RECHI PRECISION CO., LTD.

Meeting Handbook for 2024 Annual Meeting of Shareholders

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RECHI PRECISION CO., LTD.

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II. Meeting Agenda

RECHI PRECISION CO., LTD.
Agenda of the 2024 General Shareholders' Meeting

Time: June 13, 2024 (Thursday), 9:00 a.m.

Method for Convening: Physical Meeting

Address: No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Matters to be reported

1. The Company's 2023 Business Report.
2. Audit Report of the Company's Audit Committee for Financial Statements for 2023.
3. Report of the Company for distribution of remuneration to employees and directors for 2023.
4. Report of the Company for distribution of cash dividends from earnings for 2023.
5. Report of the Company for guarantees and endorsements for 2023.
6. Amendment report of the Company's "Rules of Procedure for Board of Directors Meetings."

IV. Proposals

1. The Company's 2023 business report and financial statements.
2. The company's earnings distribution proposal for the year of 2023.

V. Other matters

1. Proposal for canceling the non-compete restriction for current directors and their representatives.

VI. Questions and Motions

VII. Adjournment

III. Matters to be reported

1. Proposal: The Company's 2023 Business Report is submitted for joint review.
   Explanation: For the Company's 2023 Business Report, please refer to Page 12 to 14.

2. Proposal: The Audit Report of the Company's Audit Committee for Financial Statements for 2023 is submitted for joint review.
   Explanation: Please refer to Page 15 for audit committee's report on the Company's 2023 closing statements.

3. Proposal: The Report of the Company for distribution of remuneration to employees and directors for 2023 is submitted for joint review.
   Explanation: On March 12, 2024, the board of directors of the Company passed a resolution to approve the proposal for directors remuneration of 2023 as NTD14,791,400 and employees wage of 2023 as NTD47,332,480, which would all be distributed in cash.

4. Proposal: The report of the Company for distribution of cash dividends from earnings for 2023 is submitted for joint review.
   Explanation: In accordance with the provisions in the Articles of Incorporation, the Company proposes to distribute to the shareholders cash dividends of NTD 499,995,105 (NTD 1.0 per share), which will all be distributed in cash.

5. Proposal: The report for the Company's guarantees and endorsements for 2023 is submitted for joint review.
   Explanation: The following information was shown in the report for the Company's guarantees and endorsements as of December 31, 2023:

(1) The Company's guarantees and endorsements for subsidiaries (2023/12/31)

Unit: NTD thousand

The party making the endorsement and/or guarantee	The party receiving the endorsement and/or guarantee of Company name	The limit of endorsements and/or guarantees to a single business entity (Note 1)	The highest balance of endorsements and/or guarantees in the current period	The ending balance of endorsements and/or guarantees
RECHI PRECISION CO., LTD.	Rechi Holdings Co., Ltd.	NTD9,832,075	NTD1,370,225 (USD43,000)	NTD1,370,225 (USD43,000)
RECHI PRECISION CO., LTD.	RECHI Precision (Jiujiang) Electric Machinery Limited	NTD9,832,075	NTD1,216,489 (USD31,000) (CNY70,000)	NTD734,332 (USD14,000) (CNY70,000)
Total			NTD2,586,714	NTD2,104,557

Note 1: Limit amount of guarantee/endorsement for individual target is NTD 9,832,075 thousand (net value) × 100% = NTD 9,832,075 thousand.
Limit amount of guarantee/endorsement is NTD 9,832,075 thousand (net value) × 150% = NTD 14,748,113 thousand

Note 2: Net value is the number audited by CPA in the third quarter of 2023.

(2) Subsidiaries' guarantees and endorsements for subsidiaries (2023/12/31)

Unit: NTD thousand

The party making the endorsement and/or guarantee	The party receiving the endorsement and/or guarantee of Company name	The limit of endorsements and/or guarantees to a single business entity (Note 1)	The highest balance of endorsements and/or guarantees in the current period	The ending balance of endorsements and/or guarantees
Rechi Precision (Qingdao) Electric Machinery Limited	Qingdao RECHI Electric Machinery Sales Company	NTD4,494,962 (CNY1,000,088)	NTD218,980 (CNY50,000)	NTD0 (CNY0)
Rechi Precision (Qingdao) Electric Machinery Limited	RECHI Refrigeration Dongguan Co., Ltd.	NTD4,494,962 (CNY1,000,088)	NTD129,123 (CNY30,000)	NTD129,123 (CNY30,000)
Dyna RECHI Co., Ltd.	Dyna Rechi Jiujiang Co., Ltd.	NTD538,155	NTD89,820 (USD3,000)	NTD0 (USD0)
Dyna RECHI Co., Ltd.	ABLEK Technology Co., Ltd.	NTD538,155	NTD15,000	NTD15,000
Dongguan RECHI Compressor Co., Ltd.	RECHI Refrigeration Dongguan Co., Ltd.	NTD152,487 (CNY33,927)	NTD140,301 (CNY32,000)	NTD0 (CNY0)
RECHI Precision (Jiujiang) Electric Machinery Limited	Dyna Rechi Jiujiang Co., Ltd.	NTD2,297,568 (CNY511,188)	NTD79,859 (CNY18,000)	NTD79,859 (CNY18,000)
Total			NTD673,083	NTD223,982

Note 1:

- Rechi Precision (Qingdao) Electric Machinery Limited:
  Limit amount of guarantee/endorsement for individual target is CNY1,000,088 thousand (net value) × 100% = CNY1,000,088 thousand
- Rechi Precision (Qingdao) Electric Machinery Limited:
  Limit amount of guarantee/endorsement is CNY 1,000,088 thousand (net value) × 150% = CNY 1,500,132 thousand
- Dyna RECHI Co., Ltd.:
  Limit amount of guarantee/endorsement for individual target is NTD 1,076,309 thousand (net value) × 50% = NTD 538,155 thousand
- Dyna RECHI Co., Ltd.:
  Limit amount of guarantee/endorsement is NTD 1,076,309 thousand (net value) × 50% = NTD 538,155 thousand
- Dongguan RECHI Compressor Co., Ltd.:
  Limit amount of guarantee/endorsement for individual target is CNY 33,927 thousand (net value) × 100% = CNY 33,927 thousand
- Dongguan RECHI Compressor Co., Ltd.:
  Limit amount of guarantee/endorsement is CNY 33,927 thousand (net value) × 150% = CNY 50,891 thousand
- RECHI Precision (Jiujiang) Electric Machinery Limited:
  Limit amount of guarantee/endorsement for individual target is CNY 511,188 thousand (net value) × 100% = CNY 511,188 thousand

- RECHI Precision (Jiujiang) Electric Machinery Limited:
  Limit amount of guarantee/endorsement is CNY 511,188 thousand (net value) × 150% = CNY 766,782 thousand
- Limit amount of guarantee/endorsement by RECHI Precision (Qingdao) Electric Machinery Limited for Qingdao RECHI Electric Machinery Sales Company is the joint guarantee/endorsement by RECHI Precision (Qingdao) Electric Machinery Limited and TCL RECHI (Huizhou) Refrigeration Equipment Company Limited.

Note 2: Net value is the number audited by CPA in the third quarter of 2023.

(3) The total amount of endorsements and guarantees of the Company and its subsidiaries as a whole was NTD 2,328,539 thousand (2023/12/31). The total amount of endorsements and guarantees that the Company and its subsidiaries as a whole can provide shall not exceed 200% of the net value as shown in the Company's latest financial statements, mainly because when the subsidiaries of the Company obtain (apply for) credit lines from financial institutions, they need the endorsements and guarantees of the Company. When the Company’s subsidiaries borrow funds in Mainland China, the banks require parent-company guarantees in order to acquire credit facilities. Therefore, the guarantees/endorsements by the Company are necessary and reasonable.

(4) Customs duty endorsement/guarantee
The Company provides a bank guarantee of NTD10,000,000 to the Customs Administration as customs duty endorsement/guarantee.
Dyna RECHI Co., Ltd. provides a bank guarantee of NTD 500,000 to the Customs Administration as customs duty endorsement/guarantee.

6. Proposal: Amendment report for “Rules and Procedures of Board of Directors Meetings.”
Explanation: The mapping of the clauses of the “Rules and Procedures of Board of Directors’ Meetings” before and after the amendment:

After amendment	Existing clauses	Explanation:
Article 3 The board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. All matters set forth under Article 7, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.	Article 3 The board of directors shall meet at least quarterly. The reasons for calling a board of directors meeting shall be notified to each director at least seven days in advance. In emergency circumstances, however, a meeting may be called on shorter notice. All matters set forth under Article 7, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion except in the case of an emergency or for other legitimate reason.	Amended pursuant to Letter Jin Guan-Zheng-Fa No. 1110383263.

After amendment	Existing clauses	Explanation:
Article 7 The Company shall submit the following items for discussion by the board of directors: 1. Corporate business plan. 2. The annual financial statements and the Q2 financial statements that shall be audited and certified by CPAs. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system. 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others. 5. The offering, issuance, or private placement of any equity-type securities. 6. Election or dismissal of the Chairman. 7. The appointment or discharge of a financial, accounting, or internal audit officer. 8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition. 9. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.	Article 7 The Company shall submit the following items for discussion by the board of directors: 1. Corporate business plan. 2. The annual financial statements and the Q2 financial statements that shall be audited and certified by CPAs. 3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act, and an assessment of the effectiveness of the internal control system. 4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others. 5. The offering, issuance, or private placement of any equity-type securities. 6. The appointment or discharge of a financial, accounting, or internal audit officer. 7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition. 8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority. The term "related party" in subparagraph 7 of the preceding	Amended pursuant to Letter Jin Guan-Zheng-Fa No. 1110383263.

After amendment	Existing clauses	Explanation:
The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (Omitted below)	paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. (Omitted below)	
Article 12 The chairperson shall call the meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chairperson may announce a postponement of the meeting time on that day, provided that no more than two such postponements may be made. If the quorum is still not met after two such delays, the chairperson shall re-call the meeting following the procedures provided in Article 3, paragraph 2. The number of "all directors," as used in the preceding paragraph shall be counted as the number of directors then actually in office.	Article 12 The chairperson shall call the meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance. If one-half of all the directors are not in attendance at the appointed meeting time, the chairperson may announce a postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two such delays, the chairperson shall re-call the meeting following the procedures provided in Article 3, paragraph 2. The number of "all directors," as used in the preceding paragraph shall be counted as the number of directors then actually in office.	Amended pursuant to Letter Jin Guan-Zheng-Fa No. 11203839965.
Article 13 A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting. The meeting chairperson may not declare the meeting closed without the approval of a majority of directors present at the meeting. If at any time during the proceeding	Article 13 A board of directors meeting shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. However, the order may be changed with the approval of a majority of directors present at the meeting. The meeting chairperson may not declare the meeting closed without the approval of a majority of directors present at the meeting. If at any time during the proceeding	Amended pursuant to Letter Jin Guan-Zheng-Fa No. 11203839965.

