# RECHI PRECISION CO., LTD.

— 2025 Annual Report —

創新驅動
智造未來

Printed on May 18, 2026

For further information, please visit:
http://mops.twse.com.tw
https://www.rechi.com/

RECHI PRECISION

## Table of Contents

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

# [I. Letter to Shareholders]

Dear Shareholders,

In 2025, the global political and economic landscape changed rapidly. Affected by the United States' reciprocal tariff policy and geopolitical risks in various countries, global trade protectionism intensified, and global enterprises accelerated the reorganization of supply chains and regional deployment.

According to comprehensive reports and the Company's statistical analysis, China's air conditioner industry sales volume in 2025 was 198 million units, a year-on-year decrease of 1.2%, of which exports decreased by 3.4%, while the domestic sales market increased by 0.7% year on year; sales volume of the rotary compressor industry reached 289 million units, a year-on-year decrease of 2.8%. The air conditioner and compressor markets entered a cyclical correction after a high-base period.

The company achieved the 2025 annual compressor sales of 21.98 million units, a year-on-year increase of 3.5%, and the consolidated revenue of NTD 20.27 billion showed a year-on-year decrease of 5.76%.

I. Review of business operation results in 2025:

1. Profitability:

Consolidated Financial Statements

Unit: NTD thousand

| Items | 2025 | 2024 | Increase (decrease) in amount | Growth rate % |
|---|---|---|---|---|
| Operating revenue – net | 20,278,770 | 21,517,109 | (1,238,339) | -5.76% |
| Operating costs | 16,900,184 | 18,131,326 | (1,231,142) | -6.79% |
| Operating gross profit | 3,378,586 | 3,385,783 | (7,197) | -0.21% |
| Net operating income | 1,368,302 | 1,278,357 | 89,945 | 7.04% |
| Consolidated profit before tax | 1,523,850 | 1,545,572 | (21,722) | -1.41% |
| Consolidated net income | 1,103,247 | 1,073,527 | 29,720 | 2.77% |
| Net income attributable to the company | 1,015,991 | 1,007,539 | 8,452 | 0.84% |

2. Research & Development:

Completion of key projects is as follows:

- Development of 1~3TON Unitary compressor.
- Development of 18K fixed-frequency high-efficiency models for the Middle East.
- Iterative development of inverter 1HP pumps.
- Research and development of high-efficiency inverter dryer models.
- Iterative development of new pump bodies for dehumidifiers for North America.

3. Sales:

- Full-year compressor sales volume increased by 3.5% year on year, mainly due to enhanced competitiveness of inverter models, whose sales volume increased by 26.5% year on year
- Benefiting from breakthroughs in inverter products, procurement CD, and production optimization, the overall gross margin of compressors grew steadily.

II. Summary of Business Plan for 2026:

Looking ahead to 2026, environmental factors affecting the Company's operations are summarized as follows:

1. Global economic environment
   - In January 2026, the IMF estimated that the global economy would maintain moderate growth of 3.3% as inflation cooled.
   - U.S. trade policy and external risks
     The United States is promoting a reciprocal tariff policy and continuing its trade protectionist stance, increasing uncertainty in the global trade environment and accelerating enterprises' strategic adjustments toward diversification of production locations and regional deployment.
   - China market and involution trend
     China's economic growth rate in 2026 is estimated at 4.5%, down 0.5% from 2025. Although benefiting from a complete supply chain and export support, the momentum of domestic demand recovery remains insufficient. Coupled with continued capacity investment, this has intensified price competition and sustained the trend of industry involution, placing pressure on overall economic growth.
2. Industry status
   - Clear long-term growth momentum for the industry
     Driven by factors such as continuously rising global temperatures, increased consumer demand for comfort products, continued policy promotion of energy conservation and carbon reduction by various countries, and increased consumer awareness of energy conservation, demand for air conditioners has a foundation for long-term growth. In particular, air conditioner penetration rates in emerging markets (Latin America, India, and Africa) generally remain below 20%, leaving substantial room for increased market penetration and a clear medium- to long-term growth outlook for the industry.
   - Intensified competition among competing brands
     In recent years, China's first- and second-tier brands have developed rapidly and, leveraging their advantages in cost, scale, and completeness of product lines, have actively expanded into overseas markets, significantly eroding the market share of existing international brands and existing customers, while price competition pressure in the industry continues to increase.
   - Accelerated transformation of China's supply model
     China remains a major global producer of air conditioners and compressors. In response to the tariffs and geopolitical uncertainties, the industry supply chain model is gradually shifting from "product exports" to a trend of "localized overseas supply." Some customers have also established joint ventures with competitors to develop localized compressor production capacity in order to strengthen supply stability and cost control. According to Goldman Sachs' estimates, overseas production capacity of Chinese brands will increase by approximately 40% by 2027, which will further intensify competition in the global market.
   - Trend of bulk materials
     Copper:
     Driven by demand from electric vehicles, AI infrastructure, and power grid construction, copper prices have continued to rise in recent years. In 2025, the cumulative increase was approximately 37%, and LME copper futures once reached a record high of USD11,952/ton. Citi estimates that the average price in Q2 2026 could reach USD 13,000/ton.
     Steel:
     The World Steel Association (worldsteel) forecasts that global steel demand will recover slightly by 1.3% in 2026, with the focus of demand continuing to shift from

China to India. Affected by structural adjustments in the real estate sector, demand in China remains weak and has exacerbated excess capacity spillover; in India, demand continues to grow, driven by infrastructure investment.

Rare earth:

The rare earth market has shifted from a commodity attribute to a strategic attribute. In addition to supply and demand, prices are more affected by geopolitics, technological competition, and policies. Supported by demand for electric vehicles, AI, and robots, prices are expected to rise moderately in 2026, but short-term volatility risks have increased.

In the face of continued high uncertainty in the global economy, Rechi will continue to strengthen market sensitivity and the speed of decision-making response, and dynamically adjust its operational deployment to ensure the achievement of business objectives and enhance long-term competitiveness. On this basis, the Group's 2026 strategic objectives and operating guidelines are set out as follows:

1. The target of sales volume of compressors in the whole year is 24.5 million units or more.
2. Deepen strategic alliance relationships across upstream and downstream, cultivate core customers and strategic partners, and enhance satisfaction and trust.
3. Increase research and development expenditure, develop high-efficiency inverter products, expand product areas, and improve research and development efficiency.
4. Promote lean production through horizontal deployment and comprehensively improve customer satisfaction with quality, delivery, and cost.
5. Build a global operations talent pool and establish key succession pipelines and recruitment, development, and retention mechanisms.
6. Improve operational efficiency, refine processes, and make good use of AI technology.
7. Strengthen governance and risk control of investee companies, improve capital utilization efficiency and foreign exchange hedging control, and ensure the Group's steady development.
8. Continue to promote ESG sustainable development and fulfill corporate social responsibility.

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. Looking ahead to 2026, the Company will continue to strengthen its competitiveness and multinational operating capabilities, continue benchmarking against industry leaders, go all out in approaching the market and securing orders, and improve revenue and profitability. On the basis of stable growth in its core business, it will strategically seek opportunities and pathways to enter the technology industry and continue to maximize corporate value.

