RECHI PRECISION CO., LTD.

Individual Financial Statements and Independent Auditor's Report

2024 and 2023

Address: No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City, Taiwan (R.O.C.)

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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, 2024 and 2023, 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, 2024 and 2023 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 matter

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 2024. 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 2024 individual financial statements of the Company are described as follows:

The basis for recognition of the revenue on export sales

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 with 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, 2024. 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

CPA CHANG, CHING Hsia	CPA CHENG, 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 14, 2025

RECHI PRECISION CO., LTD.

Individual Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

Code	Assets	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 & 6)	$ 266,280	1	$ 190,343	1
1150	Notes receivable – non-related parties (Note 4 & 7)	229,187	1	104,520	1
1170	Accounts receivables – non-related parties (Note 4 & 7)	2,232,304	12	1,650,029	10
1180	Accounts receivable – related parties (Note 4 & 23)	4,424	-	4,201	-
1200	Other receivables	42,919	-	5,903	-
1210	Other receivables – related parties (Note 23)	465,730	3	483,774	3
130X	Inventory (Note 4 and 8)	589,001	3	314,746	2
1410	Prepayments	50,804	-	32,131	-
1470	Other current assets	717	-	1,803	-
11XX	Total current assets	3,881,366	20	2,787,450	17
	Non-Current assets				
1550	Investment accounted for using equity method (Note 4 and 9)	14,303,257	76	12,367,701	78
1600	Property, plant and equipment (Notes 4, 10 & 24)	635,514	3	652,346	4
1755	Right-of-use assets (Note 4 & 11)	768	-	2,304	-
1780	Other intangible assets (Note 4)	17,052	-	17,246	-
1840	Deferred income tax assets (Note 4 and 18)	80,179	1	181,729	1
1990	Other non-current assets	20,418	-	3,061	-
15XX	Total non-current assets	15,057,188	80	13,224,387	83
1XXX	Total assets	$ 18,938,554	100	$ 16,011,837	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 12)	$ 2,750,000	15	$ 570,000	4
2110	Short-term notes payable (Note 12)	479,056	3	399,204	3
2170	Accounts payable – non-related parties	99,706	1	34,470	-
2180	Accounts payable – related parties (Note 23)	2,395,367	13	1,398,252	9
2200	Other payables (Notes 13 & 23)	365,480	2	286,342	2
2230	Income tax liability (Note 4 & 18)	107,849	1	36,208	-
2250	Liability reserve – Current	86,154	-	39,803	-
2280	Lease liabilities – current (Note 4 & 11)	650	-	1,508	-
2320	Long-term borrowings and notes payable due within one year (Note 12 & 24)	86,829	-	2,421,588	15
2365	Refund liabilities – current (Note 16)	264,604	1	147,381	1
2399	Other current liabilities	70,654	-	23,176	-
21XX	Total of current liabilities	6,706,349	36	5,357,932	34
	Non-current liabilities				
2541	Short-term borrowings (Notes 12 & 24)	647,312	3	228,344	1
2570	Deferred tax liabilities (Note 4 & 18)	875,639	5	745,438	5
2580	Lease liabilities – non-current (Note 4 & 11)	-	-	650	-
2640	Net defined benefit liabilities (Note 4 & 14)	35,991	-	39,995	-
2670	Other non-current liabilities	584	-	584	-
25XX	Total non-current liability	1,559,526	8	1,015,011	6
2XXX	Total liabilities	8,265,875	44	6,372,943	40
	Equity (Note 15 & 20)				
3110	Common shares	5,049,151	27	5,049,151	32
3200	Capital reserves	1,367,729	7	1,355,324	8
	Retained earnings				
3310	Statutory surplus reserves	1,231,756	6	1,156,333	7
3320	Special surplus reserves	1,097,408	6	928,988	6
3350	Undistributed earnings	2,576,593	14	2,340,079	15
3300	Total retained earnings	4,905,757	26	4,425,400	28
3400	Other equity	(556,385)	(3)	(1,097,408)	(7)
3500	Treasury shares	(93,573)	(1)	(93,573)	(1)
3XXX	Total equity	10,672,679	56	9,638,894	60
	Total Liabilities and Equity	$ 18,938,554	100	$ 16,011,837	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, 2024 and 2023

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

		2024		2023	
Code		Amount	%	Amount	%
4110	Operating income (Notes 4, 16 & 23)	$ 8,652,938	100	$ 6,491,162	100
5000	Operating cost (Notes 8, 17 & 23)	(7,774,859)	(90)	(5,881,664)	(91)
5900	Operating gross margins	878,079	10	609,498	9
	Operating expenses (Notes 17 & 23)				
6100	Marketing expenses	(250,164)	(3)	(148,902)	(2)
6200	Administrative expenses	(239,846)	(3)	(208,615)	(3)
6300	Research and development expenses	(227,227)	(2)	(183,082)	(3)
6450	Expected credit impairment loss (Note 7)	(10,296)	-	(10,325)	-
6000	Total operating expenses	(727,533)	(8)	(550,924)	(8)
6900	Net operating income	150,546	2	58,574	1
	Non-operating income and expense (Notes 17 & 23)				
7100	Interest revenue	13,054	-	10,875	-
7010	Other income	14,854	-	10,607	-
7020	Other profits and losses	118,636	1	44,033	1
7050	Financial costs	(82,471)	(1)	(65,287)	(1)
7070	Share of profit or loss on subsidiaries accounted for using the equity method	999,437	12	859,834	13
7000	Total non-operating revenues and expenses	1,063,510	12	860,062	13
7900	Net profit before taxation	1,214,056	14	918,636	14
7950	Income tax expenses (Note 4 & 18)	(206,517)	(2)	(167,664)	(2)
8200	Net profits of the current year	1,007,539	12	750,972	12

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Code		2024 Amount	2024 %	2023 Amount	2023 %
	Other comprehensive income				
8310	Titles not reclassified as profit and loss accounts:				
8311	Remeasurement of defined benefit plan (Note 14)	$ 3,474	-	$ 4,075	-
8330	Share of other comprehensive income on subsidiaries accounted for using the equity method (Note 15)	(8,156)	-	(2,490)	-
8349	Income tax related to titles not subject to reclassification (Note 18)	(695)	-	(815)	-
		(5,377)	-	770	-
8360	Accounts to be reclassified to profit or loss subsequently:				
8361	Exchange differences from the translation of financial statements of foreign operations (Note 15)	625,260	7	(184,667)	(3)
8370	Share of other comprehensive income of affiliates and joint ventures accounted for using the equity method - items that may be reclassified as profit or loss (Note 15)	19,005	-	(18,196)	-
8399	Income tax related to items that may be reclassified (Note 15 & 18)	(125,052)	(1)	36,933	-
		519,213	6	(165,930)	(3)
8300	Other comprehensive income of the current year (net amount after taxation)	513,836	6	(165,160)	(3)
8500	Total amount of comprehensive income of the current year	$ 1,521,375	18	$ 585,812	9
	Earnings per share (Note 19)				
	Business units in continuing operation				
9710	Basic	$ 2.02		$ 1.50	
9810	Diluted	$ 2.00		$ 1.49	

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, 2024 and 2023

Unit: NTD thousand

Code		Share capital: Shares (in thousand shares)	Share capital: Amount	Capital reserves	Retained earnings: Statutory surplus reserves	Retained earnings: Special surplus reserves	Retained earnings: Undistributed earnings	Other equity: Exchange differences from the translation of financial statements of foreign operations	Other equity: Unrealized gain on financial assets at fair value through other comprehensive profit or loss	Treasury shares	Total equity
A1	Balance as of January 1, 2023	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 surplus reserves	-	-	-	-	(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
	Dividend allocation and distribution for 2023										
B1	Statutory surplus reserves	-	-	-	75,423	-	(75,423)	-	-	-	-
B3	Special surplus reserves	-	-	-	-	168,420	(168,420)	-	-	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	(499,995)	-	-	-	(499,995)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	12,405	-	-	-	-	-	-	12,405
D1	Net profits of the 2024	-	-	-	-	-	1,007,539	-	-	-	1,007,539
D3	Other comprehensive net income in 2024	-	-	-	-	-	2,779	519,213	(8,156)	-	513,836
D5	Total profit and loss in 2024	-	-	-	-	-	1,010,318	519,213	(8,156)	-	1,521,375
Q1	The subsidiary's disposal of equity instrument investment measured at fair value through other comprehensive income	-	-	-	-	-	(29,966)	-	29,966	-	-
Z1	Balance as of December 31, 2024	504,915	$ 5,049,151	$ 1,367,729	$ 1,231,756	$ 1,097,408	$ 2,576,593	($ 506,385)	($ 50,000)	($ 93,573)	$ 10,672,679

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, 2024 and 2023

Unit: NTD thousand

Code		2024	2023
	Cash flow from operating activities		
A10000	Current year net profit before taxation	$ 1,214,056	$ 918,636
A20010	Profits and loss		
A20100	Depreciation expenses	58,020	62,304
A20200	Amortization expenses	5,686	6,696
A20300	Expected credit impairment loss	10,296	10,325
A20900	Interest expenses	82,471	65,287
A21200	Interest revenue	(13,054)	(10,875)
A22300	Share of profit or loss on subsidiaries accounted for using the equity method	(999,437)	(859,834)
A22500	Net losses (gains) on disposal of property, plant and equipment	1,133	(74)
A23700	Inventory valuation and obsolescence losses	-	34,792
A24100	Unrealized foreign currency exchange loss (gain)	(38,291)	40,746
A30000	Net change in operating assets and liabilities		
A31130	Increase in notes receivable	(117,878)	(37,446)
A31150	Increase in accounts receivable	(507,917)	(15,080)
A31160	Decrease (increase) in accounts receivable-related parties	9	(4,087)
A31180	Decrease (increase) in other accounts receivable	(8)	280
A31190	Decrease (increase) in other receivables – related parties	(2,117)	2,919
A31200	Decrease (increase) in inventories	(274,255)	113,219
A31230	Increased in Advance	(18,673)	(3,335)
A31240	Decrease in other current assets	1,086	489
A32125	Increase (decrease) in refund liability – current	106,335	(34,387)
A32150	Increase (decrease) in accounts payable	64,344	(7,570)
A32160	Increase (decrease) in accounts payable – related parties	944,353	(506,087)
A32180	Increase (decrease) in other accounts payable	72,368	(6,001)
A32200	Increase in provisions	46,351	8,596
A32240	Decrease in net defined benefit liability	(530)	(3,819)
A32230	Increase (decrease) in other current liabilities	47,480	(15,237)
A33000	Cash inflow (outflow) from operating activities	681,828	(239,543)
A33100	Interest received	12,723	11,078
A33300	Interest payment	(80,991)	(65,199)
A33500	Income tax payment	(65,872)	(244,308)
AAAA	Net cash inflow (outflow) from operating activities	547,688	(537,972)

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Code		2024	2023
	Cash flow from investing activities		
B02700	Purchase of property, plant, and equipment	($ 32,422)	($ 29,930)
B02800	Proceeds from disposal of property, plant and equipment	48	1,734
B04300	Increase in other receivables – related parties	(447,100)	(479,160)
B04400	Decreased in other receivables – related parties	479,160	570,520
B04500	Purchase of intangible assets	(5,492)	(4,325)
B06700	Increase of other non-current assets	(19,859)	(2,352)
B07600	Dividends received	371,120	674,974
BBBB	Net cash inflow in investing activities	345,455	731,461
	Cash flow from financing activities		
C00100	Increase of short-term loans	2,180,000	270,000
C00500	Increase in short-term notes payable	79,852	249,479
C01600	Proceeds from long-term loan	500,000	280,000
C01700	Repayments of long-term borrowings	(2,066,830)	(275,233)
C01900	Decrease in long-term notes payable	(350,000)	-
C04020	Repayments of principal portion of the lease	(1,508)	(2,674)
C04500	Dividends paid	(499,995)	(449,996)
C05400	Acquisition of equity of subsidiaries	(658,725)	(248,000)
CCCC	Net cash outflow from financing activities	(817,206)	(176,424)
EEEE	Net increase in cash and cash equivalents	75,937	17,065
E00100	Cash and cash equivalents balance – beginning of year	190,343	173,278
E00200	Cash and cash equivalents balance – end of year	$ 266,280	$ 190,343

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 Notes to financial statements

For the Years Ended December 31, 2024 and 2023

(Unless otherwise provided, Unit: NTD Thousand)

1. Organization and operations

RECHI PRECISION CO., LTD. (formerly known as RECHI INDUSTRIAL CO., LTD., hereinafter referred to as the Company) was established in December 1989 in accordance with the Company Act of the Republic of China, mainly engaged in the assembly and processing, manufacturing and repairing, and trading of refrigerant compressors, and design services of relevant products, as well as import and export business.

The Company's shares had been listed for trading on the Taipei Exchange since February 2002, and have changed to be listed on the Taiwan Stock Exchange since August 2003.

This parent company only financial statement is denominated in NT dollars, the functional currency of the Bank.

2. Financial reporting date and procedures

The individual financial statements were approved by the board of directors and authorized for issue on March 11, 2025.

3. Application of new and revised standards and interpretation

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Company's accounting policies:

(2) The IFRSs endorsed by the FSC for application starting from 2025

The new/amended/revised standards or interpretation	Effective Date per IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 - "Amendments to the Classification and Measurement of Financial Instruments" regarding the application of the classification of financial assets	January 1, 2026 (Note 2)

Note 1: The amendments apply to the annual reporting periods beginning on or after January 1, 2025. Upon the initial application of the amendments, the financial statements for comparative period shall not be restated. Instead, the effect shall be recognized in the retained earnings on the date of initial application or the exchange differences of foreign operation under equity (if appropriate), along with affected assets and liabilities.

Note 2: Applicable to annual reporting periods beginning on or after January 1, 2026. Enterprises may also choose to apply the same earlier on January 1, 2025. When the amendments are first applied, the effects of the amendments shall be recognized on the date of initial application, but without restatement of the comparative period. However, if an entity opts to restate without the use of hindsight, it may choose the comparative periods for restatement.

Amendments to IAS 21 "Lack of Exchangeability"

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a timeframe that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The Group shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose any information that enables users of its financial statements to evaluate how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

(3) The IFRSs released by the IASB but not yet approved and announced effective by the Financial Supervisory Commission

The new/amended/revised standards or interpretation	IASB publication effective date (Note 1)
"IFRS Annual Improvements - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application of derecognitions of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates.”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements” and the main changes include:

- Items of income and expenses included in the income statement shall be classified into operating, investing, financing, income tax, and discontinued operations categories.
- The income statement shall present operating profit or loss, profit or loss before financing and income tax, as well as subtotal and total profit and loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses, and cash flows that arise from individual transactions or other events and classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. Items with non-similarity characteristics in the main financial statements and notes should be divided. The Company only marks "other" in the absence of more information.
- Adds disclosures on management-defined performance measures: When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its management-defined performance measures in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards, and the income tax and non-controlling interests effects of related reconciliation items.

Further to the aforementioned influence, the Bank will continue to evaluate the other effect of the amendment to IFRSs on the financial positions and performance of the Bank to the date this parent company only financial statement approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of significant accounting policies

(1) Compliance Statement

The individual financial statements were prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers.”

(2) Basis of preparation

Except for the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, this individual financial statement was compiled on the basis of historical cost.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

In preparing individual financial statements, the Company adopts the equity method for investment in subsidiaries. In order to make the current year's profit or loss, other comprehensive income, and equity of the individual financial statements the same as the current year's profit or loss, other comprehensive income, and equity attributable to the owners of the Company in the Company's consolidated financial statements, "investments using the equity method," "share of profits or losses on subsidiaries using the equity method," "share of other comprehensive income on subsidiaries using the equity method," and relevant equity items were adjusted for certain accounting differences arising from between the individual basis and the consolidated basis.

