

RECHI PRECISION CO., LTD.

Meeting Handbook for 2025 Annual Meeting of Shareholders

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※In the event of any discrepancy in the content, the Chinese version shall prevail.

I. Meeting procedure

RECHI PRECISION CO., LTD.

Procedure for the 2025 Annual Meeting of Shareholders

I. Call the Meeting to Order

II. Chairperson's Remarks

III. Company Reports

IV. Proposals

V. Matters for discussion

VI. Other information

VII. Questions and Motions

VIII. Meeting adjourned

II. Meeting Agendas

RECHI PRECISION CO., LTD. Agenda of the 2025 Annual Shareholders' Meeting

Time: 9:00 a.m. on June 11 (Wednesday), 2025.

Method for Convening: Physical Meeting

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

- I. Call the Meeting to Order
- II. Chairperson's Remarks
- III. Company Reports
 - 1. The Company's 2024 Business Report.
 - 2. Audit Report of the Company's Audit Committee for Financial Statements for 2024.
 - 3. Report of the Company for distribution of remuneration to employees and directors for 2024.
 - 4. Report of the Company for distribution of cash dividends from earnings for 2024.
 - 5. Report of the Company for guarantees and endorsements for 2024.
 - 6. Report on the formulation of the Company's "Guidelines for the 10th Repurchase and Transfer of Shares for Employees".
 - 7. Report on the amendment of the Company's "Guidelines for the 9th Repurchase and Transfer of Shares for Employees".
 - 8. Report on the implementation of the repurchase of treasury stocks.
 - 9. The Company's 2024 Related-party Transaction Report
- IV. Proposals
 - 1. The Company's 2024 business report and financial statements.
 - 2. The company's earnings distribution proposal for the year of 2024.
- V. Matters for discussion
 - Partial amendments to the "Articles of Incorporation."
- VI. Other information
 - Proposal for canceling the non-compete restriction for current directors and their representatives.
- VII. Questions and Motions
- VIII. Meeting adjourned

III. Company Reports

1. Proposal: The Company's 2024 Business Report is submitted for joint review.
Explanation: For the Company's 2024 Business Report, please refer to Page 13 to 15.
2. Proposal: The Audit Report of the Company's Audit Committee for Financial Statements for 2024 is submitted for joint review.
Explanation: Please refer to Page 16 for audit committee's report on the Company's 2024 closing statements.
3. Proposal: The Report of the Company for distribution of remuneration to employees and directors for 2024 is submitted for joint review.
Explanation: On March 11, 2025, the board of directors of the Company passed a resolution to approve the proposal for directors remuneration of 2024 as NTD19,518,570 and employees wage of 2024 as NTD67,664,375, which would all be distributed in cash.
4. Proposal: The report of the Company for distribution of cash dividends from earnings for 2024 is submitted for joint review.
Explanation: In accordance with the provisions in the Articles of Incorporation, the Company proposes to distribute to the shareholders cash dividends of NTD 742,725,158 (NTD 1.50046970 per share), which will all be distributed in cash.
5. Proposal: The report for the Company's guarantees and endorsements for 2024 is submitted for joint review.
Explanation: The following information was shown in the report for the Company's guarantees and endorsements as of December 31, 2024:

(1) The Company's guarantees and endorsements for subsidiaries (2024/12/31)

Unit: NTD thousand

The party making the endorsement and/or guarantee	Company name of the party receiving the endorsement and/or guarantee	The limit of endorsements and/or guarantees to a single business entity (Note 1)	The highest balance of endorsements and/or guarantees in the current period	The ending balance of endorsements and/ or guarantees
RECHI PRECISION CO., LTD.	Rechi Holdings Co., Ltd.	NTD10,259,473	NTD1,370,225 (USD43,000)	NTD97,350 (USD3,000)
RECHI PRECISION CO., LTD.	RECHI Precision (Jiujiang) Electric Machinery Limited	NTD10,259,473	NTD738,382 (USD14,000) (CNY70,000)	NTD0 (USD0) (CNY0)
Total			NTD2,108,607	NTD97,350

Note 1: Limit amount of guarantee/endorsement for individual target is NTD10,259,473 thousand (net value) $\times 100\% =$ NTD10,259,473 thousand.

Limit amount of guarantee/endorsement is NTD10,259,473 thousand (net value) $\times 150\% =$ NTD15,389,210 thousand.

Note 2: Net value is the number audited by CPA in the third quarter of 2024.

(2) Subsidiaries' guarantees and endorsements for subsidiaries (2024/12/31)

Unit: NTD thousand

The party making the endorsement and/or guarantee	Company name of the party receiving the endorsement and/or guarantee	The limit of endorsements and/or guarantees to a single business entity (Note 1)	The highest balance of endorsements and/or guarantees in the current period	The ending balance of endorsements and/or guarantees
Rechi Precision (Qingdao) Electric Machinery Limited	RECHI Refrigeration Dongguan Co., Ltd.	NTD4,765,512 (CNY1,055,100)	NTD129,123 (CNY30,000)	NTD0 (CNY0)
Dyna RECHI Co., Ltd.	ABLEK Technology Co., Ltd.	NTD550,276	NTD15,000	NTD15,000
RECHI Precision (Jiujiang) Electric Machinery Limited	Dyna Rechi Jiujiang Co., Ltd.	NTD2,957,102 (CNY654,712)	NTD207,584 (CNY46,000)	NTD207,584 (CNY46,000)
RECHI Precision (Jiujiang) Electric Machinery Limited	RECHI Refrigeration Dongguan Co., Ltd.	NTD2,957,102 (CNY654,712)	NTD222,280 (CNY50,000)	NTD222,280 (CNY50,000)
Total			NTD573,987	NTD444,864

Note 1:

- Rechi Precision (Qingdao) Electric Machinery Limited:
Limit amount of guarantee/endorsement for individual target is CNY1,055,100 thousand (net value) $\times 100\% = \text{CNY1,055,100 thousand}$
- Rechi Precision (Qingdao) Electric Machinery Limited:
Limit amount of guarantee/endorsement is CNY1,055,100 thousand (net value) $\times 150\% = \text{CNY1,582,650 thousand}$
- Dyna RECHI Co., Ltd.:
Limit amount of guarantee/endorsement for individual target is NTD1,100,552 thousand (net value) $\times 50\% = \text{NTD550,276 thousand}$
- Dyna RECHI Co., Ltd.:
Limit amount of guarantee/endorsement is NTD1,100,552 thousand (net value) $\times 50\% = \text{NTD550,276 thousand}$
- RECHI Precision (Jiujiang) Electric Machinery Limited:
Limit amount of guarantee/endorsement for individual target is CNY654,712 thousand (net value) $\times 100\% = \text{CNY654,712 thousand}$
- RECHI Precision (Jiujiang) Electric Machinery Limited:
Limit amount of guarantee/endorsement is CNY654,712 thousand (net value) $\times 150\% = \text{CNY982,068 thousand}$.

Note 2: Net value is the number audited by CPA in the third quarter of 2024.

- (3) The total amount of endorsements and guarantees of the Company and its subsidiaries as a whole was NTD 542,214 thousand (2024/12/31). The total amount of endorsements and guarantees that the Company and its subsidiaries as a whole can provide shall not exceed 200% of the net value as shown in the Company's latest financial statements, mainly because when the subsidiaries of the Company obtain (apply for) credit lines

from financial institutions, they need the endorsements and guarantees of the Company. When the Company's subsidiaries borrow funds in Mainland China, the banks require parent-company guarantees in order to acquire credit facilities. Therefore, the guarantees/endorsements by the Company are necessary and reasonable.

(4) Customs duty endorsement/guarantee

The Company provides a bank guarantee of NTD10,000,000 to the Customs Administration as customs duty endorsement/guarantee.

Dyna RECHI Co., Ltd. provides a bank guarantee of NTD500,000 to the Customs Administration as customs duty endorsement/guarantee.

6. Proposal: Present the report on the formulation of the Company's "Guidelines for the 10th Repurchase and Transfer of Shares for Employees" for review.

Explanation: Please refer to page 17 for the Company's "Guidelines for Repurchase and Transfer of Shares for Employees".

7. Proposal: Present the report on the amendment of the Company's "Guidelines for the 9th Repurchase and Transfer of Shares for Employees" for review.

Explanation: The comparison table of the amendment of the Company's "Guidelines for the 9th Repurchase and Transfer of Shares for Employees" is as follows:

After amendment	Existing clauses	Explanation
Article 5 Number of shares to be subscribed by employees: <u>The Company considers the employee's rank, years of service, work performance, and special contributions to the company. It also takes into account factors such as the total amount of repurchased shares held by the Company on the record date of subscription and the upper limit on the number of shares subscribed by a single employee to determine the number of shares that an employee may subscribe for, and submits the proposal to the Board of Directors for approval. However, if the subscriber is a manager, the transfer shall first be submitted to the Remuneration Committee for review and then to the board for resolution. If the person is not a manager, the transfer shall first be approved by the Audit Committee and then submitted to the board for resolution.</u>	Article 5 Number of shares to be subscribed by employees: 1. <u>The number of shares that employees can subscribe is based on their levels of job titles and performance results. Such number can be adjusted separately for employees having special contributions to the Company. All share subscription thresholds shall be authorized by the chairman of the board.</u> 2. <u>The number of shares, price, subscription payment period and other related matters for each transfer operation shall be authorized by the chairman of the board to be separately approved in accordance with relevant regulations.</u> 3. <u>Employees who do not subscribe and pay upon the subscription and payment period expires will be considered having waived the subscription right. The balance of the insufficient subscription shall be subscribed by the chairman of the board and other employees.</u>	Adjusted the wording to comply with the "Treasury Stock FAQs".
Article 6 The procedures for the repurchase of shares and transfer to employees: 1. The resolutions of the board of	Article 6 The procedures for the repurchase of shares and transfer to employees: 1. The resolutions of the board of	Adjusted the wording to comply with the "Treasury Stock FAQs".