Chairman: President: Accounting Supervisor:

# [II. Corporate Governance Report]

## I. Information on Directors, President, Vice Presidents, Asst. VP, and the chiefs of all the company's divisions and branch units

### 1. Profiles of Directors (I)

April 14, 2026

| Title | Nationality or place of registration | Name | Gender Age range | Date of (elected to) office | Tenure | Initial date of elected to office | Shareholding at time of election | | Current shareholding | | Shareholding of spouse and dependents at present | | Shareholding by nominee arrangement | | Major (academic degree) experience | Holding other positions of the Company and other companies at present | Other executive, director or supervisor who is a spouse or kindred within the 2nd tier under the Civil Code | | | Remarks (Note) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | | | Title | Name | Relation | |
| Institutional Director | R.O.C. | SAMPO CORPORATION | – | 2023/6/15 | 3 years | 1988/12/08 | 138,160,160 | 27.36% | 143,180,160 | 28.93% | - | - | - | - | – | – | – | – | – | |
| Chairman & Corporate Director representative | R.O.C. | Representative: CHEN, SHENG TIEN | Male 71-80 | 2023/6/15 | 3 years | 1989/12/8-94/6/7<br>2011/6/22-2011/9/30<br>2014/6/11~ | 0 | 0% | 0 | 0% | 733 | 0% | 0 | 0% | Education and Professional Qualification<br>Bachelor's degree in Hydraulic Engineering, National Cheng Kung University<br>Master's degree in Civil Engineering, Utah State University<br>Experience<br>Chairman of Rechi Holdings Co., Ltd<br>Chairman of Sampo Home Inc.<br>Chairman of AMIGO LOGISTICS CORPORATION<br>Chairman of SAMPO International Food Service Co., Ltd. | Chairman of SAMPO CORPORATION<br>Chairman of Rechi Investments Co., Ltd.<br>Chairman of Rechi Holdings Co., Ltd<br>Chairman of AMIGO LOGISTICS CORPORATION<br>Chairman of Sampo Japan Co., Ltd.<br>Director of Magnet Industry Ltd. | Director | CHEN, SHENG CHUAN | Brothers | |
| Vice Chairman & Corporate Director representative | R.O.C. | Representative: YANG, CHENG MING | Male 71-80 | 2023/6/15 | 3 years | 2020/6/16 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Education and Professional Qualification<br>Bachelor's degree in Engineering Science, National Cheng Kung University<br>Experience<br>Chairman of Xinbao Enterprise (Tianjin) Co., Ltd.<br>Chairman of Debao Enterprise (Tianjin) Co., Ltd.<br>Vice President of SAMPO CORPORATION | Advisor to SAMPO CORPORATION<br>Chairman of Dyna Rechi Co., Ltd.<br>Director of RECHI Investments Co., Ltd. | None | None | None | |
| Corporate Director representative | R.O.C. | Representative: FENG, MING FA | Male 61-70 | 2023/6/15 | 3 years | 2023/6/15 | 259,879 | 0.05% | 259,879 | 0.05% | 130,000 | 0.03% | 0 | 0% | Education and Professional Qualification<br>Doctoral Degree, Virginia Polytechnic Institute and State University<br>Experience<br>Vice President of RECHI PRECISION CO., LTD. | Director/President of Rechi Investments Co., Ltd.<br>Director of Rechi International Holdings Co., Ltd<br>Director of Rechi Investments Holdings Co., Ltd.<br>Chairman of GR Holdings (Hong Kong) Limited<br>Director of Rechi Refrigeration Dongguan Co., Ltd.<br>Director of Dongguan Rechi Compressor Co., Ltd.<br>Director of TCL Rechi (Huizhou) Refrigeration Equipment Company Limited<br>Director of Rechi Precision (Huizhou) Mechanism Company<br>Director of Qingdao Rechi Electric Machinery Sales Company<br>Director of Dyna Rechi Co., Ltd.<br>Director of Ablek Technology Co., Ltd. | None | None | None | |
| Institutional | Japan | Sharp | – | 2023/6/15 | 3 | 2011/06/22 | 22,771,289 | 4.51% | 22,771,289 | 4.60% | - | - | - | | – | – | – | – | – | |

| Title | Nationality or place of registration | Name | Gender Age range | Date of (elected to) office | Tenure | Initial date of elected to office | Shareholding at time of election | | Current shareholding | | Shareholding of spouse and dependents at present | | Shareholding by nominee arrangement | | Major (academic degree) experience | Holding other positions of the Company and other companies at present | Other executive, director or supervisor who is a spouse or kindred within the 2nd tier under the Civil Code | | | Remarks (Note) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | | | Title | Name | Relation | |
| Director | | Corporation | | | years | | | | | | | | | | | | | | | |
| Corporate Director representative | Japan | Representative: MISHIRO, KAZUHISA | Male 41-50 | 2023/6/15 | 3 years | 2022/05/23 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Education and Professional Qualification<br>Major of Structural Engineering, Graduate School of Engineering, University of Tsukuba<br>Experience<br>Department manager of Air Conditioning Business Unit of Sharp Corporation | Department manager of Air Conditioning Business Unit of Sharp Corporation | None | None | None | Re-appointed on July 15, 2025 |
| Corporate Director representative | Japan | Representative: AKIHISA MASUO | Male 51-60 | 2025/07/15 | 3 years | 2025/07/15 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Education and Professional Qualification<br>Major of Structural Engineering, Graduate School of Engineering, University of Tsukuba<br>Experience<br>Department manager of Air Conditioning Business Unit of Sharp Corporation | Department manager of Air Conditioning Business Unit of Sharp Corporation | None | None | None | Appointed on July 15, 2025 |
| Institutional Director | R.O.C. | China Steel Corporation | – | 2023/6/15 | 3 years | 2011/06/22 | 23,002,022 | 4.56% | 23,002,022 | 4.65% | - | - | - | - | – | – | – | – | – | |
| Corporate Director representative | R.O.C. | Representative: LIU, HUNG YI | Male 61-70 | 2024/9/18 | 3 years | 2024/09/18 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Education and Professional Qualification<br>PhD, Department of Materials Science and Engineering, National Cheng Kung University<br>Experience<br>Assistant Vice President of Technology Division of China Steel Corporation | Vice President of Technology Division of China Steel Corporation<br>Director of CHINA STEEL CHEMICAL CORPORATION<br>Director, Chung Fa Holding Co., Ltd.<br>Director of China Steel Power Corporation<br>Director of Honley Auto. Parts Co., Ltd.<br>Director of Infochamp Systems Corporation<br>Director, HC&C AUTO PARTS CO., LTD.<br>Director, CSC TOURS TRAVEL SERVICE CO., LTD. | None | None | None | - |
| Institutional Director | R.O.C. | Chuan Bao Investment Co., Ltd. | – | 2023/6/15 | 3 years | 2014/06/11 | 4,135,762 | 0.82% | 6,147,762 | 1.24% | - | - | - | - | – | – | – | – | – | |
| Corporate Director representative | R.O.C. | Representative: CHEN, SHENG CHUAN | Male 71-80 | 2023/6/15 | 3 years | 2020/06/16 | 112,550 | 0.02% | 0 | 0% | 0 | 0% | 0 | 0% | Education and Professional Qualification<br>Bachelor's degree in Electrical Engineering, National Taiwan University<br>Master's degree in Electrical Engineering, University of Cincinnati<br>Experience<br>Chairman of SAMPO CORPORATION<br>Chairman of RECHI PRECISION CO., LTD.<br>Chairman of Sony Industries Taiwan Co., Limited<br>Director of New Castle International Investment Limited<br>Director of AMIGO LOGISTICS CORPORATION | Chairman of NUCOM INTERNATIONAL CORPORATION<br>Vice Chairman of SAMPO CORPORATION<br>Director of Sunpo International Investment Co., Ltd.<br>Director of AMIGO LOGISTICS CORPORATION<br>Director of DongGuan Sheng Bo Electronics Co., Ltd.<br>Chairman of Synvision Technology Service Corporation | Chairman | CHEN, SHENG TIEN | Brothers | |
| Independent director | R.O.C. | SU, CHING YANG | Male 71-80 | 2023/6/15 | 3 years | 2014/06/11 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Education and Professional Qualification<br>BA, Mechanical Engineering, | Independent Director/Audit Committee/Remuneration Committee of Aerowin | None | None | None | |