After amendment	Existing clauses	Explanation:
of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chairperson shall declare a suspension of meeting, in which case paragraph 1 of the preceding article shall apply mutatis mutandis. During the Board meeting, if the chairperson is unable to host the meeting or directly announces the adjournment in violation of paragraph 2, the selection of its representative shall be subject to paragraph 3, Article 10.	of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chairperson shall declare a suspension of meeting, in which case paragraph 1 of the preceding article shall apply mutatis mutandis.	

IV. Proposals

1. Proposal: The Company’s 2023 business report and financial statements are submitted for recognition. (Proposed by the Board)

   Explanation: The Company’s 2023 business report, individual and consolidated financial statements are prepared, approved by the Board of Directors and submitted to and reviewed by the audit committee. For individual and consolidated financial statements, CPAs Chang, Ching-Hsia and Cheng, Chin Tsung from Deloitte and Touche performed audit and issued the CPA’s audit report, which is submitted for recognition. (Please refer to Page 16 to 27 and Page 28 to 37)

   Resolutions:

2. Proposal: The Company’s earnings distribution proposal for the year of 2023 is submitted for recognition. (Proposed by the Board)

   Explanation: In accordance with laws and regulations and the Company's Articles of Incorporation, the Company prepared the earnings distribution statement for 2023, which was approved by the Board of Directors and audited by the audit committee, and submits it for recognition. (Please refer to Page 38)

   Resolutions:

V. Other information

1. Proposal: Canceling the non-compete restriction for current directors and their representatives. (Proposed by the Board)

   Explanation:

   1. According to Article 209 of the Company Act, directors shall explain the main content of their conduct for themselves or other persons within the business scope of the company to the shareholders' meeting for approval.
   2. According to Article 209 of the Company Act, propose to cancel non-compete restriction for current directors and their representatives.
   3. Names and titles of directors permitted for competition:
      A. Representative of SAMPO CORPORATION: CHEN, SHENG TIEN, Chairman
      B. Representative of SAMPO CORPORATION: YANG, CHENG-MING, Vice Chairman
      C. Representative of SAMPO CORPORATION: FENG, MING FA, Director
      D. Representative of Sharp Corporation: ICHIJU, MIYO, Director
      E. Representative of China Steel Corporation: CHENG, CHI-CHAO, Director
      F. Representative of Chuan Bao Investment Co., Ltd.: CHEN, SHENG-CHUAN, Director
      G. SU, CHING-YANG, Director
      H. Huang, Pao-Hui, Independent director
   4. Names of directors released from non-compete restrictions. (Please refer to Page 39 to 40)
   5. Submitted for review.

   Resolutions:

VI. Questions and Motions

VII. Meeting adjourned

VIII. Attachment

Attachment I

RECHI PRECISION CO., LTD.
2023 Business report

Dear shareholders,

The global economic growth in 2023 was not as favorable as expected, mainly due to the increase in business costs and inflation resulting from the aggressive interest rate hike policy of the Fed, the effects on the economy in Europe generated from the unresolved Russo-Ukrainian War, the US-China trade war, separation of supply chains from China, and the sluggish recovery of China's economy. Since Q4, due to climate change and the attack on the Red Sea, the SCFI has risen by 23%. In addition, the successive crises of the real estate giants in China and Europe have brought uncertainty to global inflation at the end of the year. According to comprehensive reports and the Company's statistical analysis, the sales volume of air conditioners in China reached 170 million units in 2023, representing an increase of 11.2% year-on-year. Among them, the sales volume in the domestic market increased by 13.8%, the export volume increased by 7.8%, and industrial inventory slowed down to approximately 17.9 million units. The scale of the rotary compressor industry has also reached a new level with an annual output of 260 million units, representing a YoY increase of 12.7%.

In order to ensure the shareholders' rights and interests and sustainable operation, we solidify the foundation to improve the overall performance, the Company made a breakthrough in the Chinese market bucking the trend, with a significant increase in inverter requirements. However, due to regional conflicts and high inflation in the European and American markets, the terminal demand was sluggish and sales declined. In 2023, we realized a sales volume of compressors of 15.50 million units, representing a YoY increase of 2.3%, and the consolidated revenue was NT $16,859,695 thousand, representing a YoY decrease of 8.2%.

I. Review of business operation results in 2023:

1. Profitability:

Consolidated Financial Statements

Unit: NTD thousand

Item	2023	2022	Increase (decrease) in amount	Growth rate %
Operating revenue – net	16,859,695	18,370,990	(1,511,295)	-8.2%
Operating cost	14,353,857	16,125,298	(1,771,441)	-11.0%
Gross profit	2,505,838	2,245,692	260,146	11.6%
Net Operating Income	931,202	582,145	349,057	60.0%
Consolidated pre-tax net profit	1,118,037	943,576	174,461	18.5%
Consolidated net income	801,018	702,382	98,636	14.0%
Net income attributable to the company	750,972	688,281	62,691	9.1%

2. Research & Development:

- According to the development plan, the Company has completed the development of 2.2 - 4.0KW inverter compressor series for air conditioners for Japan, the development of R290 refrigerant fixed frequency/inverter horizontal compressor for heat pump washer-dryer for Europe, the development of the 35F R290 horizontal inverter compressor in response to the new energy efficiency regulations for dishwasher in the EU, and development of 2HP R32 refrigerant high-efficiency twin-cylinder inverter compressor for air conditioners in China.
- At the same time, we have also completed the R&D of the 35F/39F 8P12S low-noise inverter compressor motor, the R&D of the new 50F fixed frequency aluminum wire mold, and the magnetic-solid coupling analysis and the basic research of electromagnetic noise simulation of the variable frequency motor.

3. Sales:

- We recorded a YoY growth of 2.3% in compressor sales throughout the year, mainly due to the increase in the proportion of fixed-frequency aluminum wire and copper-aluminum wire products, as well as the breakthrough in China's inverter market. The sales volume of inverters had a YoY increase of 45.3%, and the overall compressor profit margin increased by 2.6%.

II. Summary of Business Plan for 2024:

Looking ahead to 2024, environmental factors affecting the Company's operations are summarized as follows:

1. Global economic environment:

- IMF forecasts that global economic growth will slow down to 2.9%, and economic growth in developed economies (i.e., the US and Japan) will slow down to 1.5% and 1.0%, respectively. Emerging markets and developing countries in Asia will record a slowdown in economic growth, of which China has slowed down to 4.8% while India is expected to maintain above 6%.
- Inflation is expected to slow down to 5.8%.

2. Industry status:

- Air conditioning industry

  Under the evolution of the regional economy in the post-pandemic era, China's air conditioner production bases have shifted to a global layout, companies have self-reliant core parts and components, and competitive companies within the industry formed alliances to expand their territories. Furthermore, new competitors have entered the rotary compressor market, indicating that the concentration of China's air conditioner brands has increased. The industry elimination mechanism has been activated, and the disadvantaged brands will be marginalized.

  In response to global warming, carbon neutrality, and natural refrigerant issues, the HVAC industry has a positive prospect.

- Compressor industry

  As the world's main production base for rotary compressors, China's production volume accounts for nearly 95% of the global output, which has a huge impact on industry trend.

  The unstable international situation, the weak economic momentum in Europe and America, and the unclear economic indicators of the real estate industry will hinder the recovery of consumer confidence in the short term. The overall compressor production capacity will continue to be over-supply, and the market price competition will be intense. It is estimated that the sales volume of the rotary compressor industry in 2024 will record a YoY decline of 2 - 3%.

- Green business opportunities

  The net zero and low-carbon issue continues to develop. In particular, the environmental regulations and strict requirements for natural refrigerants (i.e., R290) in the European market gave rise to more technological innovations. The market scale and demand for heat pumps (hot water/heating) will continue to grow.

- Trend of raw materials

  Copper: Goldman Sachs estimates that, driven by China's policies, copper will have a short supply in the second half of the year, and the price will rise significantly. Meanwhile, the market expects global central banks to commence reducing interest rates, and the weak USD will bring certain support to the copper price.

  Steel: The worldsteel's report shows that the steel demand in developed economies will recover slowly, and the demand growth in emerging economies is expected to be faster than that in developed economies.

  Rare earth: With the rapid development of wind power, new energy vehicles, AI and other industries, the production volume and consumption volume of rare earth and permanent magnetic materials in China have maintained a steady growth trend.

The overall market environment and industry competition are intense, and the operational challenges cannot be underestimated. It is necessary to move with the times phrase, keep abreast of market dynamics, and quickly adjust the pace of operation to ensure the achievement of the Company's business targets. Therefore, the Company has formulated its operating strategy and policy for 2024, summarized as follows:

1. The target of sales volume of compressors in the whole year is 16.8 million units or more.
2. In response to the market competition of frequency conversion products, we will continue to promote inverter compressors to increase the market share.
3. In response to the global trend of carbon neutrality, we will grasp medium and long-term low-carbon business opportunities and develop new customers and new fields.
4. Accelerate the product iteration cycle and invest in the development of forward-looking products.
5. Implement high turnover and light inventory to reduce the cost of working capital.
6. Continue to promote production automation, intelligent equipment, and visualized processes to improve the consistency of the Group's product quality.
7. Optimize product quality, improve internal and external yields and product stability, and improve customer satisfaction.
8. Conform to the international trend and continue to attach importance to ESG evaluation to achieve the Group's annual carbon reduction target.

Looking forward to 2024, the Company adheres to the concept of sustainable operation and honest operation and focuses on pursuing customer satisfaction as the primary goal. The Company will be customer-oriented, quickly respond to market demand, continuously expand sales volume, reduce marginal costs, break through technical bottlenecks, and strengthen product competitiveness, to achieve the maximization of enterprise value.

Chairman: CHEN, SHENG-TIEN President: FENG, MING-FA Accounting Officer: Wu, Chin-Mei

Attachment II

RECHI PRECISION CO., LTD.

Audit Committee's Review Report

Approved

The board of directors prepared the Company's 2023 financial statements, earnings distribution proposal, and business report that were audited by Deloitte Taiwan and reviewed by the Audit Committee without any discrepancy identified; therefore, the report is provided pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours sincerely,

2024 General Shareholders' Meeting of the Company

RECHI PRECISION CO., LTD.

Chair of the Audit Committee: SU, CHING-YANG

May 7, 2024

Attachment III

Auditor's Report

To RECHI PRECISION CO., LTD.:

Audit opinions

We have audited the accompanying consolidated balance sheet of RECHI PRECISION CO., LTD. (the "Company") and subsidiary (collectively, the "Group") as of December 31, 2023 and 2022, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and notes to the consolidated financial statements (including major accounting policy) for the years then ended.