(3) Standards in differentiating current and non-current assets and liabilities.

Current assets including:

1. Assets held mainly for trading purpose:
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including those that are limited to exchange or repay liabilities exceeding 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading purposes;
2. Liabilities to be repaid within 12 months after the balance sheet date, and
3. The entity on the balance sheet date does not have in substance the right to defer settlement of the liability for at least 12 months after the balance sheet date.

For those that are not current assets or liabilities above are classified as non-current assets or liabilities.

(4) Foreign currency

For the transactions conducted in a currency other than the Company's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing the Company's financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as current profit or loss. However, for the changes in fair value recognized in the other comprehensive income, the exchange difference is recognized in the other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

When preparing the individual financial statements, the assets and liabilities of the Company’s foreign operations (including subsidiaries that operate in countries or adopt the functional currencies different from the Company) are translated into New Taiwan dollars. Income and expense items are translated in accordance with the current average exchange rates and the exchange differences are booked in the other comprehensive profit or loss.

(5) Inventories

Inventories are raw materials, materials, finished products, work in process and products. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. The cost of inventory is calculated using the weighted average method.

(6) Investment in subsidiaries

The Company has the investment in subsidiaries handled in accordance with the equity method.

Subsidiaries refer to entities (including structured entities) over which the Company has control.

Under the equity method, investments were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive profit or loss. In addition, for the changes in the affiliated company’s equity, the Company is entitled to have it recognized proportionately to the shareholding.

When the Company’s change in the ownership of the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the book amount of the investment and the fair value of the consideration paid or received shall be directly recognized as equity.

In assessing impairment, the Company based on the cash drivers of the financial statements and compared the recoverable amount and book value. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization.

The unrealized concurrent trade between the company and the subsidiaries stated in the financial statement of individual entities shall be removed. The profit or loss resulting from the countercurrent, and side-stream transactions between the Company and the subsidiary are recognized in the individual financial statement within the range irrelevant with the Company’s interest in the subsidiary.

(7) Property, plant, and equipment

Real property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment losses afterwards.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Costs include professional service expanses and loan costs that meet the capitalization conditions. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

The depreciation of each material part of real estate, plants, and equipment should be appropriated independently in accordance with the useful year and a straight-line method. The Company shall at least inspect the estimated service life, residual value and depreciation method by the day of the end of each fiscal year and postpone the effect of applying estimated accounting changes.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(8) Intangible assets

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, and applies the effect of changes in accounting estimates prospectively.

In removing intangible assets, the difference between the net proceeds from the disposal and the book value shall be recognized as income.

(9) Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Company assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use and intangible assets (excluding goodwill) at each balance sheet date. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. The common asset is amortized to each cash-generating unit in accordance with a consistent and reasonable sharing basis.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When the impairment loss was reversed subsequently, the book amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased book amount may not exceed the book amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(10) Financial instruments

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the individual balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial assets

The regular way of purchase or sale of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Classification of measurement

The types of financial assets held by the Company are financial assets based on cost after amortization.

A. Financial assets based on cost after amortization

If the financial assets of the Company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets on the basis of cost after amortization (including cash and cash equivalents and accounts receivable on the basis of cost after amortization) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

(2) Impairment of financial assets

The Company shall, on each balance sheet day, evaluate the financial assets on the basis of cost after amortization on the basis of expected credit loss (including accounts receivable)

Accounts receivable shall be recognized for provisions for loss on the basis of expected credit loss within the perpetuity of the assets. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

For internal credit risk management purpose, the Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay off a debt.

B. Payments are overdue for more than 180 days, unless there are reasonable and supporting information showing that the delayed default benchmark is more appropriate.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account.

(3) The derecognition of financial assets

The Company’s financial assets are derecognized only when the contractual rights from the cash flows of a financial asset becomes invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

If the Company neither transfers nor retains almost all the risks and rewards of the ownership of a financial asset, and retains control of the asset, it will continue to recognize the asset within the scope of continuous participation in the asset and recognize relevant liabilities for the amount that may have to be paid. If the Company retains almost all the risks and rewards of the ownership of a financial asset, it will continue to recognize the asset and recognize the payments received as secured borrowings.

When a financial asset measured at amortized cost is derecognized as a whole, the difference between its book value and the consideration received is recognized in profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

An equity instrument issued by the Company is recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company’s equity retrieved is debited or credited to the equity. The Company’s equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial liabilities

(1) Subsequent measurement

All financial assets shall be measured under the effective interest rate method on the cost after amortization except under the following circumstances:

<u>Financial guarantee contract</u>

The financial guarantee contract issued by the Company that is not measured at fair value through profit or loss (FVTPL) is measured at the allowance for the expected credit loss or the amortized amount after initial recognition, whichever is higher.

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

(11) Liability reserve

The recognized liability reserve amount is with the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. Provision for liabilities shall be measured based on the discount value of the estimated cash flow for the settlement of obligation.

Warranty

The warranty obligation under a sales contract is the best estimated expense by management in clearing the Company's obligations and it is recognized when the related instrument income is recognized.

(12) Recognition of revenue

The Company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

Commodity sales revenue

When the sales arrive at a customer's designated location or when the goods are shipped, and the customer has the right to set the price and use of the goods and bears the main responsibility for resale and the risk of obsolescence, the Company recognizes the sales in revenue and accounts receivable.

When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

(13) Leasing

The Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

For contracts that include lease and non-lease components, the Company allocates the consideration in the contracts based on the relative stand-alone prices and treats them separately.

The Company is the lessee

Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at the lease commencement date.

The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any received, any incurred by the lessee, and an estimate of costs to be incurred by restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses. Additionally, the cost is subsequently adjusted for any. Right-of-use assets are separately expressed on the individual balance sheet.

Right-of-use assets are depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier. If the ownership of the underlying asset will be acquired at the end of the lease period, or if the cost of the right-of-use asset reflects exercising an option, the asset will be depreciated over the period from the commencement date of the lease to expiration of the useful life of the underlying asset.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments, less lease incentives received). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

Subsequently, the lease liabilities are measured at amortized cost using the effective interest method, and the interest expenses are amortized over the lease term. If changes in the lease term lead to changes in future lease payments, the Company will remeasure the lease liabilities and adjust the right-of-use asset accordingly. However, if the book value of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, remeasurement of lease liabilities due to the reduction in the scope of the lease is to reduce the right-of-use assets, and to recognize the profit or loss of partial or full termination of the lease. Remeasurement of lease liabilities due to other modifications is an adjustment to the right-of-use asset. Lease liabilities are separately expressed on the individual balance sheet.

Changes in rent as stipulated in lease agreements not determined by indices or rates are recognized as expenses in the current period.

(14) Loan costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(15) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Retirement benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The determined cost of benefit for determined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The net interests of the service cost (including the service cost for the current period) and net defined benefit liability (asset) are recognized as employee benefit expenses when they occur. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net defined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

(16) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

Deferred tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income.

Deferred income tax liabilities are generally recognized in accordance with all taxable temporary differences. Deferred income tax assets are recognized when there is the likelihood of having taxable income to be used for the income tax credit resulting from the temporary difference, R&D, and personnel training expense.

Deferred income tax liabilities are recognized for all taxable temporary differences related to the subsidiary, unless the Company can control the timing of reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future. The deductible temporary differences related to such investments are recognized as deferred income tax assets when there is likely a sufficient taxable income available for realizing a temporary difference and within the expected reverse in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current and deferred income tax for the year

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive income or directly included in the equity are recognized in the other comprehensive income or directly included in the equity.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

When adopting accounting policy, the management of the Company shall make related judgments, estimations, and assumptions for information that cannot be easily retrieved from other sources based on historical experiences and other relevant factors. Actual results may differ from the estimates.

The Company's management has evaluated its accounting policies, estimates, and basic assumptions, determining that they are not subject to significant uncertainties of significant accounting judgments, estimates, and assumptions.

6. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and working capital	$ 167	$ 195
Bank checks and demand deposits	266,113	64,257
Cash equivalents (Investment with the original maturity date within three months)		
Bank time deposit	-	125,891
	$ 266,280	$ 190,343

The deposits in banks showed the following interest rate ranges as of the balance sheet date:

	December 31, 2024	December 31, 2023
Bank deposits	0.00%～2.00%	0.10%～4.90%

7. Note receivable and account receivable

	December 31, 2024	December 31, 2023
Notes receivable		
Measured on the basis of cost after amortization		
Total book value	$ 229,192	$ 104,521
Less: Allowance for losses	(5)	(1)
	$ 229,187	$ 104,520
Accounts receivable		
Measured on the basis of cost after amortization		
Total book value	$ 2,221,001	$ 1,658,864
Less: Allowance for losses	(25,692)	(15,551)
	2,195,309	1,643,313
Measured at fair values through other comprehensive income	36,995	6,716
	$ 2,232,304	$ 1,650,029

(1) Accounts receivable based on cost after amortization

The Company's average credit period for sales open account with net 0 days to 285 days, and no interest is accrued on accounts receivable.

In order to mitigate the credit risk, the Company has formulated credit management measures to regulate the determination of credit limits, credit approval, and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue receivables. In addition, the Company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company's management believes that the Company's credit risk is significantly reduced.

The Company will recognize the lifetime expected credit losses as loss allowance for accounts receivable. The full lifetime expected credit losses are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions, as well as GDP forecast and industry outlook. As the Company's credit loss history shows that there is no significant difference in the loss patterns of different customer groups, the provision matrix does not further differentiate the customer groups, and only the expected credit loss rate is set based on the number of overdue days of the accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect to recover the amount, e.g. the counterparty is in liquidation, the Company directly writes off the relevant accounts receivable, but will continue to try to collect the receivable. The recovered amount is recognized in profit or loss.

The Company's allowance for loss of receivables is determined according to the preparation matrix as follows:

December 31, 2024

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue over 121 days	Total
Expected credit loss rate	0.06%	0.52%	5.84%	17.76%	22.63%	33.08%～100%	
Total book value	$ 2,088,512	$ 67,896	$ 15,072	$ 23,932	$ 4,189	$ 21,400	$ 2,221,001
Allowance for loss (expected credit loss of the given duration)	(1,181)	(356)	(880)	(4,249)	(948)	(18,078)	(25,692)
Cost after amortization	$ 2,087,331	$ 67,540	$ 14,192	$ 19,683	$ 3,241	$ 3,322	$ 2,195,309

December 31, 2023

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue over 121 days	Total
Expected credit loss rate	0.02%	0.48%	9.22%	31.83%	40.09%	50.71%～100%	
Total book value	$ 1,557,372	$ 47,193	$ 10,144	$ 44,024	$ -	$ 131	$ 1,658,864
Allowance for loss (expected credit loss of the given duration)	(246)	(225)	(935)	(14,014)	-	(131)	(15,551)
Cost after amortization	$ 1,557,126	$ 46,968	$ 9,209	$ 30,010	$ -	$ -	$ 1,643,313

(2) Accounts receivable at fair value through other comprehensive income.

For accounts receivable from specific clients, the Company signed the factoring agreement with financial institutions that determine whether to use non-recourse factoring to sell its receivables to the bank or not to sell regarding working capital. The business model of the Company managing this kind of accounts receivable is to complete its goal through receiving contractual cash flows and selling financial assets. Thus, these kinds of accounts receivable are measured through other comprehensive income in fair value.

December 31, 2024

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue over 121 days	Total
Expected credit loss rate	0.06%	0.52%	5.84%	17.76%	22.63%	33.08%～100%	
Total book value	$ 37,016	$ -	$ -	$ -	$ -	$ -	$ 37,016
Allowance for loss (expected credit loss of the given duration)	(21)	-	-	-	-	-	(21)
Cost after amortization	$ 36,995	$ -	$ -	$ -	$ -	$ -	$ 36,995

December 31, 2023

	Not overdue	Overdue 1 to 30 days	Overdue 31~60 days	Overdue 61 to 90 days	Overdue 91 to 120 days	Overdue over 121 days	Total
Expected credit loss rate	0.02%	0.48%	9.22%	31.83%	40.09%	50.71%～100%	
Total book value	$ 6,717	$ -	$ -	$ -	$ -	$ -	$ 6,717
Allowance for loss (expected credit loss of the given duration)	(1)	-	-	-	-	-	(1)
Cost after amortization	$ 6,716	$ -	$ -	$ -	$ -	$ -	$ 6,716

The information on changes in the allowance for loss on notes receivable and accounts receivable is as follows:

	2024		
	Notes receivable	Accounts receivable	Total
Balance, beginning of year	$ 1	$ 15,552	$ 15,553
Add (less): Impairment loss (reversal) for the current year	4	10,292	10,296
Less: Actual write-off amount in the current year	-	(131)	(131)
Balance, end of year	$ 5	$ 25,713	$ 25,718

	2023		
	Notes receivable	Accounts receivable	Total
Balance, beginning of year	$ 2	$ 5,226	$ 5,228
Add (less): Impairment loss (reversal) for the current year	(1)	10,326	10,325
Balance, end of year	$ 1	$ 15,552	$ 15,553

8. Inventories

	December 31, 2024	December 31, 2023
Merchandise inventories	$ 1,620	$ 713
Finished products	286,657	150,489
Work-in-process	5,406	4,014
Raw materials	86,950	44,076
Inventory in-transit	208,368	115,454
	$ 589,001	$ 314,746

In 2024 and 2023, the cost of goods sold related to inventory was NTD 7,774,859 thousand and NTD 5,881,664 thousand, respectively. Cost of goods sold includes inventory valuation losses of NTD 0 thousand and NTD 34,792 thousand, respectively.

9. Investment under the equity method

Investment in subsidiaries

	December 31, 2024	December 31, 2023
Non-public/non-OTC companies		
Rechi Holdings Co., Ltd.	$ 13,136,939	$ 11,556,312
Rechi Investments Co., Ltd.	108,690	119,537
Dyna Rechi Co., Ltd.	1,057,628	691,852
	$ 14,303,257	$ 12,367,701

The Company's ownership and voting rights in the equity of the subsidiary at the balance sheet date is as follows:

	December 31, 2024	December 31, 2023
Rechi Holdings Co., Ltd.	100.00%	100.00%
Rechi Investments Co., Ltd.	100.00%	100.00%
Dyna Rechi Co., Ltd.	94.42%	65.65%

Though the Company has obtained more than half of the board seats of Dyna Rechi Co., Ltd., which provide the Company the ability to direct the relevant activities of Dyna Rechi Co., Ltd., therefore, has listed it as the subsidiary of the Company. In order to integrate the operation of the BLDC motor business, the Company repurchased a 23.45% stake in Dyna Rechi Co., Ltd., from China Steel Corporation on December 14, 2023. This transaction resulted in the Company's shareholding ratio increasing from 42.20% to 65.65%. The Company acquired equity stake in its subsidiary, Dyna Rechi Co., Ltd., on April 17, 2024. The acquisition involves purchasing shares from directors and supervisors of Dyna Rechi Co., Ltd., Taiwan Sanyo Electric Co., Ltd., Richtek Technology Corporation, AccessTop Ltd., director HSU, YUNG FU and his first-degree relatives. The transaction involves acquiring a 28.77% equity stake in Dyna Rechi Co., Ltd., resulting in an increase in the Company's shareholding ratio from 65.65% to 94.42%. Please refer to Note 20.

The share of profits and losses and other comprehensive income on subsidiaries under the equity method for 2024 and 2023 is recognized based on the subsidiaries' financial statements that have been audited by auditors during the same period.

As mentioned in Table 2, the Company provided financial guarantees for bank borrowings of Rechi Holdings Co., Ltd. and Rechi Precision (Jiujiang) Electric Machinery Limited. As of December 31, 2024 and 2023, the financial guarantees provided above were not included in the book balance of the investments in subsidiaries.