| Title | Nationality or place of registration | Name | Gender Age range | Date of (elected to) office | Tenure | Initial date of elected to office | Shareholding at time of election | | Current shareholding | | Shareholding of spouse and dependents at present | | Shareholding by nominee arrangement | | Major (academic degree) experience | Holding other positions of the Company and other companies at present | Other executive, director or supervisor who is a spouse or kindred within the 2nd tier under the Civil Code | | | Remarks (Note) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | | | Title | Name | Relation | |
| | | | | | | | | | | | | | | | National Cheng Kung University<br>Executives Program, Graduate School of Business Administration, National Chengchi University<br>2005 Outstanding Alumni of National Cheng Kung University<br>Mechanical Engineering Medal, Chinese Society of Mechanical Engineers<br>Experience<br>Executive Director, Metal Industries Research and Development Centre<br>Executive Director/ Taiwan Transportation Vehicle Manufactures Association<br>Deputy Executive Manager/General Management Office/Yulong Group<br>Director/President of China Motor<br>President /China Engine Corporation<br>Chairman of Fortune Motors Co., Ltd.<br>Chairman of Sinjang Co., Ltd. (Sinjan Auto Auction)<br>Vice President/ Shung Ye Motor Co., Ltd.<br>Director/Daimler Vans Hong Kong Limited<br>Vice President/Beijing Buorui Automobile Sale & Service Co., Ltd.<br>Director/Yulon Finance Corporation<br>Director/Tokio Marine Newa insurance Co., Ltd. (Motor Insurance)<br>Director/Yulon Finance Corporation<br>CEO/Capital Motors Inc.<br>President of Joy Technology (Shenzhen) Co., Ltd./Consultant of ACCTON Technology Corporation<br>Independent Director/Qisda Corporation<br>Consultant/ Tan Chong Group, Malaysia | Technology Corporation<br>Director of NATUREWISE BIOTECH & MEDICALS CORPORATION | | | | |
| Independent director | R.O.C. | CHEN, SHENG WANG | Male 61-70 | 2023/6/15 | 3 years | 2017/06/22 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Education and Professional Qualification<br>Master's, In-service Master Program in Economics, National Taiwan University<br>EMBA, International Business, National Taiwan University<br>Experience<br>President of SHARP Taiwan<br>Director/Sampo Corporation<br>Chief Administrative Officer/Division of Administration, Sampo Corporation<br>General Manager/ Electronic Business Division, Sampo Corporation<br>Director of the Electronic Product Planning Department/Sampo Corporation<br>General Manager of Sampo Corp., | None | None | None | None | |

| Title | Nationality or place of registration | Name | Gender Age range | Date of (elected to) office | Tenure | Initial date of elected to office | Shareholding at time of election | | Current shareholding | | Shareholding of spouse and dependents at present | | Shareholding by nominee arrangement | | Major (academic degree) experience | Holding other positions of the Company and other companies at present | Other executive, director or supervisor who is a spouse or kindred within the 2nd tier under the Civil Code | | | Remarks (Note) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | Number of shares | Shareholding percentage % | | | Title | Name | Relation | |
| | | | | | | | | | | | | | | | Netherland<br>General Manager of Sampo Corp., UK | | | | | |
| Independent director | R.O.C. | HUANG, PAO HUI | Female 51-60 | 2023/6/15 | 3 years | 2023/6/15 | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | Education and Professional Qualification<br>Doctor of Business Administration, College of Management, National Taiwan University<br>Experience<br>Director of Want Want Broadband | Chairman of Midea Co., Ltd.<br>Director of Chinese Television System Corporation<br>Director of Tatung Company<br>Chairman of Shouxi Policy Public Relations and Marketing Co., Ltd<br>Chairman of Richest Power Investment Ltd.<br>Chairman of Medbio biotechnology international Corporation LTD.<br>Independent Director/Remuneration Committee/Audit Committee of Locus Cell Co., Ltd.<br>Independent Director/Remuneration Committee/Audit Committee of Vigor Kobo Company Limited | None | None | None | |

Note: Where the Chairman of the Company and the President or the person with equivalent position (the top-level manager) are the same person, each other's spouse, or relatives, the reason, reasonableness, necessity, and countermeasures shall be specified: N/A.

Major shareholders of institutional shareholders

April 30, 2026

| Names of Institutional Shareholders | Major shareholders of institutional shareholders | Shareholding ratio |
|---|---|---|
| Sampo Corporation | McLetti Investment Co., Ltd. | 8.53% |
| | Steffili Investment Co., Ltd. | 4.72% |
| | Nucom Investment Co., Ltd. | 4.69% |
| | Monteliso Development Co., Ltd. | 3.66% |
| | Chuan Bao Investment Co., Ltd. | 2.62% |
| | SAMPO Corporation treasury stock account | 2.60% |
| | CHEN, SHENG WEI | 2.11% |
| | CHEN, SHENG CHUAN | 1.75% |
| | Deutsche Bank Taipei Branch has been entrusted with the custody of the SPDR® Index Share Fund's SPDR portfolio emerging market ETF investment account. | 1.50% |
| | SAMPO Development and Construction Company Ltd. | 1.44% |
| Sharp Corporation | HON HAI PRECISION IND.CO., LTD. | 22.32% |
| | SIO INTERNATIONAL HOLDINGS LIMITED | 13.23% |
| | FOXCONN (FAR EAST) LIMITED | 11.81% |
| | FOXCONN TECHNOLOGY PTE. LTD. | 9.96% |
| | CLEARSTREAM BANKING S.A. | 5.82% |
| | The Master Trust Bank of Japan, Ltd. (Trust Business) | 4.65% |
| | LGT BANK LTD | 4.01% |
| | Morgan Stanley MUFG Securities Co., Ltd. | 1.17% |
| | Custody Bank of Japan, Ltd. (Trust Business) | 1.16% |
| | UBS AG LONDON A／C IPB SEGREGATED CLIENT ACCOUNT | 0.81% |
| China Steel Corporation | Ministry of Economic Affairs | 20.00% |
| | Employee Stock Ownership Trust of China Steel Corporation under custody of Mega International Commercial Bank | 2.61% |
| | Transglory Investment Corporation | 1.63% |
| | Chunghwa Post Co., Ltd. | 1.20% |
| | Winning Investment Corporation | 1.02% |
| | Yuanta Taiwan Top 50 Securities Investment Trust Fund Account | 1.01% |
| | Advanced Starlight Advanced Integrated International Stock Index under custody of Chase Bank | 0.95% |
| | Vanguard Stock Index Account under custody of Taipei Branch, JPMorgan Chase Bank | 0.91% |
| | Taiwan Life Insurance Co., Ltd. | 0.78% |
| | Labor Pension Fund (the New Fund) | 0.72% |
| Chuan Bao Investment Co., Ltd. | Sampo Corporation | 100.00% |

Major shareholder(s) of institutional shareholders

April 30, 2026

| Names of Institutional Shareholders | Major shareholder(s) of institutional shareholders | Shareholding ratio |
|---|---|---|
| McLetti Investment Co., Ltd. | McLetti Investment Co., Ltd. (BVI) | 99.91% |
| Steffili Investment Co., Ltd. | McLetti Investment Co., Ltd. (BVI) | 100% |
| Nucom Investment Co., Ltd. | Nucom International Corporation | 100% |
| Monteliso Development Co., Ltd. | CHEN, SHENG CHIA | 58.62% |
| | CHEN, YI-HSIU | 39.57% |
| SAMPO Corporation treasury stock account | N/A | |
| Deutsche Bank Taipei Branch has been entrusted with the custody of the SPDR® Index Share Fund's SPDR portfolio emerging market ETF investment account. | N/A | |
| SAMPO Development and Construction Company Ltd. | McLetti Investment Co., Ltd. | 100% |
| HON HAI PRECISION IND.CO., LTD. | Terry Gou | 12.40% |
| | Labor Pension Fund | 1.77% |
| | CTBC Bank Custody for Yuanta/P-shares Taiwan Top 50 ETF | 1.68% |
| | Standard Chartered Bank Custody for LGT Bank Ltd. Investment Account | 1.30% |
| | Standard Chartered Bank Custody for State Street Global All Cap Equity Ex-US Index Portfolio | 1.26% |
| | JPMorgan Chase Bank Custody for Vanguard Emerging Markets Stock Index Fund | 1.20% |
| | Citibank Taiwan Custody for iShares Core MSCI Emerging Markets ETF | 0.99% |
| | Citibank Custody for Norges Bank Investment Management | 0.96% |
| | Citibank Custody for Government of Singapore Investment Corporation (GIC) | 0.93% |
| | Standard Chartered Bank Custody for State Street Trust Company Total International Stock Market Index Trust II | 0.63% |
| Custody Bank of Japan, Ltd. | Sumitomo Mitsui Trust Group, Inc. | 33.3% |
| | Mizuho Financial Group, Inc. | 27.0% |
| | Resona Bank | 16.7% |
| | Daiichi Life Insurance Co., Ltd. | 8.0% |
| | Asahi Mutual Life Insurance Company | 5.0% |
| | Meiji Yasuda Life Insurance Company | 4.5% |
| | JAPAN POST INSURANCE Co.,Ltd. | 3.5% |
| | Fukoku Mutual Life Insurance Company | 2.0% |
| Transglory Investment Corporation | China Steel Express | 48.28% |
| | CHUNG HUNG STEEL CORPORATION | 35.59% |
| | CHINA STEEL CHEMICAL CORPORATION | 8.9% |
| | United Steel Engineering & Construction Corp. | 3.23% |
| Chunghwa Post Co., Ltd. | Ministry of Transportation and Communications | 100% |
| Winning Investment Corporation | Gains Investment Corporation | 49% |
| | Transglory Investment Corporation | 30% |
| | Maruichi Steel Tube Ltd. | 21% |
| Taiwan Life Insurance Co., Ltd. | CTBC Financial Holding Co., Ltd. | 100% |