After amendment	Existing clauses	Explanation
directors shall be announced and reported, and the shares of the Company shall be repurchased within the execution period. 2. <u>The board shall, in accordance with these Guidelines, establish and announce the record date for employees' stock subscriptions, the number of shares to be subscribed, the subscription payment period, rights and obligations, limitations, criteria, and other relevant matters.</u> 3. Calculate the number of shares actually subscribed and paid, and proceed to the registration of transfer of shares.	directors shall be announced and reported, and the shares of the Company shall be repurchased within the execution period. 2. <u>The employee's share subscription base date, the standard for the number of shares to be subscribed, the subscription payment period and the content of rights and other operational matters shall be determined and announced by the chairman of the board.</u> 3. Calculate the number of shares actually subscribed and paid, and proceed to the registration of transfer of shares.	

8. Proposal: Present the report on the buyback of treasury stock for review.

Explanation: The information in the report on the implementation of the tenth treasury stock repurchase of the Company is as follows:

April 30, 2025

No. of repurchase	10th repurchase
Purpose	Transfer to employees
Planned period for the repurchase	2025/01/17~2025/03/16
Price range of planned repurchase	NTD 17.15 – NTD 37.85
Types and number of shares to be repurchased	Common shares/5,000 thousand shares
The upper limit of the total amount of the shares to be repurchased	NTD 4,853,804,715
The percentage of shares to be repurchased to the total of shares issued by the company	0.9903%
Actual repurchase period	2025/01/20 – 2025/03/13
Types and number of shares actually repurchased	Common shares/5000 thousand shares
Actual repurchase amount	NTD 135,272,745
Average price per share of share repurchase	NTD 27.05
Accumulated number of shares held by the Company (shares)	9,920 thousand shares
Accumulated no. of shares held as a percentage to the total issued share (%)	1.96%

9. Proposal: The Company's 2024 related-party transaction report is submitted for approval.

Explanation: For the standard on the disclosure of related-party transactions in 2024, in accordance with the Company's internal control procedures "KFA0013 Procedure for Acquisition or Disposal of Assets," please refer to page 18 for the related-party transactions to be reported.

IV. Proposals

1. Proposal: The Company's 2024 business report and financial statements are submitted for recognition. (Proposed by the Board)

Explanation: The Company's 2024 business report, individual and consolidated financial statements are prepared, approved by the Board of Directors and submitted to and reviewed by the audit committee. For individual and consolidated financial statements, CPAs Chang, Ching-Hsia and Cheng, Chin Tsung from Deloitte and Touche performed audit and issued the CPA's audit report, which is submitted for recognition. (Please refer to Pages 13-15 and Pages 20-41)

Resolutions:

2. Proposal: The Company's earnings distribution proposal for the year of 2024 is submitted for recognition. (Proposed by the Board)

Explanation: In accordance with laws and regulations and the Company's Articles of Incorporation, the Company prepared the earnings distribution statement for 2024, which was approved by the Board of Directors and audited by the audit committee, and submits it for recognition. (Please refer to Page 42)

Resolutions:

V. Matters for discussion

Proposal: Partial amendments to the “Articles of Incorporation” for discussion. (Proposed by the Board)

Explanation:

1. The mapping of the clauses of the “Articles of Incorporation” before and after the amendment

After amendment	Existing clauses	Explanation
Article 2 The Company operates below businesses: 1. CB01990 Other Machinery Manufacturing 2. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery 3. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing 4. <u>E</u>601020 Electric Appliance Installation 5. E603050 Automatic Control Equipment Engineering 6. E801070 Kitchenware and Sanitary Fixtures Installation Engineering 7. F113020 Wholesale of Electrical Appliances 8. IG03010 Energy Technical Services 9. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.	Article 2 The Company operates below businesses: 1. CB01990 Other Machinery Manufacturing 2. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery 3. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing 4. <u>F</u>601020 Electronic appliance installation 5. E603050 Automatic Control Equipment Engineering 6. E801070 Kitchenware and Sanitary Fixtures Installation Engineering 7. F113020 Wholesale of Electrical Appliances 8. IG03010 Energy Technical Services 9. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.	Correct the business code.
Article 27-1 If the Company has profit in a year, no more than 3% shall be provisioned as director remuneration and no less than 1% and <u>no</u> more than 8% as employee remuneration. The proposed distribution of director remuneration and employee remuneration shall be submitted to the shareholders’ meeting. However, if the Company has accumulated losses, the amount to	Article 27-1 If the Company has profit in a year, no more than 3% shall be provisioned as director remuneration and no less than 1% and no more than 8% as employee remuneration. The proposed distribution of director remuneration and employee remuneration shall be submitted to the shareholders’ meeting. However, if the Company has accumulated losses, the amount to	1. Provisions are revised in accordance with Paragraph 6, Article 14 of the Securities and Exchange Act. 2. The definition of entry-level employees is based on the “Regulations Governing the Calculation of Salary Adjustment for Employees of Small and Medium

After amendment	Existing clauses	Explanation
compensate the losses shall first be provisioned. Then director remuneration and employee remuneration shall be provisioned in accordance with the ratios under the previous paragraph. <u>The employee remuneration referred to in the preceding paragraph shall have no less than 15% of the amount allocated as remuneration for entry-level employees.</u> Employee remuneration may be distributed in cash or stock and the targets of distribution may include employees of subsidiaries who meet certain conditions. Such conditions shall be determined by the board of directors or the person authorized by the board of directors.	compensate the losses shall first be provisioned. Then director remuneration and employee remuneration shall be provisioned in accordance with the ratios under the previous paragraph. Employee remuneration may be distributed in cash or stock and the targets of distribution may include employees of subsidiaries who meet certain conditions. Such conditions shall be determined by the board of directors or the person authorized by the board of directors.	Enterprises” and the regular salary level announced by the “Small and Medium Enterprise Administration, Ministry of Economic Affairs” is amended once every two years and included in the internal control system for regular review.
Article 32 The Articles of Association was established on December 8, 1989. The 1st amendment was made on December 10, 1990. The 2nd amendment was made on February 23, 1991. The 3rd amendment was made on July 1, 1991. The 4th amendment was made on July 24, 1991. The 5th amendment was made on September 20, 1991. The 6th amendment was made on September 30, 1991. The 7th amendment was made on May 22, 1992. The 8th amendment was made on April 16, 1993. The 9th amendment was made on April 20, 1994. The 10th amendment was made on November 24, 1994. The 11th amendment was made on May 18, 1995. The 12th amendment was made on May 10, 1996. The 13th amendment was made on May 8, 1997. The 14th amendment was made on	Article 32 The Articles of Association was established on December 8, 1989. The 1st amendment was made on December 10, 1990. The 2nd amendment was made on February 23, 1991. The 3rd amendment was made on July 1, 1991. The 4th amendment was made on July 24, 1991. The 5th amendment was made on September 20, 1991. The 6th amendment was made on September 30, 1991. The 7th amendment was made on May 22, 1992. The 8th amendment was made on April 16, 1993. The 9th amendment was made on April 20, 1994. The 10th amendment was made on November 24, 1994. The 11th amendment was made on May 18, 1995. The 12th amendment was made on May 10, 1996. The 13th amendment was made on May 8, 1997. The 14th amendment was made on	Added the date of the 34th amendment

After amendment	Existing clauses	Explanation
April 20, 1998. The 15th amendment was made on November 15, 1999. The 16th amendment was made on June 7, 2000. The 17th amendment was made on June 27, 2002. The 18th amendment was made on June 10, 2003. The 19th amendment was made on June 15, 2004. The 20th amendment was made on June 7, 2005. The 21st amendment was made on June 22, 2006. The 22nd amendment was made on June 13, 2007. The 23rd amendment was made on June 13, 2008. The 24th amendment was made on June 19, 2009. The 25th amendment was made on June 18, 2010. The 26th amendment was made on June 15, 2012. The 27th amendment was made on June 17, 2013. The 28th amendment was made on June 11, 2014. The 29th amendment was made on June 18, 2015. The 30th amendment was made on June 7, 2016. The 31st amendment was made on June 22, 2017. The 32nd amendment was made on June 16, 2020. The 33rd amendment was made on June 15, 2022. <u>The 34th amendment was made on June 11, 2025.</u>	April 20, 1998. The 15th amendment was made on November 15, 1999. The 16th amendment was made on June 7, 2000. The 17th amendment was made on June 27, 2002. The 18th amendment was made on June 10, 2003. The 19th amendment was made on June 15, 2004. The 20th amendment was made on June 7, 2005. The 21st amendment was made on June 22, 2006. The 22nd amendment was made on June 13, 2007. The 23rd amendment was made on June 13, 2008. The 24th amendment was made on June 19, 2009. The 25th amendment was made on June 18, 2010. The 26th amendment was made on June 15, 2012. The 27th amendment was made on June 17, 2013. The 28th amendment was made on June 11, 2014. The 29th amendment was made on June 18, 2015. The 30th amendment was made on June 7, 2016. The 31st amendment was made on June 22, 2017. The 32nd amendment was made on June 16, 2020. The 33rd amendment was made on June 15, 2022.	

2. Submitted for review.

Resolutions:

VI. Other information

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

Explanation:

1. According to Article 209 of the Company Act, directors shall explain the main content of their conduct for themselves or other persons within the business scope of the company to the shareholders' meeting for approval.
2. According to Article 209 of the Company Act, propose to cancel non-compete restriction for current directors and their representatives.
3. Names and titles of directors permitted for competition:
 - A. Representative of SAMPO CORPORATION: CHEN, SHENG TIEN, Chairman
 - B. Representative of SAMPO CORPORATION: YANG, CHENG-MING, Vice Chairman
 - C. Representative of SAMPO CORPORATION: FENG, MING-FA, Director
 - D. Representative of Sharp Corporation: MISHIRO, KAZUHISA, Director
 - E. Representative of China Steel Corporation: LIU, HUNG-YI, Director
 - F. Representative of Chuan Bao Investment Co., Ltd.: CHEN, SHENG-CHUAN, Director
 - G. SU, CHING-YANG, Independent director
 - H. HUANG, BAO-HUEI, Independent director
4. Names of directors released from non-compete restrictions. (Please refer to Page 43 to 43)
5. Submitted for review.