10. Property, plant, and equipment

	Proprietary land	Building	Machinery and equipment	Other equipment	Total
Costs					
Balance as of January 1, 2023	$ 207,567	$ 476,010	$ 297,758	$ 517,387	$ 1,498,722
Additions	-	780	887	25,282	26,949
Disposal	-	-	(8,351)	(18,143)	(26,494)
Other reclassification	-	-	2,266	15,560	17,826
Balance as of December 31, 2023	$ 207,567	$ 476,790	$ 292,560	$ 540,086	$ 1,517,003
Accumulated depreciation and impairment					
Balance as of January 1, 2023	$ -	$ 274,818	$ 128,007	$ 427,000	$ 829,825
Depreciation expenses	-	11,773	20,073	27,820	59,666
Disposal	-	-	(6,797)	(18,037)	(24,834)
Balance as of December 31, 2023	$ -	$ 286,591	$ 141,283	$ 436,783	$ 864,657
Net amount as of December 31, 2023	$ 207,567	$ 190,199	$ 151,277	$ 103,303	$ 652,346
Costs					
Balance as of January 1, 2024	$ 207,567	$ 476,790	$ 292,560	$ 540,086	$ 1,517,003
Additions	-	672	4,363	33,298	38,333
Disposal	-	(3,735)	(945)	(17,068)	(21,748)
Other reclassification	-	-	1,428	1,072	2,500
Balance as of December 31, 2024	$ 207,567	$ 473,727	$ 297,406	$ 557,388	$ 1,536,088
Accumulated depreciation and impairment					
Balance as of January 1, 2024	$ -	$ 286,591	$ 141,283	$ 436,783	$ 864,657
Depreciation expenses	-	11,106	17,201	28,177	56,484
Disposal	-	(3,735)	(945)	(15,887)	(20,567)
Balance as of December 31, 2024	$ -	$ 293,962	$ 157,539	$ 449,073	$ 900,574
Net amount as of December 31, 2024	$ 207,567	$ 179,765	$ 139,867	$ 108,315	$ 635,514

Depreciation expenses is appropriated in accordance with the straight-line method and the years of useful life illustrated below:

Building	
Plant building	10 to 55 years
Electromechanical power equipment	5 to 35 years
Engineering systems	2 to 55 years
Others	3 to 35 years
Machinery and equipment	3 to 15 years
Other equipment	1 to 15 years

Please refer to Note 24 for the amount of property, plant and equipment provided as guarantees for borrowings.

11. Lease arrangements

(1) Right-of-use assets.

	December 31, 2024	December 31, 2023
Carrying amount of right-of-use assets		
Building	$ -	$ -
Transportation equipment	768	2,304
	$ 768	$ 2,304

	2024	2023
Addition of right-of-use assets	$ -	$ -
Depreciation expense of right-of-use assets		
Building	$ -	$ 412
Transportation equipment	1,536	2,226
	$ 1,536	$ 2,638

(2) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liabilities		
Current	$ 650	$ 1,508
Non-current	$ -	$ 650

The range of lease liability discount is as follows:

	December 31, 2024	December 31, 2023
Building	-	-
Transportation equipment	1.35%	1.35%

(3) Other lease information

	2024	2023
Short-term lease expense	$ 10,973	$ 9,327
Variable lease payments not included in lease liability measurement	$ 935	$ 238
Total cash (outflow) of leases	($ 13,434)	($ 12,284)

The Company has elected to apply the recognition exemption for leases of dormitories and other equipment that meet short-term leases, and, thus, did not recognize said leases in right-of-use assets and lease liabilities.

12. Borrowings

(1) Short-term borrowings

	December 31, 2024	December 31, 2023
Secured loans (Note 24)		
– Bank borrowings	$ 1,600,000	$ -
Unsecured loans		
– Credit borrowings	1,150,000	570,000
	$ 2,750,000	$ 570,000
Interest rate collars		
– Secured borrowings	1.86%～1.87%	-
– Unsecured borrowings	2.03%～2.10%	1.87%～1.92%

(2) Short-term notes payable

	December 31, 2024	December 31, 2023
Commercial papers payable	$ 480,000	$ 400,000
Less: Discount of short-term notes and bills payable	(944)	(796)
	$ 479,056	$ 399,204

The short-term bills payable but not yet due were enumerated below:

December 31, 2024

Guarantee/underwriting institutions	Face amount	Discounted amount	Book value	Interest rate collars	Collateral	Collateral Book amount
Commercial papers payable						
International Bills Finance Corporation	$ 150,000	$ 73	$ 149,927	Note	-	$ -
Mega Bills Finance Co., Ltd.	150,000	409	149,591	Note	-	-
Dah Chung Bills Finance Corp.	180,000	462	179,538	Note	-	-
	$ 480,000	$ 944	$ 479,056			$ -

Note: Interest rate range is 2.04%–2.11%.

December 31, 2023

Guarantee/underwriting institutions	Face amount	Discounted amount	Book value	Interest rate collars	Collateral	Collateral Book amount
Commercial papers payable						
Dah Chung Bills Finance Corp.	$ 100,000	$ 86	$ 99,914	Note	—	$ -
International Bills Finance Corporation	150,000	544	149,456	Note	—	-
Ta Ching Bills Finance Corporation	150,000	166	149,834	Note	—	-
	$ 400,000	$ 796	$ 399,204			$ -

Note: Interest rate range is 1.89%–2.21%.

(3) Long-term borrowings

	Date of maturity	Material terms	December 31, 2024	December 31, 2023
Secured loans (Note 24)				
Mega International Commercial Bank	2024.07.26	From July 26, 2019 to July 26, 2024, NTD 1,600,000 thousand was drawn down, and will be repaid in a lump sum upon maturity.	$ -	$ 1,600,000
Chang Hwa Commercial Bank, Ltd.	2029.10.15	The amounts of NTD 86,000 thousand, NTD 10,000 thousand, and NTD 24,780 thousand were drawn down on October 15, 2019, February 5, 2020, and April 6, 2020, respectively, and the principal and interest will be amortized and repaid monthly from November 15, 2022.	83,395	100,650
Unsecured loans				
Far Eastern International Bank Co., Ltd.	2024.10.25	From May 2, 2023 to October 25, 2024, NTD 280,000 thousand was drawn down, and will be repaid in a lump sum upon maturity.	-	280,000
Far Eastern International Bank Co., Ltd.	2027.01.19	From January 19, 2024 to April 17, 2024, NTD 380,000 thousand and NTD 120,000 thousand were drawn down, and will be repaid in a lump sum upon maturity.	500,000	-
Bank of Taiwan	2024.05.05	From November 26, 2021 to May 5, 2024, NTD 200,000 thousand was drawn down, and NTD 100,000 thousand was repaid early in January 2022, and the remaining amount will be repaid upon maturity.	-	100,000
Chang Hwa Commercial Bank, Ltd.	2027.02.15	The amounts of NTD 64,300 thousand, NTD 69,000 thousand, NTD 74,000 thousand, and NTD 71,000 thousand were drawn down on February 26, 2020, April 13, 2020, June 22, 2020, and August 24, 2020, respectively, and the principal and interest will be amortized and repaid monthly from March 15, 2023.	150,746	220,321
			734,141	2,300,971
Less: Current portion			(86,829)	(2,072,627)
Long-term borrowings			$ 647,312	$ 228,344

The effective interest rate as of December 31, 2024 and 2023 was 1.48%–2.08% and 1.35%– 1.93%, respectively.

The Company has taken out loans from Mega International Commercial Bank and Chang Hwa Commercial Bank, Ltd.. The contracts also stated four commitments based on the Company's consolidated financial statements: 1. The current ratio shall be maintained at 100% or more. 2. The debt ratio shall be maintained below 225%—250% (inclusive) or lower. 3. The interest coverage ratio shall be maintained above 2–2.5 times (inclusive). 4. The net value of tangible assets shall be maintained at NTD 5,000,000 thousand or more. The company's consolidated financial statements have satisfied said commitments.

(4) Long-term notes payable

	December 31, 2024	December 31, 2023
Commercial papers payable	$ -	$ 350,000
Less: Discount of long-term notes payable	-	(1,039)
	-	348,961
Less: Portion due within one year	-	(348,961)
	$ -	$ -

1. The Company and the International Bills Finance Corporation signed a bank-guaranteed commercial paper revolving credit line and underwriting contract, allowing the Company to issue a 90-day bank-guaranteed commercial paper with a revolving credit line within a 5-year period. The Company drew down the underwriting facility of NTD 700,000 thousand as of November 18, 2019, with contract expiration dated November 11, 2024, of which NTD 350,000 thousand was repaid early by December 24, 2021 and the remaining amount will be repaid upon maturity.
2. The effective interest rate for long-term notes payable as of December 31, 2023 was 1.66%.

13. Other payables

	December 31, 2024	December 31, 2023
Salary and bonus payables	$ 95,757	$ 82,835
Remuneration to employees and directors payable	130,342	118,847
Freight payables	38,713	8,851
Payables for non-use of leave	11,926	10,461
Equipment payables	11,722	5,811
Others (Note)	77,020	59,537
	$ 365,480	$ 286,342

Note: Others are service expenses, commission, and utilities expenses payable.

14. Retirement benefits plan

(1) Defined contribution pension plan

The pension system of the “Labor Pension Act” that is applicable to the Company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

(2) Defined benefit plan

The company within the Company has a pension plan arranged in accordance with the “Labor Standard Law” of the Republic of China that was a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The company has a pension appropriated for an amount equivalent to 4% of the monthly salary and the proceeds are deposited in the designated account with Taiwan Bank in the name of the Labor Pension Reserve Commission. If the account balance before yearend is expected to be insufficient for paying the retiring employees of the year, the amount of difference should be appropriated in a lump sum before the end of March in the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Company contained in the financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of determined benefit plan recognized in the individual balance sheet is shown below:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	$ 131,405	$ 125,388
The fair value of plan assets	(95,414)	(85,393)
Net defined benefit liability	$ 35,991	$ 39,995

Change in net defined benefit liability is shown below

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit liability
Balance as of January 1, 2023	$ 130,842	($ 82,953)	$ 47,889
Service costs			
Current service cost	782	-	782
Interest expenses (revenues)	1,963	(1,253)	710
Recognized in the profit or loss	2,745	(1,253)	1,492
Reevaluation			
Planned ROE (except the amount of net interest)	-	(598)	(598)
Actuarial losses (gains)			
– Changes in financial assumptions	2,872	-	2,872
– Experience adjustments	(6,349)	-	(6,349)
Recognized in the other comprehensive profit of loss	(3,477)	(598)	(4,075)
Employer appropriation	-	(5,311)	(5,311)
Benefits paid	(4,722)	4,722	-
Balance as of December 31, 2023	$ 125,388	($ 85,393)	$ 39,995
Balance as of January 1, 2024	$ 125,388	($ 85,393)	$ 39,995
Service costs			
Current service cost	573	-	573
Interest expenses (revenues)	1,568	(1,101)	467
Recognized in the profit or loss	2,141	(1,101)	1,040
Reevaluation			
Planned ROE (except the amount of net interest)	-	(7,702)	(7,702)
Actuarial losses (gains)			
– Changes in financial assumptions	(2,855)	-	(2,855)
– Experience adjustments	7,083	-	7,083
Recognized in the other comprehensive profit of loss	4,228	(7,702)	(3,474)
Employer appropriation	-	(1,570)	(1,570)
Benefits paid	(352)	352	-
Balance as of December 31, 2024	$ 131,405	($ 95,414)	$ 35,991

The recognized loss of determined benefit plans by function is summarized below:

	2024	2023
Operating costs	$ 158	$ 153
Marketing expenses	-	-
Administrative expenses	864	1,324
Research and development expenses	18	15
	$ 1,040	$ 1,492

The pension fund system of the company contained in the financial statements is exposed to the following risks due to the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the Company contained in the financial statements shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.
2. Interest rate risk: The decline in interest rates of government bonds will cause the present value of the defined benefit obligations to go up; however, the return on debt investment of the plan assets will go up too; therefore, they both have a partial write-off effect on the net defined benefit liability.
3. Salary risk: the calculation of the present value of determined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of determined benefit obligation.

The determined benefit obligation of the company contained in the financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2024	December 31, 2023
Discount rate	1.500%	1.250%
The expected rate of increase in salaries	3.000%	3.000%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of determined benefit obligation will be:

	December 31, 2024	December 31, 2023
Discount rate		
Increase by 0.25%	($ 2,764)	($ 2,872)
Decrease by 0.25%	$ 2,855	$ 2,971
The expected rate of increase in salaries		
Increase by 0.25%	$ 2,764	$ 2,871
Decrease by 0.25%	($ 2,691)	($ 2,791)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of determined benefit obligation.

	December 31, 2024	December 31, 2023
Amount projected for appropriation in 1 year	$ 1,500	$ 5,360
Average maturity of determined benefit obligation	8.6 years	9.3 years

15. Equity

(1) Share capital

Common shares

	December 31, 2024	December 31, 2023
Authorized number of shares (thousand shares)	600,000	600,000
Authorized capital	$ 6,000,000	$ 6,000,000
Number of shares issued with fully paid-in capital (thousand shares)	504,915	504,915
Outstanding capital	$ 5,049,151	$ 5,049,151

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

(2) Capital reserves

	December 31, 2024	December 31, 2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Other capital surplus of shares	$ 279,956	$ 279,956
Corporate bond conversion premium	1,050,383	1,050,383
Endowments	1,651	1,651
Treasury stock trade	11	11
Difference between consideration and carrying amount of subsidiaries acquired or disposed	23,850	11,445
For covering loss carried forward only.		
Gains on disposal of assets	21	21
Recognition of changes in ownership interests of subsidiaries (2)	11,693	11,693
Others	164	164
	$ 1,367,729	$ 1,355,324

(1) Such additional paid-in capital can be used to make up for losses; also, when the company is without any loss, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(2) Such capital reserves are the effects of equity transactions recognized due to the changes in a subsidiary's equity when the Company has not actually acquired or disposed of the equity of the subsidiary.

(3) Retained earnings and Dividend Policy

According to the earnings distribution policy of the Company's Articles of Association, if there are earnings in the Company's annual final accounts, the Company shall pay taxes, compensate the accumulated losses over the years, set aside 10% as a statutory surplus reserve, and then appropriate or reverse a special surplus reserve according to the laws or regulations of the competent authority. Regarding the special surplus reserve, if there are still earnings available, shareholder dividends shall be provided therefrom. For stock dividends, the Board of Directors draws up an earnings distribution proposal and submits it to the shareholders' meeting for resolution for distribution of shareholder dividends. If cash dividends are distributed, it shall be approved by a resolution by more than half of all directors present at a board meeting attended by two-thirds or more of all directors and reported to the shareholders' meeting. Please refer to Note 17 (5) regarding the policy for remuneration to the employees and the directors as stipulated in the Company's Articles of Association.

For the Company's need for sustainable operation and business growth and to take into account the maintenance of profitability, the Company's capital budget plan is adopted to measure the capital needs of the following years. The board of directors drafts a shareholders' dividend distribution plan according to the law every year and submits it to the shareholders' meeting. Shareholders' dividends are distributed in two ways: cash dividends and stock dividends. The cash dividends must not be less than 10% of the total dividends distributed, and the rest are stock dividends.

Legal reserve shall be allocated up to the amount equivalent to the paid-in capital of the company. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Company has a special reserve appropriated and reversed in accordance with FSC.Certificate.Issue.Tzi No. 1010012865 Letter, FSC.Certificate.Issue.Tzi No. 1010047490 Letter, and "Special reserve appropriation Q&A after the adoption of International Financial Reporting Standards (IFRSs)."

In the event that the Company sets aside a special reserve from the net deduction of other equity accumulated from the prior periods, if the undistributed earnings from the prior period are insufficient for provision, the special reserve shall be provided from the net income after tax for the current period, plus items other than net income after tax, included in the amount of the undistributed earnings for the current period.