Profiles of Directors (II)

1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors

| By identity | Name (Condition) | Professional Qualification Requirements | Independence | Number of public companies that Independent Directors also hold positions |
|---|---|---|---|---|
| Director | CHEN, SHENG TIEN | Please refer to p. 4-7 on (I) Profiles of Directors for director's professional qualification and experience Not been a person of any conditions defined in Article 30 of the Company Law. | N/A | 0 |
| Director | YANG, CHENG MING | | | 0 |
| Director | FENG, MING FA | | | 0 |
| Director | CHEN, SHENG CHUAN | | | 0 |
| Director | LIU, HUNG YI | | | 0 |
| Director | AKIHISA MASUO | | | 0 |
| Independent director Audit Committee member | SU, CHING YANG | | All independent directors confirming their independence pursuant to the following:<br>1 Pursuant to regulations in Article 14(2) of the "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Director and Compliance Matters for Public Companies".<br>2. Themselves (or under the name of another person) or spouses or minor children thereof, held none of the Company's shares.<br>3. Receives no compensation from the company or related companies for providing business, legal, financial, accounting, and other related services in the past two years. | 1 |
| Independent director Audit Committee member | CHEN, SHENG WANG | | | 0 |
| Independent director Audit Committee member | HUANG, PAO HUI | | | 2 |

2. Diversity and Independence of the Board:

   Management objectives: Directors concurrently serving as company executives shall not exceed one-third of the director seats; more than half of the director seats shall not have spousal or close blood relationships within the second degree of kinship; cross-industry directors should be increased; at least one female director shall be a member of the board of directors.

   (I) Board Diversity: For the 14th session of the board of directors, there are a total of 9 members, including one Japanese director (11.11%); one director with an executive position (11.11%); one female director (11.11%); directors' industry experience covers finance, technology, biotechnology, trade, logistics, etc. Independent directors account for 33.33% (including one independent director with a tenure of 1 to 3 years, one independent director with a tenure of 7 to 9 years, and one independent director with a tenure of 10 to 12 years). Possess strengths in leadership, business management, operational judgment, industry expertise, international perspective, and crisis management, and fully achieve the established diversity objectives for members of the Board of Directors.

(II) Board Independence: The Company's 14th Session of the Board comprises 9 members, of whom 33.3% are independent directors. Of the Board members, except the 2 directors (22.22%) who are relatives of 2nd-degree kinship, the rest of the other directors are compliant with regulations in paragraphs 3 and paragraph 4, Article 26-3 of the "Securities and Exchange Act".

2. Profiles of President, Executive Vice Presidents, Asst. VP, and supervisors of the various departments and branches April 14, 2026

| Title | Nationality | Name | Gender | Date of (elected to) office | Shareholding | | Shareholding by spouse or dependents | | Shareholding by nominee arrangement | | Major (academic degree) experience | Holding positions in other companies at present | Spouse or kin within the second degree of kinship under the Civil Code and who is a manager | | | Remarks (Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relation | |
| President | R.O.C. | FENG, MING FA | Male | 2017/06/22 | 259,879 | 0.05% | 130,000 | 0.03% | 0 | 0% | (Experience) Vice President of RECHI PRECISION CO., LTD.<br>(Education) Doctoral Degree, Virginia Polytechnic Institute and State University | Director/President of Rechi Investments Co., Ltd.<br>Director of Rechi International Holdings Co., Ltd<br>Director of Rechi Investments Holdings Co., Ltd.<br>Chairman of GR Holdings (Hong Kong) Limited<br>Director of Rechi Refrigeration Dongguan Co., Ltd.<br>Director of Dongguan Rechi Compressor Co., Ltd.<br>Director of TCL Rechi (Huizhou) Refrigeration Equipment Company Limited<br>Director of Rechi Precision (Huizhou) Mechanism Company<br>Director of Qingdao Rechi Electric Machinery Sales Company<br>Director of Dyna Rechi Co., Ltd.<br>Director of Ablek Technology Co., Ltd. | None | None | None | |
| Vice President | R.O.C. | WU, YI WEN | Male | 2009/12/01 | 418,957 | 0.08% | 0 | 0% | 0 | 0% | (Experience) Assistant VP of RECHI PRECISION CO., LTD.<br>(Education) Mechanical Engineering, National Taipei University of Technology | Chairman of Rechi Refrigeration Dongguan Co., Ltd.<br>Chairman of Dongguan Rechi Compressor Co., Ltd.<br>Vice Chairman of TCL Rechi (Huizhou) Refrigeration Equipment Company Limited<br>Vice Chairman of Rechi Precision (Huizhou) Mechanism Company<br>Director of Rechi Precision (Qingdao) Electric Machinery Limited<br>Director of Qingdao Rechi Electric Machinery Sales Company<br>Director of Dyna Rechi Co., Ltd.<br>Chairman of Dyna Rechi Jiujiang Co., Ltd.<br>Chairman of Rechi Precision (Jiujiang) Electric Machinery Limited | None | None | None | |
| Vice President | R.O.C. | KO, CHIH CHENG | Male | 2017/01/01 | 187,783 | 0.04% | 0 | 0% | 0 | 0% | (Experience) Assistant VP of RECHI PRECISION CO., LTD.<br>(Education)Master of | Supervisor of Rechi Investments Co., Ltd.<br>Director of GR Holdings (Hong Kong) Limited<br>Director of Rechi Refrigeration Dongguan | None | None | None | |

| Title | Nationality | Name | Gender | Date of (elected to) office | Shareholding | | Shareholding by spouse or dependents | | Shareholding by nominee arrangement | | Major (academic degree) experience | Holding positions in other companies at present | Spouse or kin within the second degree of kinship under the Civil Code and who is a manager | | | Remarks (Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relation | |
| | | | | | | | | | | | International Business Administration at National Taiwan University. | Co., Ltd.<br>Director of Dongguan Rechi Compressor Co., Ltd.<br>Supervisor of TCL Rechi (Huizhou) Refrigeration Equipment Company Limited<br>Supervisor of Rechi Precision (Huizhou) Mechanism Company<br>Chairman of Rechi Precision (Qingdao) Electric Machinery Limited<br>Chairman of Qingdao Rechi Electric Machinery Sales Company<br>Director of Dyna Rechi Co., Ltd.<br>Director of Dyna Rechi Jiujiang Co., Ltd.<br>Supervisor of Rechi Precision (Jiujiang) Electric Machinery Limited<br>Director of Qingdao China Steel Precision Metal Co., Ltd.<br>Supervisor of Ablek Technology Co., Ltd.<br>Supervisor of Ablek Technology Ltd. | | | | |
| Assistant VP | R.O.C. | LIU, SHIH CHIEH | Male | 2018/11/05 | 52,193 | 0.01% | 0 | 0% | 0 | 0% | (Experience) President of TCL Rechi (Huizhou) Refrigeration Equipment Company Limited<br>(Education) Mechanical ;ineering, Oriental Institute 'echnology | Director of RECHI Precision (Jiujiang) Electric Machinery Limited<br>Director of TCL Rechi (Huizhou) Refrigeration Equipment Company Limited<br>Director of Rechi Precision (Huizhou) Mechanism Company<br>Director of Dyna Rechi Jiujiang Co., Ltd. | None | None | None | |
| Assistant VP | R.O.C. | CHIEN, CHENG CHUNG | Male | 2019/01/01 | 25,823 | 0.01% | 3,000 | 0% | 0 | 0% | (Experience) Manager of Quality Assurance Department and Director of Quality Control Center, RECHI PRECISION CO., LTD.<br>(Education) Master's degree /echanical Engineering, ional Sun Yat-sen University | Director of Ablek Technology Co., Ltd.<br>Director of Ablek Technology Ltd. | None | None | None | |
| Assistant VP | R.O.C. | LO, PEI CHOU | Male | 2021/01/01 | 30,000 | 0.01% | 0 | 0% | 0 | 0% | Director of Operation Strategy Development Center/(Experience) RECHI PRECISION CO., LTD.<br>(Education) Mechanical | Director of Daikin Rechi India Private Limited | None | None | None | |