In my opinion, the financial statements as referred to present fairly, in all material aspects the financial position of RECHI PRECISION CO., LTD. as of December 31, 2023 and 2022, and the results of its operations and cash flows for the years then ended in conformity with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and applicable IFRS, IAS, SIC, and IFRIC as recognized by the Financial Supervisory Commission.

The basis for opinions

We are engaged to conduct our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of RECHI Group in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the consolidated financial statements of RECHI Group, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed 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 consolidated financial statements of RECHI Group in 2023. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2023 consolidated financial statements of RECHI PRECISION CO., LTD (RECHI Group) and its subsidiaries are described as follows:

The basis for recognition of the revenue on export sales

RECHI Group is mainly engaged in the business focused on the manufacturing and selling of refrigerant compressors, by exporting and importing the product, our market covers a wide range of areas globally, therefore, the terms and conditions apply to different clients might also vary.

The sales revenue from exported goods sold was recognized by the Group when transaction conditions were fulfilled in accordance with that applied to different clients as predetermined and the control over the goods sold was transferred to the buyers. The relatively longer transportation period needed for part of export transactions and the terms and conditions apply to specific clients required human judgment in the process of revenue recognition, which might result in an incorrect time record of sales revenue, thus we have made the timing of recognizing sales revenue from exported goods with specific transaction conditions as one of the most important audit matters of the year.

The main audit procedures that we have implemented for the above timing of sales revenue recognition are as follows:

1. Understand and evaluate the procedures for the timing of sales revenue recognition plus the policy for internal control, and test the effectiveness of such controls.
2. Terminate the above test on the sales transactions with specific clients within a certain period before and after the balance sheet date, which includes verification of transaction conditions of the specific transaction, papers like import/export declarations, and inquiry of shipping schedule, in order to be sure if revenue recognition was recorded with a proper period.
3. Obtain the shipment details of the manual operation summary for a specific period for inspection, and check the relevant vouchers randomly to confirm whether the adjustment of the time point of revenue recognition is correct.

Other information

The Company has also prepared the parent company only financial statements for the years ended December 31, 2023 and 2022, for which we have issued an unqualified opinion.

Responsibilities of Management and Those in Charge of Governance of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reports Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidation of financial statements in order to ensure the material misstatement caused by fraud or error does not exist in the consolidated financial statements.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of the Group in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Group or cease the operations without other viable alternatives.

The governing body of the Group (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor’s Responsibilities for the Audit of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 and auditor’s report. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the accounting principles of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered material, 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 accounting principles of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also perform the following works:

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 risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while 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 reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on RECHI Group and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause RECHI Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Group.

We communicate with those in charge of 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 in charge of 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 the governing body, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 2023. We describe these matters in our auditor's 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 communications.

Deloitte & Touche

CPACHANG, CHING Hsia

CPACHENG, CHIN TSUNG

Financial Supervisory Commission
Approval Document No.
Chin-Kuan-Cheng-Shen-Zi No. 1090347472

Financial Supervisory Commission
Approval Document No.
Chin-Kuan-Cheng-Shen-Zi No. 1010028123

March 12, 2024

RECHI PRECISION CO., LTD. and its subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: NTD 1 thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 3,732,749	15	$ 4,482,658	19
1110	Financial assets through profit and/or loss with measuring for the faire values – current (Note 4 & 7)	1,343,653	6	1,098,608	4
1136	Financial assets at amortized cost – current (Note 4, 9, and 31)	2,762,869	11	1,975,610	8
1150	Notes receivable – non-related parties (Note 4, 10 & 31)	4,460,920	18	2,704,266	11
1170	Notes receivable – non-related parties (Note 4 & 10)	3,405,755	14	2,980,031	12
1180	Accounts receivable – related parties (Note 4 & 30)	1,192	-	99	-
1200	Other receivables (Note 30)	128,433	1	647,313	3
130X	Inventory (Note 4 and 11)	1,580,295	6	2,078,533	9
1410	Prepayments (Note 16)	704,464	3	648,534	3
1470	Other current assets (Note 16)	26,990	-	17,854	-
11XX	Total current assets	18,147,320	74	16,633,506	69
	Non-Current assets				
1517	The financial assets measured for the fair values through other comprehensive income – non-current (Note 4 & 8)	8,190	-	10,680	-
1550	Investment under Equity method (Note 4 & 13)	166,586	1	490,048	2
1600	Real property, plant and equipment (Note 4, 14 & 31)	5,367,798	22	5,985,075	25
1755	Right-of-use assets (Note 4 & 15)	146,925	-	167,393	1
1821	Other intangible assets (Note 4)	52,183	-	50,781	-
1840	Deferred income tax assets (Note 4 & 23)	545,352	2	456,211	2
1990	Other non-current assets (Note 16)	149,042	1	146,456	1
15XX	Total non-current assets	6,436,076	26	7,306,644	31
1XXX	Total assets	$ 24,583,396	100	$ 23,940,150	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 17)	$ 570,000	2	$ 1,093,555	5
2110	Short-term notes payable (Note 17)	399,204	2	319,647	1
2150	Notes payable – non-related party	4,953,478	20	4,378,966	18
2160	Payable notes – related parties (Note 30)	1,724	-	90,311	-
2170	Accounts payable – non-related parties	2,277,645	9	1,721,180	7
2180	Accounts payable – related parties (Note 30)	3,730	-	54,535	-
2200	Other payables (Note 18 & 30)	717,336	3	826,008	4
2230	Income tax liability (Note 4 & 23)	450,276	2	427,112	2
2250	Liability reserve – Current	126,854	1	106,172	1
2280	Lease liabilities – current (Note 4 & 15)	10,255	-	12,439	-
2320	Long-term borrowings and notes payable due within one year (Note 17)	2,421,588	10	282,469	1
2365	Refund liabilities – current (Note 21)	715,327	3	490,009	2
2399	Other current liabilities (Note 30)	49,657	-	73,169	-
21XX	Total of current liabilities	12,697,074	52	9,875,572	41
	Non-current liabilities				
2540	Long-term borrowings (Note 17 & 31)	228,344	1	2,013,735	9
2542	Long-term notes payable (Note 17)	-	-	349,499	2
2570	Deferred tax liabilities (Note 4 and 23)	779,912	3	727,086	3
2580	Lease liabilities – non-current (Note 4 & 15)	5,813	-	17,754	-
2640	Net defined benefit liabilities (Note 4 & 19)	39,995	-	47,889	-
2670	Other non-current liabilities	31,167	-	37,558	-
25XX	Total non-current liability	1,085,231	4	3,193,521	14
2XXX	Total liabilities	13,782,305	56	13,069,093	55
	Equity of the company (Note 12 & 20)				
3110	Common shares	5,049,151	21	5,049,151	21
3200	Capital reserves	1,355,324	5	1,343,879	6
	Retained earnings				
3310	Statutory surplus reserves	1,156,333	5	1,087,308	5
3320	Special surplus reserves	928,988	4	1,075,955	4
3350	Undistributed earnings	2,340,079	9	1,957,901	8
3300	Total retained earnings	4,425,400	18	4,121,164	17
3400	Other equity	(1,097,408)	(5)	(928,988)	(4)
3500	Treasury shares	(93,573)	-	(93,573)	(1)
31XX	Total equity of the company	9,638,894	39	9,491,633	39
36XX	Non-controlling interests	1,162,197	5	1,379,424	6
3XXX	Total equity	10,801,091	44	10,871,057	45
	Total Liabilities and Equity	$ 24,583,396	100	$ 23,940,150	100

The notes attached shall constitute an integral part of this Consolidated financial statement.

Chairman: CHEN, SHENG TIEN　　Manager: FENG, MING FA　　Accounting Manager: WU, CHIN MEI

RECHI PRECISION CO., LTD. and its subsidiaries

Consolidated Income Statement

For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand, except Earnings Per Share (NTD)

		2023		2022	
Code		Amount	%	Amount	%
4100	Sales revenue (Note 4, 21 & 30)	$ 16,859,695	100	$ 18,370,990	100
5000	Operating cost (Note 11, 22 & 30)	(14,353,857)	(85)	(16,125,298)	(88)
5900	Gross profit	2,505,838	15	2,245,692	12
	Operating expenses (Note 22 & 30)				
6100	Marketing expenses	(363,114)	(2)	(498,378)	(3)
6200	Administrative expenses	(659,053)	(4)	(647,780)	(3)
6300	Research and development expenses	(549,969)	(3)	(505,438)	(3)
6450	Expected credit impairment loss (Note 10)	(2,500)	-	(11,951)	-
6000	Total operating expenses	(1,574,636)	(9)	(1,663,547)	(9)
6900	Net Operating Income	931,202	6	582,145	3
	Non-operating income and expense (Note 22)				
7100	Interest revenue	105,791	1	116,326	1
7010	Other income	68,997	-	67,724	-
7020	Other profits and losses	81,804	-	281,833	2
7050	Financial costs	(75,576)	-	(86,775)	(1)
7060	The share of profit/loss on associates accounted for using the equity method (Note 13)	5,819	-	(17,677)	-
7000	Total non-operating revenues and expenses	186,835	1	361,431	2

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Code		2023 Amount	2023 %	2022 Amount	2022 %
7900	Net profit before tax	$ 1,118,037	7	$ 943,576	5
7950	Income tax expenses (Note 4 and 23)	(317,019)	(2)	(241,194)	(1)
8200	Net profits of the current year	801,018	5	702,382	4
	Other comprehensive income				
8310	Titles not reclassified as profit and loss accounts:				
8311	Determined Benefit Plan Reevaluation (Note 4 & 19)	4,075	-	2,457	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 20)	(2,490)	-	(7,440)	-
8349	Income tax related to titles not subject to reclassification (Note 23)	(815)	-	(491)	-
		770	-	(5,474)	-
8360	Accounts to be reclassified to profit or loss subsequently:				
8361	Exchange differences from the translation of financial statements of foreign operations (Note 4 & 20)	(213,738)	(1)	212,879	1
8399	Income tax related to titles that could be reclassified (Note 20 & 23)	39,980	-	(40,134)	-
		(173,758)	(1)	172,745	1
8300	Other comprehensive income of the current year (net amount after taxation)	(172,988)	(1)	167,271	1
8500	Total amount of comprehensive income of the current year	$ 628,030	4	$ 869,653	5

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Profit attributable to:				
8610	The company's shareholders	$ 750,972	5	$ 688,281	4
8620	Non-controlling interests	50,046	-	14,101	-
8600		$ 801,018	5	$ 702,382	4
	Total comprehensive income attributable to:				
8710	The company's shareholders	$ 585,812	4	$ 837,214	5
8720	Non-controlling interests	42,218	-	32,439	-
8700		$ 628,030	4	$ 869,653	5
	Earnings per share (Note 24)				
	Business units in continuing operation				
9710	Basic	$ 1.50		$ 1.38	
9810	Diluted	$ 1.49		$ 1.37	

The notes attached shall constitute an integral part of this Consolidated financial statement.