Proposal for the Company's 2023 and 2022 earnings distribution are as follows:

	Distribution of retained earnings		Dividend Per Share (NTD)	
	2023	2022	2023	2022
Legal reserve appropriated	$ 75,423	$ 69,025		
Special reserve appropriated (reversed)	168,420	(146,967)		
Cash dividend	499,995	449,996	$ 1.0	$ 0.9

The aforementioned cash dividend distributions were resolved by the board of directors on March 12, 2024 and March 7, 2023, respectively. The rest earnings appropriation items were resolved by the general shareholders meetings on June 13, 2024 and June 15, 2023, respectively.

On March 11, 2025, the board of directors proposed the 2024 earnings distribution proposal as follows:

	Distribution of retained earnings	Dividend Per Share (NTD)
Legal reserve appropriated	$ 101,032	
Reversal of special reserve	(541,024)	
Cash dividend	742,725	$ 1.5

The Board of Directors has decided to distribute the above cash dividends by resolution and is pending resolution by the annual shareholders' meeting scheduled to be held on June 11, 2025.

(4) Special surplus reserves

A special surplus reserve appropriated because of the first-time adoption of IFRSs for the exchange differences on translation of the financial statements of foreign operations (including subsidiaries) is reversed based on the percentage of the Company's disposal. When the Company loses significant influence, said reserve will be fully reversed. When distributing the earnings, a special surplus reserve shall be appropriated for the difference between the net deduction of other shareholders' equity and the special surplus reserve for the first-time application of IFRSs at the end of the reporting period. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount can be distributed.

As of December 31, 2024 and 2023, the special surplus reserve provided by the Company in accordance with Letter Jin Guan-Zheng-Fa No. 1010012865 was NTD 1,097,409 thousand and NTD 928,988 thousand, respectively.

(5) Other equity

1. Exchange differences from the translation of financial statements of foreign operations

	2024	2023
Balance, beginning of year	($ 1,025,598)	($ 859,668)
Generated in current year		
Exchange differences on translation of foreign operations	625,260	(184,667)
The shares at equity method over the associates	19,005	(18,196)
Relating income tax	(125,052)	36,933
Balance, end of year	($ 506,385)	($ 1,025,598)

2. Unrealized gain on financial assets at fair value through other comprehensive profit or loss

	2024	2023
Balance, beginning of year	($ 71,810)	($ 69,320)
Generated in current year		
Unrealized gains or losses – equity instruments	(8,156)	(2,490)
The accumulated gain or loss on the disposal of equity instruments by the subsidiary is transferred to the retained earnings.	29,966	-
Balance, end of year	($ 50,000)	($ 71,810)

(6) Treasury shares

Cause	Transfer of shares to employees (thousand shares)
Number of shares on January 1 and December 31, 2023	4,920
Number of shares on January 1 and December 31, 2024	4,920

The company's Treasury stock may not be pledged in accordance with the Security and Exchange Law; moreover, it is without the privilege of dividend and voting right.

16. Revenue

(1) Revenue from contracts with customer

Product type	2024	2023
Commodity sales revenue		
Compressor	$ 8,506,106	$ 6,385,072
Others	146,832	106,090
	$ 8,652,938	$ 6,491,162

(2) Refund liability

Based on historical experience and contract conditions, the Company's estimated refund liability for sales returns and discounts in 2024 and 2023 was NTD 200,725 thousand and NTD 251,594 thousand, respectively. As of December 31, 2024 and 2023, the balance of the refund liability was NTD 264,604 thousand and NTD 147,381 thousand, respectively.

17. Business units in continuing operation income

(1) Other profits and losses

	2024	2023
Net gains or losses on disposal of property, plant	($ 1,133)	$ 74
Net foreign exchange gain (loss)	119,885	44,002
Others	(116)	(43)
	$ 118,636	$ 44,033

(2) Financial costs

	2024	2023
Interest from bank borrowings	$ 82,453	$ 65,242
Interest on lease liabilities	18	45
	$ 82,471	$ 65,287

(3) Depreciation and amortization

	2024	2023
Consolidation of depreciation expenses based on functions		
Operating costs	$ 24,734	$ 29,301
Operating expenses	33,286	33,003
	$ 58,020	$ 62,304
Consolidation of amortization expenses based on functions		
Operating costs	$ -	$ 228
Operating expenses	5,686	6,468
	$ 5,686	$ 6,696

(4) Employee benefits expenses

	2024	2023
Retirement benefits		
Defined contribution pension plan	$ 10,728	$ 10,646
Defined benefit plan (Note 14)	1,040	1,492
	11,768	12,138
Other employee benefits	443,477	359,383
Total employee benefits expenses	$ 455,245	$ 371,521
Consolidation based on functions		
Operating costs	$ 90,572	$ 89,128
Operating expenses	364,673	282,393
	$ 455,245	$ 371,521

(5) Remuneration to the employees and the directors

According to the Company's Articles of Association, based on the current year's pre-tax income before deduction of the remuneration to employees and directors, no less than 1% and no greater than 8% of the balance is allocated as remuneration to employees, and no more than 3% for remuneration to directors. For 2024 and 2023, the remuneration to employees and directors was estimated based on the aforementioned pre-tax profit and the possible distributable amount according to the past experience.

The remuneration to employees and directors for 2024 and 2023 was resolved by the board of directors on March 11, 2025 and March 12, 2024, respectively, as follows:

Amount

	2024		2023	
	Cash	Stock	Cash	Stock
Remuneration to employees	$ 67,664	$ -	$ 47,332	$ -
Remuneration of Directors	19,519	-	14,791	-

If there are still changes in the amount specified in the individual financial statement after announcement, proceed to the accounting of change and adjusted for booking in the next fiscal year.

There is no difference between the remuneration to employees and directors actually distributed for 2023 and 2022 and the amount recognized in the individual financial statements for 2023 and 2022.

For information on the remuneration to employees and directors as resolved by the Company's board of directors, please visit the Market Observatory Post System of the Taiwan Stock Exchange.

(6) Foreign exchange gain (loss)

	2024	2023
Total foreign exchange gains	$ 208,285	$ 192,742
Total foreign exchange gain (loss)	(88,400)	(148,740)
Net profit (loss)	$ 119,885	$ 44,002

18. Continuing department income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense (income) are as follows:

	2024	2023
Income tax expenses in the current period		
Accrued in current year	$ 140,093	$ 164,998
Additional levy on undistributed earnings	520	15,910
Prior year adjustment	(40,100)	(32,145)
	100,513	148,763
Deferred tax		
Accrued in current year	106,004	18,901
Income tax expense recognized in the profit or loss	$ 206,517	$ 167,664

Adjustment of accounting income and income tax expense are as follows:

	2024	2023
Income before tax from continuing operations	$ 1,214,056	$ 918,636
Income tax derived by applying the statutory tax rate to pre-tax net profit	$ 242,811	$ 183,727
Non-deductible expenses and losses for tax purposes	1,864	3,296
Non-taxable income	(3,885)	(1,648)
Additional levy on undistributed earnings	520	15,910
Unrecognized (recognizable) deductible temporary differences	5,307	(1,476)
Income tax expense of prior years adjusted in the current year	(40,100)	(32,145)
Income tax expense recognized in the profit or loss	$ 206,517	$ 167,664

(2) Income tax recognized in the other comprehensive profit or loss

	2024	2023
Deferred tax		
Accrued in current year		
– Translation of foreign operations	$ 125,052	($ 36,933)
– Remeasurement of defined benefit plan	695	815
Income tax recognized in the other comprehensive profit or loss	$ 125,747	($ 36,118)

(3) Current Tax Liability

	December 31, 2024	December 31, 2023
Current Tax Liability		
Payable income tax	$ 107,849	$ 36,208

(4) Deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2024

Deferred income tax assets	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Temporary difference				
Allowance to reduce inventory to market	$ 10,193	($ 3,724)	$ -	$ 6,469
Unrealized exchange loss	4,522	(4,522)	-	-
Liability reserve	-	10,989	-	10,989
Refund liability	29,772	21,267	-	51,039
Defined benefit pension plans	8,151	(106)	(695)	7,350
Vacation benefit payable	2,092	293	-	2,385
Exchange differences of foreign operations	126,999	-	(125,052)	1,947
	$ 181,729	$ 24,197	($ 125,747)	$ 80,179

Deferred tax liabilities	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Temporary difference				
Investment gains of foreign investment companies	$ 734,392	$ 126,487	$ -	$ 860,879
Unrealized exchange gain	-	3,714	-	3,714
Property, plant, and equipment	942	-	-	942
Reserve for land revaluation increment tax (“LRIT”)	10,104	-	-	10,104
	$ 745,438	$ 130,201	$ -	$ 875,639

2023

Deferred income tax assets	Balance, beginning of year	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance, end of year
Temporary difference				
Allowance to reduce inventory to market	$ 3,234	$ 6,959	$ -	$ 10,193
Unrealized exchange loss	-	4,522	-	4,522
Refund liability	32,454	(2,682)	-	29,772
Defined benefit pension plans	9,730	(764)	(815)	8,151
Vacation benefit payable	2,128	(36)	-	2,092
Exchange differences of foreign operations	90,066	-	36,933	126,999
	$ 137,612	$ 7,999	$ 36,118	$ 181,729
Deferred tax liabilities				
Temporary difference				
Investment gains of foreign investment companies	$ 703,722	$ 30,670	$ -	$ 734,392
Unrealized exchange gain	3,770	(3,770)	-	-
Property, plant, and equipment	942	-	-	942
Reserve for land revaluation increment tax ("LRIT")	10,104	-	-	10,104
	$ 718,538	$ 26,900	$ -	$ 745,438

(5) Income tax audit

The profit-seeking enterprise income tax returns filed by the Company up to 2021 have been approved by the tax collection authority.

19. Earnings per share (EPS)

Unit: NTD per share

	2024	2023
Basic earnings per share	$ 2.02	$ 1.50
Diluted earnings per share	$ 2.00	$ 1.49

The earnings and weighted average common stock shares used in calculating the earnings per share are as follows:

Net profits of the current year

	2024	2023
The net income applied to calculate basic earnings per share	$ 1,007,539	$ 750,972

Number of shares — Unit: shares in thousands

	2024	2023
Weighted average common stock shares used to calculate basic earnings per share	499,995	499,995
Effect of dilutive potential common stock:		
Remuneration to employees	3,100	2,679
Weighted average common stock shares used to calculate diluted earnings per share	503,095	502,674

If the Company may choose to have the employee compensation distributed via a stock or cash dividend, calculate the diluted earnings per share, assuming that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. When diluted EPS is calculated in the next year resolves the number of share distribution for employee compensation, the dilution effect is also considered for such potential common shares.

20. Partial acquisition of subsidiary – no impact on control

On December 14, 2023, the Company repurchased a 23.45% stake, totaling 24,636 thousand shares, in Dyna Rechi Co., Ltd. from China Steel Corporation, a juridical person director of its subsidiary. This transaction resulted in the Company's shareholding ratio increasing from 42.20% to 65.65% for a consideration of NTD 248,000 thousand. The transaction price was determined with reference to the CPA's fairness opinion on price and was resolved by the board of directors.

On April 17, 2024, the Company acquired a 28.77% stake, totaling 30,225 thousand shares, in its subsidiary, Dyna Rechi Co., Ltd., from the subsidiary’s directors and supervisors, Taiwan Sanyo Electric Co., Ltd., Richtek Technology Corporation, AccessTop Ltd., director HSU, YUNG FU and his first-degree relatives. As a result of this transaction, the Company’s shareholding ratio increased from 65.65% to 94.42%, for a consideration of NTD 312,249 thousand. The transaction price was determined with reference to the CPA's fairness opinion on price and was resolved by the board of directors.

Since the transaction above did not change the Company’s control over the subsidiary, the Company treated it as an equity transaction. Please refer to Note 26 of the Company’s 2024 consolidated financial statements for the details of the partial acquisition of the subsidiary.

21. Capital risk management

Under the premise of capital management for assuring sustainable operation, the Company seeks to maximize return to shareholders through the optimization of debts and equity balance. There is no major change in the Company’s overall strategy.

The capital structure of the Company is composed of the net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. share capital, capital reserves, retained earnings, and other equity items).

The Company is not required to comply with other external capital requirements, except for the various commitments on long-term borrowings in Note 12.

The Company's management reviews the capital structure yearly, and the reviews include taking into consideration the cost of capital and the risks associated with each class of capital. The Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares, borrowing new debts, or repaying old debts based on the suggestions of the key management.

22. Financial instruments

(1) Fair value information – Financial instruments that are not measured at fair value

The management of the Company believes that the carrying amount of financial assets and liabilities not measured by fair values approaches their fair values.

(2) Categories of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets based on cost after amortization (Note 1)	$ 3,241,399	$ 2,439,329
Financial liabilities		
Based on cost after amortization (Note 2)	6,586,345	5,126,641

Note 1: The balances include cash and cash equivalents, notes receivable, accounts receivable, other receivables, deposits, refundable deposits, and other financial assets measured at amortized cost.

Note 2: The balances include short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables, guarantee deposits received, long-term borrowings, and other financial liabilities measured at amortized cost.

(3) Purpose and policy of financial risk management

The main financial instruments of the Company include investments in equity and debt instruments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Company's financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic and international financial markets, and to monitor and manage the Company's operation-related financial risks with the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

The financial management department reports quarterly to the Company's board of directors.

1. Market Risk

Due to the operating activities, the major financial risk faced by the Company is the foreign currency exchange rate risk (see (1) below) and interest rate risk (see (2) below). The Company manages the foreign currency exchange rate and interest rate risks using the natural hedging method.

The exposure of market risk of the financial instruments of the Company and the management and measurement of this risk remained unchanged.

(1) Exchange rate risk

The Company engages in foreign currency-denominated sales and purchase transactions; therefore, the Company is exposed to exchange rate risks. Approximately 96.44% of the Group's sales are not denominated in the functional currency of any of the Group's entity involved in the transaction, and approximately 98.35% of the cost is not denominated in the functional currency of any of the Group's entity involved in the transaction. The Company manages the exposure to the exchange rate risk using the natural hedging method.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies of the Company at the balance sheet date, please refer to Note 27.

Sensitivity analysis

The Company is mainly affected by fluctuations in the exchange rates of the USD and RMB.

The Branch's sensitivity analysis for the exchange rate of NT dollar (the functional currency) to each relevant foreign currency increased or decreased by 1.7% is detailed as follows. The 1.7% sensitivity rate is used for the Branch's reporting exchange rate risk to management; also, it is management's reasonable estimation of the possible fluctuation in exchange rates. The sensitivity analysis includes only the outstanding monetary items in foreign currency; also, the translation at year-end is adjusted in accordance with the changes in exchange rates by 1.7%. Each positive number in the following table represents the amount of increase in net profit before tax when NTD depreciates by 1.7% in relation to each relevant foreign currency; when NTD appreciates by 1.7% in relation to each relevant foreign currency, its effect on net profit before tax will be the negative number of the same amount.

	Effect on USD (i)		Effect on RMB (ii)	
	2024	2023	2024	2023
Profit or loss	$ 34,071	$ 26,003	($ 30,511)	($ 14,333)

(i) It is mainly derived from the Company's outstanding USD-denominated bank deposits, receivables, and payables at the balance sheet date without cash flow hedging.

(ii) It is mainly derived from the Company's outstanding RMB-denominated bank deposits, receivables, and payables at the balance sheet date without cash flow hedging.

