from sales		(	10,419)	-	( 9,351)	-
5920 Realized profit from sales			9,351	-	8,354	-
5950 Net operating margin			14,941,590	25	13,184,302	23
Operating expenses	6(8)(9)(19)(29)					
6100 Selling expenses		(	4,492,287)	( 8)	( 4,412,306)	( 8)
6200 General and administrative expenses		(	2,620,767)	( 4)	( 2,496,464)	( 4)
6300 Research and development expenses		(	1,133,493)	( 2)	( 1,144,263)	( 2)
6450 Expected credit impairment losses	12(2)	(	31,791)	-	( 57,615)	-
6000 Total operating expenses		(	8,278,338)	( 14)	( 8,110,648)	( 14)
6900 Operating profit			6,663,252	11	5,073,654	9
Non-operating income and expenses						
7100 Interest income	6(4)(25) and 7		619,223	1	233,077	-
7010 Other income	6(3)(10)(26) and 7		1,687,895	3	1,544,357	3
7020 Other gains and losses	6(2)(9)(14)(27)	(	397,757)	( 1)	( 1,415,579)	( 3)
7050 Finance costs	6(9)(28)	(	322,399)	-	( 203,963)	-
7060 Share of profit of associates and joint ventures accounted for under the equity method	6(7)		23,930	-	190,279	-
7000 Total non-operating income and expenses			1,610,892	3	348,171	-
7900 Profit before income tax			8,274,144	14	5,421,825	9
7950 Income tax expense	6(30)	(	1,942,112)	( 4)	( 1,429,815)	( 2)
8200 Profit for the period		\$	6,332,032	10	\$ 3,992,010	7

(Continued)



**TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
	<b>Other comprehensive income</b>					
	<b>Other comprehensive income that will not be reclassified to profit or loss</b>					
8311	Other comprehensive income(loss), before tax, actuarial losses on defined benefit plans	6(19)	( \$ 33,416)	-	\$ 94,741	-
8316	Unrealized losses and gains on valuation of investments measured at fair value through other comprehensive income	6(3)	( 2,597,535)	( 4)	( 11,822,766)	( 20)
8320	Share of other comprehensive income(loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		( 7,209)	-	( 12,277)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(30)	( 19,804)	-	( 2,982)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		( 2,657,964)	( 4)	( 11,743,284)	( 20)
	<b>Other comprehensive income that will be reclassified to profit or loss</b>					
8361	Currency translation differences of foreign operations	6(23)	151,288	-	1,916,975	3
8368	Losses on hedging instrument	6(23)	( 5,025)	-	-	-
8399	Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(30)	5,523	-	( 311,456)	( 1)
8360	Components of other comprehensive income that will be reclassified to profit or loss		151,786	-	1,605,519	2
8300	<b>Other comprehensive loss for the period</b>		( \$ 2,506,178)	( 4)	( \$ 10,137,765)	( 18)
8500	<b>Total comprehensive income (loss) for the period</b>		<u>\$ 3,825,854</u>	<u>6</u>	<u>( \$ 6,145,755)</u>	<u>( 11)</u>
	Profit attributable to:					
8610	Owners of the parent		\$ 5,830,061	9	\$ 3,457,667	6
8620	Non-controlling interest		501,971	1	534,343	1
			<u>\$ 6,332,032</u>	<u>10</u>	<u>\$ 3,992,010</u>	<u>7</u>
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		\$ 3,277,943	5	( \$ 6,347,756)	( 11)
8720	Non-controlling interest		547,911	1	202,001	-
			<u>\$ 3,825,854</u>	<u>6</u>	<u>( \$ 6,145,755)</u>	<u>( 11)</u>
	Earnings per share (in dollars)					
9750	Basic earnings per share	6(31)	<u>\$ 2.76</u>		<u>\$ 1.64</u>	
9850	Diluted earnings per share		<u>\$ 2.76</u>		<u>\$ 1.64</u>	

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

TECO ELECTRIC & MACHINERY CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2023 AND 2022  
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													

**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before tax		\$	8,274,144	\$	5,421,825
Adjustments					
Adjustments to reconcile profit (loss)					
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(27)	(	323,320 )		1,131,130
Net loss on financial liabilities at fair value through profit or loss	6(14)(27)		15,044		17,381
Provision for decline in value of inventories	6(6)		155,957		117,060
Expected credit impairment losses	12(2)		31,791		57,615
Interest income	6(25)	(	619,223 )	(	233,077 )
Dividend income	6(26)	(	1,194,966 )	(	1,128,492 )
Interest expense	6(28)		322,399		203,963
Depreciation and amortization	6(8)(9)(10)(29)		1,987,657		1,803,446
(Gain) loss on disposal of property, plant and equipment	6(27)	(	155 )		4,241
Gain on disposal of investment property	6(27)	(	117,357 )		-
Share of profit of associates and joint ventures accounted for under the equity method	6(7)	(	23,930 )	(	190,279 )
Changes in operating assets and liabilities					
Changes in operating assets					
Current contract assets		(	1,542,688 )		3,028
Notes receivable			171,163	(	39,367 )
Notes receivable - related parties			2		782
Accounts receivable		(	476,521 )	(	220,887 )
Accounts receivable - related parties			107,920		21,792
Other receivables		(	25,494 )		93,972
Other receivables - related parties			13,651		31,634
Inventories			1,107,537	(	760,249 )
Prepayments		(	78,812 )		19,393
Other current assets			17,052		163,662
Non-current financial assets at fair value through profit or loss			22,038		124,559
Changes in operating liabilities					
Current contract liabilities		(	13,328 )		828,368
Notes payable		(	237,213 )	(	236,682 )
Notes payable - related parties			654	(	5,720 )
Accounts payable		(	413,326 )	(	191,180 )
Accounts payable - related parties		(	10,567 )	(	30,243 )
Other payables			307,861		476,149
Provisions for liabilities			192,896		-
Other current liabilities		(	165,875 )		182,410
Other non-current liabilities			51,139	(	316,127 )
Cash inflow generated from operations			7,536,130		7,350,107
Interest received	6(25)		619,223		233,077
Dividend received			106,079		138,348
Interest paid		(	227,899 )	(	129,170 )
Income tax paid		(	1,800,626 )	(	1,237,746 )
Net cash flows from operating activities			6,232,907		6,354,616

(Continued)

# CASH FLOWS FROM INVESTING ACTIVITIES

(Increase) decrease in current financial assets at fair value through profit or loss		( \$	2,297 )	\$	72,526
Increase in non-current financial assets at fair value through other comprehensive income		(	51,727 )	(	384,617 )
Proceeds from disposal of current financial assets at fair value through profit or loss	6(2)		37,812		2,219,166
Proceeds from disposal of non-current financial assets at fair value through other comprehensive income	6(3)		1,064,955		209,316
Decrease in non-current financial assets at amortized cost	6(4)		100,352		276,323
Decrease in pledged and restricted bank and time deposits	6(1) and 8		188,491		1,054,465
Acquisition of property, plant and equipment	6(8)(32)	(	2,010,237 )	(	2,904,793 )
Proceeds from disposal of property, plant and equipment			71,604		24,409
Acquisition of investment property		(	697 )		-
Acquisition of intangible assets			-	(	108,408 )
Decrease (increase) in other non-current assets			31,211	(	36,182 )
Net cash outflow on acquisitions of subsidiaries	6(32)	(	29,425 )		-
Dividends received from investments of financial instruments			1,194,966		1,128,492
Disposal of investment accounted for using equity method			117,357		-
Increase in investments accounted for under the equity method and capital reduction to recover investment cost		(	2,516 )	(	319,818 )
Net cash flows from investing activities			<u>709,849</u>		<u>1,230,879</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>					
Decrease in short-term loans	6(33)	(	394,233 )	(	291,353 )
Repayments of bonds	6(33)		-	(	1,000,000 )
Decrease in long-term loans	6(33)	(	105,668 )	(	439,742 )
Lease liabilities paid	6(9)(33)	(	620,778 )	(	570,981 )
Cash dividends paid to non-controlling interests		(	410,948 )	(	404,738 )
Cash dividends paid	6(22)	(	3,208,195 )	(	2,887,375 )
Net cash flows used in financing activities		(	<u>4,739,822 )</u>	(	<u>5,594,189 )</u>
Exchange rate effect			<u>62,202</u>		<u>1,748,727</u>
Net increase in cash and cash equivalents			2,265,136		3,740,033
Cash and cash equivalents at beginning of year			<u>21,375,400</u>		<u>17,635,367</u>
Cash and cash equivalents at end of year		\$	<u>23,640,536</u>	\$	<u>21,375,400</u>