Chairman: CHEN, SHENG TIEN Manager: FENG, MING FA Accounting Manager: WU, CHIN MEI

RECHI PRECISION CO., LTD. and its subsidiaries

Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended December 31, 2023 and 2022

Unit: NTD 1 thousand

		Equity of the company											
		Capital stock			Retained earnings			Other equity					
Code		Shares (in thousand shares)	Amount	Capital reserves	Statutory surplus reserves	Special surplus reserves	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interestsy	Total equity
A1	Balance as of January 1, 2022	504,915	$ 5,049,151	$ 1,343,868	$ 992,756	$ 743,222	$ 2,044,866	($ 1,014,075)	($ 61,880)	($ 95,476)	$ 9,002,432	$ 1,410,508	$ 10,412,940
	Dividend allocation and distribution for 2021												
B1	Statutory surplus reserves	-	-	-	94,552	-	(94,552)	-	-	-	-	-	-
B3	Special surplus reserves	-	-	-	-	332,733	(332,733)	-	-	-	-	-	-
B5	Cash dividend to the Company's shareholders	-	-	-	-	-	(349,927)	-	-	-	(349,927)	-	(349,927)
N1	Transfer of treasury shares to employees	-	-	11	-	-	-	-	-	1,903	1,914	-	1,914
O1	Cash dividend to the subsidiary's shareholders	-	-	-	-	-	-	-	-	-	-	(63,523)	(63,523)
D1	Net profits of the 2022	-	-	-	-	-	688,281	-	-	-	688,281	14,101	702,382
D3	Other comprehensive net income in 2022	-	-	-	-	-	1,966	154,407	(7,440)	-	148,933	18,338	167,271
D5	Total profit and loss in 2022	-	-	-	-	-	690,247	154,407	(7,440)	-	837,214	32,439	869,653
Z1	Balance as of December 31, 2022	504,915	5,049,151	1,343,879	1,087,308	1,075,955	1,957,901	(859,668)	(69,320)	(93,573)	9,491,633	1,379,424	10,871,057
	Dividend allocation and distribution for 2022												
B1	Statutory surplus reserves	-	-	-	69,025	-	(69,025)	-	-	-	-	-	-
B3	Special surplus reserves	-	-	-	-	(146,967)	146,967	-	-	-	-	-	-
B5	Cash dividend to the Company's shareholders	-	-	-	-	-	(449,996)	-	-	-	(449,996)	-	(449,996)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	11,445	-	-	-	-	-	-	11,445	(259,445)	(248,000)
D1	Net profits of the 2023	-	-	-	-	-	750,972	-	-	-	750,972	50,046	801,018
D3	Other comprehensive net income in 2023	-	-	-	-	-	3,260	(165,930)	(2,490)	-	(165,160)	(7,828)	(172,988)
D5	Total profit and loss in 2023	-	-	-	-	-	754,232	(165,930)	(2,490)	-	585,812	42,218	628,030
Z1	Balance as of December 31, 2023	504,915	$ 5,049,151	$ 1,355,324	$ 1,156,333	$ 928,988	$ 2,340,079	($ 1,025,598)	($ 71,810)	($ 93,573)	$ 9,638,894	$ 1,162,197	$ 10,801,091

The notes attached shall constitute an integral part of this Consolidated financial statement.

Chairman: CHEN, SHENG TIEN　　Manager: FENG, MING FA　　Accounting Manager: WU, CHIN MEI

RECHI PRECISION CO., LTD. and its subsidiaries

Consolidated Statements of Cash Flow

For the Years Ended December 31, 2023 and 2022

Unit: NTD 1 thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Current year net profit before taxation	$ 1,118,037	$ 943,576
A20010	Profits and loss		
A20100	Depreciation expenses	812,982	891,272
A20200	Amortization expenses	13,015	10,222
A20300	Expected credit impairment loss	2,500	11,951
A20400	Net gains on financial assets at fair value through profit or loss	(53,129)	(39,332)
A20900	Interest expenses	71,577	80,611
A21200	Interest revenue	(105,791)	(116,326)
A21300	Dividend income	-	(158)
A21900	Cost of treasury share options/remuneration	-	17
A22300	The shares of profit and/or loss at equity method over the associates	(5,819)	17,677
A22500	Net loss (income) from the disposal and obsolescence of property, plant, equipment and right-of-use assets	24,056	(125,222)
A23200	Gains on disposal of investment under the equity method	(22,420)	-
A23700	Inventory valuation and obsolescence losses	13,332	-
A23700	Goodwill impairment loss	-	55,725
A23700	Impairment loss of property, plant and equipment	796	3,278
A24100	Unrealized foreign currency exchange loss (gain)	49,516	(3,594)
A29900	Gains on lease modification	(1)	(372)
A30000	Net change in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	(215,321)	200,264
A31130	Decrease (increase) in notes receivable	(1,838,183)	339,148
A31150	Decrease (increase) in accounts receivable	(510,702)	543,934
A31160	Decrease (increase) in accounts receivable-related parties	(1,093)	667
A31180	Decrease in other receivables	8,753	31,952
A31200	Decrease in inventories	464,181	853,274
A31230	Decrease (increase) in prepayments	(55,376)	388,679
A31240	Decrease (increase) in other current assets	(9,136)	7,202

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Code		2023	2022
A32125	Refund liability – current	$ 228,625	$ 5,415
A32130	Increase (decrease) in notes payable	661,499	(1,479,636)
A32140	Increase (decrease) in notes payable – related parties	(88,587)	53,991
A32150	Increase (decrease) in accounts payable	597,094	(1,321,967)
A32160	Decrease in accounts payable – related parties	(50,805)	(88,070)
A32180	Decrease in other payables	(96,176)	(63,082)
A32200	Increase in provisions	20,682	7,025
A32230	Decrease in other current liabilities	(23,512)	(76,994)
A32240	Increase decrease in net defined benefit liability	(3,819)	(3,279)
A33000	Cash inflow from operating activities	1,006,775	1,127,848
A33100	Interest received	105,176	100,095
A33300	Interest payment	(74,780)	(77,998)
A33500	Income tax payment	(293,747)	(288,769)
AAAA	Net cash inflow from operating activities	743,424	861,176
	Cash flow from investing activities		
B00040	Financial assets acquired on the basis of cost after amortization	(894,483)	(56,802)
B00050	Financial assets on the basis of cost after amortization	57,065	1,421,111
B01900	Net cash inflow from disposal of affiliated companies	362,198	-
B02700	Purchase of property, plant, and equipment	(343,207)	(253,053)
B02800	Proceeds from disposal of property, plant and equipment	653,610	15,954
B04500	Purchase of intangible assets	(15,002)	(17,610)
B06700	Increase of other non-current assets	(101,553)	(61,506)
B07600	Dividends received	-	6,587
B09900	Acquisition of government subsidies	10,038	56,979
BBBB	Net cash inflow (outflow) in investing activities	(271,334)	1,111,660
	Cash flow from financing activities		
C00100	Increase of short-term loans	-	481,175
C00200	Decrease in short-term loans	(523,555)	-
C00500	Increase in short-term notes payable	79,557	-
C00600	Decrease in short-term notes payable	-	(30,051)
C01600	Proceeds from long-term loan	280,000	200,000
C01700	Repayments of long-term borrowings	(275,233)	(619,561)
C01900	Decrease in long-term notes payable	-	(300,000)
C03000	Collect the guarantee deposits received	-	682
C03100	Decrease in guarantee deposits received	(6,235)	-
C04020	Repayments of principal portion of the lease	(12,142)	(13,218)
C04500	Pay owners' dividends	(449,996)	(349,927)

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Code		2023	2022
C05100	Transfer of treasury shares to employees	$ -	$ 1,897
C05400	Acquisition of equity of subsidiaries	(248,000)	-
C05800	Cash dividends paid to non-controlling interests	-	(14,534)
CCCC	Net cash outflow from financing activities	(1,155,604)	(643,537)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(66,395)	108,261
EEEE	Net increase (decrease) in cash and cash equivalents	(749,909)	1,437,560
E00100	Cash and cash equivalents balance – beginning of year	4,482,658	3,045,098
E00200	Cash and cash equivalents balance – end of year	$ 3,732,749	$ 4,482,658

The notes attached shall constitute an integral part of this Consolidated financial statement.

Chairman: CHEN, SHENG TIEN   Manager: FENG, MING FA   Accounting Manager: WU, CHIN MEI

Auditor’s Report

To RECHI PRECISION CO., LTD.:

Audit opinions

We have audited the accompanying individual balance sheet of RECHI PRECISION CO., LTD. (the “Company”) as of December 31, 2023 and 2022, and the related individual statement of income, individual statement of changes in shareholders equity, individual statement of cash flows, and notes to the individual financial statements (including major accounting policy) for the years then ended.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and for the years then ended, and its individual financial performance and its individual cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The basis for opinions

We are engaged to conduct our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. We are independent of the Company 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 believed 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 individual financial statements of the Company in 2023. These matters were addressed in the content of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2023 individual financial statements of the Company are described as follows:

<u>The basis for recognition of the revenue on export sales</u>

RECHI Precision Co., Ltd. is mainly engaged in the manufacture and sale of refrigerant compressors. The sales types are divided into domestic sales and export sales. Among them, export sales targets are located in many regions around the world, and the transaction conditions agreed between different customers may differ.

The export sales revenue of RECHI Precision Co., Ltd. is based on the transaction conditions agreed by individual customers, and the sales revenue is recognized when the transaction conditions are reached and the control of the goods has been transferred to the buyers. The relatively longer transportation period needed for part of export transactions and the terms and conditions apply to specific clients required human judgment in the process of revenue recognition, which might result in an incorrect time record of sales revenue, thus we have made the timing of recognizing sales revenue from exported goods with specific transaction conditions as one of the most important audit matters of the year.

The main audit procedures that we have implemented for the above timing of sales revenue recognition are as follows:

1. Understand and evaluate the procedures for the timing of sales revenue recognition plus the policy for internal control, and test the effectiveness of such controls.
2. Terminate the above test on the sales transactions with specific clients within a certain period before and after the balance sheet date, which includes verification of transaction conditions of the specific transaction, papers like import/export declarations, and inquiry of shipping schedule, in order to be sure if revenue recognition was recorded with a proper period.
3. Obtain the shipment details of the manual operation summary for a specific period for inspection, and check the relevant vouchers randomly to confirm whether the adjustment of the time point of revenue recognition is correct.