Resolutions:

VII. Questions and Motions

VIII. Meeting adjourned

IX. Attachment

Attachment I

RECHI PRECISION CO., LTD.

2024 Business report

Dear shareholders,

The global political and economic situation changed rapidly in 2024. The Federal Reserve slowed down its expansionary measures and announced a rate cut in Q4. The new US President Trump took office and promoted the MAGA policy. China's economic growth did not meet expectations. The conflicts between Ukraine and Russia and between Israel and Kazakhstan have not yet ceased.

According to the comprehensive report and the Company's statistical analysis, sales in the air conditioning industry in China reached 200 million units, with a year-on-year growth rate of 17.8%. Among them, export sales increased by 17.8%, while domestic sales increased by 4.9%. The sales volume of the rotary compressor reached 290 million units, reflecting a year-on-year increase of 13.7%, and the market scale has continued to grow.

The company achieved the 2024 annual compressor sales of 21.23 million units, a year-on-year increase of 37.0%, and the consolidated revenue of NTD21.54 billion showed a year-on-year increase of 27.8%.

I. Review of business operation results in 2024:

1. Profitability:

Consolidated Financial Statements

Unit: NTD thousand

Item	2024	2023	Increase (decrease) in amount	Growth rate %
Operating revenue – net	21,517,109	16,859,695	4,657,414	27.6%
Operating cost	18,131,326	14,353,857	3,777,469	26.3%
Gross profit	3,385,783	2,505,838	879,945	35.1%
Net Operating Income	1,278,357	931,202	347,155	37.3%
Consolidated pre-tax net profit	1,545,572	1,118,037	427,535	38.2%
Consolidated net income	1,073,527	801,018	272,509	34.0%
Net income attributable to the company	1,007,539	750,972	256,567	34.2%

2. Research & Development:

- According to the development plan, we have completed the development of inverter

compressors for R290 1.5HP single-/twin-cylinder air conditioners for the market in China, the development of horizontal fixed/inverter compressors for R290 heat pump washer-dryers and heat pump dishwashers for the European market, the development of DC35 and DC39 inverter compressors equipped with 8-pole 12-slot low-noise motors, and the development of a new series of 21F and 31F inverter compressors.

- We also completed the research and development of a new 50F aluminum wire alloy motor, variable frequency motor magneto-solid coupling analysis, electromagnetic noise simulation research, and basic research on the 40F R32 1.5HP twin-cylinder variable frequency air-injection and reheat-increasing compressor.

3. Sales:

- The sales of compressors for the whole year grew by 37.0% year-over-year, mainly due to the promotion of the variable frequency market, which increased sales by 38.5%.
- Benefiting from the increase in orders, purchase of CDs and production optimization, the overall gross margin of compressors continued to improve.

II. Summary of Business Plan for 2025:

Looking ahead to 2025, environmental factors affecting the Company's operations are summarized as follows:

1. Global economic environment:

- In January 2024, the IMF estimated that the global economic growth rate would remain at 3.3%, which was stable but lower than the average level before the pandemic (3.7%).
- Asia's emerging market economies remain the main driving force of the global economy, with India, boasting an economic growth rate of 6.5%, continuing to be one of the fastest growing large economies in the world.
- China's economic growth rate was 4.6%, and it will implement a more proactive fiscal policy along with a moderately loose monetary policy to boost consumption and expand domestic demand in all aspects. The effectiveness of this policy remains to be seen.

2. Industry status:

- Air conditioner and compressor industry
 - Large air conditioning companies continue to expand their overseas operations and actively reorganize their supply chain and make core parts in-house.
 - The compound annual growth rate of the air conditioning industry in China is expected to reach 5% to 7%, with 80% attributed to variable frequency air conditioning. Additionally, the sudden emergence of Xiaomi air conditioning in 2024 has impacted the competition among air conditioner brands. The Company will continue to monitor the development trends of small-sized air conditioning in China.
 - The impact of tariff barriers under the US MAGA policy on global political and economic development, which leads to increased uncertainties, along with the sluggish real estate market in China and uncertainties in economic policies, will drive the overseas production planning of the rotary compressor industry.
 - The outlook for the HVAC&R industry remains promising, and it is estimated that the overall rotary compressor industry sales will increase by 3-5% year-on-year in 2025. The global heat pump market is expected to become one of the main growth drivers of the HVAC&R industry, primarily due to trends in building energy conservation, policy support, energy prices, economic considerations, technological advancements, and the availability of applications in various fields.
- Trend of bulk materials
 - Copper: According to Goldman Sachs' forecast, the global copper price is expected to rise to US\$10,160 per ton in 2025, mainly due to the continued strong demand in the energy transition and electric vehicle sectors. The long-term copper price still has support, but the slowdown in China's economic growth will cause fluctuations in the

short term, which may put pressure on prices.

- Steel: The World Steel Association reported that global steel demand will see a modest recovery, with steel demand in India, in particular, remaining robust and becoming the main driver of demand growth. Steel demand in the region is expected to grow by 4.2%.
- Rare earths: With the continued growth of industries such as new energy vehicles and wind energy, the prices of rare earths are expected to rise. In particular, the demand for high-efficiency rare earth permanent magnet materials will further drive up prices.

The global economy in 2024 was filled with challenges, uncertainties, and opportunities. The competition in the rotary compressor industry was intense, and the market landscape continued to reorganize. We keep abreast of market trends and quickly adjust our business strategy to ensure the achievement of our business goals. The outline of the operating strategy for 2025 is as follows:

1. The target of sales volume of compressors in the whole year is 23 million units or more.
2. Continue to promote variable frequency compressors to increase penetration rate.
3. Promotion to and engagement with new customers and applications.
4. Accelerate the product iteration cycle and invest in the development of forward-looking products.
5. Ensure operational capacity and supply chain for production and sales.
6. Strengthen quality control throughout the entire process, achieve lean production, and increase customer confidence in product quality.
7. Promote the advantages of overseas joint ventures, accelerate the internationalization process, expand market share and balance risks.
8. Continue to improve corporate governance and implement corporate social responsibilities to promote sustainable development of the company.

As RECHI PRECISION celebrates its 35th anniversary, we would like to thank all shareholders, government agencies, customers, suppliers, banking groups, and partners for their trust and support, which have laid the foundation for our success today. In order to achieve continuous profitability and growth, the company has set the future operational theme of “Innovation-Driven, Smart Manufacturing for the Future,” to continue expanding production capacity, strengthening strategic partnerships, and collaborating with customers to provide better services and more competitive products. “Efficiency,” “Speed” and “Competition” will be key to strengthening competitiveness, and we will continue to match industry benchmarks to maximize corporate value.

Chairman: CHEN, SHENG TIEN

President: FENG, MING FA

Accounting Officer: WU, CHIN MEI

Attachment II

**RECHI PRECISION CO., LTD.
Audit Committee's Review Report**

Approved

The board of directors prepared the Company's 2024 financial statements, earnings distribution proposal, and business report that were audited by Deloitte Taiwan and reviewed by the Audit Committee without any discrepancy identified; therefore, the report is provided pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Yours sincerely,

2025 Annual Shareholders' Meeting

RECHI PRECISION CO., LTD.

Chair of the Audit Committee: SU, CHING-YANG

March 11, 2025

Attachment III

RECHI PRECISION CO., LTD.

Guidelines for the Tenth Repurchase of Shares and Transfer to Employees

- Article 1 In order to motivate employees and enhance internal cohesion, the Company hereby formulated these Guidelines for Repurchase and Transfer of Shares for Employees in accordance with Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” issued by the Financial Supervisory Commission. When the Company repurchases shares and transfers them to employees, in addition to the provisions of relevant laws and regulations, it shall be handled in accordance with the provisions of these Guidelines.
- Article 2 The shares transferred to employees this time are common shares, and their rights and obligations are the same as other outstanding shares, unless otherwise stipulated by relevant laws and regulations.
- Article 3 The shares repurchased this time may be transferred to employees at one time or in installments within five years from the date of repurchasing the shares in accordance with the provisions of these Guidelines. Those that are not transferred within the time limit shall be regarded as unissued shares by the Company, and their registration shall be eliminated in accordance with the laws.
- Article 4 All full-time employees of the Company and any of its domestic/foreign subsidiaries who have been onboard for at least one year at the base date of subscription (The definition of subsidiaries shall be based on Articles 369-2, 369-3, Paragraph 2 of Article 369-9 and Article 369-11 of the Company Act) shall be eligible for subscription in accordance with the subscription amount specified in Article 5 of these Guidelines.
- Article 5 Number of shares to be subscribed by employees:
The Company considers the employee’s rank, years of service, work performance, and special contributions to the company. It also takes into account factors such as the total amount of repurchased shares held by the Company on the record date of subscription and the upper limit on the number of shares subscribed by a single employee to determine the number of shares that an employee may subscribe for, and submits the proposal to the Board of Directors for approval. However, if the subscriber is a manager, the transfer shall first be submitted to the Remuneration Committee for review and then to the board for resolution. If the person is not a manager, the transfer shall first be approved by the Audit Committee and then submitted to the board for resolution.
- Article 6 The procedures for the repurchase of shares and transfer to employees:
1. The resolutions of the board of directors shall be announced and reported, and the shares of the Company shall be repurchased within the execution period.

2. The board shall, in accordance with these Guidelines, establish and announce the record date for employees' stock subscriptions, the number of shares to be subscribed, the subscription payment period, rights and obligations, limitations, criteria, and other relevant matters.
3. Calculate the number of shares actually subscribed and paid, and proceed to the registration of transfer of shares.

Article 7 If the repurchased shares transferred to employees this adopt the average price of actual repurchase as the transfer price, or as per the Company's Articles of Association, an average price lower than the actual repurchase price, the latest repurchase shall be, prior to the transfer, approved by the resolution of the most recent the shareholders' meeting with the attendance shareholders holding more than half of the total number of issued shares, in which the consent of more than two-thirds of the voting rights of the shareholders present is obtained, and the matters stipulated in Article 10-1 of the "Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies" shall be listed and explained in the reasons for convening the abovementioned shareholders' meeting.