# TECO Electric & Machinery Co., Ltd.

## Distribution of 2023 Profits

(In NT \$)

Item	Amount
Accumulated undistributed profit as of the beginning of the period (2023/1/1)	16,134,363,887
Add: Net Profit after tax in 2023	5,830,061,196
Add: Disposal of financial assets measured at fair value through other comprehensive income	479,043,328
Less: Actuarial losses	(43,402,174)
Less : Legal Reserve	(626,570,235)
<b>Total distributable earnings</b>	<b>21,773,496,002</b>
Profit distributed for the period:	
Cash dividend distributed from profit 2023	4,705,352,555
(Dividend per share)	2.20
<b>Undistributed profit as of the end of 2023</b>	<b>17,068,143,447</b>
Note:	

Notes:

1. Dividend per share this year is NT\$2.2 and all dividends distributed shall be cash dividend.
2. The profit distributed this period will be distributed from the distributable earnings received in 2023 first, and from the accumulated undistributed profits from previous years where there is a shortfall.
3. In the event of any change to the total number of outstanding shares, it is proposed that the Shareholders' Meeting grants the Chairman full authority to handle all relevant matters subject to the fixed payout rate mentioned above.

**List of Candidates of Directors  
(Nominated by Board of Directors)**

Name	Shares (Note)	Education/ Experience
1. Tung Kuang Investment Co., Ltd. Representative : Chwen-Jy Chiu	31,991,364 shares	MBA, University of Michigan, Ann-Arbor President of TECO Electric & Machinery Co., Ltd Director of Chinese International Economic Cooperation Association (CIECA), TAIWAN Director of Taiwan Institute for Sustainable Energy
2. Tong Ho Global Investment Co., Ltd. Representative Cheng-Tsung Huang	2,240,262 shares	Bachelor of Economics, Fu Jen Catholic University Chairman of Tai Hong Machinery Electric (Kunshan) Co., Ltd President of Importers and Exporters Association of Taipei Chairman of Taiwan Business Council for Sustainable Development
3. Ho Yuan International Investment Co., Ltd. Representative Show-Shoun Chou	50,420,000 shares	Ph.D of Policy Analysis and Administration, Cornell University The National Policy Research Foundation's Director and Chief Executive Officer Legislator, Legislative Yuan Convener, Science and Technology Legislative Alliance, Legislative Yuan, ROC Secretary general of Monte Jode Science & Technology Association of Taiwan Chairman of ADATA Technology Co., Ltd. Consultant, Chairman & CEO Office, Hon Hai Precision Ind. Co., Ltd.
4. Ho Yuan International Investment Co., Ltd. Representative: Pen- Ching Cheng	50,420,000 shares	Master of Public Administration, National Chengchi University Commissioner, Department of Personnel, Taipei City Government Director of Taipei Rapid Transit Corporation Director of Shin Shin Natural Gas Co., Ltd. Director of RSEA Engineering Corporation
5. Ho Yuan International Investment Co., Ltd. Representative: Su Chiu Wu	50,420,000 shares	Master of Finance Management, Syracuse University, USA Chief Strategy Officer of Pau Jar Asset Management Company Senior Financial Advisor at Siris Capital Group Director and Chief Financial Officer of Cosmos Commercial Bank Deputy Chief Financial Officer of Cathay Financial Holdings and Cathay United Bank
6. Jong-Chin Shen	0 shares	Master of Business Automation and Management, National Taipei University of Technology Vice Premier of the Executive Yuan Minister of the Ministry of Economic Affairs Director-General of the Industrial Development Bureau, Ministry of Economic Affairs Executive Director of the Central Bank of the Republic of China (Taiwan) Executive Director of the Industrial Technology Research Institute (ITRI)

Name	Shares (Note)	Education/ Experience
7. Ming-Shien Li	118,000 shares	Bachelor, Department of Economics, National Taiwan University Director of LH Financial Group Public Company Limited Vice Chairman of China Trust Commercial Bank President and Executive Director of China Guangdong Development Bank Chairman and CEO of Citi (Taiwan) Commercial Bank Co., Ltd
8. Hsieh-Hsing Huang (Independent Director)	0 shares	Master of Laws Program for Executive, National Chengchi University Master of Business Management, National Sun Yat sen University Department of Economics, National Chengchi University Chairman and Founder of Chungsun Prime Certified Public Accountants Member of The CPA Discipline Committee, Financial Supervisory Commission Director of Accounting Research and Development Foundation Supervisor of Kaohsiung Rapid Transit Corporation Supervisor of Taiwan Television Enterprise Co., Ltd. Supervisor of Taiyen Biotech Co., Ltd. China CPA Examination Passed Director of CPA Associations R.O.C(Taiwan) New Taipei City Tax Agent Association Chairman
9. Chao-Chin Tung (Independent Director)	0 shares	Master of Materials Science, University of Rochester, USA Vice Chairman of China Trust Financial Holding Co., Ltd. (2891) Executive Supervisor of Chinese National Association of Industry and Commerce, Taiwan (CNAIC) Chairman of the Science-based Industrial Park Association, Taiwan Vice Chairman of Taiwan Development Financial Holding Corporation (2883) Chairman of PDMC Technology.
10. Hui-Yiu Chen (Independent Director)	0 shares	Bachelor, Department of Animal Science and Technology, National Taiwan University Chairman of T-Yang Securities Investment Trust Co., Ltd. Vice Chairman of Choice Development, Inc (9929) Independent Director TCM Biotech International Corp. (4169)

Name	Shares (Note)	Education/ Experience
11. Mei-Chun Chao (Independent Director)	0 shares	Master of Laws, Columbia University, USA Master of Laws, National Taiwan University Attorney licensed in Taiwan and the state of New York, USA Partner Attorney at Zoomlaw Attorneys-at-Law Chairperson of the International Federation of Women Lawyers, Taiwan Branch Secretary-General and Vice President of the Asia Region at the International Federation of Women Lawyers Executive Director of the National Bar Association Executive Director of the Taipei Bar Association Member of the Disciplinary Review Committee for Lawyers Executive Director of the Women's Association of the Republic of China Independent Director of Soe Co., Ltd. (6283)

Note: Shares held on the book closure starting date of AGM (March 26<sup>th</sup>, 2024)