(2) Interest rate risk

Because the Company holds assets and borrowings with fixed and floating interest rates at the same time, the interest rate risk has arisen. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating rate.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

	December 31, 2024	December 31, 2023
With fair value interest rate risk		
– Financial assets	$ -	$ -
– Financial liabilities	3,229,706	971,362
Contain cash flow interest rate risk		
– Financial assets	266,093	190,128
– Financial liabilities	734,141	2,649,932

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the non-derivative instruments on the balance sheet date. For assets and liabilities with floating interest rates, the analysis method is based on the assumption that the amount of assets and liabilities outstanding at the balance sheet date is outstanding throughout the reporting period. The rate of change used when the interest rates are reported to key management in the Company is 100 base points for increase or decrease in interest rates, which also represents the reasonably possible range of changes in interest rates determined by the management.

If the interest rate increased by 100 base points, with all other variables remaining unchanged, the Company's 2024 and 2023 net profit before tax would have decreased by NTD 4,680 thousand and NTD 24,598 thousand, respectively, mainly due to the Company's exposure to the risk of changes in the interest rate.

2. Credit Risk

Credit risk refers to the risk that the counter party delays the contractual obligation resulting in the financial loss of the Company. As of the balance sheet date, the maximum credit risk exposure that might cause the Company to suffer financial losses due to the counterparty's failure to perform its obligations and the financial guarantees provided by the Company was derived from the carrying amount of financial assets recognized in the individual balance sheet and the amount of contingent liabilities arising from the financial guarantees provided by the Company.

Except for the Company's top four customers, the Company does not have any major exposure to the credit risk of any single counterparty or any group of counterparties with similar characteristics. When the counterparty is an affiliated company, the Company defines it as a counterparty with similar characteristics. In 2024 and 2023, the Company's concentration of credit risk on the top four customers did not exceed 47% of the total monetary assets, and the concentration of credit risk on other counterparties did not exceed 6% of the total monetary assets.

The Company's credit risk is mainly concentrated on the top four customers. As of December 31, 2024 and 2023, the percentage of the total accounts receivable from the aforementioned customers was 68% and 60%, respectively.

3. Liquidity Risk

The Company has supported the business operation and mitigated the impact of changes in cash flow by managing and maintaining sufficient cash and cash equivalent position. The Company's management monitors the use of banking facilities and ensures the compliance of loan agreement.

Bank loan is a main source of liquidity to the company. For the Company's bank financing amount not drawn down as of December 31, 2024 and 2023, please refer to the description of (2) regarding the financing amount below.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the Company's undiscounted cash flow (including principal and estimated interest) of financial liabilities on the earliest possible repayment date upon request. The following table shows the earliest times that the Company may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

December 31, 2024

	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
No interest- bearing liabilities	$ 67,225	$ 2,509,606	$ 45,733	$ 584	$ -
Lease liabilities	130	261	354	-	-
Instruments with floating interest rates	7,635	15,273	68,549	654,006	-
Instruments with fixed interest rates	2,404,465	331,708	501,708	-	-
Financial guarantee liabilities	98,355	-	-	-	-
	$ 2,577,810	$ 2,856,848	$ 616,344	$ 654,590	$ -

December 31, 2023

	Payment on demand or less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years
Non-derivative financial liabilities					
No interest- bearing liabilities	$ 48,095	$ 1,424,593	$ 34,233	$ 584	$ -
Lease liabilities	130	261	1,173	745	-
Instruments with floating interest rates	10,057	20,098	2,071,286	568,597	14,379
Instruments with fixed interest rates	250,905	721,651	-	-	-
Financial guarantee liabilities	2,053,650	-	-	-	-
	$ 2,362,837	$ 2,166,603	$ 2,106,692	$ 569,926	$ 14,379

The amount of the financial guarantee contracts above is the maximum amount that the Company may have to pay to fulfill the guarantee obligation if the holders of the financial guarantee contracts ask the guarantor for the full guarantee amount. However, based on the expectations at the balance sheet date, the Company believes that it is unlikely that the payments for said contracts will be made.

(2) Financing amount

	December 31, 2024	December 31, 2023
Secured bank loan		
– The loan quota used	$ 1,683,395	$ 1,700,650
– The loan quota not yet used	405,930	393,450
	2,089,325	2,094,100
Unsecured bank loan amount		
– The loan quota used	$ 2,279,802	$ 1,918,486
– The loan quota not yet used	1,922,645	2,860,585
	4,202,447	4,779,071
	$ 6,291,772	$ 6,873,171

(5) Information on transfer of financial assets

The relevant information on the factoring of the Company’s accounts receivable not due at the end of the year is as follows:

December 31, 2024

Counterparties	Amount factored	Reclassified to other receivables	Amount available	Amount drawn down	The annual interest rate of prepaid amount (%)
DBS Bank Limited	$ 152,256	$ -	$ -	$ 152,256	3.94%~5.17%

December 31, 2023

Counterparties	Amount factored	Reclassified to other receivables	Amount available	Amount drawn down	The annual interest rate of prepaid amount (%)
DBS Bank Limited	$ 195,330	$ -	$ -	$ 195,330	2.89%~5.20%

According to the agreement of the factoring contract, the losses arising from business disputes (such as sales returns or discounts) shall be borne by the Company, and the losses arising from the credit risk shall be borne by the bank.

23. Related party transactions

Except as disclosed in other notes, transactions between the Company and related parties are also as follows:

(1) Name of related parties and the relations

Name	Relationship with the Company
Rechi Holdings Co., Ltd.	Subsidiary
Rechi Precision (Qingdao) Electric Machinery Limited	Subsidiary
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Subsidiary
Rechi Precision (Huizhou) Mechanism Company	Subsidiary
Rechi Refrigeration Dongguan Co., Ltd.	Subsidiary
Rechi Precision (Jiujiang) Electric Machinery Limited	Subsidiary
Dyna Rechi Co., Ltd.	Subsidiary
Dyna Rechi Jiujiang Co., Ltd.	Subsidiary
Qingdao Rechi Electric Machinery Sales Company	Subsidiary
Sampo Corporation	Investor with significant influence
Sampo Japan	Subsidiary of Sampo Corporation
Sampo Home Inc.	Subsidiary of Sampo Corporation
China Steel Corporation	Substantive related party (a juristic person director of a subsidiary, relieved from office in December 2023)
Taiwan Sanyo Electric Co., Ltd.	Substantive related party (a juridical person supervisor of a subsidiary, relieved from office in April 2024)
Rich Technology Electronics Co., Ltd.	Substantive related party (a juridical person director of a subsidiary, relieved from office in April 2024)
AccessTop Ltd.	Substantive related party (a juridical person director of a subsidiary, relieved from office in April 2024)
HSU, YUNG FU and his first-degree relatives	Substantive related party (a juridical person director representative of a subsidiary, relieved from office in April 2024)

(2) Operating revenue

Account titles in book	Type and Name of related party	2024	2023
Sales revenue	Subsidiary	$ 769	$ 4,396
	Investor with significant influence	1,919	4,135
		$ 2,688	$ 8,531

(3) Purchase

Type and Name of related party	2024	2023
Subsidiary		
Rechi Precision (Qingdao) Electric Machinery Limited	$ 4,188,474	$ 3,200,412
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	1,513,694	1,134,419
Rechi Precision (Jiujiang) Electric Machinery Limited	1,235,069	722,977
Others	625,316	285,126
	$ 7,562,553	$ 5,342,934

Compared with other customers, there is no significant difference in the price and payment terms of transactions between the Company and its related parties.

(4) Receivables from concerned parties (excluding loans borrowed from concerned parties)

Account titles in book	Type and Name of related party	December 31, 2024	December 31, 2023
Accounts receivable – related parties	Subsidiary	$ 3,737	$ 3,515
	Investor with significant influence	687	686
		$ 4,424	$ 4,201
Other receivables – related parties	Subsidiary	$ 7,215	$ 4,799

The outstanding receivables from the related party are without any guarantees collected. No allowance for losses was provided for accounts receivable from related parties in 2024 and 2023.

(5) Payables to concerned parties (excluding loans borrowed from concerned parties)

Account titles in book	Type and Name of related party	December 31, 2024	December 31, 2023
Accounts payable – related parties	Subsidiary		
	Rechi Precision (Qingdao) Electric Machinery Limited	$ 1,369,719	$ 947,303
	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	385,861	288,218
	Rechi Precision (Jiujiang) Electric Machinery Limited	373,073	93,233
	Others	266,714	69,498
		$ 2,395,367	$ 1,398,252
Other payables	Subsidiary	$ 3,973	$ 1,942
	Investor with significant influence	830	830
		$ 4,803	$ 2,772

For balance of payables to concerned parties outstanding, no guarantee has been provided.

(6) Loans to related parties (including interest receivable)

Type and Name of related party	December 31, 2024	December 31, 2023
Rechi Precision (Jiujiang) Electric Machinery Limited	$ 229,722	$ 218,183
Dyna Rechi Jiujiang Co., Ltd.	228,793	260,792
	$ 458,515	$ 478,975

The interest rate of the short-term loans provided by the Company to its subsidiaries is similar to the market interest rate. The interest income from loans to subsidiaries for 2024 and 2023 was NTD 8,904 thousand and NTD 8,282 thousand, respectively.

(7) Lease agreement

Type and Name of related party	2024	2023
Rent expense		
Investor with significant influence	$ 10,336	$ 9,178

The rent of the lease contract between the Company and the above-mentioned related parties is determined through negotiation with reference to the market conditions and is paid on a monthly or quarterly basis in accordance with the general payment terms.

Lease expenses include short-term leases. The total amount of lease payments to be paid in the future for short-term leases is as follows:

	December 31, 2024	December 31, 2023
The total amount of lease payments to be paid in the future	$ 9,816	$ 10,308

(8) Others

On December 14, 2023, the Company repurchased a 23.45% stake, totaling 24,636 thousand shares, in Dyna Rechi Co., Ltd. from China Steel Corporation, a juridical person director of its subsidiary. This transaction resulted for a consideration of NTD 248,000 thousand. The transaction price was determined with reference to the CPA's fairness opinion on price and was resolved by the board of directors.

On April 17, 2024, the Company acquired a 28.77% stake, totaling 30,225 thousand shares, in its subsidiary, Dyna Rechi Co., Ltd., from the subsidiary's directors and supervisors, Taiwan Sanyo Electric Co., Ltd., Richtek Technology Corporation, AccessTop Ltd., director HSU, YUNG FU and his first-degree relatives. As a result of this transaction, for a consideration of NTD 312,249 thousand. The transaction price was determined with reference to the CPA's fairness opinion on price and was resolved by the board of directors.

(9) Remuneration to the management

	2024	2023
Short-term employee benefits	$ 72,752	$ 70,467
Retirement benefits	722	649
	$ 73,474	$ 71,116

The remuneration of directors and other key management personnel is determined by the Remuneration Committee after considering the factors, including industry standards and market conditions and taking into account their education and experience, seniority, work performance, and company profitability.

24. Pledged assets

The following assets have been provided as collateral for borrowings from banks, notes issued, and customs guarantees for imported goods:

	December 31, 2024	December 31, 2023
Proprietary land	$ 207,567	$ 207,567
Building	179,766	190,119
Machinery and equipment	115,625	128,708
Other equipment	2,538	3,940
	$ 505,496	$ 530,334

25. Significant contingent liabilities and unrecognized contractual commitments

In addition to those disclosed in other notes, the significant commitments and contingencies of the Company as of balance sheet date were as follows:

(1) Unrecognized material contractual commitments

	December 31, 2024	December 31, 2023
Purchase of property, plant, and equipment		
NTD	$ 647	$ 2,506
JPY	70,020	-
RMB	129	36

(2) The Company has commissioned the bank to issue letters of guarantee to the Customs Administration for the post-release duty payments for imported goods. As of December 31, 2024 and 2023, the amount of the letters of guarantee issued by the bank was NTD 10,000 thousand.

26. Significant subsequent events

In January 2025, the Company's Board of Directors resolved that, for the purpose of transferring shares to employees, the Company is authorized to repurchase 5,000 thousand shares of its common stock from the centralized securities market from January 17, 2025 to March 16, 2025, at a price range between NTD 17.15 and NTD 37.85 per share, with a maximum total repurchase amount of NTD 4,853,805 thousand.

27. Information of foreign currency assets and liabilities with significant effects

The following information is expressed in foreign currencies other than the functional currencies of each entity within the Company; also, the exchange rate disclosed refers to the exchange rate used for having such foreign currency converted into the functional currency. Foreign currency assets and liabilities with significant influence as follows:

December 31, 2024

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 70,399	32.785 (USD : NTD)	$ 2,308,017
RMB	139,991	4.5608 (RMB : NTD)	638,474
EUR	2,639	34.14 (EUR : NTD)	90,107
Non-Currency			
Subsidiaries accounted for under the equity method			
USD	400,700	32.785 (USD : NTD)	13,136,939
Foreign currency liabilities			
Monetary items			
USD	9,267	32.785 (USD : NTD)	303,817
RMB	533,503	4.5608 (RMB : NTD)	2,433,212
EUR	321	34.14 (EUR : NTD)	10,953

December 31, 2023

	Foreign currency	Exchange rate	Book value
Foreign currency assets			
Monetary items			
USD	$ 56,273	30.705 (USD : NTD)	$ 1,727,859
RMB	128,864	4.3552 (RMB : NTD)	558,651
EUR	2,903	33.98 (EUR : NTD)	98,646
Non-Currency			
Subsidiaries accounted for under the equity method			
USD	376,366	30.705 (USD : NTD)	11,556,312

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Foreign currency liabilities	Foreign currency	Exchange rate	Book value
Monetary items			
USD	$ 6,457	30.705 (USD : NTD)	$ 198,276
RMB	323,348	4.3552 (RMB : NTD)	1,401,779
EUR	177	33.98 (EUR : NTD)	6,013

The unrealized foreign currency exchange gains and losses with a material impact are as follows:

	2024		2023	
Foreign currency	Exchange rate	Net exchange losses (gains)	Exchange rate	Net exchange losses (gains)
USD	32,785 (USD : NTD)	$ 79,688	30.705 (USD : NTD)	($ 50,481)
RMB	4,5608 (RMB : NTD)	(40,728)	4.3552 (RMB : NTD)	11,151
EUR	34.14 (EUR : NTD)	(669)	33.98 (EUR : NTD)	(1,416)
		$ 38,291		($ 40,746)

28. Notes of disclosure

(1) Information about important transactions:

1. The Loaning of funds: Table 1.
2. Endorsement and Guarantee: Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, associates, and joint ventures): Table 3.
4. The cumulative purchase or sale of the same security for an amount exceeding NTD 300 million or 20% of paid-in capital: Table 4.
5. The acquisition of real estate for an amount exceeding NTD 300 million or 20% of paid-in capital: None.
6. The disposal of real estate for an amount exceeding NTD 300 million or 20% of paid-in capital: None.
7. The purchase or sale with the related party for an amount exceeding NTD 100 million or 20% of paid-in capital: Table 5.
8. Accounts receivable-related party reaching NTD 100 million or more than 20% of the Paid-in shares capital: Table 6.
9. Trading in derivative instruments: N/A.

(2) Information on investees: Table 7.

(3) Information regarding investment in the territory of Mainland China:

1. The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, current profit or loss and investment gains or losses recognized, ending balance, amount received as earnings distributions from the investment, and the limitations on investment: Table 8.

2. Significant direct transactions with the investee in Mainland China or indirectly through third regions, its prices, terms of payment, and unrealized gain or loss: Table 9.

   (1) Input amounts, percentages, balance, and percentages of relevant payable at end of the term.

   (2) Sales amounts, percentages, balance, and percentages of relevant receivables at end of the term.

   (3) Amount of property transaction and amount of the profit and/or loss so incurred.

   (4) Balance and purposes of endorsements/guarantees or collateral provided at end of the term.

   (5) The highest balance of fund financing balance at end of the term, range of interest rates and total amount of interest in the current term.

   (6) Other transactions having significant effect upon profit and/or loss or financial standing of the current term, e.g. provision or acceptance of services.