Article 8 After the repurchased shares are transferred to the employees and the transfer registration is completed, the remaining rights and obligations are the same as the original shares unless otherwise specified.

Article 9 These Guidelines shall become effective after being passed by the resolution of the board of directors, and may be amended upon the any relevant resolution of the board of directors.

Article 10 These Guidelines shall be submitted and reported to the shareholders' meeting, and the same shall apply to the amendments.

Article 11 These Guidelines were formulated on January 16, 2025.

Attachment IV

The Company's 2024 Related-party Transaction Report

The Board of Directors' resolved on March 12, 2024 to acquire the equity of Dyna Rechi Co., Ltd. from the related parties;

- I. Purpose, necessity, and expected benefits of acquiring or disposing of assets: In order to integrate the operations of the BLDC motor business and plan for the future consolidation of the company's equity to achieve financial synergy, it is necessary to purchase the equity of Dyna Rechi held by some minority shareholders. It is expected that after the repurchase of the equity, the shared resources of the group can be expanded, the operating efficiency can be improved, and the company's operating costs can be reduced.
- II. Reason for selecting the related party as a counterparty to the transaction: Shareholders of Dyna Rechi.
- III. Changes in shareholdings of related-party transactions: We repurchased 28.77% of the shares of Dyna Rechi Co., Ltd. held by Taiwan Sanyo Electric Co., Ltd., Rich Technology Electronics Co., Ltd., AccessTop Ltd. and its representative Director Yong-Fu Hsu and his first-degree relatives, totaling 30,224,577 common shares. After the transaction, the Company's direct shareholding in Dyna Rechi will reach 94.42%, totaling 99,204,480 common shares.
- IV. Rationality of the use of funds in related-party transactions: This transaction will be financed by bank financing, which will be repaid by the subsidiary's remittances of surplus and cash inflows from operations. Since the transaction amount does not account for a high ratio of total assets, the company's capital allocation and use are safe.
- V. The valuation report issued by a professional appraiser or the opinion of an accountant obtained in accordance with regulations: After negotiation between the buyer and the seller, the transaction price was finally determined to be based on the net asset value per share of NT\$10.33096613 in the financial statements as of December 2023, and the transaction amount was set at NT\$312,249,080. The price has been evaluated by CPA Chang-You Lin of Trust and Assist CPAs Firm, who provided a price opinion confirming that it falls within a reasonable range for the transaction.
- VI. Restrictions and other important agreements of this transaction: None.

Attachment V

Auditor's Report and financial statements

To RECHI PRECISION CO., LTD.:

Audit opinions

We have audited the accompanying individual balance sheet of RECHI PRECISION CO., LTD. and subsidiary as of December 31, 2024 and 2023, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and Note of the consolidated financial statements (including major accounting policy) for the years then ended.

In my opinion, the financial statements as referred to present fairly, in all material aspects the financial position of RECHI PRECISION CO., LTD. as of December 31, 2024 and 2023, and the results of its operations and cash flows for the years then ended in conformity with the Regulation Governing the Preparation of Financial Reports by Securities Issuers, and applicable IFRS, IAS, SIC, and IFRIC as recognized by the Financial Supervisory Commission.

The basis for opinions

We are engaged to conduct our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of RECHI Group in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the consolidated financial statements of RECHI Group, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of RECHI Group in 2024. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The key audit matters of the 2024 consolidated financial statements of RECHI PRECISION CO., LTD (RECHI Group) and its subsidiaries are described as follows:

The basis for recognition of the revenue on export sales

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

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

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

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

Other information

The Company has also prepared the parent company only financial statements for the years ended December 31, 2024 and 2023, for which we have issued an unqualified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Understand the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on RECHI Group and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause RECHI Group to cease to continue as a going concern.

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

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

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

From the matters communicated with the governing body, we determined the key audit matters for the audit of the Group's consolidated financial statements for the year ended December 31, 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. and its subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

Code	Assets	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 & 6)	\$ 5,839,139	20	\$ 3,732,749	15
1110	Financial assets through profit and/or loss with measuring for the faire values – current (Note 4 & 7)	1,826,786	6	1,343,653	6
1136	Financial assets at amortized cost – current (Notes 4, 9, and 30)	3,815,447	13	2,762,869	11
1150	Notes receivable – non-related parties (Note 4, 10 & 30)	3,104,750	10	4,460,920	18
1170	Notes receivable – non-related parties (Note 4 & 10)	4,293,538	14	3,405,755	14
1180	Accounts receivable – related parties (Notes 4 & 29)	1,697	-	1,192	-
1200	Other receivables (Note 29)	195,491	1	128,433	1
130X	Inventory (Note 4 & 11)	3,292,966	11	1,580,295	6
1410	Prepayments (Note 16)	795,224	3	704,464	3
1470	Other current assets (Note 16)	25,223	-	26,990	-
11XX	Total current assets	23,190,261	78	18,147,320	74
	Non-Current assets				
1517	The financial assets measured for the fair values through other comprehensive income – non-current (Note 4 & 8)	-	-	8,190	-
1550	Investment under Equity method (Note 4 & 13)	195,296	1	166,586	1
1600	Real property, plant and equipment (Note 4, 14 & 30)	5,305,175	18	5,367,798	22
1755	Right-of-use assets (Note 4 & 15)	136,412	-	146,925	-
1821	Other intangible assets (Note 4)	66,748	-	52,183	-
1840	Deferred income tax assets (Note 4 & 23)	554,329	2	545,352	2
1990	Other non-current assets (Note 16)	445,634	1	149,042	1
15XX	Total non-current assets	6,703,594	22	6,436,076	26
1XXX	Total assets	\$ 29,893,855	100	\$ 24,583,396	100
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings (Note 17 & 30)	\$ 2,750,000	9	\$ 570,000	2
2110	Short-term notes payable (Note 17)	479,056	2	399,204	2
2150	Notes payable – non-related party	6,632,535	22	4,953,478	20
2160	Payable notes – related parties (Note 29)	-	-	1,724	-
2170	Accounts payable – non-related parties	3,383,344	11	2,277,645	9
2180	Accounts payable – related parties (Note 29)	516	-	3,730	-
2200	Other payables (Notes 18 & 29)	978,251	3	717,336	3
2230	Income tax liability (Note 4 & 23)	743,608	3	450,276	2
2250	Liability reserve – Current	187,158	1	126,854	1
2280	Lease liabilities – current (Note 4 & 15)	837	-	10,255	-
2320	Long-term borrowings and notes payable due within one year (Note 17)	86,829	-	2,421,588	10
2365	Refund liabilities – current (Note 21)	1,257,502	4	715,327	3
2399	Other current liabilities (Note 29)	143,394	1	49,657	-
21XX	Total of current liabilities	16,643,030	56	12,697,074	52
	Non-current liabilities				
2541	Long-term borrowings (Note 17 & 30)	647,312	2	228,344	1
2570	Deferred tax liabilities (Note 4 & 23)	917,923	3	779,912	3
2580	Lease liabilities – non-current (Note 4 & 15)	871	-	5,813	-
2640	Net defined benefit liabilities – non-current (Note 4 & 19)	35,991	-	39,995	-
2670	Other non-current liabilities	27,330	-	31,167	-
25XX	Total non-current liability	1,629,427	5	1,085,231	4
2XXX	Total liabilities	18,272,457	61	13,782,305	56
	Equity of the company (Note 12 & 20)				
3110	Common shares	5,049,151	17	5,049,151	21
3200	Capital reserves	1,367,729	5	1,355,324	5
	Retained earnings				
3310	Statutory surplus reserves	1,231,756	4	1,156,333	5
3320	Special surplus reserves	1,097,408	4	928,988	4
3350	Undistributed earnings	2,576,593	8	2,340,079	9
3300	Total retained earnings	4,905,757	16	4,425,400	18
3400	Other equity	(556,385)	(2)	(1,097,408)	(5)
3500	Treasury shares	(93,573)	-	(93,573)	-
31XX	Total equity of the company	10,672,679	36	9,638,894	39
36XX	Non-controlling interests	948,719	3	1,162,197	5
3XXX	Total equity	11,621,398	39	10,801,091	44
	Total Liabilities and Equity	\$ 29,893,855	100	\$ 24,583,396	100

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

Chairman: CHEN, SHENG TIEN

Manager: FENG, MING FA

Accounting Manager: WU, CHIN MEI

RECHI PRECISION CO., LTD. and its subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

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

Code		2024		2023	
		Amount	%	Amount	%
4100	Sales revenue (Note 4, 21 & 29)	\$ 21,517,109	100	\$ 16,859,695	100
5000	Operating cost (Note 11, 22 & 29)	(18,131,326)	(84)	(14,353,857)	(85)
5900	Operating gross margins	3,385,783	16	2,505,838	15
	Operating expenses (Note 22 & 29)				
6100	Marketing expenses	(592,892)	(3)	(363,114)	(2)
6200	Administrative expenses	(782,580)	(4)	(659,053)	(4)
6300	Research and development expenses	(717,465)	(3)	(549,969)	(3)
6450	Expected credit impairment loss (Note 10)	(14,489)	-	(2,500)	-
6000	Total operating expenses	(2,107,426)	(10)	(1,574,636)	(9)
6900	Net operating income	1,278,357	6	931,202	6
	Non-operating income and expense (Note 22)				
7100	Interest revenue	130,407	1	105,791	1
7010	Other income	98,189	-	68,997	-
7020	Other profits and losses	144,662	1	81,804	-
7050	Financial costs	(100,573)	(1)	(75,576)	-
7060	The share of profit/loss on associates accounted for using the equity method (Note 13)	(5,470)	-	5,819	-
7000	Total non-operating revenues and expenses	267,215	1	186,835	1