**List of Candidates of Directors**  
**(Nominated by shareholder holding 1% or more of the company's shares)**

Name	Shares (Note)	Education/ Experience
1. Yinge Int. Inv. Co., Ltd Representative: Li-Chong Huang	22,554,698 shares	Master of Science from University of Warwick HP, China InfoSystems Architect IV, IBM, GBS, Taiwan: Business Consultant Special Assistant to the President Office of TECO Electric & Machinery Co., Ltd.
2. Creative Sensor Inc. Representative: Chih- Yuan Hou	46,987,000 shares	Bachelor of Political Science, Columbia University Master of East Asian Studies, Harvard University Director, Huan-Ni Investment Co., Ltd. Director, Huan-Zhong International Co., Ltd. Executive Vice President, Universal Cement Co., Ltd."
3. Song-Ren Fang	0 shares	PhD of Material Science and Engineering from Stanford University Vice President of at UMC Taiwan Chairman of Darwin Venture Management
4. Liang-Chien Chen	0 shares	National Guanshan Senior Industrial and Commercial Vocational School Deputy General Manager (Vice President level), TECO Group Chairman, Shanghai Maoxin Mechanical and Electrical Engineering Installation Co., Ltd. President, Taiwan Enterprises Investment Association in Nanchang, Jiangxi Province, China"
5. Yu-Hsuan Wu (Independent Director)	0 shares	Master of Business Administration, Baruch College, City University of New York Independent Director, Fubon Securities Co., Ltd. Chief Operating Officer, Enterprise Services Business, HP Inc. Chief Financial Officer, Taiwan and Korea, Electrical & Information Systems Corporation
6. Ming-Shiuan Lee (Independent Director)	0 shares	Master of Science from University of Illinois (Accountancy) Master of Accounting from National Taiwan University Independent Director, Taiwan Fertilizer Co., Ltd. Deputy CFO/Investor Relations, Sheng Li International Co., Ltd. Deputy General Manager, PricewaterhouseCoopers Taiwan Manager, PricewaterhouseCoopers Los Angeles Office, USA
7. Chao-Ching Huang (Independent Director)	0 shares	Ph.D. in Economics, Xiamen University Master of International Business and Trade, National Chengchi University Deputy General Manager, KGI Bank Chairman, Taiwan Financial Analysts Association
8. Po-Min Yang (Independent Director)	0 shares	Master of Business Administration, University of Washington Deputy General Manager of Finance, Hsing Ta Cement Co., Ltd."

Note: Shares held on the book closure starting date of AGM (March 26<sup>th</sup>, 2024)

**List of non-competition obligation of candidates of the 27th directors  
(including independent directors)**

<b>Name</b>	<b>Serve concurrently in other Taiwanese Companies</b>	<b>Serve concurrently in other Overseas Companies</b>
Tung Kuang Investment Co., Ltd. Representative: Chwen-Jy Chiu	Chairman of Taiwan Pelican Express Co., Ltd. Chairman of TECO Sun Energy CO., LTD. Managing Director of Tung Pei Industrial Co., Ltd. Director of Lien Chang Electronic Enterprise Co., Ltd. Director of Royal Host Taiwan Co., Ltd. Director of Information Technology Total Services Co., Ltd. Director of TECOM Co., Ltd Director of TECO-MOTECH COMPANY LIMITED Director of Yatec Engineering Corporation Director of Century Biotech Development Corporation Director of Century Development Corporation Inc.	Chairman of TECO Australia Pty Limited Director of TEMICO International Pte. Ltd. Director of TEMICO Motor India Private Limited Director of Wuxi Teco Electric & Machinery Co., Ltd.
Tong Ho Global Investment Co., Ltd. Representative: Cheng-Tsung Huang	Chairman of Sen Yeh Construction Co., Ltd. Chairman of Wan Yu Development Co., Ltd. Independent Director of Aurotek Corporation	None
Ho Yuan International Investment Co., Ltd. Representative: Show-Shoun Chou	Consultant of Legislative Yuan Chairman of Yu Shan Entertainment Cooperation CO., Ltd.	None
Ho Yuan International Investment Co., Ltd. Representative: Pen-Ching Cheng	Supervisor of Pau Jar Asset Management Co. Ltd.	None
Ho Yuan International Investment Co., Ltd. Representative: Su Chiu Wu	Director of Yeong Guan Energy Technology Group Co., Ltd. Director of Pau Jar Asset Management Co. Ltd. CEO of Jar Yuan Investment Ltd.	None
Jong-Chin Shen	None	None
Ming-Shien Li	None	None
Hsieh-Hsing Huang	Chairman of Chungsun Prime Certified Public Accountants Independent Director of China Airlines Co. Ltd. Consultant of the Board of New Taipei City Real Estate Association	None

Chao-Chin Tung	Independent Director of Powertech Technology Inc. Director of Homeplus Digital Co., Ltd.	None
Hui-Yiu Chen	Chairman of Choice Development, Inc. Independent director of Senao Networks Inc. Independent director of TCM Biotech International Corp. Independent director of MAYWUFA company Ltd. Director of TransGlobe Life Insurance Inc. Director of Prospect Hospitality Co., Ltd. Director of TAIWAN Microloops Corp.	None
Mei-Chun Chao	None	Independent Director of GCS Holdings, Inc.
Yinge Int. Inv. Co., Ltd Representative: Li-Chong Huang	Chairman of Yinge Int. Inv. Co., Ltd. Director of TA HONG MACHINERY CO., LTD. Chairman of Ttomaji Works Co., Ltd.	None
Creative Sensor Inc. Representative: Chih- Yuan Hou	Director of TAINAN SPINNING CO., LTD. Director of NANTEX INDUSTRY.CO., LTD. Director of LIO HO MACHINE WORKS LTD. Director of Grand Bills Finance Crop. Director of CHC RESOURCES CORPORATION Chief Operating Officer of UNIVERSAL CEMENT CORPORATION	None
Song-Ren Fang	Chairman of QUANTEK, INC. Chairman of DARWIN SYSTEM TECHNOLOGY CORPORATION Chairman of Darwin Venture Management Corporation Chairman of DARHE VENTURE CORPORATION Chairman of Darzhen Venture Corporation Chairman of DARJUN VENTURE CORPORATION Director of CHEW'S CULTURE FOUNDATION Chairman of DARHE II VENTURE CORPORATION Chairman of Affluent Asset Management Co., Ltd Supervisor of Epoch Foundation Independent Director of Sciencetech Corporation Director of TECO Image Systems Co., Ltd. Director of MACRONIX, INTERNATIONAL CO., LTD.	None
Liang-Chien Chen	Director of Fuji Kiso Energy Technology Co., Ltd. Chairman of GenKi Kiso Co., Ltd. Director of KORYO ELECTRONICS CO., LTD.	None
Yu-Hsuan Wu	Supervisor of Board, British Chamber of Commerce in Taipei Managing Director of Taiwan TMF Group	None

Ming-Shiuan Lee	Independent Director of HUNG SHENG CONSTRUCTION CO., LTD. Independent Director of A-SPINE Asia Co., Ltd. Inspector General of Agricultural Bank of Taiwan Vice president of Finance of KINGMAX SEMICONDUCTOR INC.	None
Chao-Ching Huang	Vice president of Finance of SinoPac Financial Holdings Company Limited Senior Vice president and Director of Financial Markets Department, SinoPac Bank Managing Director of Asia and Pacific Council for Science and Technology Honorary Director of CFA Society Taiwan	None
Po-Min Yang	Managing Director of HTP CAPITAL Co., Ltd. Chairman of Chin Ta Construction Co., Ltd. Independent Director of TONG MING ENTERPRISE CO., LTD Independent Director of MERIBANK BIOTECH CO., LTD Honorary Director of CFA Society Taiwan	None

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## **Appendices**

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1. Articles of Incorporation on page 62~73
2. Rules Governing Shareholders' Meeting on page 74-77
3. Rules Governing Election of Directors on pages 78-79
4. Shareholding of All Directors on page 80
5. Notes on page 81

# TECO Electric & Machinery Co., Ltd.

## Articles of Incorporation

(Summary Translation)

This English version is a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

### Chapter 1 General Provisions

#### Article 1

The Company is incorporated in accordance with the Company Act and is named TECO Electric & Machinery Co., Ltd. The company is named as TECO Electric and Machinery Co., Ltd. in English.