(4) Information on major shareholders: Names of shareholders with a shareholding ratio of more than 5%, number of shares held, and percentage: Table 10.

RECHI PRECISION CO., LTD. and its subsidiaries

The Loaning of Funds

For the Year Ended December 31, 2024

Table 1

Unit: NTD thousand or thousand in foreign currencies

No.	The lender of fund	The borrower of fund	Transaction title	Are they related parties	Maximum balance – current period (Note 3)	Balance, ending (Note 3)	The actual amounts disbursed (Note 3)	Interest rate collars	Nature of financing (Note 1)	Amount of business transactions	Reasons for the necessity of short-term financing	Amount of provision for bad debts	Collateral		Limit of financing particular beneficiary (Note 2)	Total limit of financing (Note 2)	Remark
													Name	Value			
0	RECHI PRECISION CO., LTD.	Rechi Precision (Jiujiang) Electric Machinery Limited	Other receivables	Yes	NTD 228,041 (RMB 50,000)	NTD 228,041 (RMB 50,000)	NTD 228,041 (RMB 50,000)	1.98%	2	$ -	Working capital	$ -	—	—	NTD 1,067,268	NTD 2,134,536	
0	RECHI PRECISION CO., LTD.	Dyna Rechi Jiujiang Co., Ltd.	Other receivables	Yes	NTD 273,649 (RMB 60,000)	NTD 228,041 (RMB 50,000)	NTD 228,041 (RMB 50,000)	2.12%	2	-	Working capital	-	—	—	NTD 1,067,268	NTD 2,134,536	
1	Rechi Holdings Co., Ltd.	Rechi Precision (Jiujiang) Electric Machinery Limited	Other receivables	Yes	NTD 770,448 (USD 23,500)	NTD 770,448 (USD 23,500)	NTD 770,448 (USD 23,500)	-	2	-	Working capital	-	—	—	NTD 13,324,417	NTD 13,324,417	
2	Rechi Precision (Jiujiang) Electric Machinery Limited	Dyna Rechi Jiujiang Co., Ltd.	Other receivables	Yes	NTD 182,433 (RMB 40,000)	NTD 182,433 (RMB 40,000)	NTD 182,433 (RMB 40,000)	2.80%	2	-	Working capital	-	—	—	NTD 1,228,826	NTD 1,228,826	

Note 1: (1) There are business transactions going on.

(2) There is a need for short-term financing.

Note 2: (1) The Company's limit of financing for individual recipients and the total limit of financing shall not exceed 10% and 20% of the net worth of the Company as in the latest financial statements, respectively.

(2) Rechi Holdings Co., Ltd.'s limit of financing for individual recipients and the total limit of financing shall not exceed 40% of the net worth of the Company as in the latest financial statements; however, for those located overseas who directly and indirectly hold 100% of the voting shares of the company and have a need for purchase of materials or working capital, the limit of financing shall not exceed the net worth of the Company as in the latest financial statements.

(3) Rechi Precision (Jiujiang) Electric Machinery Limited's limit of financing for individual recipients and the total limit of financing shall not exceed 40% of the net worth of the Company as in the latest financial statements; however, for those located overseas who directly and indirectly hold 100% of the voting shares of the company and have a need for purchase of materials or working capital, the limit of financing shall not exceed the net worth of the Company as in the latest financial statements.

Note 3: Measured based on the exchange rate at the end of the period.

RECHI PRECISION CO., LTD. and its subsidiaries

Endorsements and guarantees made for others

For the Year Ended December 31, 2024

Table 2

Unit: NTD thousand or thousand in foreign currencies

No.	The company providing the endorsement and/or guarantee	The party receiving the endorsement and/or guarantee		The limit of endorsements and/ or guarantees to a single business entity (Notes 4 and 6)	The highest balance of endorsements and/ or guarantees in the current period	The balance of endorsements and/or guarantees at the end of the period (Note 6)	The actual amounts disbursed (Note 6)	The endorsements and/or guarantees secured with property	Ratio of cumulative endorsement and guarantee to net worth in the most recent financial statement (%)	The upper limit of an endorsement and/ or guarantee (Notes 4 and 6)	Guarantee and endorsement of parent company to subsidiary	Guarantee and endorsement by subsidiary to parent company	Guarantee and endorsement in Mainland China	Remark
		Company name	Relation											
0	RECHI PRECISION CO., LTD.	Rechi Holdings Co., Ltd.	Note 1	NTD10,672,679	NTD 1,409,755 (USD 43,000)	NTD 98,355 (USD 3,000)	NTD - (USD -)	$ -	1%	NTD16,009,019	Y	N	N	
0	RECHI PRECISION CO., LTD.	Rechi Precision (Jiujiang) Electric Machinery Limited	Note 2	NTD10,672,679	NTD 778,247 (USD 14,000) (RMB 70,000)	NTD - (USD -) (RMB -)	NTD - (USD -) (RMB -)	-	-	NTD16,009,019	Y	N	Y	
1	Rechi Precision (Qingdao) Electric Machinery Limited (Note 5)	Rechi Refrigeration Dongguan Co., Ltd.	Note 3	NTD 4,916,295 (RMB 1,077,941)	NTD 136,825 (RMB 30,000)	NTD - (RMB -)	NTD - (RMB -)	-	-	NTD 7,374,445 (RMB 1,616,912)	N	N	Y	
2	Dyna Rechi Co., Ltd.	Ablek Technology Co., Ltd.	Note 1	NTD 560,087	NTD 15,000	NTD 15,000	NTD -	-	1%	NTD 560,087	N	N	N	
3	Rechi Precision (Jiujiang) Electric Machinery Limited	Dyna Rechi Jiujiang Co., Ltd.	Note 4	NTD 3,072,063 (RMB 673,577)	NTD 209,798 (RMB 46,000)	NTD 209,798 (RMB 46,000)	NTD 202,551 (RMB 44,411)	-	7%	NTD 4,608,097 (RMB 1,010,366)	N	N	Y	
3	Rechi Precision (Jiujiang) Electric Machinery Limited	Rechi Refrigeration Dongguan Co., Ltd.	Note 3	NTD 3,072,063 (RMB 673,577)	NTD 228,041 (RMB 50,000)	NTD 228,041 (RMB 50,000)	NTD 120,734 (RMB 26,472)	-	7%	NTD 4,608,097 (RMB 1,010,366)	N	N	Y	

Note 1: Subsidiaries in which at least 50% of the ordinary shares are held directly by the Company.

Note 2: Investees in which at least 50% of the ordinary shares are held by the Company and its subsidiaries in total.

Note 3: For companies that the Company directly and indirectly holds 90% of the voting shares.

Note 4: Companies that have a business relationship with the Company.

Note 5: (1) The upper limit of the Company's endorsement/guarantee provided to each entity is NTD 10,672,679 (net worth) × 100% = NTD 10,672,679.

(2) The upper limit of the Company's endorsements/guarantees provided is NTD 10,672,679 (net worth) × 150% = NTD 16,009,019.

(3) The upper limit of the Rechi Precision (Qingdao) Electric Machinery Limited's endorsement/guarantee provided to each entity is RMB 1,077,941 (net worth) × 100% = RMB 1,077,941.

(4) The upper limit of the Rechi Precision (Qingdao) Electric Machinery Limited's endorsements/guarantees provided is RMB 1,077,941 (net worth) × 150% = RMB 1,616,912.

(5) The upper limit of the Dyna Rechi Co., Ltd.'s endorsement/guarantee provided to each entity is NTD 1,120,174 (net worth) × 50% = NTD 560,087.

(6) The upper limit of the Dyna Rechi Co., Ltd.'s endorsements/guarantees provided is NTD 1,120,174 (net worth) × 50% = NTD 560,087.

(7) The upper limit of the Rechi Precision (Jiujiang) Electric Machinery Limited's endorsement/guarantee provided to each entity is RMB 673,577 (net worth) × 100% = RMB 673,577.

(8) The upper limit of the Rechi Precision (Jiujiang) Electric Machinery Limited's endorsements/guarantees provided is RMB 673,577 (net worth) × 150% = RMB 1,010,366.

Note 6: Measured based on the exchange rate at the end of the period.

RECHI PRECISION CO., LTD. and its subsidiaries

Marketable securities held – end of year

December 31, 2024

Table 3

Unit: Thousand shares/NTD thousand

Holding company	Types and names of securities	Relationship with the securities issuer	Account titles in book	At ending				Remark
				Number of shares	Book value	Shareholding percentage	Fair value	
Rechi Investments Co., Ltd.	Sharp Corporation	None	Financial assets at fair value through profit or loss – current	20	$ 4,135	-	$ 4,135	Note 1
	Taichung Commercial Bank Taiwan Quantitative Fund	None	Financial assets at fair value through profit or loss – current	1,049	16,879	-	16,879	Note 3
	Bigbest Solutions, Inc.	None	The financial assets measured for the fair values through other comprehensive income – non-current	600	-	0.90%	-	
Rechi Refrigeration Dongguan Co., Ltd.	BOC Wealth Management – Enjoy Everyday	None	Financial assets at fair value through profit or loss – current	-	36,548	-	36,548	Note 2
Dongguan Rechi Compressor Co., Ltd.	BOC Wealth Management – Enjoy Everyday	None	Financial assets at fair value through profit or loss – current	-	23,458	-	23,458	Note 2
	Zhao-Jin 7007 wealth management product of China Merchants Bank Co., Ltd.	None	Financial assets at fair value through profit or loss – current	-	55,895	-	55,895	Note 2
Qingdao Rechi Electric Machinery Sales Company	The National Trust Financial Management Jia Long No. 106 - Term Dong Wu	None	Financial assets at fair value through profit or loss – current	-	45,609	-	45,609	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Dong Geng	None	Financial assets at fair value through profit or loss – current	-	45,609	-	45,609	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Dong Ji	None	Financial assets at fair value through profit or loss – current	-	91,216	-	91,216	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Dong Xin	None	Financial assets at fair value through profit or loss – current	-	45,609	-	45,609	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Dong Gui	None	Financial assets at fair value through profit or loss – current	-	45,609	-	45,609	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Dong Ren	None	Financial assets at fair value through profit or loss – current	-	45,609	-	45,609	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Chun Zi	None	Financial assets at fair value through profit or loss – current	-	45,609	-	45,609	Note 2

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Holding company	Types and names of securities	Relationship with the securities issuer	Account titles in book	At ending				Remark
				Number of shares	Book value	Shareholding percentage	Fair value	
Rechi Precision (Qingdao) Electric Machinery Limited	The National Trust Financial Management Jia Long No. 106 - Term Chun Chou	None	Financial assets at fair value through profit or loss – current	-	$ 45,609	-	$ 45,609	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Chun Yin	None	Financial assets at fair value through profit or loss – current	-	45,609	-	45,609	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Chun Chen	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Chun Mao	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Chun Si	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Chun Wu	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Chun Wei	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 106 - Term Chun Shen	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Dong Bing	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Dong Ding	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Dong Wu	None	Financial assets at fair value through profit or loss – current	-	91,216	-	91,216	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Dong Ji	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Dong Ren	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Dong Xin	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Dong Geng	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Dong Gui	None	Financial assets at fair value through profit or loss – current	-	68,412	-	68,412	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Chun Zi	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Chun Chou	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2

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Holding company	Types and names of securities	Relationship with the securities issuer	Account titles in book	At ending				Remark
				Number of shares	Book value	Shareholding percentage	Fair value	
Rechi Precision (Jiujiang) Electric Machinery Limited	The National Trust Financial Management Jia Long No. 107 - Term Chun Yin	None	Financial assets at fair value through profit or loss – current	-	$ 45,608	-	$ 45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Chun Mao	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Chun Chen	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	The National Trust Financial Management Jia Long No. 107 - Term Chun Si	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	Bank of Jiujiang Jiu Ying Wealth Management Xinxiang Growth Pure Bond Monthly Regular Open-end No. 3	None	Financial assets at fair value through profit or loss – current	-	45,608	-	45,608	Note 2
	Bank of Jiujiang Jiu Ying Wealth Management Xinxiang Growth Pure Bond Monthly Regular Open-end No. 8	None	Financial assets at fair value through profit or loss – current	-	91,216	-	91,216	Note 2
	Bank of Jiujiang Jiu Ying Zeng Li No. 1	None	Financial assets at fair value through profit or loss – current	-	91,215	-	91,215	Note 2
Ablek Technology Ltd.	Guanlibao Day-to-Day Wealth Management Product	None	Financial assets at fair value through profit or loss – current	-	25,172	-	25,172	Note 2

Note 1: The fair values were calculated based on the closing prices of the stocks at the end of December 2024.

Note 2: The fair value measurement is based on the quoted prices offered the counterparties as the valuation techniques and significant unobservable inputs to calculate the expected return on such investments.

Note 3: The fair value is calculated using the asset approach.

RECHI PRECISION CO., LTD. and its subsidiaries

The cumulative purchase or sale of the same security for an amount exceeding NTD 300 million or 20% of paid-in capital

For the Year Ended December 31, 2024

Table 4

Unit: Thousand shares/NTD thousand or in thousands in foreign currencies

Company Buy & Sell	Types and names of securities	Account titles in book	Counterparties	Relation	Beginning		Buy		Sell				At ending	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Sale price	Book cost	Loss (gain) on disposal	Number of shares	Amount (Cost)
	Stock													
RECHI PRECISION CO., LTD.	Common stock of Dyna Rechi Co., Ltd.	Investment under the equity method	Taiwan Sanyo Electric Co., Ltd., Richtek Technology Co., Ltd., AccessTop Ltd., Director Xu Yongfu, and his first-degree relatives	Substantive related party	68,980	$ 691,442	30,225	$ 312,249	-	$ -	$ -	$ -	99,205	$ 1,003,691
RECHI PRECISION CO., LTD.	Rechi Holdings Co., Ltd.	Investment under the equity method	None	Parent and subsidiary	-	8,194,085	-	346,476	-	-	-	-	-	8,540,561
Rechi Holdings Co., Ltd.	Rechi Precision (Jiujiang) Electric Machinery Limited	Investment under the equity method	None	Parent and subsidiary	-	USD 66,000	-	USD 10,000	-	-	-	-	-	USD 76,000

RECHI PRECISION CO., LTD. and its subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at least NTD 100 Million or 20% of the Paid-in Capital