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Code		2024		2023	
		Amount	%	Amount	%
7900	Net profit before taxation	\$ 1,545,572	7	\$ 1,118,037	7
7950	Income tax expenses (Note 4 and 23)	(472,045)	(2)	(317,019)	(2)
8200	Net profits of the current year	<u>1,073,527</u>	<u>5</u>	<u>801,018</u>	<u>5</u>
	Other comprehensive income				
8310	Titles not reclassified as profit and loss accounts:				
8311	Determined Benefit Plan Reevaluation (Note 4 & 19)	3,474	-	4,075	-
8316	Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 20)	(8,156)	-	(2,490)	-
8349	Income tax related to titles not subject to reclassification (Note 23)	(695)	-	(815)	-
		<u>(5,377)</u>	<u>-</u>	<u>770</u>	<u>-</u>
8360	Accounts to be reclassified to profit or loss subsequently:				
8361	Exchange differences from the translation of financial statements of foreign operations (Note 4 & 20)	713,477	3	(213,738)	(1)
8399	Income tax related to titles that could be reclassified (Note 20 & 23)	(134,324)	-	39,980	-
		<u>579,153</u>	<u>3</u>	<u>(173,758)</u>	<u>(1)</u>
8300	Other comprehensive income of the current year (net amount after taxation)	<u>573,776</u>	<u>3</u>	<u>(172,988)</u>	<u>(1)</u>
8500	Total amount of comprehensive income of the current year	<u>\$ 1,647,303</u>	<u>8</u>	<u>\$ 628,030</u>	<u>4</u>

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Code		2024		2023	
		Amount	%	Amount	%
	Profit attributable to:				
8610	The company's shareholders	\$ 1,007,539	5	\$ 750,972	5
8620	Non-controlling interests	<u>65,988</u>	<u>-</u>	<u>50,046</u>	<u>-</u>
8600		<u>\$ 1,073,527</u>	<u>5</u>	<u>\$ 801,018</u>	<u>5</u>
	Total comprehensive income attributable to:				
8710	The company's shareholders	\$ 1,521,375	7	\$ 585,812	4
8720	Non-controlling interests	<u>125,928</u>	<u>1</u>	<u>42,218</u>	<u>-</u>
8700		<u>\$ 1,647,303</u>	<u>8</u>	<u>\$ 628,030</u>	<u>4</u>
	Earnings per share (Note 24)				
	Business units in continuing operation				
9710	Basic	<u>\$ 2.02</u>		<u>\$ 1.50</u>	
9810	Diluted	<u>\$ 2.00</u>		<u>\$ 1.49</u>	

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

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

RECHI PRECISION CO., LTD. and its subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

		Equity of the company						Other equity					
		Share capital		Capital reserves	Retained earnings			Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total equity
Code		Shares (in thousand shares)	Amount		Statutory surplus reserves	Special surplus reserves	Undistributed earnings						
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	\$ 1,379,424	\$ 10,871,057
	Dividend allocation and distribution for 2022												
B1	Statutory surplus reserves	-	-	-	69,025	-	(69,025)	-	-	-	-	-	-
B3	Special surplus reserves	-	-	-	-	(146,967)	146,967	-	-	-	-	-	-
B5	Cash dividend to the Company's shareholders	-	-	-	-	-	(449,996)	-	-	-	(449,996)	-	(449,996)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	11,445	-	-	-	-	-	-	11,445	(259,445)	(248,000)
D1	Net profits of the 2023	-	-	-	-	-	750,972	-	-	-	750,972	50,046	801,018
D3	Other comprehensive net income in 2023	-	-	-	-	-	3,260	(165,930)	(2,490)	-	(165,160)	(7,828)	(172,988)
D5	Total profit and loss in 2023	-	-	-	-	-	754,232	(165,930)	(2,490)	-	585,812	42,218	628,030
Z1	Balance as of December 31, 2023	504,915	5,049,151	1,355,324	1,156,333	928,988	2,340,079	(1,025,598)	(71,810)	(93,573)	9,638,894	1,162,197	10,801,091
	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 the Company's shareholders	-	-	-	-	-	(499,995)	-	-	-	(499,995)	-	(499,995)
O1	Cash dividend to the subsidiary	-	-	-	-	-	-	-	-	-	-	(14,752)	(14,752)
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	12,405	-	-	-	-	-	-	12,405	(324,654)	(312,249)
D1	Net profits of the 2024	-	-	-	-	-	1,007,539	-	-	-	1,007,539	65,988	1,073,527
D3	Other comprehensive net income in 2024	-	-	-	-	-	2,779	519,213	(8,156)	-	513,836	59,940	573,776
D5	Total profit and loss in 2024	-	-	-	-	-	1,010,318	519,213	(8,156)	-	1,521,375	125,928	1,647,303
Q1	Disposal of equity instrument investments 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	\$ 948,719	\$ 11,621,398

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

Chairman: CHEN, SHENG TIEN

Manager: FENG, MING FA

Accounting Manager: WU, CHIN MEI

RECHI PRECISION CO., LTD. and its subsidiaries
Consolidated Statements of Cash Flows
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	\$ 1,545,572	\$ 1,118,037
A20010	Profits and loss		
A20100	Depreciation expenses	793,052	812,982
A20200	Amortization expenses	14,674	13,015
A20300	Expected credit impairment loss	14,489	2,500
A20400	Net gains on financial assets at fair value through profit or loss	(70,726)	(53,129)
A20900	Interest expenses	94,852	71,577
A21200	Interest revenue	(130,407)	(105,791)
A22300	The shares of profit and/or loss at equity method over the associates	5,470	(5,819)
A22500	Net loss from the disposal and obsolescence of property, plant, equipment and right-of-use assets	35,134	24,056
A23200	Gains on disposal of investment under the equity method	-	(22,420)
A23700	Inventory valuation and obsolescence losses	-	13,332
A23700	Impairment loss of property, plant and equipment	-	796
A24100	Unrealized foreign currency exchange loss (gain)	(80,283)	49,516
A29900	Gains on lease modification	(905)	(1)
A30000	Net change in operating assets and liabilities		
A31115	Increase in financial assets mandatorily measured at fair value through profit or loss	(339,087)	(215,321)
A31130	Decrease (increase) in notes receivable	1,569,753	(1,838,183)
A31150	Increase in accounts receivable	(729,030)	(510,702)
A31160	Increase in accounts receivable – related parties	(505)	(1,093)
A31180	Increase (decrease) in other accounts receivable	(17,886)	8,753
A31200	Decrease (increase) in inventories	(1,629,916)	464,181
A31230	Increased in Advance	(87,433)	(55,376)
A31240	Decrease (increase) in other current assets	1,767	(9,136)
A32125	Increase in refund liability – current	531,287	228,625
A32130	Increase in notes payable	1,405,413	661,499
A32140	Decrease in notes payable -related party	(1,724)	(88,587)
A32150	Increase in accounts payable	978,708	597,094
A32160	Decrease in accounts payable – related parties	(3,214)	(50,805)

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Code		2024	2023
A32180	Increase (decrease) in other accounts payable	\$ 223,358	(\$ 47,187)
A32200	Increase in provisions	60,304	20,682
A32230	Increase (decrease) in other current liabilities	93,737	(23,512)
A32240	Decrease in net defined benefit liability	(530)	(3,819)
A33000	Cash inflow from operating activities	4,275,924	1,055,764
A33100	Interest received	118,661	105,176
A33300	Interest payment	(93,372)	(74,780)
A33500	Income tax payment	(231,322)	(293,747)
AAAA	Net cash inflow from operating activities	<u>4,069,891</u>	<u>792,413</u>
	Cash flow from investing activities		
B00020	Disposal of financial assets at fair value through other comprehensive income	34	-
B00040	Financial assets acquired on the basis of cost after amortization	(1,034,268)	(894,483)
B00050	Financial assets on the basis of cost after amortization	135,613	57,065
B01800	Acquisition of investment in associates.	(25,047)	-
B01900	Net cash inflow from disposal of affiliated companies	-	362,198
B02700	Purchase of property, plant, and equipment	(410,629)	(343,207)
B02800	Proceeds from disposal of property, plant and equipment	29,219	653,610
B04500	Purchase of intangible assets	(27,341)	(15,002)
B06700	Increase of other non-current assets	(384,737)	(101,553)
B09900	Acquisition of government subsidies	-	10,038
BBBB	Net cash outflow from investing activities	<u>(1,717,156)</u>	<u>(271,334)</u>
	Cash flow from financing activities		
C00100	Increase of short-term loans	2,180,000	-
C00200	Decrease in short-term loans	-	(523,555)
C00500	Increase in short-term notes payable	79,852	79,557
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)	-
C03100	Decrease in guarantee deposits received	(4,028)	(6,235)
C04020	Repayments of principal portion of the lease	(7,676)	(12,142)
C04500	Pay owners' dividends	(499,995)	(449,996)
C05400	Acquisition of equity of subsidiaries	(312,249)	(248,000)
C05800	Cash dividends paid to non-controlling interests	(14,752)	(48,989)
CCCC	Net cash outflow from financing activities	<u>(495,678)</u>	<u>(1,204,593)</u>
DDDD	Impact of changes in exchange rate on cash and cash equivalents	<u>249,333</u>	<u>(66,395)</u>

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<u>Code</u>		<u>2024</u>	<u>2023</u>
EEEE	Net increase (decrease) in cash and cash equivalents	\$ 2,106,390	(\$ 749,909)
E00100	Cash and cash equivalents balance – beginning of year	<u>3,732,749</u>	<u>4,482,658</u>
E00200	Cash and cash equivalents balance – end of year	<u>\$ 5,839,139</u>	<u>\$ 3,732,749</u>