#### Article 2

The scope of business of this Company is as follows:

1. C805050 Manufacture of industrial plastic products;
2. C805070 Manufacture of reinforced plastic products;
3. CA01030 Steel casting;
4. CA01050 Secondary processing of steel materials;
5. CA02010 Manufacture of metal structure and building parts;
6. CB01010 Manufacture of machinery equipment;
7. CB01020 Manufacture of office machines;
8. CB01030 Manufacture of pollution-control equipment;
9. CB01071 Manufacture of refrigerating, air-conditioning equipment;
10. CC01010 Manufacture of generators, power dispatching, power distributing machinery;
11. CC01030 Manufacture of electrical appliance and audio-visual electronic products;
12. CC01060 Manufacture of cable telecommunication machinery and equipment;
13. CC01070 Manufacture of wireless telecommunication machinery and equipment;
14. CC01080 Manufacture of electrical parts and components;
15. CC01101 Manufacturing of controlled telecom radio-frequency products
16. CC01110 Manufacture of computers and the peripheral thereof;
17. CD01010 Manufacture of boats and the parts thereof;
18. CD01020 Manufacture of rail cars and the parts thereof;
19. CD01030 Manufacture of automobiles and the parts thereof;
20. CD01040 Manufacture of motorbikes and the parts thereof;
21. CD01060 Manufacture of aircrafts and the parts thereof;
22. CE01010 Manufacture of general instruments;
23. CE01030 Manufacture of optical instruments;
24. E501011 Services regarding water utilities as contractor;
25. E502010 Installation of fuel pipes;
26. E599010 Engineering of pipe lines;
27. E601010 Service regarding electrical appliance as contractor;
28. E601020 Installation of electrical appliance;
29. E602011 Engineering of refrigerating, air-conditioning equipment;
30. E603010 Installation of cables;
31. E603040 Installation of firefighting safety equipment;
32. E603050 Engineering of automatic control equipment;
33. E603080 Installation of traffic signs;
34. E603090 Installation of illuminating equipment;
35. E604010 Installation of machines;
36. E605010 Installation of computer equipment;
37. F106010 Wholesale of hardware;

38. F106030 Wholesale of tooling;
39. F108031 Wholesale of medical devices
40. F113070 Wholesale of telecom-products
41. F114080 Wholesale of rail cars and the parts thereof;
42. F117010 Wholesale of fire-fighting safety equipment;
43. F119010 Wholesale of electrical materials;
44. F206010 Retail sale of hardware;
45. F206030 Retail sale of tooling;
46. F206040 Retail sale of water equipment and relevant materials;
47. F208031 Retail sale of medical devices;
48. F213040 Retail sale of precision instruments;
49. F213060 Retail of telecom products
50. F218010 Retail of information software
51. F401010 International Trade;
52. F401021 Import of controlled telecommunication radio-frequency devices;
53. F501060 Restaurant services;
54. G801010 Warehousing services;
55. H701010 Development and leasing of residential and business buildings;
56. I103060 Management consulting services;
57. I301010 Information application services;
58. I301020 Data-processing services;
59. I301030 Supply of electronic information services;
60. IF01010 Inspection and repair of firefighting safety equipment services;
61. IG03010 Energy Technical Services;
62. E606010 Testing and inspection of electrical equipment services;
63. JE01010 Leasing services;
64. ZZ99999 Other businesses not prohibited or restricted legally except those with special permit.

### **Article 3**

The Company may, for the purpose of meeting business needs, provide guarantees to others.

### **Article 4**

The Company may, for the purpose of meeting business needs, authorize the Board of Directors to make investment in relevant businesses without regard to Article 13 of the Company Act.

### **Article 5**

The Company will have its head office located in Taipei and the Board of Directors may set up branch offices and production facilities from time to time in consideration of the business needs of the Company.

## **Chapter 2 Capital stocks**

### **Article 6**

The total capital of the Company is NT\$30,305,500,000 divided into 3,030,550,000 shares with a par value of NT\$10 each. The Board of Directors is authorized to issue the shares in installment in consideration of the business needs of the Company.

A total of NT\$1,000,000,000 of the above total capital will be reserved for issuance of employee stock options for a total of 100,000,000 shares of stocks with a par value of NT\$10 each, which may be issued in installments according to the resolution adopted by the relevant meeting of the Board of Directors.

With the approval of two thirds of voting right owned by attending shareholders representing over half of the total issued shares at a shareholders' meeting, subscription price for the issuance of employee warrants can be exempt from the restriction included in article 53 of the "guidelines for the raising and issuance of securities" and the issuance can be carried out in several batches within one year after the resolution is made by shareholders' meeting.

The company's share-subscription warrants for employees can also be issued to employees of subordinate companies meeting a certain conditions.

#### **Article 6-1**

The rights and obligations and other important issuance terms of Class A preferred shares of the Company are as follows:

1. The dividend for preferred shares is limited to an annual rate of 5%, calculated by the issuance price per share, and the dividend may be one-time distributed in cash every year. The board or the chairman empowered by the board will determine the base date to pay the distributable dividends of the previous year. The distribution amount of dividends in the year of issuance and recovery is calculated by the actual issuance days of the current year
2. The Company has discretion over the dividend distribution of preferred shares. The Company may decide not to distribute dividends of preferred shares if there are no earnings in the annual accounts, or the earnings are insufficient to distribute dividends of preferred shares, or the distribution of dividends of preferred shares will cause the capital adequacy ratio to be lower than the minimum requirement by laws or competent authority or other necessary consideration. The shareholders of preferred shares may not object to the board's decision to not distribute dividends. The preferred shares issued are of the non-accumulative type, the undistributed dividends or the deficit of dividends will not be accumulated for deferred payment in the years with earnings in the future.
3. The dividends prescribed in Subparagraph 1 of this Paragraph, shareholders of preferred shares may not be a part of the cash and equity capital of earnings and additional paid-in capital of ordinary shares.
4. Preferred shares may not be converted to ordinary shares.
5. The distribution priority for shareholders of preferred shares on the residual property of the Company is ahead of shareholders of ordinary shares and equal to the preferential order of shareholders of all preferred shares issued by the Company, and the preferential order is only lower than general creditors. The repayment shall be capped at respective issue amount of Preferred Shares A upon liquidation.
6. Shareholders of Preferred Shares A have voting rights or suffrage equal to that of the common stock shareholder.
7. The Preferred Shares A is perpetual but may be redeemed in whole or in part at issue price no earlier than the day following the fifth anniversary of the issuance date. Shareholders do not have the right to request the company to redeem preferred shares. Holders of the outstanding Class A Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.
8. If any Class A preferred shares remains outstanding, except to make up for losses, share premium of Class A Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

#### **Article 6-2**

The rights, obligations and other important issuance terms of Class B Preferred Shares are as follows:



1. The dividend rate of Class B Preferred Shares is capped at 5% per annum on the issue price. Dividends are paid annually in cash in one lump sum. The Chairman is authorized by the Board of Directors or a Board Resolution to set the ex-dividend date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days the Class B Preferred Shares remained outstanding in that year.
2. The Company has sole discretion on the distribution of Class B Preferred Share dividends. If there is no earning or insufficient earning for distributing dividends of Class A Preferred Shares in the fiscal year, or the Company has other necessary considerations, the Board may decide not to distribute Class B Preferred Share dividends by Board Resolution, and it will not be deemed as an event of default. Class B Preferred Shares are noncumulative shares. If the Company decide not to distribute preferred share dividends or to distribute insufficient dividend, the undistributed dividends or shortfalls in dividends distributed shall not be cumulative and shall cease to accrue and be payable, therefore no deferred payment will be paid in subsequent years where there are earnings.
3. Except for the dividend prescribed in Subparagraph 1 of this Paragraph, Class B Preferred Shareholders are not entitled to participate in the distribution of cash or share dividends with regard of the common shares derived from earnings or capital reserves.
4. Class B Preferred Shares may not be converted within 3 year after the date of issuance. The Board is authorized to set the convertible period in the actual issuance terms. Holders of convertible Preferred Shares may, pursuant to the issuance terms, apply for conversion of its shareholding (in whole or in part) to common shares pursuant to the conversion ratio set out in the issuance terms (ratio is 1:1). Upon conversion, the converted shares shall have the same rights and obligations as common shares. Class B Preferred shares that are converted into common shares before the ex-dividend date shall participate in the distribution of profit and capital reserve to holders of common shares, and may not participate in the distribution of Class B Preferred Share dividends that year. Class B Preferred Shares that are converted into common shares after the ex-dividend date shall participate in the distribution of Class B Preferred Share dividends that year, and may not participate in the distribution of profit and capital reserve to holders of common shares. In principle, holders of the converted shares should not participate in both the distribution of preferred share dividends and common share dividends during the same year for the same converted shares.
5. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of outstanding Class B preferred shares are entitled to receive residual assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of the common shares. Class B preferred shares and other classes of preferred shares of the Company shall rank pari passu without any preference among themselves and their repayment shall be capped at their respective issue amount.
6. Class B Preferred Share Shareholders are entitled to the same voting rights and the right to be elected as common share shareholders during general shareholders' meeting.
7. Class B Preferred Shares are perpetual preferred shares. Holders of Class B Preferred Shares have no right to request redemption of such shares by the Company. However, the Company may redeem Class B Preferred Shares in whole or in part at the actual issue price after the day following the fifth anniversary of issuing. The rights and obligations of the remaining and outstanding Class B Preferred Shares as described in the preceding paragraphs will remain unchanged. Holders of the outstanding Class B Preferred Shares are entitled to receive declared dividends based on the actual days in the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.
8. If any Class B preferred shares remains outstanding, except to make up for losses, share premium of Class B Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

### **Article 6-3**

The rights, obligations and other important issuance terms of Class C Preferred Shares are as follows:

1. The dividend rate of Class C Preferred Shares is 5% per annum on the issue price. Dividends are paid annually in cash in one lump sum. The Chairman is authorized by the Board of Directors or a Board Resolution to set the ex-dividend date and the amount of dividends to be paid for the previous fiscal year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated proportionally based on the actual number of days the Class C Preferred Shares remained outstanding in that year.
2. The Company has sole discretion on the distribution of Class C Preferred Share dividends. If there is no earning or insufficient earning for distributing dividends of Class C Preferred Shares in the fiscal year, or the Company has other necessary considerations, the Board may decide not to distribute Class C Preferred Share dividends by Board Resolution, and it will not be deemed as an event of default. If the Company decide not to distribute preferred share dividends or to distribute insufficient dividend, the dividends shall be accumulated for priority retroactive issuance in subsequent year where earnings are reported.
3. Except for the dividend prescribed in Subparagraph 1 of this Paragraph, Class C Preferred Shareholders are not entitled to participate in the distribution of cash or share dividends with regard of the common shares derived from earnings or capital reserves.
4. Class C Preferred Shares may not be converted within 3 year after the date of issuance. The Board is authorized to set the convertible period in the actual issuance terms. Holders of convertible Preferred Shares may, pursuant to the issuance terms, apply for conversion of its shareholding (in whole or in part) to common shares pursuant to the conversion ratio set out in the issuance terms (ratio is 1:1). Upon conversion, the converted shares shall have the same rights and obligations as common shares. Class C Preferred shares that are converted into common shares before the ex-dividend date shall participate in the distribution of profit and capital reserve to holders of common shares, and may not participate in the distribution of Class C Preferred Share dividends that year. Class C Preferred Shares that are converted into common shares after the ex-dividend date shall participate in the distribution of Class C Preferred Share dividends that year, and may not participate in the distribution of profit and capital reserve to holders of common shares. In principle, holders of the converted shares should not participate in both the distribution of preferred share dividends and common share dividends during the same year for the same converted shares.
5. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of outstanding Class C preferred shares are entitled to receive residual assets of the Company available for distribution to stockholders, before any distribution of assets is made to holders of the common shares. Class C preferred shares and other classes of preferred shares of the Company shall rank *pari passu* without any preference among themselves and their repayment shall be capped at their respective issue amount.
6. Class C Preferred Share Shareholders are entitled to the same voting rights and the right to be elected as common share shareholders during general shareholders' meeting.
7. Class C Preferred Shares are perpetual preferred shares. Holders of Class C Preferred Shares have no right to request redemption of such shares by the Company. However, the Company may redeem Class C Preferred Shares in whole or in part at the actual issue price after the day following the fifth anniversary of issuing. The rights and obligations of the remaining and outstanding Class C Preferred Shares as described in the preceding paragraphs will remain unchanged. Holders of the outstanding Class C Preferred Shares are entitled to receive declared dividends based on the actual days in

the redemption year up to the date of redemption should the Company decide to declare dividend for the redemption year.

8. If any Class C preferred shares remains outstanding, except to make up for losses, share premium of Class C Preferred Shares should not be capitalized into share capital.

The Board is authorized to determine the name, issuance date and specific issuance terms upon actual issuance, after considering the situation of capital market and investors' willingness for subscription, in accordance with Articles of Incorporation and related laws and regulations.

#### **Article 7**

The company can buy back issued shares from the centralized securities market, according to article 10-1 of "measures for buying back shares by listed firms." With approval of two thirds of voting right owned by attending shareholders representing over half of issued shares, the company can transfer the bought-back shares to employees at price lower the average purchase price.

Targets for transfer of shares purchased by the company legally can include employees of the subordinate companies meeting a certain conditions.

#### **Article 8**

The Company may issue shares without printing share certificates. All of the stocks of the Company will be duly issued as name-bearing stocks and duly registered.

#### **Article 9**

All transfer of stocks shall be suspended 60 days prior to the annual general shareholders meeting date, 30 days prior the extraordinary shareholders meeting date, and five days prior to the date of distribution of dividend, profit-sharing or other interests.

### **Chapter 3 Shareholders' Meeting**

#### **Article 10**

The Company will have two types of shareholders meetings:

1. General shareholder meeting to be convened within six months after the end of each fiscal year;
2. Extraordinary shareholders meeting to be convened where necessary; and

The convention of the above shareholders meetings will be notified to the shareholders 30 days prior to the meeting date of the general shareholders meeting and 15 days prior to the meeting date of the extraordinary shareholders meeting.

The shareholders' meeting of preferred shares may be convened in accordance with relevant laws whenever necessary.

The shareholders' meeting can be convened by means of video conference or other methods promulgated by the central competent authority.

#### **Article 11**

Each shareholder of this Company will have one vote on each share held except those without voting right according to company law and related regulations.

**Article 12**

Where the shareholder is unable to attend the shareholders meeting in person, he/she may appoint a proxy to act on his/her behalf at the meeting by signing the proxy form prepared by the Company. The number of votes by a proxy acting on behalf of two or more shareholders at the shareholders meeting shall not exceed the total number of votes representing 3% of the total issued shares of the Company with all excess votes disregarded, except where such proxy is a trust business or stock affairs agency institution approved by the competent securities authority.

**Article 13**

Except as otherwise provided by the Company Act, the Shareholders' Meeting may be called to order on and only on the attendance by shareholders representing the majority of the total issued shares. Resolutions of the shareholders meeting shall be adopted by the majority votes at the meeting.

The resolutions of the shareholders meeting shall be recorded in the meeting minutes signed or sealed with the chop of the chairperson and distributed to the shareholders each within 20 days after the meeting, provided that the service of the meeting minutes may be made by public notice with respect to shareholders.

**Article 14**

The shareholders shall be presided by the person who is legally authorized to convene the meeting. Where there are two or more conveners, they shall elect one from among themselves to preside the meeting.

**Chapter 4 Board of Directors****Article 15**

The Board of Directors of the Company will be formed by 7 to 11 Directors to be elected from among the shareholders with disposing capacity. The Board of Directors is authorized to determine the number of Directors. The Director each will serve a term of office of three years and is eligible for re-election.