| Title | Nationality | Name | Gender | Date of (elected to) office | Shareholding | | Shareholding by spouse or dependents | | Shareholding by nominee arrangement | | Major (academic degree) experience | Holding positions in other companies at present | Spouse or kin within the second degree of kinship under the Civil Code and who is a manager | | | Remarks (Note 1) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | | | Title | Name | Relation | |
| | | | | | | | | | | | Engineering, Ta Hwa University of Science and Technology | | | | | |
| Assistant VP | R.O.C. | HSIEH, MING-FENG | Male | 2022/07/01 | 50 | 0.00% | 0 | 0% | 0 | 0% | (Experience) President of Ablek Technology Ltd.<br>(Education) Graduate School of Mechanical Engineering, National Chiao Tung University | Director of Daikin Rechi India Private Limited | None | None | None | |
| Assistant VP | R.O.C. | Chang, Chun-Hao | Male | 2025/01/01 | 24,000 | 0.00% | 0 | 0% | 0 | 0% | (Experience) Vice President of Rechi Precision (Jiujiang) Electric Machinery Limited<br>(Education) Department of Industrial Engineering, Minghsin University of Science and Technology | President of Rechi Precision (Jiujiang) Electric Machinery Limited | None | None | None | |
| Assistant VP | R.O.C. | HSU, HSI KUN | Male | 2026/03/01 | 54,552 | 0.01% | 0 | 0% | 0 | 0% | (Experience) Manager, New Product Department, Rechi Precision Co., Ltd.<br>(Education) Department of Mechanical Engineering, Chung Yuan Christian University | None | None | None | None | |
| Chief Financial Officer/Chief Accounting Officer | R.O.C. | WU, CHIN MEI | Female | 2009/01/07 | 32,767 | 0.01% | 266 | 0% | 0 | 0% | (Experience) Section Chief in Accounting, RECHI PRECISION CO., LTD.<br>(Education) Business Administration, Minghsin University of Science and Technology | Chief Accounting Officer of Rechi Holdings Co., Ltd.<br>Supervisor of Rechi Refrigeration Dongguan Co., Ltd.<br>Supervisor of Dongguan Rechi Compressor Co., Ltd.<br>Supervisor of Rechi Precision (Qingdao) Electric Machinery Limited<br>Supervisor of Qingdao Rechi Electric Machinery Sales Company | None | None | None | |

Note 1: Where the President or the person with equivalent position (the top-level manager) and the Chairman of the Company are the same person, each other's spouse, or relatives, the reason, reasonableness, necessity, and countermeasures shall be disclosed: N/A.

# II. Remuneration paid to directors, the President, and the Vice Presidents in the most recent year

## 1. Remuneration to Directors (including independent directors) Unit: NTD thousands

| Title | Name | Remuneration to directors | | | | | | | | The sum of A, B, C, and D in proportion to after-tax net income | | Remuneration for performance of works as employees | | | | | | | | The sum of A, B, C, D, E, F, and G in proportion to after-tax net income (%) | | Remuneration received from the invested companies other than the subsidiaries and the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Director fees (A) | | Severance payment and pension (B) | | Remuneration to directors (Note 1) | | Fees for performance of works (D) | | | | Salaries, bonus, and special allowance (E) | | Severance payment and pension (F) (Note 2) | | Remuneration to employees (G) | | | | | | |
| | | | | | | | | | | | | | | | | The Company | | All companies included in the financial statements | | | | |
| | | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | Amount in cash | Amount in stock | Amount in cash | Amount in stock | The Company | All companies included in the financial statements | |
| Institutional Director | SAMPO CORPORATION | 2,400 | 2,400 | 0 | 0 | 10,769 | 10,769 | 0 | 0 | 13,169<br>1.2962% | 13,169<br>1.2962% | - | - | - | - | - | - | - | - | 13,169<br>1.2962% | 13,169<br>1.2962% | 0 |
| Chairman | Representative of SAMPO CORPORATION CHEN, SHENG TIEN | 3,600 | 3,600 | 0 | 0 | 0 | 0 | 30 | 30 | 3,630<br>0.3573% | 3,630<br>0.3573% | 1,200 | 1,200 | 0 | 0 | 0 | 0 | 0 | 0 | 4,830<br>0.4754% | 4,830<br>0.4754% | 0 |
| Director | Representative of SAMPO CORPORATION YANG, CHENG MING | 0 | 0 | 0 | 0 | 0 | 0 | 36 | 36 | 36<br>0.0035% | 36<br>0.0035% | 4,600 | 4,600 | 0 | 0 | 3,223 | 0 | 3,223 | 0 | 7,859<br>0.7735% | 7,859<br>0.7735% | 0 |
| Director | Representative of SAMPO CORPORATION FENG, MING FA | 0 | 0 | 0 | 0 | 0 | 0 | 36 | 36 | 36<br>0.0035% | 36<br>0.0035% | 6,800 | 6,800 | 120 | 120 | 3,223 | 0 | 3,223 | 0 | 10,179<br>1.0019% | 10,179<br>1.0019% | 0 |
| Institutional Director | Sharp Corporation | 360 | 360 | 0 | 0 | 1,795 | 1,795 | 0 | 0 | 2,155<br>0.2121% | 2,155<br>0.2121% | - | - | - | - | - | - | - | - | 2,155<br>0.2121% | 2,155<br>0.2121% | 0 |
| Director | Representative of Sharp Corporation MISHIRO, KAZUHISA | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 6 | 6<br>0.0006% | 6<br>0.0006% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6<br>0.0006% | 6<br>0.0006% | |
| Director | Representative of Sharp Corporation AKIHISA MASUO | 0 | 0 | 0 | 0 | 0 | 0 | 12 | 12 | 12<br>0.0012% | 12<br>0.0012% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12<br>0.0012% | 12<br>0.0012% | 0 |
| Institutional Director | China Steel Corporation | 360 | 360 | 0 | 0 | 1,795 | 1,795 | 24 | 24 | 2,179<br>0.2145% | 2,179<br>0.2145% | - | - | - | - | - | - | - | - | 2,179<br>0.2145% | 2,179<br>0.2145% | 0 |
| Director | Representative of China Steel Corporation LIU, HUNG YI | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0<br>0% | 0<br>0% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0<br>0% | 0<br>0% | 0 |
| Institutional Director | Chuan Bao Investment Co., Ltd. | 0 | 0 | 0 | 0 | 1,795 | 1,795 | 0 | 0 | 1,795<br>0.1767% | 1,795<br>0.1767% | - | - | - | - | - | - | - | - | 1,795<br>0.1767% | 1,795<br>0.1767% | 0 |
| Director | Representative of Chuan Bao Investment Co., Ltd. CHEN, SHENG CHUAN | 360 | 360 | 0 | 0 | 0 | 0 | 30 | 30 | 390<br>0.0384% | 390<br>0.0384% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 390<br>0.0384% | 390<br>0.0384% | 0 |
| Independent director | SU, CHING YANG | 720 | 720 | 0 | 0 | 1,435 | 1,435 | 42 | 42 | 2,197<br>0.2162% | 2,197<br>0.2162% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,197<br>0.2162% | 2,197<br>0.2162% | 0 |
| Independent director | CHEN, SHENG WANG | 720 | 720 | 0 | 0 | 1,435 | 1,435 | 30 | 30 | 2,185<br>0.2150% | 2,185<br>0.2150% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,185<br>0.2150% | 2,185<br>0.2150% | 0 |
| Independent director | HUANG, PAO HUI | 720 | 720 | 0 | 0 | 1,435 | 1,435 | 36 | 36 | 2,191<br>0.2156% | 2,191<br>0.2156% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,191<br>0.2156% | 2,191<br>0.2156% | 0 |