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

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

Auditor's Report and financial statements

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 an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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 to risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. 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 reasonableness 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 manner 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		December 31, 2023	
		Amount	%	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	<u>3,881,366</u>	<u>20</u>	<u>2,787,450</u>	<u>17</u>
	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	<u>15,057,188</u>	<u>80</u>	<u>13,224,387</u>	<u>83</u>
1XXX	Total assets	<u>\$ 18,938,554</u>	<u>100</u>	<u>\$ 16,011,837</u>	<u>100</u>
Code	Liabilities and equity	December 31, 2024		December 31, 2023	
		Amount	%	Amount	%
	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	<u>6,706,349</u>	<u>36</u>	<u>5,357,932</u>	<u>34</u>
	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	<u>1,559,526</u>	<u>8</u>	<u>1,015,011</u>	<u>6</u>
2XXX	Total liabilities	<u>8,265,875</u>	<u>44</u>	<u>6,372,943</u>	<u>40</u>
	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	<u>10,672,679</u>	<u>56</u>	<u>9,638,894</u>	<u>60</u>
	Total Liabilities and Equity	<u>\$ 18,938,554</u>	<u>100</u>	<u>\$ 16,011,837</u>	<u>100</u>

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)

Code		2024		2023	
		Amount	%	Amount	%
4110	Operating income (Notes 4, 16 & 23)	\$ 8,652,938	100	\$ 6,491,162	100
5000	Operating cost (Notes 4, 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		2023	
		Amount	%	Amount	%
	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)	(<u>695</u>)	<u>-</u>	(<u>815</u>)	<u>-</u>
		(<u>5,377</u>)	<u>-</u>	(<u>770</u>)	<u>-</u>
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)	(<u>125,052</u>)	(<u>1</u>)	(<u>36,933</u>)	(<u>-</u>)
		<u>519,213</u>	<u>6</u>	(<u>165,930</u>)	(<u>3</u>)
8300	Other comprehensive income of the current year (net amount after taxation)	<u>513,836</u>	<u>6</u>	(<u>165,160</u>)	(<u>3</u>)
8500	Total amount of comprehensive income of the current year	<u>\$ 1,521,375</u>	<u>18</u>	<u>\$ 585,812</u>	<u>9</u>
	Earnings per share (Note 19)				
	Business units in continuing operation				
9710	Basic	<u>\$ 2.02</u>		<u>\$ 1.50</u>	
9810	Diluted	<u>\$ 2.00</u>		<u>\$ 1.49</u>	

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		Capital reserves	Retained earnings			Other equity		Treasury shares	Total equity
		Shares (in thousand shares)	Amount		Statutory surplus reserves	Special surplus reserves	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain on financial assets at fair value through other comprehensive profit or loss		
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	<u>504,915</u>	<u>\$ 5,049,151</u>	<u>\$ 1,367,729</u>	<u>\$ 1,231,756</u>	<u>\$ 1,097,408</u>	<u>\$ 2,576,593</u>	<u>(\$ 506,385)</u>	<u>(\$ 50,000)</u>	<u>(\$ 93,573)</u>	<u>\$ 10,672,679</u>

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	Increase (decrease) 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	<u>47,480</u>	(<u>15,237</u>)
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	(<u>65,872</u>)	(<u>244,308</u>)
AAAA	Net cash inflow (outflow) from operating activities	<u>547,688</u>	(<u>537,972</u>)

(Continued on next page)

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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	<u>371,120</u>	<u>674,974</u>
BBBB	Net cash inflow in investing activities	<u>345,455</u>	<u>731,461</u>
	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	(<u>658,725</u>)	(<u>248,000</u>)
CCCC	Net cash outflow from financing activities	(<u>817,206</u>)	(<u>176,424</u>)
EEEE	Net increase in cash and cash equivalents	75,937	17,065
E00100	Cash and cash equivalents balance – beginning of year	<u>190,343</u>	<u>173,278</u>
E00200	Cash and cash equivalents balance – end of year	<u>\$ 266,280</u>	<u>\$ 190,343</u>

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.

The 2024 Earnings Distribution Statement

Unit: NTD

Item	Amount	
Undistributed earnings at the beginning of year	1,596,241,293	
Effect of retrospective application and retrospective restatement		
Undistributed earnings at the beginning of the adjustment period	1,596,241,293	
Retained earnings due to adjustment of investments using the equity method	(29,965,751)	
The defined benefit plans re-measured amount is recognized in the “retained earnings” account.	2,778,960	
Unappropriated adjusted earnings	1,569,054,502	
Add: Net income		1,007,538,261
Less: Legal reserve appropriated		(101,031,722)
Add: Reversal of legally appropriated special reserve		541,023,697
Current distributable earnings		3,016,584,738
Distribution:		
Shareholder dividends - cash (NTD 1.5 per share)		(742,725,158)
- Stock share (NTD0.0 per share)		0
Undistributed earnings at the end of the year		2,273,859,580

Note 1: The proposal for earnings distribution is calculated according to the outstanding 495,150,105 shares (excluding 9,765,000 treasury shares) on the date the resolution was reached by the Company's board of directors. However, if the issued convertible corporate bonds are converted into common stock shares or the treasury shares are repurchased before the cash dividend distribution base date, causing the number of outstanding shares to go up or down on the Company's cash dividends distribution base date, the Chairman shall be authorized to adjust the cash dividends per share according to the cash dividend amount resolved for current earnings distribution proposal and the actual number of outstanding shares on the cash dividend distribution base date.

Note 2: The cash dividends are calculated according to the distribution ratio up to NTD1 and the amount below NTD1 will be rounded off. The total amount of irregularities distributed less than NTD1 will be included in other non-operating income.

Note 3: On March 11, 2025, the Board of Directors of the Company authorized the Chairman to adjust the dividend amount per share based on the actual number of shares outstanding. After the board of directors approved the profit distribution statement, the company implemented a treasury stock repurchase, resulting in the number of outstanding shares changing to 494,995,105. Therefore, the distribution amount per share was adjusted from NT\$1.5 to NT\$1.50046970. This change has been made in accordance with the authorization of the Board of Directors and relevant laws and regulations.

Chairman: CHEN, SHENG TIEN

Manager: FENG, MING FA

Accounting Officer: WU, CHIN MEI

Attachment VII

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

Identity	Name	Representative (individual)/Job Position	Address	Main business operations	Note
Director	SAMPO CORPORATION Representative: CHEN, SHENG-TIEN	Chairman of SAMPO CORPORATION Chairman of Rechi Investments Co., Ltd. Chairman of RECHI Holdings Co., Ltd Chairman of AMIGO LOGISTICS CORPORATION Chairman of Sampo Japan Co., Ltd. Director of Magnet Industry Ltd.	No. 26, Dinghu Rd., Dahua Village, Guishan Dist., Taoyuan City 333008 9F.-1, No. 374, Sec. 2, Bade Rd., Songshan Dist., Taipei City 105404 Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands No. 18-1, Dinghu 5th St., Dahua Village, Guishan Dist., Taoyuan City 333008 11F, Iwatani 2nd Building, 2-14, Azuchi-cho, Chuo-ku, Osaka, Japan No. 6, Zhongxing Rd., Zhongxing Industrial Park, Zhongping Village, Tongluo Township, Miaoli County 366005	Manufacturing and sales of home appliance Investment business Investment business Warehousing and Logistics Sales of home appliances and electronic products Electronic components (magnetic materials)	Incumbent
Director	SAMPO CORPORATION Representative: YANG, CHENG-MING	Chairman of Dyna Rechi Co., Ltd. Director of Rechi Investments Co., Ltd.	No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City 328002 9F.-1, No. 374, Sec. 2, Bade Rd., Songshan Dist., Taipei City 105404	Design and production of BLDC motors Investment business	Incumbent
Director	SAMPO CORPORATION Representative: FENG, MING-FA	Director/President of Rechi Investments Co., Ltd Director of Rechi International Holdings Co., Ltd Director of Rechi Investments Holdings Co., Ltd. Chairman of GR Holdings (Hong Kong) Limited Director of RECHI Refrigeration Dongguan Co., Ltd. Director of Dongguan RECHI Compressor Co., Ltd. Director of TCL RECHI (Huizhou) Refrigeration Equipment Company Limited Director of RECHI Precision (Huizhou) Machanism Company Director of Qingdao Rechi Electric Machinery Sales Company Director of Dyna Rechi Co., Ltd. Director of Ablek Technology Co., Ltd.	9F.-1, No. 374, Sec. 2, Bade Rd., Songshan Dist., Taipei City 105404 Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands Palm Grove House, P.O. Box 438, Road Town Tortola, British Virgin Islands Room 1610-1611, Gi-Chen Centre, No. 302-308, Hennessy Road, Wanchai, Hong Kong No. 38, Gaokesan Road, Xinliangao High-Tech Zone, Humenzhen, Dongguan City, Guangzhou, 523917 China No. 38, Gaokesan Road, Xinliangao High-Tech Zone, Humenzhen, Dongguan City, Guangzhou, 523917 China No.7 Area, Zhongkai High-tech Development Zone, Huizhou City, 516006 No.7 Area, Zhongkai High-tech Development Zone, Huizhou City, 516006 (Assembly shop 3F) No. 500, Fenjin Road, Huangdao District, Qingdao City, Shangdong Province, 266555 China. No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City 328002 No. 943, Sec. 2, Chenggong Rd., Guanyin Dist., Taoyuan City 328002	Investment business Investment business Investment business Investment business Motor manufacturing Compressor motor manufacturing Compressor assembly Compressor components Sales of compressors and components Design and production of BLDC motors Trade of motor and components	Incumbent
Director	Chuan Bao Investment Co., Ltd. Corporate	Chairman of NUCOM INTERNATIONAL CORPORATION Vice Chairman of SAMPO CORPORATION	2F., No.58, Sec. 1, Minsheng E. Rd., Songshan Dist., Taipei City 104011 No. 26, Dinghu Rd., Dahua Village, Guishan Dist., Taoyuan City	Holdings Manufacturing and sales of home	Incumbent