At least 3 of the aforementioned directors are independent directors.

Candidates for directors are nominated, according article 192-1 of the Company Law. Method for acceptance of the nomination for directors, its publication, and other related affairs will be conducted according to the Company Law, the Securities and Exchange Act, and other related law/regulation.

**Article 16**

The Directors shall elect among themselves the Chairman and Vice Chairman of the Company, and the election should be attended by over two-thirds of the directors and adopted by a majority of the directors present. The 3 managing directors shall be elected from among the directors in accordance with the same manner. The Chairman will externally represent the Company and act as the chairperson of the Shareholders' Meetings, meetings of the Board of Directors and meetings of the Managing Directors. At least one of the nominated Managing Directors shall be an independent director, and no less than one fifth of the total number of Managing Directors.

**Article 17**

The Chairman will convene and preside the meetings of the Board of Directors except the first meeting of every new term of office which shall be convened by the Director who was elected with the highest number of votes at the relevant election or pertaining to relevant laws. Where the Chairman is for whatever reason unable to perform his/her functions at the meeting, the Vice Chairman shall act in his/her stead. If the Vice Chairman is for whatever reason unable to perform the function at the meeting, the Chairman shall appoint one from among the Managing Directors to act in his/her stead, in the case where there are no Managing Directors, a Director shall be appointed. Absent such appointment, the Managing Directors shall elect one from among themselves to act instead of the Chairman at the meeting, where there are no Managing Directors, Directors shall elect one from among themselves.

#### **Article 18**

Except as otherwise provided by the Company Act, the meeting of the Board of Directors may be called to order on and only on attendance by the majority of the Directors. The resolution of the meeting of the Board of Directors shall be adopted by the majority votes at the meeting.

If the Director is for whatever reason unable to attend the meeting of the Board of Director in person, he/she may appoint another Director to act in his/her stead by issuing a signed proxy. The Managing Director may also appoint another Managing Director to act in his/her stead at the meeting of the Managing Directors.

The board of directors should be convened every quarter. Notice, along with the description of the meeting, will be given to every director seven days in advance. The notice can be given in written form, fax, or e-mail.

The meeting of the Board of Directors may be conducted via audio- or video-teleconference. All Directors present at the meeting via teleconference will be deemed present at the meeting in person.

#### **Article 19**

The function of the Board of Directors is to

1. examine and determine important bylaws and contracts;
2. determine business operation policy;
3. examine and determine budgets and final accounting;
4. propose capital increase (reduction);
5. propose profit distribution plan;
6. determine the organization of the business departments of the Company, appoint and discharge managerial officers;
7. examine and approve purchase or disposal of important property and real estate;
8. examine and approve provision of guaranty and loan to external investments;
9. examine and approve investment in relevant business at home or abroad; and
10. perform other functions conferred upon bylaw or the shareholders meeting.

#### **Article 20**

In case the vacancies on the Board of Directors exceed one third of the total number of Directors, the Board of Directors shall convene an extraordinary shareholders meeting within 60 days to elect new Directors to fill the vacancies.

The new Directors shall serve the remaining term of office of the predecessors.

#### **Article 21**

Compensations for the chairpersons, vice chairpersons, and directors should be proposed by "Compensation Committee", according to their involvement in the company's operation, the

value of their contribution, and reference of domestic and overseas level. The proposal will be submitted to the board of directors for approval.

## **Chapter 5 Audit Committee**

### **Article 22**

The company institutes audit committee, consisting of all the independent directors, according to the law. Audit committee will take over the responsibilities and power of supervisors, stipulated in the Company Law, Securities Trading Law, and other laws. Organizational charter for the audit committee should be formulated to cover the number, term, meeting rules, and provision of resources by the company for the exercise of its duties.

## **Chapter 6 Managerial officers**

### **Article 23**

The Company will have presidents, vice presidents and assistant vice presidents to be appointed and discharged in accordance with Article 29 of the Company Act. The president will take general charge of the operation of the Company according to the instruction from the Chairman.

### **Article 24**

The presidents, vice presidents and assistant vice presidents shall be the responsible person of the business they each take charge of with the powers and duties to operate and manage such business.

## **Chapter 7 Accounting**

### **Article 25**

The Board of Directors shall after the end of each fiscal year produce the following reports and statements and submit the same to the Shareholders Meeting for ratification:

1. Business report.
2. Financial statement.
3. Proposed stock dividend of profit distribution or loss make-up plan

### **Article 26**

The company appropriates part of its annual profits, ranging from 1% to 10%, for distribution of remuneration to employee. Remuneration to directors are capped at 5% of profits. Employees of affiliated companies are also entitled to remuneration to employee. Profits should be used, in priority, for making up accumulated loss, should it exist.

The shares of the aforementioned distribution of remuneration to employee and the directors, as well as the choice of stock or cash should be resolved by the board of directors, with approval of over half of attendees in a meeting attended by over two thirds of directors, before being reported to shareholders' meeting.

The annual profit mentioned in item 1 refers to pre-tax profits of the year before deduction of distribution of remuneration to employee and directors.

### **Article 27**

Profit, should it appear in final account, should be used, in descending order, in paying tax, making up for accumulated loss, and then appropriating 10% of the remainder for legal reserve, on top of appropriation or reversal of special reserve, according to the regulation of regulator.

The balance for the current year, should it exist, shall first be distributed as dividends to holders of Preferred Shares, and any remaining amount may be should be combined with retained earnings of previous year for the board of directions to formulate proposal of profit distribution for approval by the shareholders' meeting.

The Company is in a stably growing industry with investment made in developing business. In consideration of possible expansion of operation and investment, the earnings distributed to the shareholders each year will basically be in an amount equal to 80% of the earnings received in the period combined with the retained earnings from the previous year, net of the legal reserve and special earning reserve. Basically 50% but not less than 5% of the earnings distributed to the shareholders shall be distributed in cash.

## **Chapter 8 Supplemental Provisions**

### **Article 28**

The rules governing the organization of the Company shall be prescribed by the Board of Directors.

### **Article 29**

Matters not provided herein shall be in accordance with the Company Act and the relevant laws and regulations.

### **Article 30**

These Articles of Incorporation was established on 12 April 1956 and subsequently amended as follows:

The first amendment on 25 January 1957;  
The second amendment on 1 September 1958;  
The third amendment on 27 March 1960;  
The fourth amendment on 31 March 1962;  
The fifth amendment on 14 July 1962;  
The sixth amendment on 25 April 1964;  
The seventh amendment on 26 March 1966;  
The eighth amendment on 27 May 1966;  
The ninth amendment on 15 April 1967;  
The tenth amendment on 23 March 1968;  
The eleventh amendment on 30 May 1969;  
The twelfth amendment on 24 October 1969;  
The thirteenth amendment on 20 February 1971;  
The fourteenth amendment on 10 May 1971;  
The fifteenth amendment on 12 May 1972;  
The sixteenth amendment on 16 April 1973;  
The seventeenth amendment on 2 June 1973;  
The eighteenth amendment on 14 April 1974;  
The nineteenth amendment on 18 April 1975;  
The twentieth amendment on 26 March 1976;  
The twenty-first amendment on 16 April 1977;  
The twenty-second amendment on 21 April 1978;  
The twenty-third amendment on 20 October 1978;  
The twenty-fourth amendment on 19 April 1979;  
The twenty-fifth amendment on 28 March 1980;  
The twenty-sixth amendment on 18 April 1981;  
The twenty-seventh amendment on 27 March 1982;  
The twenty-eighth amendment on 28 March 1983;