| |
|---|
| 1. Please specify the policy, system, standards, and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on their responsibilities, risks, time contributed, and other factors: According to the Company's Articles of Incorporation, the board of directors is authorized to determine their basic monthly remuneration according to the usual level of the industry. According to the directors' remuneration payment regulations, if there is a profit, the directors' remuneration may be provided in the case of earnings distribution, and the relevant amount calculation will be implemented in accordance with the directors' remuneration distribution regulations. The requirements for attendance, participation, and continuing education of independent directors are implemented in accordance with the rules of the scope of duties of independent directors. The annual performance is also included in the board's assessment of compliance with relevant laws and regulations and the degree of participation in the Company's operations.<br>2. Except as disclosed in the table above, the remuneration received by the directors of the Company for providing services (such as serving as a consultant in a non-employee capacity) to the parent company, all companies in the financial statements, or investee in the most recent year: 0 |

Note 1: The amount of remuneration distributed to directors as approved by the Board during the most recent year. Note 2: Contributions to pension as compensation for the Company's non-full-time employees.

## Payment scale

| Payment scale of remuneration to the Directors of the Company | Name of director | | | |
|---|---|---|---|---|
| | Sum of the said four types of remunerations (A+B+C+D) | | Sum of the said seven types of remunerations (A+B+C+D+E+F+G) | |
| | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements |
| Less than NTD 1,000,000 | YANG, CHENG MING;FENG, MING FA; MISHIRO, KAZUHISA; AKIHISA MASUO; LIU, HUNG YI; CHEN, SHENG CHUAN | YANG, CHENG MING;FENG, MING FA; MISHIRO KAZUHISA; AKIHISA MASUO; LIU, HUNG YI; CHEN, SHENG CHUAN | MISHIRO KAZUHISA; AKIHISA MASUO; LIU, HUNG YI; CHEN, SHENG CHUAN | MISHIRO KAZUHISA; AKIHISA MASUO; LIU, HUNG YI; CHEN, SHENG CHUAN |
| NTD 1,000,000 (inclusive)–NTD 2,000,000 (exclusive) | Chuan Bao Investment Co., Ltd. | Chuan Bao Investment Co., Ltd. | Chuan Bao Investment Co., Ltd. | Chuan Bao Investment Co., Ltd. |
| NTD 2,000,000 (inclusive)–NTD 3,500,000 (exclusive) | Sharp Corporation; China Steel Corporation; SU, CHING YANG; CHEN, SHENG WANG; HUANG, PAO HUI | Sharp Corporation; China Steel Corporation; SU, CHING YANG; CHEN, SHENG WANG; HUANG, PAO HUI | Sharp Corporation; China Steel Corporation; SU, CHING YANG; CHEN, SHENG WANG; HUANG, PAO HUI | Sharp Corporation; China Steel Corporation; SU, CHING YANG; CHEN, SHENG WANG; HUANG, PAO HUI |
| NTD 3,500,000 (inclusive)–NTD 5,000,000 (exclusive) | CHEN, SHENG TIEN | CHEN, SHENG TIEN | CHEN, SHENG TIEN | CHEN, SHENG TIEN |
| NTD 5,000,000 (inclusive)–NTD 10,000,000 (exclusive) | | | YANG, CHENG MING | YANG, CHENG MING |
| NTD 10,000,000 (inclusive)–NTD 15,000,000 (exclusive) | SAMPO CORPORATION | SAMPO CORPORATION | SAMPO CORPORATION; FENG, MING FA | SAMPO CORPORATION; FENG, MING FA |
| NTD 15,000,000 (inclusive)–NTD 30,000,000 (exclusive) | | | | |
| NTD 30,000,000 (inclusive)–NTD 50,000,000 (exclusive) | | | | |
| NTD 50,000,000 (inclusive)–NTD 100,000,000 (exclusive) | | | | |
| More than NTD 100,000,000 | | | | |
| Total | 14 | 14 | 14 | 14 |

## 2. Remuneration to the President and Vice President

Unit: NTD thousand

| Title | Name | Salaries (A) | | Severance payment and pension (B) | | Salaries, bonus, and special subsidy (C) | | Remuneration to employees (D) (Note 1) | | | | The sum of A, B, C, and D in proportion to after-tax net income (%) | | Remuneration received from the invested companies other than the subsidiaries and the parent company |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | All companies included in the financial statements | The Company | | All companies included in the financial statements | | The Company | All companies included in the financial statements | |
| | | | | | | | | Cash Amount | Stock Amount | Cash Amount | Stock Amount | | | |
| President | FENG, MING FA | 3,000 | 3,000 | 120 | 120 | 3,800 | 3,800 | 3,223 | 0 | 3,223 | 0 | 10,143<br>0.9983% | 10,143<br>0.9983% | 0 |
| Vice President | WU, YI WEN | 2,214 | 2,214 | 108 | 108 | 1,956 | 1,956 | 2,149 | 0 | 2,149 | 0 | 6,427<br>0.6326% | 6,427<br>0.6326% | 0 |
| Vice President & Corporate Governance Officer | KO, CHIH CHENG | 1,847 | 1,847 | 108 | 108 | 1,900 | 1,900 | 2,149 | 0 | 2,149 | 0 | 6,004<br>0.5909% | 6,004<br>0.5909% | 0 |

Note 1: The amount of remuneration distributed to general manager and vice president as approved by the Board during the most recent year.

## Payment scale

| Payment scale of remunerations paid to the President and Vice Presidents of the Company | Names of the President and Vice Presidents | |
|---|---|---|
| | The Company | All companies included in the financial statements |
| Less than NTD 1,000,000 | | |
| NTD 1,000,000 (inclusive)–NTD 2,000,000 (exclusive) | | |
| NTD 2,000,000 (inclusive)–NTD 3,500,000 (exclusive) | | |
| NTD 3,500,000 (inclusive)–NTD 5,000,000 (exclusive) | | |
| NTD 5,000,000 (inclusive)–NTD 10,000,000 (exclusive) | WU, YI WEN; KO, CHIH CHENG | WU, YI WEN; KO, CHIH CHENG |
| NTD 10,000,000 (inclusive)–NTD 15,000,000 (exclusive) | FENG, MING FA | FENG, MING FA |
| NTD 15,000,000 (inclusive)–NTD 30,000,000 (exclusive) | | |
| NTD 30,000,000 (inclusive)–NTD 50,000,000 (exclusive) | | |
| NTD 50,000,000 (inclusive)–NTD 100,000,000 (exclusive) | | |
| More than NTD 100,000,000 | | |
| Total | 3 | 3 |

3. Top five executives with the highest remuneration: Not applicable
4. Names of managerial officers with remuneration as employees and the status of payment

Unit: NTD thousand

| Items | Title | Name | Amount in stock | Amount in cash | Total | As a percentage of net profit after tax (%) |
|---|---|---|---|---|---|---|
| Managerial officers | President | FENG, MING FA | 0 | 13,482 | 13,482 | 1.3270 |
| | Vice President | WU, YI WEN | | | | |
| | Vice President & Corporate Governance Officer | KO, CHIH CHENG | | | | |
| | Assistant VP | LIU, SHIH CHIEH | | | | |
| | Assistant VP | CHIEN, CHENG CHUNG | | | | |
| | Assistant VP | LO, PEI CHOU | | | | |
| | Assistant VP | HSIEH, MING-FENG | | | | |
| | Assistant VP | Chang, Chun-Hao | | | | |
| | Chief financial officer Chief Accounting Officer | WU, CHIN MEI | | | | |

5. Analysis of the total remuneration paid to the directors, supervisors, the President, and Vice Presidents of the Company in the most recent two years by the Company and all companies in the consolidated financial statements as a percentage of the net profit after tax of the standalone or parent company only financial reports and description of the remuneration policy, standards, and combinations, procedures for setting remuneration, and their correlation with the operating performance and future risks.

| Year | Total remuneration paid to directors, supervisors, the President, and Vice Presidents (in thousands of NTD) | | As a percentage of net profit after tax (%) | |
|---|---|---|---|---|
| | The Company | All companies in the consolidated financial statements | The Company | All companies in the consolidated financial statements |
| 2024 | 62,225 | 64,493 | 6.18 | 6.40 |
| 2025 | 71,720 | 71,720 | 7.06 | 7.06 |

(1) 2025 operating performance indicators of the board of directors and managers:

The Company promotes energy conservation and carbon reduction, with a 1% reduction in carbon emissions per compressor and an improved ESG score as targets. The Company has also successfully achieved the objective of net profit after tax, and reached the goal of maximizing corporate value.