	Representative: CHEN, SHENG CHUAN	Director of Sunpo International Investment Co., Ltd. Director of AMIGO LOGISTICS CORPORATION Director of DongGuan Sheng Bo Electronics Co., Ltd.	333008 Omar Hodge Building, Wickhams Cay I, P.O. Box 362, Road Town, Tortola, British Virgin Islands No. 18-1, Dinghu 5th St., Dahua Village, Guishan Dist., Taoyuan City 333008 Building B, Shintai Industrial Park, Du-Lun Road, Chisha Village, Shatian Township, Dongguan City, Guangdong Province 523997	appliance Investment holdings and trading Warehousing and Logistics Manufacturing and sales of electronic products	
Director	Sharp Corporation Representative: MISHIRO, KAZUHISA	Department manager of Air Conditioning Business Unit of Sharp Corporation	No. 72, 3-chome, 1, Kitakaicho, Yao City, Osaka Prefecture (581-8585)	Production and development of “white goods” (major appliance) and “PCI air” purification products	Incumbent
Director	China Steel Corporation Representative: LIU, HUNG-YI	Vice President of Technology Division of China Steel Corporation Director of CHINA STEEL CHEMICAL CORPORATION Director, Chung Fa Holding Co., Ltd. Director of China Steel Power Corporation Director of Honley Auto. Parts Co., Ltd. Director of Infochamp Systems Corporation Director, HC&C AUTO PARTS CO., LTD. Director, CSC TOURS TRAVEL SERVICE CO., LTD.	No. 1, Zhonggang Rd., Xiaogang Dist., Kaohsiung City 812401 25F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 806618 15F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 806618 10 F.-1, No. 369, Zhonghua W. Rd., Changhua City, Changhua County 500023 No. 32, Jingjian Rd., Qianjin Village, Pingtung City, Pingtung County 900525 19F., No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 806618 No. 88 Tonggui 3rd Road, Yufengshan Town, Yubei District, Chongqing, China 3 F., No. 282, Zhonghua 4th Rd., Qianjin Dist., Kaohsiung City 801756	Manufacturing and processing of various carbon steels and low-alloy steels Chemical industry Investment business Power generation Motor vehicles and parts manufacturing Computer equipment installation Motor vehicle parts manufacturing Travel Agency	Incumbent
Independent director	SU, CHING-YANG	Independent Director/Audit Committee/Remuneration Committee of Aerowin Technology Corporation Director of NATUREWISE BIOTECH & MEDICALS CORPORATION	No. 1, Ln. 13, Xingong Rd., Xinying Dist., Tainan City 730014 6F., No. 36, Sec. 3, Bade Rd., Songshan Dist., Taipei City 105608	Manufacturing of aero engine components R&D and sales of new Chinese herbal medicines and health foods Various technical services clinical trials	Incumbent
Independent director	HUANG, BAO-HUEI	Chairman of Midea Co., Ltd. Director of Chinese Television System Corporation Director of Tatung Company Chairman of Shouxi Policy Public Relations and Marketing Co., Ltd Chairman of Richest Power Investment Ltd. Chairman of Medbio biotechnology international Corporation LTD. Independent director of Locus Cell Co., Ltd.	2F.-3, No. 93, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104052 No. 100, Guangfu S. Rd., Da'an Dist., Taipei City 106451 No. 22, Sec. 3, Zhongshan N. Rd., Jiying Vil., 21 Neighborhood, Zhongshan Dist., Taipei City 104427 2F.-3, No. 93, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104052 2F.-3, No. 93, Lequn 2nd Rd., Zhongshan Dist., Taipei City 104052 3F., No. 136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City 106465 19 F.-12, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221416	Energy and equipment industry Television, Broadcast Program Production Manufacturing and sales of home appliance Investment Advisor Investment Advisor, Broadcast, Television Program Biotechnology Services Cosmetics Manufacturing	Incumbent

X. Appendices

Appendix I

RECHI PRECISION CO., LTD.

Articles of Incorporation (before amendment)

Chapter 1 General Principles

- Article 1 The Company is organized as a stock limited company in accordance with the Company Act and is named RECHI PRECISION CO., LTD.
- Article 2 The Company operates below businesses:
1. CB01990 Other Machinery Manufacturing
 2. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery
 3. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing
 4. F601020 Electronic appliance installation
 5. E603050 Automatic Control Equipment Engineering
 6. E801070 Kitchenware and Sanitary Fixtures Installation Engineering
 7. F113020 Wholesale of Electrical Appliances
 8. IG03010 Energy Technical Services
 9. ZZ99999 Non-prohibited or non-restricted businesses, in addition to the permitted business
- Article 2-1 The total amount of investment by the Company is not subject to the limit under Article 13 of the Company Act.
- Article 3 The Company may provide business guarantees as required for business.
- Article 4 The Company's headquarters is in Taoyuan City and it may set up branch organizations in other suitable locations as required, the incorporation and closure of which shall be determined by the board of directors.
- Article 5 The Company makes public announcements in accordance with Article 28 of the Company Act.

Chapter 2 Shares

- Article 6 The Company's total capital is NTD6,000,000,000, divided into 600,000,000 shares at NTD10 per share, which are all ordinary shares. The board of directors is authorized to issue unissued shares as required for the Company's business through multiple issuances.
- Article 6-1 The price at which the Company issues employee stock options is not subject to the limits imposed by applicable laws. However, the issuance must be approved by shareholders representing 2/3 of the voting rights represented in a shareholders' meeting that is attended by shareholders representing the majority of outstanding shares. Multiple filings may be made within one year from the date of the shareholders' resolution.
- Article 6-2 The Company may transfer treasury shares that it has repurchased to employees at a price that is lower than the average actual share repurchase price, subject to the applicable laws and consent of the shareholders' meeting.
- Article 7 The Company's shares may be issued without share certificates, subject to registration with the centralized securities custodian institution.
- Article 8 The Company shall process stock matters in accordance with applicable laws and the regulations of the government authority. Shareholder service matters may be handled by shareholder service institutions designated by the Company.

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

Chapter 3 Shareholders' Meeting

- Article 10 The Company's meetings of shareholders are divided into general meetings and special meetings. General meetings of shareholders are held once every year and shall be convened by the board of directors within 6 months from the end of each accounting year. Special meetings of shareholders are convened in accordance with the law as required.
- Article 10-1 Shareholders should be informed of the meeting date, place and subject 30 days in advance for the Annual Meeting of Shareholders and 15 days in advance for the extraordinary meeting of shareholders. A shareholder holding 1 percent or more of the total number of issued shares may submit to the Company a written proposal for discussion at a regular shareholders' meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. The Board of Directors may disregard shareholder proposals if the proposed agendas exhibit any of the conditions described in Paragraph 4, Article 172-1 of the Company Act. Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal. Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
- Article 11 Each shareholder of the Company has one vote per share, but there are no voting rights, in event of the occurrence of such events stated in Article 179 of the Company Act.
- Article 12 If a meeting of shareholders is convened by the board of directors, it shall be chaired by the chairman. If the chairman is on leave or cannot exercise his/her duties due to any reason, the vice-chairman shall act on the chairman's behalf. If the vice-chairman is also unavailable due to any reason, one director designated by the chairman shall act on the chairman's behalf.
- If the shareholders' meeting is convened by any person entitled to convene the meeting other than the board of directors, such person shall chairperson the meeting.
- Article 13 Except otherwise regulated by The Company Act, a shareholders' meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting.
- According to the authority's instructions, shareholders of the Company may vote using electronic means. Shareholders who vote using the electronic method are considered to have attended the shareholder meeting in person. Electronic voting shall proceed as regulated by law.
- Article 13-1 Resolutions of shareholder's meetings shall be recorded in the minutes, specifying the year, month, date and location of the meetings, the main proceedings and results of the meetings, the chairperson's name, the method of resolution, number of shareholders present and number of shares represented. The minutes shall be affixed with the chairperson's signature or seal and distributed to all shareholders within 20 days from

the meeting. The minutes may be distributed by public announcements. The minutes shall be kept in custody on permanent basis during the existence of the Company. The attendance registry for the signature of the attending shareholders or the proxy of the representative should be reserved for at least one year.

Chapter 4 Directors and the Board of Directors

- Article 14 The Company has 9 directors to form the board of directors, to be elected by the shareholders' meeting from among persons of legal capacities. The term is 3 years and the same person may be reelected upon expiry of the term. The Company may purchase liability for directors and officers to protect the interest of all shareholders and to lower the operating risk of the Company.
- Article 14-1 No more than half of the directors of the Company shall have any of the following relationships among them.
1. Spouse.
 2. A familial relationship within the second degree of kinship.
- Article 14-2 Among the number of directors under the previous article, the Company has three independent directors in accordance with Article 14-4 of the Securities and Exchange Act. Matters related to the exercise of duties by independent directors are in accordance with applicable provisions of the Securities and Exchange Act.
- Article 14-3 The Company's directors and independent directors are elected under candidate nomination system. Shareholders holding 1% or more of all outstanding shares and the board of directors may propose a list of candidates for directors and independent directors. Following review of the conditions required of directors and independent directors by the board of directors, the list shall be submitted to the shareholders' meeting. The shareholders shall elect the directors and independent directors from the candidate list.
- Matters related to the director and independent director nomination acceptance manner and public announcements shall be in accordance with applicable provisions of the Company Act and the Securities and Exchange Act.
- Article 15 All total number of shares held by all directors of the Company shall be in accordance with Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."
- Article 16 The directors form the board of directors. One chairman and once vice-chairman shall be elected by 2/3 directors attending a meeting that is attended by the majority of directors. The chairman serves as the Company's representative. If the chairman cannot perform his/her duties due to any reason, the vice- chairman shall act on the chairman's behalf. If the vice- chairman also cannot perform his/her duties due to any reason, one director appointed by the chairman shall act on the chairman's behalf.
- Article 17 The board of directors has the following duties:
1. Drafting of the articles of association of the Company.
 2. Approval and amendment of organizational charters of the Company.
 3. Approval of annual budget and review of annual closing, including the review of annual business plan and supervision of its execution.
 4. The Company's application for financing, guarantee, acceptance of notes within a certain amount or price (determined by the board of directors under authorization) from financial institution or any third party, as well as other lending, indebtedness or non-business advance of funds.
 5. Hiring and dismissal of important employees.
 6. Approval for endorsement, guarantee or acceptance of notes in the name of the Company.
 7. Establishment and closing of branch organizations.
 8. Approval for the Company's investment in other companies.