The twenty-ninth amendment on 28 March 1984;  
The thirtieth amendment on 28 March 1985;  
The thirty-first amendment on 28 March 1986;  
The thirty-second amendment on 28 March 1987;  
The thirty-third amendment on 28 March 1988;  
The thirty-fourth amendment on 28 March 1989;  
The thirty-fifth amendment on 28 March 1999;  
The thirty-sixth amendment on 7 May 1991;  
The thirty-seventh amendment on 8 May 1992;  
The thirty-eighth amendment on 7 May 1993;  
The thirty-ninth amendment on 28 April 1994;  
The fortieth amendment on 6 May 1995;  
The forty-first amendment on 11 May 1996;  
The forth-second amendment on 24 May 1997;  
The forty-third amendment on 15 May 1998;  
The forty-fourth amendment on 21 April 2000;  
The forty-fifth amendment on 15 May 2001;  
The forty-sixth amendment on 31 May 2002;  
The forty-seventh amendment on 6 June 2003;  
The forty-eighth amendment on 11 June 2004;  
The forty-ninth amendment on 27 May 2005;  
The fiftieth amendment on 15 June 2006;  
The fifty-first amendment on 13 June 2008;  
The fifty-second amendment on June 19, 2009;  
The fifty-third amendment on June 10, 2011;  
The fifty-fourth amendment was on June 15, 2012;  
The fifty-fifth amendment was on June 23, 2014;  
The fifty-sixth amendment was on June 16, 2016;  
The fifty-seventh amendment was on June 14, 2019;  
The fifty-eighth amendment was on May 11, 2020.  
The fifty-ninth amendment was on May 20, 2022  
The sixtieth amendment was on May 24, 2023

It took effect after the approval of shareholders' meeting.

# TECO Electric & Machinery Co., Ltd.

## Rules Governing Shareholders' Meetings

(Summary Translation)

This English version is a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

### Article 1

Except as otherwise provided by law or the Articles of Incorporation of the Company, the Shareholders' Meetings of the Company shall be governed by these Rules.

### Article 2

The shareholder shall register his/her attendance by handing in his/her signed attendance card.

The number of shares present at the meeting will be counted according to the signed attendance cards received, plus the shares for the exercise of voting right via written or electronic method.

### Article 3

The quorum and ballots at the Shareholders' Meeting will be counted according to the number of shares represented at the meeting.

### Article 4

The shareholders meeting shall be convened at the place where the Company is located or any other appropriate place convenient for the shareholders to attend and shall be called to order no earlier than 9:00AM and no later than 3:00PM on the meeting date.

### Article 5

Where the shareholders meeting is convened by the Board of Directors, the meeting shall be presided by the Chairman of the Board of Directors. If the Chairman is for any reason unable to perform his/her functions at the meeting, the Vice-Chairman shall act on his/her behalf. If the Vice-Chairman is for any reason unable to perform the function at the meeting as well, the Chairman shall appoint a Managing Director to act on his/her behalf at the meeting. In the absence of such appointment, the Managing Directors shall elect one from among themselves to preside the meeting. Where the Shareholders' Meeting is convened by any person legally authorized to do so other than the Board of Directors, the meeting shall be presided by such person. Where there are two or more conveners, they shall elect one from among themselves to preside the meeting.

### Article 6

The Company may appoint legal counsel, certified public accountant or relevant personnel to attend the Shareholders' Meeting without the right to vote.

Personnel administering affairs at the Shareholders' Meeting shall each wear a tag or badge bearing their designation.

### Article 7

The whole proceeding of the Shareholders' Meeting shall be video- or tape-recorded and such recording shall be kept for at least one year.

**Article 8**

The chairperson shall call the meeting to order as scheduled, provided that where the number of shares represented at the meeting is less than the majority of the total issued shares, the chairperson may announce to postpone calling the meeting to order twice and only twice for not more than one hour in total. If the quorum is still not met after the postponement duration has expired with the number of shares represented at the meeting exceeding one third of the total issued shares, temporary resolutions may be adopted in accordance with the first paragraph of Article 175 of the Company Act.

If the number of shares represented at the meeting represents the majority of the total issued shares before the meeting is adjourned, the chairperson shall present the temporary resolutions made for voting pursuant to Article 174 of the Company Act.

**Article 9**

Where the Shareholders' Meeting is convened by the Board of Directors, the agenda shall be determined by the Board of Directors and the meeting shall proceed according to the agenda except otherwise changed by the resolution adopted by the Shareholders' Meeting.

Where the Shareholders' Meeting is convened by any person legally authorized to do so other than the Board of Director, the preceding paragraph shall operate with appropriate and necessary alteration.

The chairperson shall not forthwith announce to adjourn the meeting before the agenda provided in the two preceding paragraphs (including extempore motions) is duly completed, except on the resolution adopted by the Shareholders' Meeting for him/her to do so.

No shareholders shall elect a chairperson to continue the meeting at the same place or elsewhere after the meeting is duly pronounced adjourned.

**Article 10**

The shareholder shall fill out the request for taking the floor before making statement at the meeting and he/she will indicate the gist of his/her statement to make, shareholder account number (or attendance card number) and shareholder name. The chairperson will decide the order for the shareholders to make their statement. The statement made by any shareholder acting in breach of the above shall be disregarded. The shareholder who has only filled out the request for taking the floor without actually doing so shall be deemed not having made any statement. In case of any discrepancy between the gist of statement indicated in the shareholder's request for taking the floor and the record of his/her statement made, the record shall govern.

No shareholder may interrupt the statement being made by the shareholder taking the floor without the consent of both the chairperson and the shareholder taking the floor. The chairperson shall restrain any shareholder acting in breach of the above and the statement made by such shareholder shall be disregarded.

**Article 11**

Each shareholder may make statement on the same issue not more than twice and not more than five minutes unless the chairperson consents otherwise.

The statements made by any shareholder acting in breach of the preceding paragraph or irrelevant to the issues will be disregarded and the chairperson may prevent him or her from making statement.

**Article 12**

An institutional entity who is to attend the Shareholders' Meeting in proxy may appoint one and only one representative to attend the meeting

Institutional shareholder who has appointed two more or representatives to attend the Shareholders' Meeting will have its statement (if any) on the same issue by only one of its appointed representatives.

**Article 13**

The chairperson may personally respond to the statement made by the shareholder or appoint the relevant personnel to do so.

**Article 14**

The chairperson may announce to conclude the discussion on a proposal as he/she sees fit and submit the proposal to voting for resolution.

**Article 15**

The personnel supervising the voting and counting the ballots of voting shall be appointed by the chairperson, provided that the personnel supervising the voting must be appointed from among the shareholders. The outcome of the voting shall be announced on the spot and taken down in the minutes.

**Article 16**

The chairperson may call the meeting to a break as he/she sees fit.

**Article 17**

Except as otherwise provided by the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by more than half of the votes represented by the shareholders present at the Meeting. If shareholders exercising voting right in written or electronic method don't express objection and the chairperson doesn't receive objection from attending shareholders, the proposal will be regarded as receiving approval in entirety. On the day after the holding of shareholders' meeting, post the result of agreement, objection, or no opinion on the Market Observation Post System.

**Article 18**

The chairperson shall combine the revision or substitute proposal (if any) on a proposal with that proposal for the purpose of determining their order of voting. If one of the proposals is adopted, the other proposals shall be deemed vetoed and no voting on them will be necessary.

**Article 19**

The chairperson may direct the order-maintaining personnel (or security guard) to maintain the order of the meeting. Each order-maintaining personnel (or security guard) shall wear a badge bearing their designation when performing their function at the meeting.

**Article 20**

These Rules are amended pursuant to the Company Law and related law/regulation with implemented after being approved by the Shareholders' Meeting. Procedure for revision is the same.

**Article 21**

These Rules were adopted by the extraordinary Shareholders' Meeting on June 2, 1973. The first amendment to these Rules was adopted by the General Shareholders' Meeting on May 11, 1996.