(2) In 2025, the achievement rate of the operating indicators was 95.90%.

## III. Status of Corporate Governance

### (I) Information on the operations of the board of directors:

The board of directors held 6 [A] times in the most recent year (2025), and the attendance of directors is as follows:

| Title | Name | Actual attendance (times) [B] | Attendance by proxy | Actual attendance (%) [B/A] | Note |
|---|---|---|---|---|---|
| Chairman | SAMPO – CHEN, SHENG TIEN | 5 | 1 | 83% | |
| Vice chairman | SAMPO – YANG, CHENG MING | 6 | 0 | 100% | |
| Director | SAMPO – FENG, MING FA | 6 | 0 | 100% | |
| Director | Chuan Bao Investment – CHEN, SHENG CHUAN | 5 | 1 | 83% | |
| Director | China Steel Corporation – LIU, HUNG YI | 4 | 2 | 67% | |
| Director | Sharp Corporation – MISHIRO KAZUHISA | 1 | 1 | 33% | Re-appointed on July 15, 2025 (Required attendance: 3 times) |
| Director | Sharp Corporation – AKIHISA MASUO | 3 | 0 | 100% | Appointed on July 15, 2025 (Required attendance: 3 times) |
| Independent director | SU, CHING YANG | 6 | 0 | 100% | |
| Independent director | CHEN, SHENG WANG | 5 | 1 | 83% | |
| Independent director | HUANG, PAO HUI | 5 | 1 | 83% | |

Additional disclosure:

I. Where any of the following circumstances occurs to any meeting of the Board of Directors, the date, term and proposal of the meeting as well as the opinions of all the independent directors and actions taken by the Company on the opinions shall be specified:
   (I) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to pages 78–80 (XII) Important resolutions of the board of directors.
   (II) In addition to said matters, other board meeting decisions with dissenting or reserved opinions from independent directors, for which there is a record or declaration in writing: none.

II. For the implementation of the director's recusal from proposals with conflicts of interest, the name of the director, the content of the proposal, the reason for the recusal, and the situation of participation in the voting shall be specified: The directors recused themselves from of participating in the discussion and voting on their remuneration

- Board of directors meeting on 2025/03/11:

1. Proposal: Propose to canceling the non-compete restriction for current directors and their representatives. (Chairman CHEN, SHENG TIEN; Vice Chairman YANG, CHENG MING; Directors FENG, MING FA, MISHIRO KAZUHISA; CHENG, CHI CHAO, and Representative of Chuan Bao Investment Co., Ltd., CHEN, SHENG CHUAN shall avoid being involved in this case due to their status as stakeholders)

   Resolution: When considering this proposal involving interested-party Chairperson CHEN, SHENG TIEN, Chairperson CHEN, SHENG TIEN designated Director CHEN, SHENG CHUAN as acting Chairperson; except for the directors who recused themselves due to conflicts of interest, upon inquiry by the Chairperson, the proposal was approved with no objection from the directors present.

2. Proposal: Propose to cancel the non-compete restriction for current independent directors and their representatives. (Independent directors SU, CHING YANG and HUANG, PAO HUI shall avoid to involve in this case due to status as stakeholders)

   Resolution: Except for the directors who recused themselves due to conflict of interest, all the other directors present passed the proposal without objection.

- Board of directors meeting on 2025/05/08:

1. Subject: Appointments of the Chief Executive Officer and Chief Technology Officer, submitted for review. (Chairperson CHEN, SHENG TIEN and Vice Chairperson YANG, CHENG MING, being interested parties to this case, were requested to recuse themselves)

   Resolution: When considering this proposal involving interested parties Chairperson CHEN, SHENG TIEN and Vice Chairperson YANG, CHENG MING, Chairperson CHEN, SHENG TIEN designated Director FENG, MING FA to act as Chairperson; except for the directors who recused themselves due to conflicts of interest, the proposal was approved without objection after the Chairperson consulted the attending directors

- Board of directors meeting on 2026/03/09:

1. Subject: Proposal for the 2nd transfer to employees of the Company's shares repurchased in the 9th share repurchase in 2021, submitted for review.

   Resolution: Except for the directors YANG, CHENG MING, FENG, MING FA who recused themselves due to conflict of interest, all the other directors present passed the proposal without objection.

III. The publicly listed company shall disclose the evaluation cycle and period, evaluation scope, method, and evaluation content of the board of directors' self (or peer) evaluation, and fill out the attached table 2–(2) Implementation status of evaluation of the board of directors.

The Company passed the "Rules for Evaluating the Performance of the Board of Directors" on March 18, 2016 with approval of all the members of the board of directors present without objections. Since 2017, the performance evaluation of the board of directors has been carried out every year. The implementation status of the evaluation of the board of directors has been described in (2) Implementation status of evaluation of the board of directors and disclosed on the Company's website (www.rechi.com) at the same time.

IV. The objective of fortifying the functions of the Board in current year and the most recent year (e.g. the establishment of the Auditing Committee, and enhancement of the transparency of information) and the assessment of the result of execution:

1. To establish a sound corporate governance system, protect shareholders' rights and interests, and strengthen the functions of the Board of Directors, the Company elevated the "Corporate Governance and Sustainable Development Committee" to the Board of Directors level on 2025/08/12 and simultaneously expanded the scope of the sustainability report to the Group boundary.

(II) Implementation status of evaluation of the board of directors

| Evaluation cycle | Evaluation period | Evaluation scope | Evaluation method (Note 4) | Evaluation content (Note 5) |
|---|---|---|---|---|
| Evaluation performed once a year | For the Year Ended December 31, 2025 | Board of directors | Internal self-evaluation by the board of directors | 1. Compliance with relevant laws and regulations<br>2. Level of participation in company operations |

2025 performance evaluation of board of directors

| Aspect | Item No. | Specific indicators | Weight | Average score |
|---|---|---|---|---|
| Compliance with relevant laws and regulations (60%) | 1 | Compliance with the matters discussed by the board of directors according to law | 10% | 10.0 |
| | 2 | Whether the board of directors convenes at least six meetings a year | 10% | 10.0 |
| | 3 | Compliance with the recusal requirement of a director to avoid conflict of interest | 10% | 10.0 |
| | 4 | Achieving the number of hours of continuing education required for directors each year | 10% | 8.0 |
| | 5 | Board attendance rate | 10% | 10.0 |
| | 6 | Shareholders' meeting attendance rate | 10% | 10.0 |
| Level of participation in company operations (40%) | 7 | Review of the Company's accounting system, financial position, financial reports, audit reports, and follow-up status | 10% | 9.9 |
| | 8 | Communication with the Company's CPAs | 10% | 9.7 |
| | 9 | Assessment and supervision of the Company's existing or potential risks | 10% | 10.0 |
| | 10 | Communication and interaction with the Company's management | 10% | 9.9 |
| Total score | | | 100% | 97.5 |

Results of performance evaluation of the board of directors (smooth operations, aspects/items that still need to be improved, and next year's improvement plans or actions for the aforementioned items, etc.):

1. The results of the annual self-evaluation of the Board of Directors' performance for the current year showed that, except for the item "achievement of the annual required continuing education hours for directors," which received 8 points, all other indicator items scored above 9 points. This indicates that the overall operation of the Company's Board of Directors was fairly sound and in compliance with the corporate governance standards.
2. Based on the performance evaluation results for the current year, in 2026, the Company will continue to implement the management of directors' continuing education, regularly and proactively provide information on external courses in line with corporate governance trends (e.g., sustainable development, AI applications, information security risks, etc.), and strengthen communication between directors and managerial officers, audit officers, and accountants in order to further enhance the effectiveness of corporate governance and the quality of decision-making.