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

- Article 18 Board meetings are convened and chaired by the chairman. If the chairman is absent, the vice chairman shall act on the chairman's behalf. If the vice chairman is also unavailable, one director designated by the chairman shall act on the chairman's behalf. Board meetings are held once every 3 months. The chairman may convene special meetings as required. Board meetings of the Company may be convened electronically if agreed by the counterparties. During the intersessional period of the board of directors, other than matters that should be discussed by the board of directors in accordance with the law, the board of directors may authorize the chairman to exercise the duties of the board of directors in accordance with the law.
- Article 19 Unless otherwise provided by law, board resolutions shall be approved by the majority of directors attending a meeting that is attended by the majority of directors.
- Article 20 Any director who cannot attend a board meeting may designate another director to attend the meeting on his/her behalf. However, a director shall represent no more than one other director in attending a board meeting.

Chapter 5 Audit Committee

- Article 21 The Company has an audit committee in accordance with the law, which is formed by all independent directors.
- Article 22 The duties to be exercised by the supervisors in accordance with the Company Act, the Securities and Exchange Act and other laws shall be exercised by the audit committee.
- Article 23 The number of members of the audit committee, their term, the rules for their performance of duties and the resources that should be provided by the Company when they exercise their duties shall be further provided in the organizational charter of the audit committee in accordance with the law.

Chapter 6 Managers

- Article 24 If deemed necessary for the operation and organization of the group by the board of directors, the Company may have a CEO, COO, president, vice-president or other officers in accordance with the Company's operating or management needs.
- Each of the above officers may include one or multiple persons. Each officer shall follow the policies and operating guidelines resolved by the board of directors and the orders of the chairman and execute to manage all business within the scope of their allocated responsibilities.
- Article 25 The CEO, COO and president report to the chairman, the hiring, dismissal and remuneration of which shall be in accordance with Article 29 of the Company Act.

Chapter 7 Accounting

- Article 26 The Company's accounting year is from 1 January to 31 December.
- Article 27 The board of directors shall prepare below statements after the annual closing of the

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

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

Article 27-1

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

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

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

Article 27-2

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

Article 28

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

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

If the amount of shareholders' equity is reversed later, the profit may be distributed from the reversed portion of the special reserve.

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

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

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

Chapter 8 Additional notes

- Article 30 The organizational charters and bylaws of the Company shall be further established.
- Article 31 Any matter that is not stipulated in these articles of association shall be governed by the Company Act.
- Article 32 The Articles of Association was established on December 8, 1989.
The 1st amendment was made on December 10, 1990.
The 2nd amendment was made on February 23, 1991.
The 3rd amendment was made on July 1, 1991.
The 4th amendment was made on July 24, 1991.
The 5th amendment was made on September 20, 1991.
The 6th amendment was made on September 30, 1991.
The 7th amendment was made on May 22, 1992.
The 8th amendment was made on April 16, 1993.
The 9th amendment was made on April 20, 1994.
The 10th amendment was made on November 24, 1994.
The 11th amendment was made on May 18, 1995.
The 12th amendment was made on May 10, 1996.
The 13th amendment was made on May 8, 1997.
The 14th amendment was made on April 20, 1998.
The 15th amendment was made on November 15, 1999.
The 16th amendment was made on June 7, 2000.
The 17th amendment was made on June 27, 2002.
The 18th amendment was made on June 10, 2003.
The 19th amendment was made on June 15, 2004.
The 20th amendment was made on June 7, 2005.
The 21st amendment was made on June 22, 2006.
The 22nd amendment was made on June 13, 2007.
The 23rd amendment was made on June 13, 2008.
The 24th amendment was made on June 19, 2009.
The 25th amendment was made on June 18, 2010.
The 26th amendment was made on June 15, 2012.
The 27th amendment was made on June 17, 2013.
The 28th amendment was made on June 11, 2014.
The 29th amendment was made on June 18, 2015.
The 30th amendment was made on June 7, 2016.
The 31st amendment was made on June 22, 2017.
The 32nd amendment was made on June 16, 2020.
The 33rd amendment was made on June 15, 2022.

Appendix II

RECHI PRECISION CO., LTD.

Rules of Procedure for Shareholders' Meetings

- Article 1 The rules of procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulations or the articles of incorporation, shall be as provided in these Rules.
- Article 2 The Company shall accept shareholder attendance registration at least 30 minutes before the meeting. The location for attendance registration shall be clearly identified and staffed by sufficient and suitable staff.
- The shareholders or their representatives (hereinafter referred to as the "shareholders") shall attend the shareholders' meeting with the evidence of the attendance card, attendance register or other attendance documents; the proxy solicitors should bring proof of identity with them for examination.
- The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.
- When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- The number of shares represented in the meeting shall be calculated based on the attendance register or the number of attendance cards collected.
- Article 3 Attendance and votes in shareholder meetings shall be calculated based on shares. The number of shares in attendance shall be calculated according to the shares indicated by the sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- Article 4 The place of meeting of shareholders should be at the Company's or any suitable location or for shareholders to attend the meeting conveniently; also, the meeting of shareholders shall not be started before 9:00 or after 15:00.
- Article 5 If the shareholders' meeting is convened by the board of directors, the meeting shall be chaired by the chairman. If the chairman is on leave or cannot exercise his/her duties due to any reason, the vice- chairman shall act on the chairman's behalf. If the vice-chairman is also unavailable due to any reason, one director designated by the chairman shall act on the chairman's behalf.
- When a director serves as chairperson, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chairperson.
- If the shareholders' meeting is convened by any person entitled to convene the meeting other than the board of directors, such person shall chair the meeting.
- Article 5-1 30 days before a shareholders' meeting or 15 days before a special shareholders' meeting, the shareholders' meeting notice, proxy form, relevant proposals for recognition, discussion, election or dismissal of directors, etc. and explanation information shall be prepared as electronic files and sent to the Market Observation Post System. The Company shall prepare electronic versions of the shareholders' meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the

date of the regular shareholders' meeting or before 15 days before the date of the special shareholders' meeting. The Annual Meeting Handbooks and the supplementary information are made available to shareholders fifteen days prior to the annual meeting of shareholders; also, on display at the Company's and its Stock Agent's and distributed to shareholders at the meeting place.

- Article 5-2 The reasons for convening the meeting should be stated in the notice and announcement. The notice with the consent of the counterparty can be issued electronically.
- Article 5-3 Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 hereof shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions.
- Article 5-4 Where reelection of all directors as well as their inauguration date is stated in the "reasons for convening the shareholders' meeting" of the notice, after the completion of the reelection in said meeting, such inauguration date may not be altered by any extraordinary motion or any other way in the same meeting.
- Article 5-5 Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal, and in case a proposal contains more than one matter, such proposal shall not be included in the agenda. A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, when the circumstances of any sub-paragraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda.
- Article 5-6 Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, correspondence or electronic means, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.
- Article 5-7 Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders' meeting and take part in discussion of the proposal.
- Article 5-8 Prior to the date for issuance of notice of a shareholders' meeting, the Company shall inform the shareholders who submitted proposals of the proposal screening results and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders' meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.
- Article 6 The Company may assign its attorney, accountant or relevant staff to attend the shareholders' meeting. The shareholders' meeting staffs shall wear identification card or armbands.
- Article 7 The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting for the signature or seal of the Chairman. The minutes of meeting must be distributed to the shareholders in 20 days. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.
The meeting minutes shall accurately record the year, month, day and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted

and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of votes won by each candidate in the event of an election of director. It should be permanently reserved throughout the duration of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

- Article 13 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.
- When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- Article 14 After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.
- Article 15 A Chairman who believes that the proposal under discussion is ready for voting may at his discretion stop the discussion and call for a vote.
- Article 16 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.
- Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the votes.
- The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, the names of those not elected as directors, supervisors and the number of votes received.
- Article 17 For the resolution of proposals, unless otherwise provided in the Company Act and the Company Corporate Charter (Articles of Incorporation), the consent of a majority vote of the attending shareholders shall prevail. The shareholders are entitled to one vote per share, provided that the Company has no voting right for its own shares that it holds.
- When a shareholder attends a shareholders' meeting by proxy, unless it is a trust enterprise, if a person acts as the proxy for two or more shareholders, the voting rights represented shall not exceed 3% of the voting rights represented by all outstanding shares. Any voting right in excess of such limit shall be excluded from calculation.
- Shareholders cannot vote, or appoint proxies to vote, on any agenda items that present conflicting interests, if doing so may compromise The Company's interests.
- Article 17-1 When this Corporation holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to the original proposals.
- Article 18 When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary.
- Article 19 The meeting chairperson may instruct picketers (or security staffs) to help maintain order in the meeting. While maintaining order in the meeting, all scrutineers or security staff shall wear arm badges that identify their role as "Scrutineer."
- Article 20 In case of air strike alarm during a meeting, the meeting shall be suspended immediately and the participants shall be evacuated. The meeting shall resume one hour after the alarm is lifted.
- Article 21 Any matter that is not provided in these Rules shall be governed by the Company Act and the Articles of Association of the Company.

Article 22 These Rules and any amendments hereto shall be implemented after adoption by shareholders' meetings.
(The amendments to these Rules have been approved by annual general meeting of shareholders on August 26, 2021)

Appendix III

RECHI PRECISION CO., LTD. Director Shareholding Schedule

Date: April 15, 2025

Title	Name	Shareholdings
		Shares
Chairman	SAMPO CORPORATION Representative: CHEN, SHENG-TIEN	141,160,160
Vice chairman	SAMPO CORPORATION Representative: YANG, CHENG-MING	
Director	SAMPO CORPORATION Representative: FENG, MING-FA	
Director	Chuan Bao Investment Co., Ltd. Representative: CHEN, SHENG-CHUAN	6,147,762
Director	Sharp Corporation Representative: MISHIRO, KAZUHISA	22,771,289
Director	China Steel Corporation Representative: LIU, HUNG-YI	23,002,022
Independent director	SU, CHING-YANG	0
Independent director	CHEN, SHENG-WANG	0
Independent director	HUANG, BAO-HUEI	0
Subtotal of shares held by all directors		193,081,233
Minimum number of shares to be held by all directors		16,157,283

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