Responsibilities of Management and Those in Charge of Governance of the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual 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 individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The governing body of the Company (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

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

As part of an audit in accordance with the accounting principles of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while 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 reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, 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 and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's 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 individual statements, including related notes, whether the individual statements represent the underlying transactions and events in a matter that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the Company in order to express an opinion on the individual financial statements. We are responsible for guiding, supervising, and performing the audit and forming an audit opinion on the Company.

We communicate with those in charge of 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 in charge of 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 the governing body, we determined the key audit matters for the audit of the Company's individual financial statements for the year ended December 31, 2023. We describe these matters in our auditor's 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 communications.

Deloitte & Touche

CPACHANG, CHING Hsia

CPACHENG, CHIN TSUNG

Financial Supervisory Commission
Approval Document No.
Chin-Kuan-Cheng-Shen-Zi No. 1090347472

Financial Supervisory Commission
Approval Document No.
Chin-Kuan-Cheng-Shen-Zi No. 1010028123

March 12, 2024

RECHI PRECISION CO., LTD.

Individual Balance Sheet

December 31, 2023 and 2022

Unit: NTD 1 thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 190,343	1	$ 173,278	1
1150	Notes receivable – non-related parties (Note 4 & 7)	104,520	1	68,478	-
1170	Accounts receivables – non-related parties (Note 4 & 7)	1,650,029	10	1,697,800	11
1180	Accounts receivable – related parties (Note 4 & 24)	4,201	-	169	-
1200	Other receivables	5,903	-	685	-
1210	Other receivables – related parties (Note 24)	483,774	3	583,296	4
130X	Inventory (Note 4 and 8)	314,746	2	462,757	3
1410	Prepayments	32,131	-	28,796	-
1470	Other current assets	1,803	-	2,292	-
11XX	Total current assets	2,787,450	17	3,017,551	19
	Non-Current assets				
1550	Investment accounted for using equity method (Note 4 and 9)	12,367,701	78	12,128,749	76
1600	Property, plant and equipment (Note 4, 10 & 25)	652,346	4	668,897	4
1755	Right-of-use assets (Note 4 & 11)	2,304	-	4,942	-
1780	Other intangible assets (Note 4)	17,246	-	19,617	-
1840	Deferred income tax assets (Note 4 and 18)	181,729	1	137,612	1
1990	Other non-current assets	3,061	-	18,539	-
15XX	Total non-current assets	13,224,387	83	12,978,356	81
1XXX	Total assets	$ 16,011,837	100	$ 15,995,907	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2100	Short-term borrowings (Note 12)	$ 570,000	4	$ 300,000	2
2110	Short-term notes payable (Note 12)	399,204	3	149,725	1
2170	Accounts payable – non-related parties	34,470	-	42,406	-
2180	Accounts payable – related parties (Note 24)	1,398,252	9	1,920,972	12
2200	Other payables (Note 13 & 24)	286,342	2	295,621	2
2230	Income tax liability (Note 4 & 18)	36,208	-	126,253	1
2280	Lease liabilities – current (Note 4 & 11)	1,508	-	2,635	-
2320	Long-term borrowings and notes payable due within one year (Note 12)	2,421,588	15	282,469	2
2365	Refund liabilities – current (Note 16)	187,184	1	213,334	1
2399	Other current liabilities	23,176	-	38,417	-
21XX	Total of current liabilities	5,357,932	34	3,371,832	21
	Non-current liabilities				
2541	Short-term borrowings (Note 12 & 25)	228,344	1	2,013,735	13
2542	Long-term notes payable (Note 12)	-	-	349,499	2
2570	Deferred tax liabilities (Note 4 & 18)	745,438	5	718,538	5
2580	Lease liabilities – non-current (Note 4 & 11)	650	-	2,197	-
2640	Net defined benefit liabilities (Note 4 & 14)	39,995	-	47,889	-
2670	Other non-current liabilities	584	-	584	-
25XX	Total non-current liability	1,015,011	6	3,132,442	20
2XXX	Total liabilities	6,372,943	40	6,504,274	41
	Equity (Note 15)				
3110	Common stock	5,049,151	32	5,049,151	32
3200	Capital reserves	1,355,324	8	1,343,879	8
	Retained earnings				
3310	Statutory surplus reserves	1,156,333	7	1,087,308	7
3320	Special surplus reserves	928,988	6	1,075,955	7
3350	Undistributed earnings	2,340,079	15	1,957,901	12
3300	Total retained earnings	4,425,400	28	4,121,164	26
3400	Other equity	(1,097,408)	(7)	(928,988)	(6)
3500	Treasury shares	(93,573)	(1)	(93,573)	(1)
3XXX	Total equity	9,638,894	60	9,491,633	59
	Total Liabilities and Equity	$ 16,011,837	100	$ 15,995,907	100

The notes attached shall constitute an integral part of this individual financial statement.

Chairman: CHEN, SHENG TIEN　　Manager: FENG, MING FA　　Accounting Manager: WU, CHIN MEI

RECHI PRECISION CO., LTD.

Individual Income Statement

For the Years Ended December 31, 2023 and 2022

Unit: NTD thousand, except Earnings Per Share (NTD)

Code		2023 Amount	2023 %	2022 Amount	2022 %
4110	Operating income (Note 4, 16 & 24)	$ 6,491,162	100	$ 9,338,516	100
5000	Operating cost (Note 8, 17 & 24)	(5,881,664)	(91)	(8,552,958)	(91)
5900	Gross profit	609,498	9	785,558	9
	Operating expenses (Note 17 & 24)				
6100	Marketing expenses	(148,902)	(2)	(176,155)	(2)
6200	Administrative expenses	(208,615)	(3)	(179,512)	(2)
6300	Research and development expenses	(183,082)	(3)	(165,292)	(2)
6450	Expected credit impairment loss (Note 7)	(10,325)	-	(3,391)	-
6000	Total operating expenses	(550,924)	(8)	(524,350)	(6)
6900	Net Operating Income	58,574	1	261,208	3
	Non-operating income and expense (Note 17 & 24)				
7100	Interest revenue	10,875	-	9,520	-
7010	Other income	10,607	-	17,681	-
7020	Other profits and losses	44,033	1	259,551	3
7050	Financial costs	(65,287)	(1)	(49,792)	(1)
7070	Share of profit or loss on subsidiaries accounted for using the equity method	859,834	13	368,643	4
7000	Total non-operating revenues and expenses	860,062	13	605,603	6
7900	Net profit before tax	918,636	14	866,811	9
7950	Income tax expenses (Note 18)	(167,664)	(2)	(178,530)	(2)
8200	Net profits of the current year	750,972	12	688,281	7

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Code		2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income				
8310	Titles not reclassified as profit and loss accounts:				
8311	Remeasurement of defined benefit plan (Note 14)	$ 4,075	-	$ 2,457	-
8330	Share of other comprehensive income on subsidiaries accounted for using the equity method (Note 15)	(2,490)	-	(7,440)	-
8349	Income tax related to titles not subject to reclassification (Note 18)	(815)	-	(491)	-
		770	-	(5,474)	-
8360	Accounts to be reclassified to profit or loss subsequently:				
8361	Exchange differences from the translation of financial statements of foreign operations (Note 15)	(202,863)	(3)	191,890	2
8399	Income tax related to items that may be reclassified (Note 15 & 18)	36,933	-	(37,483)	-
		(165,930)	(3)	154,407	2
8300	Other comprehensive income of the current year (net amount after taxation)	(165,160)	(3)	148,933	2
8500	Total amount of comprehensive income of the current year	$ 585,812	9	$ 837,214	9
	Earnings per share (Note 19)				
	Business units in continuing operation				
9710	Basic	$ 1.50		$ 1.38	
9810	Diluted	$ 1.49		$ 1.37	

The notes attached shall constitute an integral part of this individual financial statement.

Chairman: CHEN, SHENG TIEN Manager: FENG, MING FA Accounting Manager: WU, CHIN MEI

RECHI PRECISION CO., LTD.

Individual Statements of Changes in Shareholders' Equity

For the Years Ended December 31, 2023 and 2022

Unit: NTD 1 thousand

		Capital stock			Retained earnings			Other equity			
Code		Shares (in thousand shares)	Amount	Capital reserves	Statutory surplus reserves	Special surplus reserves	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain on financial assets at fair value through other comprehensive profit or loss	Treasury shares	Total equity
A1	Balance as of January 1, 2022	504,915	$ 5,049,151	$ 1,343,868	$ 992,756	$ 743,222	$ 2,044,866	($ 1,014,075)	($ 61,880)	($ 95,476)	$ 9,002,432
	Dividend allocation and distribution for 2021										
B1	Statutory surplus reserves	-	-	-	94,552	-	(94,552)	-	-	-	-
B3	Special surplus reserves	-	-	-	-	332,733	(332,733)	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(349,927)	-	-	-	(349,927)
N1	Transfer of treasury shares to employees	-	-	11	-	-	-	-	-	1,903	1,914
D1	Net profits of the 2022	-	-	-	-	-	688,281	-	-	-	688,281
D3	Other comprehensive net income in 2022	-	-	-	-	-	1,966	154,407	(7,440)	-	148,933
D5	Total profit and loss in 2022	-	-	-	-	-	690,247	154,407	(7,440)	-	837,214
Z1	Balance as of December 31, 2022	504,915	5,049,151	1,343,879	1,087,308	1,075,955	1,957,901	(859,668)	(69,320)	(93,573)	9,491,633
	Dividend allocation and distribution for 2022										
B1	Statutory surplus reserves	-	-	-	69,025	-	(69,025)	-	-	-	-
B3	Special reserve appropriated	-	-	-	-	(146,967)	146,967	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(449,996)	-	-	-	(449,996)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	11,445	-	-	-	-	-	-	11,445
D1	Net profits of the 2023	-	-	-	-	-	750,972	-	-	-	750,972
D3	Other comprehensive net income in 2023	-	-	-	-	-	3,260	(165,930)	(2,490)	-	(165,160)
D5	Total profit and loss in 2023	-	-	-	-	-	754,232	(165,930)	(2,490)	-	585,812
Z1	Balance as of December 31, 2023	504,915	$ 5,049,151	$ 1,355,324	$ 1,156,333	$ 928,988	$ 2,340,079	($ 1,025,598)	($ 71,810)	($ 93,573)	$ 9,638,894

The notes attached shall constitute an integral part of this individual financial statement.

Chairman: CHEN, SHENG TIEN Manager: FENG, MING FA Accounting Manager: WU, CHIN MEI

RECHI PRECISION CO., LTD.