For the Year Ended December 31, 2024

Table 5

Unit: NTD thousand

Purchase (sale) company	Counterparties	Relation	Transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)			Remark
			Purchase (sale)	Amount	Proportion to total purchase (sale) (%)	The credit period	Unit price	The credit period	Title	Balance	Proportion to notes and accounts receivable (payable) (%)	
RECHI PRECISION CO., LTD.	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Subsidiary of Rechi Holdings Co., Ltd.	Purchase	$ 1,513,694	19%	60–90 days from reimbursement	No significant difference	O/A with net 30–120 days	Accounts payable	$ 385,861	15%	
	Rechi Precision (Qingdao) Electric Machinery Limited	Subsidiary of Rechi Investments Holdings Co., Ltd.	Purchase	4,188,474	54%	60–90 days from reimbursement	No significant difference	O/A with net 30–120 days	Accounts payable	1,369,719	55%	
	Rechi Precision (Jiujiang) Electric Machinery Limited	Subsidiary of Rechi Holdings Co., Ltd.	Purchase	1,235,069	16%	60–90 days from reimbursement	No significant difference	O/A with net 30–120 days	Accounts payable	373,073	15%	
	Rechi Refrigeration Dongguan Co., Ltd.	Subsidiary of GR Holdings (Hong Kong) Limited	Purchase	625,000	8%	60–90 days from reimbursement	No significant difference	O/A with net 30–120 days	Accounts payable	266,503	11%	
Rechi Refrigeration Dongguan Co., Ltd.	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Subsidiary of Rechi Holdings Co., Ltd.	Sale	1,581,051	62%	O/A with net 60 days via T/T	No significant difference	O/A with net 60–90 days via T/T	Accounts receivable Notes receivable	502,495 304	55% -	
	Rechi Precision (Qingdao) Electric Machinery Limited	Subsidiary of Rechi Investments Holdings Co., Ltd.	Sale	223,284	9%	O/A with net 60 days via T/T	No significant difference	O/A with net 60–90 days via T/T	Accounts receivable	99,743	11%	
	RECHI PRECISION CO., LTD.	Ultimate parent company	Sale	625,000	25%	60–90 days from reimbursement	No significant difference	O/A with net 60–90 days via T/T	Accounts receivable	266,503	29%	
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Rechi Precision (Huizhou) Mechanism Company	Subsidiary	Purchase	457,014	8%	O/A with net 90 days via T/T	No significant difference	O/A with net 30–150 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts payable Payable notes	55,246 1,493,258	4% 57%	
	RECHI PRECISION CO., LTD.	Ultimate parent company	Sale	1,513,694	24%	60–90 days from reimbursement	No significant difference	O/A with net 30-150 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable	385,861	20%	
	Rechi Refrigeration Dongguan Co., Ltd.	Subsidiary of GR Holdings (Hong Kong) Limited	Purchase	1,581,051	28%	O/A with net 60 days via T/T	No significant difference	O/A with net 30–150 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts payable Payable notes	502,495 304	39% -	
	Qingdao Rechi Electric Machinery Sales Company	Subsidiary	Sale	4,751,214	75%	O/A with net 60 days via 180-day bank acceptance bill	No significant difference	O/A with net 30–150 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable Notes receivable	1,485,120 172,546	78% 17%	
Rechi Precision (Huizhou) Mechanism Company	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	The parent company	Sale	457,014	100%	O/A with net 90 days via T/T	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable Notes receivable	55,246 1,493,258	100% 100%	

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Purchase (sale) company	Counterparties	Relation	Transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)			Remark
			Purchase (sale)	Amount	Proportion to total purchase (sale) (%)	The credit period	Unit price	The credit period	Title	Balance	Proportion to notes and accounts receivable (payable) (%)	
Rechi Precision (Qingdao) Electric Machinery Limited	RECHI PRECISION CO., LTD.	Ultimate parent company	Sale	$ 4,188,474	54%	60–90 days from reimbursement	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable	$ 1,369,719	51%	
	Qingdao Rechi Electric Machinery Sales Company	Subsidiary	Sale	3,495,425	45%	O/A with net 60 days via 180-day bank acceptance bill	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable Notes receivable	1,221,485 541,798	45% 56%	
	Rechi Refrigeration Dongguan Co., Ltd.	Subsidiary of GR Holdings (Hong Kong) Limited	Purchase	223,284	3%	O/A with net 60 days via T/T	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts payable	99,743	8%	
Qingdao Rechi Electric Machinery Sales Company	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	The parent company	Purchase	4,751,214	39%	O/A with net 60 days via 180-day bank acceptance bill	No significant difference	O/A with net 60 days via 180-day bank acceptance bill	Accounts payable Payable notes	1,485,120 172,546	38% 7%	
	Rechi Precision (Qingdao) Electric Machinery Limited	The parent company	Purchase	3,495,425	29%	O/A with net 60 days via 180-day bank acceptance bill	No significant difference	O/A with net 60 days via 180-day bank acceptance bill	Accounts payable Payable notes	1,221,485 541,798	32% 23%	
	Rechi Precision (Jiujiang) Electric Machinery Limited	Subsidiary of Rechi Holdings Co., Ltd.	Purchase	3,976,160	32%	O/A with net 60 days via 180-day bank acceptance bill	No significant difference	O/A with net 60 days via 180-day bank acceptance bill	Accounts payable Payable notes	1,155,529 719,625	30% 30%	
Rechi Precision (Jiujiang) Electric Machinery Limited	Qingdao Rechi Electric Machinery Sales Company	Subsidiary of TCL Rechi (Huizhou) Refrigeration Equipment Company Limited and Rechi Precision (Qingdao) Electric Machinery Limited	Sale	3,976,160	72%	O/A with net 60 days via 180-day bank acceptance bill	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable Notes receivable	1,155,529 719,625	73% 69%	
	RECHI PRECISION CO., LTD.	Ultimate parent company	Sale	1,235,069	22%	60–90 days from reimbursement	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable	373,073	24%	
	Dyna Rechi Jiujiang Co., Ltd.	Subsidiary of Dyna Rechi Holdings Co., Ltd.	Purchase	2,090,297	43%	O/A with net 90 days via T/T	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts payable Payable notes	922,579 4,376	61% -	
Dyna Rechi Jiujiang Co., Ltd.	Rechi Precision (Jiujiang) Electric Machinery Limited	Subsidiary of Rechi Holdings Co., Ltd.	Sale	2,090,297	76%	O/A with net 90 days via T/T	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable Notes receivable	922,579 4,376	82% 38%	
	Dyna Rechi Co., Ltd.	The parent company	Sale	445,655	16%	60–90 days from reimbursement	No significant difference	O/A with net 30-120 days/O/A with net 60 days via 180-day bank acceptance bill	Accounts receivable	89,310	8%	
Dyna Rechi Co., Ltd.	Dyna Rechi Jiujiang Co., Ltd.	Sub-subsidiary	Purchase	445,655	100%	60–90 days from reimbursement	No significant difference	O/A with net 30–120 days	Accounts payable	89,310	100%	
Ablek Technology Co., Ltd.	Ablek Technology Ltd.	Sub-subsidiary	Purchase	337,110	84%	60–90 days from reimbursement	No significant difference	O/A with net 30–120 days	Accounts payable	58,011	45%	
Ablek Technology Ltd.	Ablek Technology Co., Ltd.	The parent company	Sale	337,110	96%	60–90 days from reimbursement	No significant difference	O/A with net 30–120 days	Accounts receivable	58,011	96%	

RECHI PRECISION CO., LTD. and its subsidiaries

Accounts receivable from related parties for an amount exceeding NTD 100 million or 20% of paid-in capital

December 31, 2024

Table 6

Unit: NTD thousand

The company booked in the receivables	Name of counterparty	Relation	Receivables from related party	Turnover rate	Overdue Receivables from related parties		Receivables amount collected from related parties subsequently	Amount of provision for bad debts
					Amount	Process		
RECHI PRECISION CO., LTD.	Rechi Precision (Jiujiang) Electric Machinery Limited	Subsidiary of Rechi Holdings Co., Ltd.	Other receivables (Note 1) 229,722	-	$ -	—	$ 22	$ -
	Dyna Rechi Jiujiang Co., Ltd.	Subsidiary of Dyna Rechi Holdings Co., Ltd.	Other receivables (Note 1) 228,793	-	-	—	-	-
Rechi Holdings Co., Ltd.	Rechi Precision (Jiujiang) Electric Machinery Limited	Subsidiary	Other receivables (Note 2) 770,448	-	-	—	-	-
Rechi Refrigeration Dongguan Co., Ltd.	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Subsidiary of Rechi Holdings Co., Ltd.	Accounts receivable 502,495	3.18	-	—	260,357	-
			Notes receivable 304	3.18	-	—	-	-
	RECHI PRECISION CO., LTD.	Ultimate parent company	Accounts receivable 266,503	2.37	-	—	170,451	-
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	RECHI PRECISION CO., LTD.	Ultimate parent company	Accounts receivable 385,861	3.97	-	—	187,691	-
	Qingdao Rechi Electric Machinery Sales Company	Subsidiary	Accounts receivable 1,485,120	2.90	-	—	882,559	-
			Notes receivable 172,546	2.90	-	—	107,887	-
Rechi Precision (Huizhou) Mechanism Company	TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	The parent company	Accounts receivable 55,246	0.30	-	—	24,204	-
			Notes receivable 1,493,258	0.30	-	—	-	-
Rechi Precision (Qingdao) Electric Machinery Limited	RECHI PRECISION CO., LTD.	Ultimate parent company	Accounts receivable 1,369,719	3.09	-	—	867,210	-
	Qingdao Rechi Electric Machinery Sales Company	Subsidiary	Accounts receivable 1,221,485	2.00	-	—	584,874	-
			Notes receivable 541,798	2.00	-	—	-	-

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The company booked in the receivables	Name of counterparty	Relation	Receivables from related party	Turnover rate	Overdue Receivables from related parties		Receivables amount collected from related parties subsequently	Amount of provision for bad debts
					Amount	Process		
Rechi Precision (Jiujiang) Electric Machinery Limited	Qingdao Rechi Electric Machinery Sales Company	Subsidiary of TCL Rechi (Huizhou) Refrigeration Equipment Company Limited and Rechi Precision (Qingdao) Electric Machinery Limited	Accounts receivable $ 1,155,529	2.14	$ -	—	$ 320,285	$ -
			Notes receivable 719,625	2.14	-	—	361,632	-
	Dyna Rechi Jiujiang Co., Ltd.	Subsidiary of Dyna Rechi Holdings Co., Ltd.	Other receivables (Note 1) 185,958	-	-	—	725	-
	RECHI PRECISION CO., LTD.	Ultimate parent company	Accounts receivable 373,073	3.35	-	—	132,025	-
Dyna Rechi Jiujiang Co., Ltd.	Rechi Precision (Jiujiang) Electric Machinery Limited	Subsidiary of Rechi Holdings Co., Ltd.	Accounts receivable 922,579	2.28	-	—	422,731	-
			Notes receivable 4,376	2.28	-	—	-	-

Note 1: It includes loans provided to others and advance payments receivable.

Note 2: It refers to loans provided to others.

RECHI PRECISION CO., LTD. and its subsidiaries

Information on Investees, location, etc.

For the Year Ended December 31, 2024

Table 7

Unit: Thousand shares/NTD thousand or in thousands in foreign currencies

Investor	Name of investee	Location	Principal business	Sum of initial investment		Ending shareholding			Current period profit/loss of the investee	Recognized investment Income	Remark
				Current period-end	Previous period-end	Number of shares	Percentage (%)	Book value			
RECHI PRECISION CO., LTD.	Rechi Holdings Co., Ltd	British Virgin Islands	Investment business	$ 8,540,561	$ 8,194,085	-	100.00	$ 13,136,939	$ 1,077,641	$ 980,011	Subsidiary
	Rechi Investments Co., Ltd.	Taiwan	Investment business	150,000	150,000	15,000	100.00	108,690	(2,691)	(2,691)	Subsidiary
	Dyna Rechi Co., Ltd.	Taiwan	BLDC Motor	1,003,691	691,442	99,205	94.42	1,057,628	29,245	22,117	Subsidiary
Rechi Holdings Co., Ltd.	Rechi International Holdings Co., Ltd.	British Virgin Islands	Investment business	USD 25,768	USD 25,768	-	100.00	USD 35,641	USD 2,347	Not applicable.	Sub-subsidiary
	Rechi Investments Holdings Co., Ltd.	British Virgin Islands	Investment business	USD 90,000	USD 90,000	-	100.00	USD 149,808	USD 14,345	Not applicable.	Sub-subsidiary
Rechi International Holdings Co., Ltd.	GR Holdings (Hong Kong) Limited	Hong Kong	Investment business	USD 25,701	USD 25,701	-	100.00	USD 34,724	USD 2,370	Not applicable.	Third-tier subsidiaries.
	COMPRA FOR TRADE AND MANUFACTURING S.A.E	Egypt	Rotary refrigerant compressors	USD 780	-	-	30.00	USD 780	USD -	Not applicable.	Affiliated enterprises
Dyna Rechi Co., Ltd.	Dyna Rechi Holdings Co., Ltd.	Samoa	Investment business	784,303	784,303	-	100.00	881,193	53,351	Not applicable.	Sub-subsidiary
	Ablek Technology Co., Ltd.	Taiwan	Sales business	90,746	90,746	7,004	100.00	86,960	4,916	Not applicable.	Sub-subsidiary
Ablek Technology Co., Ltd.	Ablek Technology Ltd.	Samoa	Investment business	90,919	90,919	-	100.00	85,266	(15,989)	Not applicable.	Third-tier subsidiaries.

Note 1: For information on investments in Mainland China, please refer to Table 7.

RECHI PRECISION CO., LTD. and its subsidiaries

Information regarding investment in the territory of Mainland China

For the Year Ended December 31, 2024

Table 8

Unit: NTD thousand or thousand in foreign currencies

Names of investees in China	Principal business	Paid-up capital	Mode of investments	Accumulated amount of investment remitted from Taiwan at beginning	Amount of investment remitted or recovered in current period		Accumulated amount of investment remitted from Taiwan at ending	Current period profit/loss of the investee	The Company's directly or indirectly invested shareholding	Recognized investment Income (Note 4)	Book value of investment at ending	The investment income received at the end of the current period	Remark
					Outward remittance	Recover							
Rechi Refrigeration Dongguan Co., Ltd.	Refrigerant compressor motors and air conditioner accessories	NTD 247,592 (USD 7,552)	Note 2	NTD 829,165 (USD 25,291)	$ -	$ -	NTD 829,165 (USD 25,291)	$ 75,065	100.00	$ 75,065	NTD 1,100,487 (USD 33,567)	NTD 539,903 (USD 16,468)	
Dongguan Rechi Compressor Co., Ltd.	Rotary refrigerant compressors	NTD 17,179 (USD 524)	Note 1	NTD 342,570 (USD 10,449) (Note 12)	-	-	NTD 342,570 (USD 10,449) (Note 12)	(4,045)	100.00	(4,045)	NTD 102,631 (USD 3,130)	NTD 50,161 (USD 1,530)	
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Rotary refrigerant compressors	NTD 2,352,061 (USD 71,742)	Note 1	NTD 1,087,282 (USD 33,164)	-	-	NTD 1,087,282 (USD 33,164)	264,363	77.78	205,616	NTD 2,705,212 (USD 82,514)	NTD 2,368,224 (USD 72,235)	
Rechi Precision (Huizhou) Mechanism Company	Rotary refrigerant compressor components	NTD 1,552,337 (USD 47,349)	Note 1	NTD 98,355 (USD 3,000)	-	-	NTD 98,355 (USD 3,000)	1,568	77.78	1,220	NTD 1,233,872 (USD 37,635)	NTD 191,005 (USD 5,826)	
Rechi Precision (Qingdao) Electric Machinery Limited	Rotary refrigerant compressor components	NTD 2,950,650 (USD 90,000)	Note 2	NTD 917,980 (USD 28,000) (Note 7)	-	-	NTD 917,980 (USD 28,000) (Note 7)	460,651	100.00	460,651	NTD 4,916,296 (USD 149,956)	NTD 3,865,483 (USD 117,904)	
Qingdao Rechi Electric Machinery Sales Company	Sales business	NTD 31,926 (RMB 7,000)	Note 9	NTD - (RMB -)	-	-	NTD - (RMB -)	(12,827)	88.89	(11,402)	NTD 490,314 (RMB 107,506)	-	
Qingdao China Steel Precision Metal Co., Ltd.	Processing production	NTD 655,700 (USD 20,000)	Note 1	NTD - (USD -)	-	-	NTD - (USD -)	(18,234)	30.00	(5,470)	NTD 169,724 (USD 5,177)	NTD 38,162 (USD 1,164)	
Dyna Rechi Jiujiang Co., Ltd.	Refrigerant compressor motors and BLDC motors	NTD 1,177,672 (RMB 258,215)	Note 3	NTD 740,568 (RMB 162,376) (註 10)	-	-	NTD 740,568 (RMB 162,376) (Note 10)	82,714	96.40	73,743	NTD 1,316,129 (RMB 288,573)	-	
Rechi Precision (Jiujiang) Electric Machinery Limited	Rotary refrigerant compressors	NTD 2,491,660 (USD 76,000)	Note 1	NTD 2,163,810 (USD 66,000)	NTD 327,850 (USD 10,000)	-	NTD 2,491,660 (USD 76,000)	343,023	100.00	343,023	NTD 3,072,065 (USD 93,703)	-	
Jiangxi Baida Precision Manufacturing Corp.	Processing production	NTD - (USD -)	Note 1	NTD 376,896 (USD 11,496) (Note 13)	-	-	NTD 376,896 (USD 11,496) (Note 13)	-	-	-	NTD - (USD -)	-	
Ablek Technology Ltd.	Home appliance motors	NTD 22,950 (USD 700)	Note 11	NTD - (USD -)	-	-	NTD - (USD -)	(15,998)	94.42	(15,426)	NTD 18,494) (RMB 4,055)	-	

Accumulated investment from Taiwan to Mainland China at ending	Amount of investment approved by Investment Commission of MOEA (Note 5)	Investment amount approved by the Investment Commission MOEAIC
NTD 6,884,476	NTD 4,074,258 (USD 124,272) (Note 5)	(Note 6)

Note 1: The Company has established a holding company (Rechi Holdings Co., Ltd.) in the British Virgin Islands and invested in the establishment of Rechi International Holdings Co., Ltd., Rechi Investments Holdings Co., Ltd., TCL Rechi (Huizhou) Refrigeration Equipment Company Limited, Dongguan Rechi Compressor Co., Ltd., Rechi Precision (Huizhou) Mechanism Company, Qingdao China Steel Precision Metal Co., Ltd., Rechi Precision (Jiujiang) Electric Machinery Limited, and Jiangxi Baida Precision Manufacturing Corp. through Rechi Holdings Co., Ltd.