The second amendment to these Rules was adopted by the General Shareholders' Meeting on May 15, 1998.

The third amendment to these Rules was adopted by the General Shareholders' Meeting on May 31, 2002.

The fourth amendment to these Rules was adopted by the General Shareholders' Meeting on June 15, 2012.

# TECO Electric & Machinery Co., Ltd.

## Rules Governing Election of Directors

(Summary Translation)

This English version is a translation of the Chinese version. If there is any inconsistency or discrepancy between the Chinese and English versions, the Chinese version shall prevail for all intents and purposes.

### Article 1

The election of the directors of the Company shall be in accordance with these Rules.

### Article 2

Candidate's nomination system is adopted for election of the directors of the Company. Except as otherwise provided by the Article of Incorporation of the Company, each share of the Company held shall have the same number of votes as the number of the directors to be elected, which may be for one and the same candidate or distributed for a plural number of candidates.

### Article 3

The chairperson of the election shall appoint a number of voting supervisors and ballots counters before the election begins.

### Article 4

The directors of the Company will be elected by the relevant shareholders meeting from among those who have disposing capacity. The number of directors elected shall be in accordance with the Articles of Incorporation of the Company according to the number of votes represented by the ballots won. The independent directors and non-independent directors shall be elected at the same election with the number of independent directors elect and that of the general directors elect counted separately. The election of the independent directors shall be in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the relevant rules, laws and regulations. Where there are two or more candidates who have each won equal number of votes and the number of vacancies to fill is less than such candidates, the elect shall be determined by drawing lot. Those who are not present at the meeting shall be represented by the chairperson to draw the lot.

### Article 5

Except as otherwise approved by the competent authority, the number of the directors of the Company who run into either of the following relationships among themselves must be less than one half of the total number of directors:

1. Spouse; or
2. Relatives of the second degree.

For elected directors who run counter to the aforementioned regulation, those gaining the support of fewer voting rights should be disqualified.

### Article 6

The ballots shall be produced and prepared by the Board of Directors; each ballot shall bear the number of the attendance card and the number of votes it represents.

**Article 7**

The voting shareholder shall indicate in the ballot the account name and shareholder account number of the candidate voted if he or she is a shareholder, and the name and the national identification card number or passport number of the candidate voted if he or she is not a shareholder. However, where the candidate voted is a government agency or institutional shareholder, the voting shareholder shall fill in the ballot the title of such government agency or institutional shareholder and the names of all of its representatives (if any).

**Article 8**

A ballot cast will be void if

1. It is not in the form and substance prepared by the Board;
2. It bears the names of various candidates, which outnumbers the limit fixed;
3. It bears any words other than the personal (account) name, shareholder account number (or identification paper number) of the candidate voted, and the number of the votes cast;
4. It is blank;
5. It is illegible or altered;
6. Where the candidate written therein is a shareholder, the account name or the shareholder account number is different from that indicated in the shareholders roster; where the candidate written therein is a non-shareholder, the personal name written therein is different from his or her identification paper;
7. Where the candidate written therein is a shareholder, the account name written therein is identical with another shareholder's with no shareholder account number given for identification purposes; or where the candidate written therein is not a shareholder, the personal name indicated therein is identical with that of another non-shareholder with no identification number given for identification purposes.

**Article 9**

The ballots shall be open at the end of the voting and the result of the election shall be announced by the chairperson.

**Article 10**

The directors elected shall each cause their signed acceptance letters served to the Company within 12 days from the election date.

**Article 11**

These Rules and all subsequent amendments each shall come into force after being adopted by the relevant shareholders meeting.

**Article 12**

These Rules were adopted by the shareholders meeting of 14 April 1974.

The first amendment to these Rules was adopted by the shareholders meeting of 31 May 2002.

The second amendment to these Rules was adopted by the shareholders meeting of 13 June 2008.

The third amendment to these Rules was adopted by the shareholders meeting of 10 June 2011.

The fourth amendment to these Rules was adopted by the shareholders meeting of 23 June 2014.

## TECO Electric & Machinery Co., Ltd. Shareholding of All Directors

1. Types and number of issued shares: common stocks, 2,138,796,616 shares in total.
2. Minimum required shareholding by all Directors: 51,331,119 shares (Note)
3. Minimum required shareholding by all Supervisors: Not Applicable (Already set up Audit Committee)
4. The total shareholding of all Directors meets the minimum shareholding requirement.

Period of suspension of share transfer: March 26<sup>th</sup> 2024 ~ May 24<sup>th</sup> 2024

Title	Name	Date elected (yy.mm.dd)	Term of office	Shareholding when elected		Number of shares held recorded in the shareholders roster as of the date of suspension of share transfer	
				Number of shares held	%	Number of shares held	%
Chairman	Tung Kuang Investment Co., Ltd. Representative: Chwen-Jy Chiu	20210723	3yrs	31,991,364	1.50%	31,991,364	1.50%
Director	Tong Ho Global Investment Co., Ltd Representative: Cheng-Tsung Huang	20210723	3yrs	2,240,262	0.10%	2,240,262	0.10%
Director	Show-Shoun Chou	20210723	3yrs	0	0	6,000	0
Director	Ho Yuan International Investment Co., Ltd. Representative: Pen-Ching Cheng	20210723	3yrs	23,467,000	1.10%	50,420,000	2.36%
Director	Yinge Int. Inv. Co., Ltd Representative: Li-Chong Huang	20210723	3yrs	14,454,698	0.68%	22,554,698	1.05%
Director	Creative Sensor Inc. Representative: Jack Hou	20210723	3yrs	77,519,000	3.62%	46,987,000	2.20%
Director	Song-Ren Fang	20210723	3yrs	0	0	0	0
Independent Director	Wei-Chi Liu	20210723	3yrs	0	0	0	0
Independent Director	Hsieh-Hsing Huang	20210723	3yrs	0	0	0	0
Independent Director	Li-Chen Lin	20210723	3yrs	0	0	0	0
Independent Director	Shiang-Chung Chen	20210723	3yrs	0	0	0	0
Total number of shares held by all Directors (Repeaters are counted as a single account)				149,672,324	7.00%	154,199,324	7.21%

Note: According to Article 2 of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", if there are two or more independent directors elected, the minimum shareholding of all directors and supervisors, excluding independent directors, could drop to 80% of original requirement.



# TECO Electric & Machinery Co., Ltd.

## Notes

1. Impact on Company's business performance, EPS and ROI from the stock grant proposed by Shareholders Meeting: Not applicable.
2. Information on proposals submitted to the shareholders' meeting
  - a. According to article 172-1 of the Company Law, shareholders with over 1% holding of total shares issued can submit only one written proposal, containing up to 300 words, to shareholders' meeting.
  - b. Shareholders can put forth proposals to the shareholders' meeting during February 21<sup>st</sup> – March 1<sup>st</sup> (till 5pm), 2024, which had been posted on the Market Observation Post System of the Taiwan Stock Exchange, according to law.
  - c. The company received no proposal from the shareholder during the period.
3. Information on nomination submitted to the shareholders' meeting:
  - a. According to article 192-1 of the Company Law, shareholders could nominate the candidates of board of directors, containing up to the numbers to be elected. Board of directors follows the same rules as well. According to the explanation, Jing Shang Zi No. 10702429010, issued to explain issued by Ministry of Economic Affairs dated on December 21<sup>st</sup>, 2018, if the list of director candidates is proposed by the board of directors, it is not subject to restrictions on the submission within the period of acceptance.
  - b. Shareholders can put forth nomination to the shareholders' meeting during February 21<sup>st</sup> – March 1<sup>st</sup> (till 5pm), 2024, which had been posted on the Market Observation Post System of the Taiwan Stock Exchange, according to law.
  - c. The nomination received by the Company during the period, which had been posted on the Market Observation Post System of the Taiwan Stock Exchange, according to the related regulations.