Individual Statements of Cash Flow

For the Years Ended December 31, 2023 and 2022

Unit: NTD 1 thousand

Code		2023	2022
	Cash flow from operating activities		
A10000	Current year net profit before taxation	$ 918,636	$ 866,811
A20010	Profits and loss		
A20100	Depreciation expenses	62,304	63,741
A20200	Amortization expenses	6,696	5,718
A20300	Expected credit impairment loss	10,325	3,391
A20900	Interest expenses	65,287	49,792
A21200	Interest revenue	(10,875)	(9,520)
A21900	Cost of treasury share options/remuneration	-	17
A22300	Share of profit or loss on subsidiaries accounted for using the equity method	(859,834)	(368,643)
A22500	Net gains on disposal of property, plant and equipment	(74)	(450)
A23700	Inventory valuation and obsolescence losses	34,792	-
A24100	Unrealized foreign currency exchange loss (gain)	40,746	(5,029)
A29900	Gains on lease modification	-	(66)
A30000	Net change in operating assets and liabilities		
A31130	Decrease (increase) in notes receivable	(37,446)	74,532
A31150	Decrease (increase) in accounts receivable	(15,080)	108,299
A31160	Decrease (increase) in accounts receivable-related parties	(4,087)	363
A31180	Decrease in other receivables	280	29,958
A31190	Decreased in other receivables – related parties	2,919	5,209
A31200	Decrease in inventories	113,219	404,418
A31230	Decrease (increase) in prepayments	(3,335)	14,500
A31240	Decrease (increase) in other current assets	489	(608)
A32125	Increase (decrease) in refund liability – current	(25,791)	101,406
A32150	Increase (decrease) in accounts payable	(7,570)	11,387
A32160	Decrease in accounts payable – related parties	(506,087)	(1,410,633)
A32180	Decrease in other payables	(6,001)	(14,373)
A32240	Increase decrease in net defined benefit liability	(3,819)	(3,279)
A32230	Increase (decrease) in other current liabilities	(15,237)	14,377
A33000	Cash outflow from operating activities	(239,543)	(58,682)
A33100	Interest received	11,078	9,168
A33300	Interest payment	(65,199)	(49,620)
A33500	Income tax payment	(244,308)	(271,943)
AAAA	Net cash outflow from operating activities	(537,972)	(371,077)

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Code		2023	2022
	Cash flow from investing activities		
B02700	Purchase of property, plant, and equipment	($ 29,930)	($ 12,960)
B02800	Proceeds from disposal of property, plant and equipment	1,734	1,864
B04300	Increase in other receivables – related parties	(479,160)	(570,520)
B04400	Decreased in other receivables – related parties	570,520	558,330
B04500	Purchase of intangible assets	(4,325)	(2,393)
B06700	Increase of other non-current assets	(2,352)	(15,330)
B07600	Dividends received	674,974	500,017
BBBB	Net cash inflow in investing activities	731,461	459,008
	Cash flow from financing activities		
C00100	Increase of short-term loans	270,000	300,000
C00500	Increase in short-term notes payable	249,479	-
C00600	Decrease in short-term notes payable	-	(68)
C01600	Proceeds from long-term loan	280,000	200,000
C01700	Repayments of long-term borrowings	(275,233)	(112,876)
C01900	Decrease in long-term notes payable	-	(300,000)
C03000	Collect the guarantee deposits received	-	92
C04020	Repayments of principal portion of the lease	(2,674)	(1,978)
C04500	Dividends paid	(449,996)	(349,927)
C05100	Transfer of treasury shares to employees	-	1,897
C05400	Acquisition of equity of subsidiaries	(248,000)	-
CCCC	Net cash outflow from financing activities	(176,424)	(262,860)
EEEE	Net increase (decrease) in cash and cash equivalents	17,065	(174,929)
E00100	Cash and cash equivalents balance – beginning of year	173,278	348,207
E00200	Cash and cash equivalents balance – end of year	$ 190,343	$ 173,278

The notes attached shall constitute an integral part of this individual financial statement.

Chairman: CHEN, SHENG TIEN Manager: FENG, MING FA Accounting Manager: WU, CHIN MEI

Attachment IV

RECHI PRECISION CO., LTD.
The 2023 Earnings Distribution Statement

Unit: NTD

Item	Amount	
Opening undistributed earnings	1,585,847,737	
Effect of retrospective application and retrospective restatement		
Undistributed earnings at the beginning of the adjustment period	1,585,847,737	
The defined benefit plans re-measured amount is recognized in the “retained earnings” account.	3,259,660	
Unappropriated adjusted earnings	1,589,107,397	
Add: Net income		750,971,835
Less: Legal Capital Reserve		(75,423,150)
Less: Provision of special reserve according to laws		(168,419,684)
Current distributable earnings		2,096,236,398
Distribution:		
Shareholder dividends – cash (NTD 1.0 per share)		(499,995,105)
– Stock share (NTD0.0 per share)		0
Undistributed earnings at the end of the year		1,596,241,293

Note 1: The proposal for earnings distribution is calculated according to the outstanding 499,995,105 shares on the date the resolution was reached by the Company’s board of directors. However, if the issued convertible corporate bonds are converted into common stock shares or the treasury shares are repurchased before the cash dividend distribution base date, causing the number of outstanding shares to go up or down on the Company’s cash dividends distribution base date, the board of directors shall be authorized to adjust the cash dividends per share according to the cash dividend amount resolved for current earnings distribution proposal and the actual number of outstanding shares on the cash dividend distribution base date.

Chairman: CHEN, SHENG-TIEN Manager: FENG, MING-FA Accounting Officer: Wu, Chin-Mei

Attachment V

Removal of the current directors and their representatives from the non-compete restriction list

Identity	Name	Representative (individual)/Job Position	Address	Main business operations	Note
Director	SAMPO CORPORATION Representative: CHEN, SHENG-TIEN	Chairman of SAMPO CORPORATION	No. 26, Dinghu Rd., Dahua Village, Guishan Dist., Taoyuan City 333008	Manufacturing and sales of home appliance	Incumbent
		Chairman of Rechi Investments Co., Ltd.	9F.-1, No. 374, Sec. 2, Bade Rd., Songshan Dist., Taipei City 105404	Investment business	
		Chairman of RECHI Holdings Co., Ltd	Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands	Investment business	
		Chairman of AMIGO LOGISTICS CORPORATION	No. 18-1, Dinghu 5th St., Dahua Village, Guishan Dist., Taoyuan City 333008	Warehousing and Logistics	
		Chairman of Sampo Japan Co., Ltd.	11F, Iwatani 2^{nd} Building, 2-14, Azuchi-cho, Chuo-ku, Osaka, Japan	Sales of home appliances and electronic products	
Director	SAMPO CORPORATION Representative: YANG, CHENG-MING	Chairman of Dyna Rechi Co., Ltd.	No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City 328002	Design and production of BLDC motors	Incumbent
		Director of Rechi Investments Co., Ltd.	9F.-1, No. 374, Sec. 2, Bade Rd., Songshan Dist., Taipei City 105404	Investment business	
Director	SAMPO CORPORATION Rep.: FENG, MING FA	Director/President of Rechi Investments Co., Ltd.	9F.-1, No. 374, Sec. 2, Bade Rd., Songshan Dist., Taipei City 105404	Investment business	Incumbent
		Director of Rechi International Holdings Co., Ltd	Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands	Investment business	
		Director of Rechi Investments Holdings Co., Ltd.	Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands	Investment business	
		Chairman of GR Holdings (Hong Kong) Limited	Room 1610-1611, Gi-Chen Centre, No. 302-308, Hennessy Road, Wanchai, Hong Kong	Investment business	
		Director of Rechi Refrigeration Dongguan Co., Ltd.	No. 38, Gaoke 3^{rd} Road, Shinlian High-Tech Industrial Zone, Humen Township, Dongguan City, 523917	Motor manufacturing	
		Director of Dongguan RECHI Compressor Co., Ltd.	No. 38, Gaoke 3^{rd} Road, Shinlian High-Tech Industrial Zone, Humen Township, Dongguan City, 523917	Compressor motor manufacturing	
		irector of TCL RECHI (Huizhou) Refrigeration Equipment Company Limited	No.7 Area, Zhongkai High-tech Development Zone, Huizhou City, 516006	Compressor assembly	
		Director of Rechi Precision (Huizhou) Mechanism Company	No.7 Area, Zhongkai High-tech Development Zone, Huizhou City, 516006	Compressor components	
		Chairman of Qingdao Rechi Electric Machinery Sales Company	(Assembly shop 3F) No. 500, Fenjin Road, Huangdao District, Qingdao City, Shangdong Province, 266555 China.	Sales of compressors and components	
		Director of Dyna RECHI Co., Ltd.	No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City 328002	Design and production of BLDC motors	
		Director of Ablek Technology Co., Ltd.	No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City 328002	Trade of motor and components	
Director	Chuan Bao Investment Co., Ltd. Corporate representative: CHEN, SHENG CHUAN	Chairman of NUCOM INTERNATIONAL CORPORATION	2F., No.58, Sec. 1, Minsheng E. Rd., Songshan Dist., Taipei City 104011	Holdings	Incumbent
		Vice Chairman of SAMPO CORPORATION	No. 26, Dinghu Rd., Dahua Village, Guishan Dist., Taoyuan City 333008	Manufacturing and sales of home appliance	
		Director of Sunpo International Investment Co., Ltd.	Omar Hodge Building, Wickhams Cay I, P.O. Box 362, Road		

		Director of AMIGO LOGISTICS CORPORATION Director of DongGuan Sheng Bo Electronics Co., Ltd.	Town, Tortola, British Virgin Islands No. 18-1, Dinghu 5th St., Dahua Village, Guishan Dist., Taoyuan City 333008 Building B, Shintai Industrial Park, Du-Lun Road, Chisha Village, Shatian Township, Dongguan City, Guangdong Province 523997	Investment holdings and trading Warehousing and Logistics Manufacturing and sales of electronic products	
Director	Sharp Corporation Representative: ICHIJU, MIYO	Manager and Assistant Manager of SAS Department/Manager of Domestic and International air-conditioning PCI Department	No. 72, 3-chome, 1, Kitakaicho, Yao City, Osaka Prefecture (581-8585)	Production and development of "white goods" (major appliance) and "PCI air" purification products	Incumbent
Director	China Steel Corporation Representative: Cheng, Chi-Chao	Vice President of Technical Department of China Steel Corporation	No. 1, Zhonggang Rd., Xiaogang Dist., Kaohsiung City 812401	Manufacturing and processing of various carbon steels and low-alloy steels	Incumbent
Independent director	SU, CHING-YANG	Independent Director/Audit Committee/Remuneration Committee of Aerowin Technology Corporation Independent Director/Audit Committee/Remuneration Committee of KENDA RUBBER INDUSTRIAL CO., LTD. Director of NATUREWISE BIOTECH & MEDICALS CORPORATION	No. 1, Ln. 13, Xingong Rd., Xinying Dist., Tainan City 730014 No. 146, Sec. 1, Zhongshan Rd., Yuanlin City, Changhua County 510037 6F., No. 36, Sec. 3, Bade Rd., Songshan Dist., Taipei City 105608	Manufacturing of aero engine components Manufacturing of bicycle and components R&D and sales of new Chinese herbal medicines and health foods Various technical services clinical trials	Incumbent
Independent director	Huang, Pao-Hui	Chairman of Midea Co., Ltd. Director of Chinese Television System Corporation Director of Tatung Company Chairman of Shouxi Policy Public Relations and Marketing Co., Ltd Executive Director of Eastern Multimedia Holding Co., Ltd. Chairman of Richest Power Investment Ltd. Chairman of Medbio biotechnology international Corporation LTD.	2F.-3, No. 93, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104052 No. 100, Guangfu S. Rd., Da'an Dist., Taipei City 106451 No. 22, Sec. 3, Zhongshan N. Rd., Jiying Vil., 21 Neighborhood, Zhongshan Dist., Taipei City 104427 2F.-3, No. 93, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104052 8F., No. 368, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106468 2F.-3, No. 93, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104052 3F., No. 136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City 106465	Energy and equipment industry Television, Broadcast Program Production Manufacturing and sales of home appliance Investment Advisor Television, Broadcast Program Production Investment Advisor, Broadcast, Television Program Biotechnology Services	Incumbent

IX. Appendices

Appendix I

RECHI PRECISION CO., LTD.
Company Corporate Charter (Articles of Incorporation)

Chapter 1 General Principles

Article 1 The Company is organized as a stock limited company in accordance with the Company Act and is named RECHI PRECISION CO., LTD.