Note 2: Through GR Holdings (Hong Kong) Limited and Rechi Investments Holdings Co., Ltd., the Company has invested in the establishment of Rechi Refrigeration Dongguan Co., Ltd. and Rechi Precision (Qingdao) Electric Machinery Limited in Mainland China.

Note 3: The Company's subsidiary Dyna Rechi Co., Ltd. has invested in the establishment of Dyna Rechi (Jiujiang) Co., Ltd. in Mainland China through Dyna Rechi Holdings Co., Ltd.

Note 4: Recognized based on the financial statements audited by independent accountants.

Note 5: Investment amounts authorized by Investment Commission, Ministry of Economic Affairs

Name of investee in China	Amount
Rechi Refrigeration Dongguan Co., Ltd.	$ 9,827
Dongguan Rechi Compressor Co., Ltd.	408
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	-
Rechi Precision (Huizhou) Mechanism Company	6,566
Rechi Precision (Qingdao) Electric Machinery Limited	-
Qingdao China Steel Precision Metal Co., Ltd.	4,971
Dyna Rechi Jiujiang Co., Ltd.	25,800
Rechi Precision (Jiujiang) Electric Machinery Limited	76,000
Jiangxi Baida Precision Manufacturing Corp.	-
Ablek Technology Ltd.	700
	$ 124,272

Note 6: It has been approved to not be subject to the upper limit of the investment amount or percentage as it meets the proviso of Point 3 of the “Principles for the Review of Investment or Technical Collaboration in Mainland China” per the Jin-Shou-Gong Letter No. 10320409110 issued by the Industrial Development Bureau, Ministry of Economic Affairs (MOEA).

Note 7: The difference between the amount of paid-in capital and the accumulated investment amount remitted from Taiwan at the end of the period is due to direct investment by Rechi Holdings Co., Ltd. with its own funds.

Note 8: The difference between the accumulated investment amount remitted from Taiwan at the end of the period and the amount approved by the Investment Commission, MOEA, is due to the capitalization of earnings and the repatriation of earnings.

Note 9: It is the joint investment by TCL Rechi (Huizhou) Refrigeration Equipment Company Limited and Rechi Precision (Qingdao) Electric Machinery Limited, each with a 50% shareholding percentage.

Note 10: The difference between the amount of paid-in capital and the accumulated investment amount remitted from Taiwan at the end of the period is due to the direct investment by Rechi Precision (Jiujiang) Electric Machinery Limited with its own funds.

Note 11: Ablek Technology Co., Ltd., the sub-subsidiary of the Company, invests in Ablek Technology Ltd. in China through Ablek Technology Ltd.

Note 12: The difference between the amount of paid-in capital and the accumulated investment amount remitted from Taiwan at the end of the period is due to the capital reduction of Dongguan Rechi Compressor Co., Ltd. and its return of stock payment to Rechi Holdings Co., Ltd., which was approved by the Investment Commission, Ministry of Economic Affairs.

Note 13: Rechi Holdings Co., Ltd. disposed of Jiangxi Baida Precision Manufacturing Co., Ltd. in May 2023 and recovered RMB 82,727 thousand, equivalent to USD 11,631 thousand, which was approved by the Investment Commission, Ministry of Economic Affairs.

RECHI PRECISION CO., LTD. and its subsidiaries

Significant direct transactions with the investee in Mainland China or indirectly through third regions, its prices, terms of payment, unrealized gain or loss, and other relevant information.

For the Year Ended December 31, 2024

Table 9

Unit: NTD thousand

Names of investees in China	Transaction type	Purchase/Sale		Price	Terms and conditions		Notes and accounts receivable (payable)		Unrealized gains or losses	Remark
		Amount	Percentage		Payment terms	Comparison with general transactions	Amount	Percentage		
TCL Rechi (Huizhou) Refrigeration Equipment Company Limited	Purchase	$ 1,513,694	19%	Normal	60–90 days from reimbursement	Normal	($ 385,861)	15%	$ 266	
Rechi Precision (Qingdao) Electric Machinery Limited	Purchase	4,188,474	54%	Normal	60–90 days from reimbursement	Normal	(1,369,719)	55%	3,024	
Rechi Precision (Jiujiang) Electric Machinery Limited	Purchase	1,235,069	16%	Normal	60–90 days from reimbursement	Normal	(373,073)	15%	2,585	
Rechi Refrigeration Dongguan Co., Ltd.	Purchase	625,000	8%	Normal	60–90 days from reimbursement	Normal	(266,503)	11%	4,559	

RECHI PRECISION CO., LTD.

Information on Major Shareholders

December 31, 2024

Table 10

Names of Dominant Shareholders	Share	
	No. of Shares held	Shareholding ratio
Sampo Corporation	139,160,160	27.56%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares with dematerialized registration and delivery completed (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. The share capital recorded in the Company's consolidated financial statements and the number of shares actually delivered by the Company with the dematerialized registration completed may differ due to different calculation bases.

§Table of Contents of Statements of Significant Accounting Titles§

RECHI PRECISION CO., LTD.

Cash and cash equivalent Statement

December 31, 2024

Statement 1 Unit: NTD thousand or in foreign currencies

Items	Summary	Amount
Cash on hand		$ 167
Check deposits		20
Current deposits		132,421
Foreign currency deposits	USD3,344,465×32.785； EUR93,926×34.14； THB384,924×0.9623； RMB4,483,185×4.5608	133,672
		$ 266,280

RECHI PRECISION CO., LTD.

Accounts receivable statement

December 31, 2024

Statement 2

Unit: NTD thousand

Name of customer	Amount
Customer A	$ 620,784
Customer B	368,584
Customer C	349,224
Customer D	199,512
Others (aggregate amount for customers accounting for within 5%)	719,913
	2,258,017
Less: Allowance for losses	(25,713)
	$ 2,232,304

RECHI PRECISION CO., LTD.

Statement of Inventories

December 31, 2024

Statement 3 Unit: NTD thousand

Items	Amount	
	Costs	Market price (Note)
Raw materials	$ 84,385	$ 77,835
Work-in-process	5,538	5,964
Finished products	311,020	360,065
Merchandise inventories	1,664	2,054
Inventory in-transit	209,368	231,736
Spare parts for repair and maintenance	9,368	9,368
	621,343	$ 687,022
Less: Allowance for inventory devaluation and obsolescence	(32,342)	
	$ 589,001	

Note: Net realizable value.

RECHI PRECISION CO., LTD.

Statement of changes in long-term equity investments under the equity method

For the Year Ended December 31, 2024

Statement 4

Unit: Thousand shares/NTD thousand

Company name	Balance, beginning of year		Increase in current period		Decrease in current period		Investment income under equity method	Balance, end of year			Equity net value or market price (Note 4)	Valuation basis	Collateral or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount		Number of shares	Shareholding ratio (%)	Amount			
Rechi Holdings Co., Ltd. (Note 1)	-	$11,556,312	-	$ 971,736	-	$ 371,120	$ 980,011	-	100	$13,136,939	$13,324,417	Equity method	None
Rechi Investments Co., Ltd. (Note 2)	15,000	119,537	-	-	-	8,156	(2,691)	15,000	100	108,690	108,690	Equity method	None
Dyna Rechi Co., Ltd. (Note 3)	68,980	691,852	30,225	343,659	-	-	22,117	99,205	94.42	1,057,628	1,057,628	Equity method	None
		$12,367,701		$ 1,315,395		$ 379,276	$ 999,437			$14,303,257	$14,490,735		

Note 1: The increase in the current year consists of the acquisition of part of the equity of the subsidiary for NTD 346,476 thousand and the increase in exchange differences of NTD 625,260 thousand from the translation of the financial statements of foreign operations. The decrease in the current year is due to the distribution of cash dividends by the subsidiary under the equity method.

Note 2: The decrease for this year was due to the recognition of the increase in the unrealized loss on the financial assets of the investees.

Note 3: The increase in the current year is due to the acquisition of part of the equity of subsidiaries for NTD 324,654 thousand and the increase in the exchange difference of NTD 19,005 thousand from the translation of the financial statements of foreign operations.

Note 4: The difference between the book value and the net equity value is the realized/unrealized gross profit on subsidiaries and the goodwill of the investment in subsidiaries.

RECHI PRECISION CO., LTD.

Statement of long-term borrowings

December 31, 2024

Statement 5

Unit: NTD thousand

Creditor	Agreement Terms	Repayment method	Annual rate (%)	Amount: Due within 1 year or 1 operating cycle	Amount: Mature beyond one year	Amount: Total	Collateral and Mortgage	Remark
Chang Hwa Commercial Bank, Ltd.	2019.10.15-2029.10.15	Monthly amortization and repayment of the principal and interest from November 15, 2022	Note	$ 17,254	$ 66,141	$ 83,395	Machinery and other equipment	–
Far Eastern International Bank Co., Ltd.	2024.01.19-2027.01.19	Repayment in a lump sum upon maturity	Note	-	500,000	500,000	–	–
Chang Hwa Commercial Bank, Ltd.	2020.02.26-2027.02.15	Monthly amortization and repayment of the principal and interest from March 15, 2023	Note	69,575	81,171	150,746	–	–
				$ 86,829	$ 647,312	$ 734,141		

Note: The annual rate of interest is 1.48%– 2.08%.

RECHI PRECISION CO., LTD.

Statement of operating income

For the Year Ended December 31, 2024

Statement 6 Unit: NTD thousand

Items	Quantity	Amount
Revenue from sales of compressors	8,065 thousand units	$ 8,676,263
Others		146,832
Total sales income		8,823,095
Less: Sales discounts and allowances		(170,153)
Sales return		(4)
		$ 8,652,938

RECHI PRECISION CO., LTD.

Statement of operating cost

For the Year Ended December 31, 2024

Statement 7 Unit: NTD thousand

Items	Amount
Raw materials, beginning of period	$ 48,561
Add: Raw materials purchased in current period	1,072,492
Work-in-process/Finished products transferred in	146,296
Other credits	918
Less: Work-in-process/Finished products transferred in	(8,808)
Scrap of raw materials	(467)
Raw materials, end of period	(84,385)
Material consumption in current period	1,174,607
Direct labor	42,149
Manufacturing overhead	106,754
Total manufacturing cost	1,323,510
Work in process – beginning	4,503
Add: Semi-finished products purchased	93,743
Less: Raw materials transferred in	(136,862)
Other deductions	(194)
Work in process – ending	(5,538)
Cost for finished goods	1,279,162
Opening finished products	174,211
Add: Accessories purchased	26,817
Raw materials transferred in	8,808
Reserve for warranty cost	40,083
Other credits	13,469
Less: Raw materials transferred in	(9,434)
Scrap of finished products	(382)
Finished products, end of period	(311,020)
Cost of goods sold in the manufacturing industry	1,221,714
Opening inventory	830
Add: Supplies purchased in current period	6,557,634
Less: Ending inventory	(1,664)
Cost of goods sold in the trading industry	6,556,800
Gains on recovery of inventories and spare parts for repair and maintenance	(18,623)
Loss on scrapped inventories and maintenance spare parts	13,611
Others	1,357
Cost of goods sold	$ 7,774,859

RECHI PRECISION CO., LTD.

Statement of operating expenses

For the Year Ended December 31, 2024

Statement 8 Unit: NTD thousand

Items	Marketing expenses	Administrative expenses	Research and development expenses	Total
Salaries	$ 71,724	$ 147,621	$ 102,728	$ 322,073
Utilities expense	7	5,789	20,314	26,110
Depreciation	1,180	6,552	25,554	33,286
Transportation expenses	77,397	18	800	78,215
Testing and inspection expenses	343	-	47,163	47,506
Import/Export (customs) expense	38,342	-	-	38,342
Insurance	15,765	9,730	8,855	34,350
Commissions expense	15,254	-	-	15,254
Professional service fees	99	11,346	20	11,465
Travel expenses	14,114	5,833	2,662	22,609
Others (Note)	15,939	52,957	19,131	88,027
	$ 250,164	$ 239,846	$ 227,227	$ 717,237

Note: The balance of each of other accounts did not exceed 5% of the amount of this account.

RECHI PRECISION CO., LTD.

Statement of employee benefits, depreciation, depletion, and amortization expenses

For the Years Ended December 31, 2024 and 2023

Statement 9

Unit: NTD thousand

	2024			2023		
Characteristics	Allocated as operating cost	Allocated as operating expenses	Total	Allocated as operating cost	Allocated as operating expenses	Total
Salaries and wages	$ 71,645	$ 296,541	$ 368,186	$ 70,551	$ 224,969	$ 295,520
Labor insurance and national health insurance	8,017	19,403	27,420	8,804	17,861	26,665
Pension expenses	2,900	8,867	11,767	3,411	8,727	12,138
Remuneration to directors	-	25,532	25,532	-	20,590	20,590
Other employee benefits expenses	8,010	14,330	22,340	6,362	10,246	16,608
Depreciation expenses	24,734	33,286	58,020	29,301	33,003	62,304
Amortization expenses	-	5,686	5,686	228	6,468	6,696
	$ 115,306	$ 403,645	$ 518,951	$ 118,657	$ 321,864	$ 440,521

Note 1: As of December 31, 2024 and 2023, the number of employees of the Company was 322 and 317, respectively, of which the number of directors who did not serve as employees concurrently was both 8.

Note 2: The average employee benefit expenses in 2024 and 2023 were NTD 1,369 thousand and NTD 1,136 thousand, respectively.

Note 3: The average employee salary expenses in 2024 and 2023 were NTD 1,173 thousand and NTD 956 thousand, respectively. The average employee salary expenses increased by 22.60%.

Note 4: Independent directors have been engaged in the current year and the previous year, so no supervisors were engaged.

Note 5: The salary and remuneration policy of the Company's directors, managers, and employees is as follows:

Directors and managers: The performance evaluation and remuneration of directors and managers are determined and confirmed based on the usual level of payment in the industry and the consideration for the reasonableness of the connection between individual performance, the Company's operating performance, and future risks before being reviewed by the remuneration committee and approved by the board of directors.

Employees: The employee remuneration is determined by the head of each unit according to the salary survey and analysis results, the Company's operating performance, and individual performance and achievement, and approved by the manager in charge of the business.