Article 2 The Company operates below businesses:

1. CB01990 Other Machinery Manufacturing
2. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
3. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
4. F601020 Electronic appliance installation
5. E603050 Automatic Control Equipment Engineering
6. E801070 Kitchenware and Sanitary Fixtures Installation Engineering
7. F113020 Wholesale of Electrical Appliances
8 IG03010 Energy Technical Services
9. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1 The total amount of investment by the Company is not subject to the limit under Article 13 of the Company Act.

Article 3 The Company may provide business guarantees as required for business.

Article 4 The Company's headquarters is in Taoyuan City and it may set up branch organizations in other suitable locations as required, the incorporation and closure of which shall be determined by the board of directors.

Article 5 The Company makes public announcements in accordance with Article 28 of the Company Act.

Chapter 2 Shares

Article 6 The Company's total capital is NTD6,000,000,000, divided into 600,000,000 shares at NTD10 per share, which are all ordinary shares. The board of directors is authorized to issue unissued shares as required for the Company's business through multiple issuances.

Article 6-1 The price at which the Company issues employee stock options is not subject to the limits imposed by applicable laws. However, the issuance must be approved by shareholders representing 2/3 of the voting rights represented in a shareholders' meeting that is attended by shareholders representing the majority of outstanding shares. Multiple filings may be made within one year from the date of the shareholders' resolution.

Article 6-2 The Company may transfer treasury shares that it has repurchased to employees at a price that is lower than the average actual share repurchase price, subject to the applicable laws and consent of the shareholders' meeting.

Article 7 The Company's shares may be issued without share certificates, subject to registration with the centralized securities custodian institution.

Article 8 The Company shall process stock matters in accordance with applicable laws and the regulations of the government authority. Shareholder service matters may be handled by shareholder service institutions designated by the Company.

Article 9 Share transfer registration is suspended during a period of 60 days before general meeting of shareholders, 30 days before special meeting of shareholders and 5 days before the record date determined by the Company for distribution of dividends, bonus or other interests.

Chapter 3 Shareholders' Meeting

Article 10 The Company's meetings of shareholders are divided into general meetings and special meetings. General meetings of shareholders are held once every year and shall be convened by the board of directors within 6 months from the end of each accounting year. Special meetings of shareholders are convened in accordance with the law as required.

Article 10-1 Shareholders should be informed of the meeting date, place and subject 30 days in advance for the Annual Meeting of Shareholders and 15 days in advance for the extraordinary meeting of shareholders. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. The Board of Directors may disregard shareholder proposals if the proposed agendas exhibit any of the conditions described in Paragraph 4, Article 172-1 of the Company Act. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 11 Each shareholder of the Company has one vote per share, but there are no voting rights, in event of the occurrence of such events stated in Article 179 of the Company Act.

Article 12 If a meeting of shareholders is convened by the board of directors, it shall be chaired by the chairman. If the chairman is on leave or cannot exercise his/her duties due to any reason, the vice-chairman shall act on the chairman's behalf. If the vice-chairman is also unavailable due to any reason, one director designated by the chairman shall act on the chairman's behalf.

If the shareholders' meeting is convened by any person entitled to convene the meeting other than the board of directors, such person shall chairperson the meeting.

Article 13 Except otherwise regulated by The Company Act, a shareholders' meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting.

According to the authority's instructions, shareholders of the Company may vote using electronic means. Shareholders who vote using the electronic method are considered to have attended the shareholder meeting in person. Electronic voting shall proceed as regulated by law.

Article 13-1 Resolutions of shareholder's meetings shall be recorded in the minutes, specifying the year, month, date and location of the meetings, the main proceedings and results of the meetings, the chairperson's name, the method of resolution, number of shareholders present and number of shares represented. The minutes shall be affixed with the chairperson's signature or seal and distributed to all shareholders within 20 days from the meeting. The minutes may be distributed by public announcements. The minutes shall be kept in custody on permanent basis during the existence of the Company. The attendance registry for the signature of the attending shareholders or the proxy of the representative should be reserved for at least one year.

Chapter 4 Directors and the Board of Directors

Article 14 The Company has 9 directors to form the board of directors, to be elected by the shareholders' meeting from among persons of legal capacities. The term is 3 years and the same person may be reelected upon expiry of the term. The Company may purchase liability for directors and officers to protect the interest of all shareholders and to lower the operating risk of the Company.

Article 14-1 No more than half of the directors of the Company shall have any of the following relationships among them.

1. Spouse.
2. A familial relationship within the second degree of kinship.

Article 14-2 Among the number of directors under the previous article, the Company has three independent directors in accordance with Article 14-4 of the Securities and Exchange Act. Matters related to the exercise of duties by independent directors are in accordance with applicable provisions of the Securities and Exchange Act.

Article 14-3 The Company's directors and independent directors are elected under candidate nomination system. Shareholders holding 1% or more of all outstanding shares and the board of directors may propose a list of candidates for directors and independent directors. Following review of the conditions required of directors and independent directors by the board of directors, the list shall be submitted to the shareholders' meeting. The shareholders shall elect the directors and independent directors from the candidate list.

Matters related to the director and independent director nomination acceptance manner and public announcements shall be in accordance with applicable provisions of the Company Act and the Securities and Exchange Act.

Article 15 All total number of shares held by all directors of the Company shall be in accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."

Article 16 The directors form the board of directors. One chairman and once vice-chairman shall be elected by 2/3 directors attending a meeting that is attended by the majority of directors. The chairman serves as the Company's representative. If the chairman cannot perform his/her duties due to any reason, the vice- chairman shall act on the chairman's behalf. If the vice- chairman also cannot perform his/her duties due to any reason, one director appointed by the chairman shall act on the chairman's behalf.

Article 17 The board of directors has the following duties:

1. Drafting of the articles of association of the Company.
2. Approval and amendment of organizational charters of the Company.
3. Approval of annual budget and review of annual closing, including the review of annual business plan and supervision of its execution.
4. The Company's application for financing, guarantee, acceptance of notes within a certain amount or price (determined by the board of directors under authorization) from financial institution or any third party, as well as other lending, indebtedness or non-business advance of funds.
5. Hiring and dismissal of important employees.
6. Approval for endorsement, guarantee or acceptance of notes in the name of the Company.
7. Establishment and closing of branch organizations.

8. Approval for the Company's investment in other companies.
9. Proposal of lien, sale, lease, pledge, mortgage or other disposition of all or important parts of Company properties.
10. Approval of application to list the Company's shares.
11. Approval for plant establishment or expansion investment plans and the amendments or terminations thereof.
12. Approval for signature for acquisition, transfer, license of know-how or patent or technical cooperation contract and the amendments or terminations thereof.
13. Distribution of profit.
14. Proposal to increase or decrease the capital of the Company.
15. Approval for major operational or organizational matters.

Article 18 Board meetings are convened and chaired by the chairman. If the chairman is absent, the vice chairman shall act on the chairman's behalf. If the vice chairman is also unavailable, one director designated by the chairman shall act on the chairman's behalf. Board meetings are held once every 3 months. The chairman may convene special meetings as required. Board meetings of the Company may be convened electronically if agreed by the counterparties. During the intersessional period of the board of directors, other than matters that should be discussed by the board of directors in accordance with the law, the board of directors may authorize the chairman to exercise the duties of the board of directors in accordance with the law.

Article 19 Unless otherwise provided by law, board resolutions shall be approved by the majority of directors attending a meeting that is attended by the majority of directors.

Article 20 Any director who cannot attend a board meeting may designate another director to attend the meeting on his/her behalf. However, a director shall represent no more than one other director in attending a board meeting.

Chapter 5 Audit Committee

Article 21 The Company has an audit committee in accordance with the law, which is formed by all independent directors.

Article 22 The duties to be exercised by the supervisors in accordance with the Company Act, the Securities and Exchange Act and other laws shall be exercised by the audit committee.

Article 23 The number of members of the audit committee, their term, the rules for their performance of duties and the resources that should be provided by the Company when they exercise their duties shall be further provided in the organizational charter of the audit committee in accordance with the law.

Chapter 6 Managers

Article 24 If deemed necessary for the operation and organization of the group by the board of directors, the Company may have a CEO, COO, president, vice-president or other officers in accordance with the Company's operating or management needs.

Each of the above officers may include one or multiple persons. Each officer shall follow the policies and operating guidelines resolved by the board of directors and the orders of the chairman and execute to manage all business within the scope of their allocated responsibilities.

Article 25 The CEO, COO and president report to the chairman, the hiring, dismissal and remuneration of which shall be in accordance with Article 29 of the Company Act.

Chapter 7 Accounting

Article 26 The Company's accounting year is from 1 January to 31 December.

Article 27 The board of directors shall prepare below statements after the annual closing of the

Company, which shall be submitted to the shareholders' meeting for approval.

1. Business report
2. Financial statements
3. Profit distribution or loss compensation proposal.

Article 27-1

If the Company has profit in a year, no more than 3% shall be provisioned as director remuneration and no less than 1% and no more than 8% as employee remuneration. The proposed distribution of director remuneration and employee remuneration shall be submitted to the shareholders' meeting.

However, if the Company has accumulated losses, the amount to compensate the losses shall first be provisioned. Then director remuneration and employee remuneration shall be provisioned in accordance with the ratios under the previous paragraph.

Employee remuneration may be distributed in cash or stock and the targets of distribution may include employees of subsidiaries who meet certain conditions. Such conditions shall be determined by the board of directors or the person authorized by the board of directors.

Article 27-2

When the Company issues employee treasury shares, employee stock options, employee remuneration, new share subscription by employees and new shares with restrictive employee rights, the targets may include employees of controlled companies or subsidiaries who meet certain conditions. If there are rules about the scope of target employees under the previous paragraph by the securities authorities, such rules shall be complied with.

Article 28 The Company's dividend policy is established to satisfy the needs for the Company's sustainable operations and business growth, while in consideration of the maintenance of its profitability.

1. Condition and timing of distribution: If there is profit at the annual closing, after taxes are paid and accumulated losses are compensated, 10% shall be provisioned as legal reserve. Then special reserve shall be provisioned or recycled in accordance with the law or the rules of the competent authority. If there is profit remaining, 25% to 99% shall be provisioned as shareholders' bonus.
2. Provision of special reserve: other than provision made in accordance with the Company's actual needs, pursuant to Paragraph 1, Article 41 of the Securities and Exchange Act, for the net deduction of equity in the current year, the equivalent amount of special reserve shall be set from the net surplus after tax of the current year, and the amount other than the net surplus after tax of the current year shall be included in the undistributed surplus. If there remains any shortfalls, it shall be withdrawn from the undistributed surplus of the previous year; the special reserve of the equivalent amount shall be set from the undistributed surplus of the previous year. If there is still any shortfalls, the current after-tax net surplus shall be added to the current after-tax net surplus and the items other than the current after-tax net profit shall be included in the undistributed surplus of the current years for allowance.

   If the amount of shareholders' equity is reversed later, the profit may be distributed from the reversed portion of the special reserve.
3. Amount and type of distribution: The board of directors shall propose shareholder bonus distribution in accordance with the law every year and submit it to the shareholders' meeting. For stock dividends, the board of directors shall formulate a proposal for the distribution of earnings and submit a resolution to the shareholders' meeting to distribute dividends to shareholders. If cash dividends are proposed to be distributed, a resolution from a board meeting with more than two-thirds of the directors of participating in and consent of more than half of the directors present and shall be submitted to the shareholders' meeting. If the distribution of dividends

to shareholders is conducted in a mixture of cash dividends and stock dividends, the cash dividends shall not be less than 10%, and the rest shall be in stock dividends.

Article 29 The board of directors is authorized to determine and pay to directors remuneration for the performance of their duties for the Company based on the common standard of the industry, regardless of whether or not the Company is profit-making or loss-making.

Chapter 8 Additional notes

Article 30 The organizational charters and bylaws of the Company shall be further established.

Article 31 Any matter that is not stipulated in these articles of association shall be governed by the Company Act.

Article 32 The Articles of Association was established on December 8, 1989.

The 1st amendment was made on December 10, 1990.

The 2nd amendment was made on February 23, 1991.

The 3rd amendment was made on July 1, 1991.

The 4th amendment was made on July 24, 1991.

The 5th amendment was made on September 20, 1991.

The 6th amendment was made on September 30, 1991.

The 7th amendment was made on May 22, 1992.

The 8th amendment was made on April 16, 1993.

The 9th amendment was made on April 20, 1994.

The 10th amendment was made on November 24, 1994.

The 11th amendment was made on May 18, 1995.

The 12th amendment was made on May 10, 1996.

The 13th amendment was made on May 8, 1997.

The 14th amendment was made on April 20, 1998.

The 15th amendment was made on November 15, 1999.

The 16th amendment was made on June 7, 2000.

The 17th amendment was made on June 27, 2002.

The 18th amendment was made on June 10, 2003.

The 19th amendment was made on June 15, 2004.

The 20th amendment was made on June 7, 2005.

The 21st amendment was made on June 22, 2006.

The 22nd amendment was made on June 13, 2007.

The 23rd amendment was made on June 13, 2008.

The 24th amendment was made on June 19, 2009.

The 25th amendment was made on June 18, 2010.

The 26th amendment was made on June 15, 2012.

The 27th amendment was made on June 17, 2013.

The 28th amendment was made on June 11, 2014.

The 29th amendment was made on June 18, 2015.

The 30th amendment was made on June 7, 2016.

The 31st amendment was made on June 22, 2017.

The 32nd amendment was made on June 16, 2020.

The 33rd amendment was made on June 15, 2022.

Appendix 2

RECHI PRECISION CO., LTD.
Rules of Procedure for Shareholders' Meetings

Article 1 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulations or the articles of incorporation, shall be as provided in these Rules.

Article 2 The Company shall accept shareholder attendance registration at least 30 minutes before the meeting. The location for attendance registration shall be clearly identified and staffed by sufficient and suitable staff.

The shareholders or their representatives (hereinafter referred to as the "shareholders") shall attend the shareholders' meeting with the evidence of the attendance card, attendance register or other attendance documents; the proxy solicitors should bring proof of identity with them for examination.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

The number of shares represented in the meeting shall be calculated based on the attendance register or the number of attendance cards collected.

Article 3 Attendance and votes in shareholder meetings shall be calculated based on shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 4 The place of meeting of shareholders should be at the Company's or any suitable location or for shareholders to attend the meeting conveniently; also, the meeting of shareholders shall not be started before 9:00 or after 15:00.

Article 5 If the shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman. If the chairman is on leave or cannot exercise his/her duties due to any reason, the vice- chairman shall act on the chairman's behalf. If the vice-chairman is also unavailable due to any reason, one director designated by the chairman shall act on the chairman's behalf.

When a director serves as chairperson, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chairperson.

If the shareholders' meeting is convened by any person entitled to convene the meeting other than the board of directors, such person shall chair the meeting.

Article 5-1 30 days before a shareholders' meeting or 15 days before a special shareholders' meeting, the shareholders' meeting notice, proxy form, relevant proposals for recognition, discussion, election or dismissal of directors, etc. and explanation information shall be prepared as electronic files and sent to the Market Observation Post System. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. The Annual Meeting Handbooks and the supplementary information are made available to shareholders fifteen days prior to the annual meeting of shareholders; also, on display at the Company's and its Stock Agent's and distributed to shareholders at the meeting place.

Article 5-2 The reasons for convening the meeting should be stated in the notice and announcement. The notice with the consent of the counterparty can be issued electronically.

Article 5-3 Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.

Article 5-4 Where reelection of all directors as well as their inauguration date is stated in the "reasons for convening the shareholders' meeting" of the notice, after the completion of the reelection in said meeting, such inauguration date may not be altered by any extraordinary motion or any other way in the same meeting.

Article 5-5 Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, when the circumstances of any sub-paragraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.

Article 5-6 Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, correspondence or electronic means, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Article 5-7 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.

Article 5-8 Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 6 The Company may assign its attorney, accountant or relevant staff to attend the shareholders' meeting. The shareholders' meeting staffs shall wear identification card or armbands.

Article 7 The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The meeting minutes shall accurately record the year, month, day and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of director. It should be permanently reserved throughout the duration of the Company.

The company, starting from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders' meeting and the voting and vote counting procedures.

The audio and video recording shall be kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 8 The chairperson should announce the commencement of the meeting as soon as it is due and announce relevant information such as the number of non-voting shares and the number of shares represented in the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If attending shareholders represent more than one-third but less than half of outstanding shares after two postponements, the attending shareholders may reach a tentative resolution according to Paragraph 1, Article 175 of the Company Act. If the number of shares represented accumulates to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final voting according to Article 174 of The Company Act.

Article 9 If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be casted on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

If the meeting of shareholders is convened by an authorized person other than the Board, the provision referred to above is applicable. Before the agenda scheduled under the previous two paragraphs (including motions) is completed, the chairman shall not declare the meeting closed without resolution.

Once the meeting has been dismissed, shareholders cannot extend the meeting, either in the current or in another location, by appointing another chairman.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote and arrange sufficient time for voting.

Article 10 The chairperson may call the meeting into recess at a suitable time.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor; the chairperson shall stop any violation.

Article 12 Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes.

When a shareholder speaks in breach of the above rules or beyond the scope of the agenda, the chairman may stop the shareholder's statement.

Article 13 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 14 After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.

Article 15 A chairperson who believes that the proposal under discussion is ready for voting may at his discretion stop the discussion and call for a vote.

Article 16 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the votes.

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, the names of those not elected as directors, supervisors and the number of votes received.

Article 17 For the resolution of proposals, unless otherwise provided in the Company Act and the Company Corporate Charter (Articles of Incorporation), the consent of a majority vote of the attending shareholders shall prevail. The shareholders are entitled to one vote per share, provided that the Company has no voting right for its own shares that it holds.

When a shareholder attends a shareholders' meeting by proxy, unless it is a trust enterprise, if a person acts as the proxy for two or more shareholders, the voting rights represented shall not exceed 3% of the voting rights represented by all outstanding shares. Any voting right in excess of such limit shall be excluded from calculation.

Shareholders cannot vote, or appoint proxies to vote, on any agenda items that present conflicting interests, if doing so may compromise The Company's interests.

Article 17-1 When this Corporation holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to the original proposals.

Article 18 When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.

Article 19 The meeting chairperson may instruct picketers (or security staffs) to help maintain order in the meeting. While maintaining order in the meeting, all scrutineers or security staff shall wear arm badges that identify their role as "Scrutineer."

Article 20 In case of air strike alarm during a meeting, the meeting shall be suspended immediately and the participates shall be evacuated. The meeting shall resume one hour after the alarm is lifted.

Article 21 Any matter that is not provided in these Rules shall be governed by the Company Act and the Articles of Association of the Company.

Article 22 These Rules and any amendments hereto shall be implemented after adoption by shareholders’ meetings.

(The amendments to these Rules have been approved by annual general meeting of shareholders on August 26, 2021)

Appendix 3

RECHI PRECISION CO., LTD.
Director Shareholding Schedule

Date: April 15, 2024

Title	Name	Shareholding Shares
Chairman	SAMPO CORPORATION Representative: CHEN, SHENG-TIEN	138,160,160
Vice-chairman	SAMPO CORPORATION Representative: YANG, CHENG-MING	
Director	SAMPO CORPORATION Rep.: FENG, MING FA	
Director	Chuan Bao Investment Co., Ltd. Representative: CHEN, SHENG-CHUAN	4,135,762
Director	Sharp Corporation Representative: ICHIJU, MIYO	22,771,289
Director	China Steel Corporation Representative: Cheng, Chi-Chao	23,002,022
Independent director	SU, CHING-YANG	0
Independent director	CHEN, SHENG WANG	0
Independent director	Huang, Pao-Hui	0
Subtotal of shares held by all directors		188,069,233
Minimum number of shares to be held by all directors		16,157,283

Note: As of the record date, the capital includes 504,915,105 shares.