## (III) The operation of the Auditing Committee

The Audit Committee held 4[A] times in the most recent year (2025), and the attendance of independent directors is as follows:

| Title | Name | Actual attendance (times) [B] | Attendance by proxy | Actual attendance (%) [B/A] (Note) | Note |
|---|---|---|---|---|---|
| Convener and chair | SU, CHING YANG | 4 | 0 | 100% | |
| Committee member | CHEN, SHENG WANG | 3 | 1 | 75% | |
| Committee member | HUANG, PAO HUI | 3 | 1 | 75% | |

Additional disclosure:

I. (I) Implementation of the current year:

| Date of meeting | Agenda | Issues listed in the Securities Exchange Act, Article 14-5 | All independent directors' opinions and the Company's response thereto. |
|---|---|---|---|
| 2025.03.11 | 1. Approved the Company's 2024 Final Accounting Statements and Records. | | All independent directors passed the resolutions without objection |
| | 2. Approved the Company's internal audit report for Aug. - Dec. 2024. | | |
| | 3. Approved the report on the Company's earnings distribution as cash dividends for 2024. | | |
| | 4. Approved the issuance of the Company's Statement on Internal Control Systems. | | |
| | 5. Approval of the assessment of independence and suitability of the certified public accountants for the fiscal year 2025. | | |
| | 6. Approved the proposal for canceling the non-compete restriction for current directors and their representatives. | | |
| | 7. Approved the proposal for canceling the non-compete restriction for current independent directors | ✓ | |
| | 8. Approved the credit lines provided by the Company's financial institutions. | ✓ | |
| 2025.05.08 | 1. Approved the Company's internal audit report for Jan. - Feb 2025. | | |
| | 2. Approved the issuance of 2024 Audit Committee's Review Report. | | |
| | 3. Approved the credit lines provided by the Company's financial institutions. | ✓ | |
| 2025.08.12 | 1. Approved the Company's internal audit report for Mar. - May 2025. | | |
| | 2. Approved the credit lines provided by the Company's financial institutions and the credit lines of the subsidiaries endorsed and guaranteed by the Company | ✓ | |
| 2025.11.11 | 1. Approved the Company's internal audit report for Jun. - Aug. 2025. | | |
| | 2. Approved the Company's 2026 audit plan. | | |
| | 3. Approved the credit lines provided by the Company's financial institutions. | ✓ | |
| | 4. Approved the loan to Dyna Rechi Jiujiang Co., Ltd. | ✓ | |
| 2026.03.09 | 1. Approved the Company's 2025 Final Accounting Statements and Records. | | |
| | 2. Approved the Company's internal audit report for Sep. - Dec. 2025. | | |

| | | |
|---|---|---|
| 3. Approved the report on the Company's earnings distribution as cash dividends for 2025. | | |
| 4. Approved the issuance of the Company's Statement on Internal Control Systems. | | |
| 5. Approval of the assessment of independence and suitability of the certified public accountants for the fiscal year 2026. | | |
| 6. Approved the second transfer of company shares repurchased under the Company's ninth repurchase program in 2021 to employees. | | |
| 7. Approved the credit lines provided by the Company's financial institutions. | ✓ | |

(II) Other matters that have not been approved by the Audit Committee but have been agreed by more than two-thirds of all directors: None.

II. For the implementation of the independent director's recusal from proposals with conflicts of interest, the name of the independent director, the content of the proposal, the reason for the recusal, and the situation of participation in the voting shall be specified:

- 2025/03/11 Audit Committee:

1. Proposal: Propose to cancel the non-compete restriction for current independent directors and their representatives.(Independent directors SU, CHING YANG and HUANG, PAO HUI shall avoid to involve in this case due to status as stakeholders)

   Resolution: Independent Director SU, CHING YANG appointed Independent Director CHEN, SHENG WANG as the acting chair. Except for the directors who recused themselves from the meeting due to a conflict of interest, all the other members present passed the proposal without objection.

III. The communication between the Independent Directors and the Chief Internal Auditor and the certified public accountants (including the communications related to the financial position and state of operation of the Company, in materiality, the means of communications, and the result).

1. The internal audit officer of the Company regularly communicates the results of audit reports with members of the Audit Committee, and reports on the internal audits at the quarterly Audit Committee meeting. If there are special circumstances, the officer will also report to the members of the Audit Committee immediately. In 2025, there was no such circumstances as mentioned above. The communication between the Audit Committee and the internal audit officer of the Company is good.
2. The Company's CPAs report on the audit or review results of the financial statements and engage in other communication required by relevant laws and regulations at the Audit Committee meeting. If there are special circumstances, they will immediately report to the Audit Committee members. In 2025, there was no such circumstances as mentioned above. The communication between the Audit Committee of the Company and the CPAs is good.
3. The communication between independent directors and the internal audit officer is as follows:

| Date of meeting | Matters communicated with the internal audit officer | Communicate results |
|---|---|---|
| 2025/03/11 | ● Delivered internal audit report for August to December 2024.<br>● Issued the 2024 Statement of Internal Control System. | No objection. |
| 2025/05/08 | ● Delivered internal audit report for January to February 2025. | No objection. |
| 2025/08/12 | ● Delivered internal audit report for March to May 2025. | No objection. |
| 2025/11/11 | ● Delivered internal audit report for June to August 2025.<br>● Submitted the "2026 Annual Audit Plan". | No objection. |

4. The communication between independent directors and CPAs is as follows:

| Date of meeting | Matters communicated with CPAs | Communicate results |
|---|---|---|
| 2025/03/11 | ● Discussed the 2024 parent company only financial reports of the Company and its subsidiaries and the audit of the Company's and its subsidiaries' 2024 consolidated financial statements, including any problems or difficulties encountered in the audit, and the management's response.<br>● Assessed the independence of the CPAs and the understanding of the status. | The Audit Committee passed the annual financial reports and submitted them to the board of directors for approval of the scheduled announcement and reporting to the competent authority. |

Result: The matters above were reviewed by the Audit Committee and approved by the board of directors.

(IV) The Company's corporate governance operation and the deviation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons thereof:

| Items for assessment | State of operation | | | The variation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Will the Company, based on the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," set up and disclose the Company's corporate governance best-practice principles? | ✓ | | The Company has formulated the Corporate Governance Best-Practice Principles to strengthen the corporate governance system and structure, and the implementation status is disclosed on the Company's website and the Market Observatory Post System (MOPS). | All the above is compliant with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |
| II. The Equity Structure and Shareholders Equity of the Company<br>(I) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?<br>(II) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?<br>(III) Will the Company establish and implement the risk control and firewall mechanisms with the related parties? | <br>✓<br>✓<br>✓ | | (I) In addition to the spokesperson and acting spokesperson engaged by the Company, the Company has set up a stock affairs agency to deal with shareholders' suggestions or disputes. If legal issues are involved, the Company will appoint professional attorneys or request personnel from relevant units to handle them.<br>(II) The Company possesses the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders, and discloses them in accordance with the laws and regulations.<br>(III) The Company has established the internal measures for supervision of subsidiaries, measures for endorsement/guarantees, measures for loan to others, and rules for acquiring or disposing of assets to establish and implement appropriate risk control mechanisms and firewalls in accordance with the law. | All the above is compliant with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Items for assessment | State of operation | | | The variation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (IV) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities? | ✓ | | (IV) The Company has formulated the Procedures for Handling Material Inside Information to expressly prohibit the Company's insiders from using undisclosed information on the market to buy and sell securities. | |
| III. The Organization and Function of the Board of Directors<br>(I) Does the Company have and implement a policy of diversification for the composition of the Board of Directors? | ✓ | | (I) The Company has formulated the Corporate Governance Best-Practice Principles and has set out a diversity policy in the third chapter "Strengthening the Functions of the Board of Directors." The nomination and election of members of the Company's board of directors is in accordance with the Company's Articles of Incorporation with a candidate nomination system adopted. In addition to the assessment of the academic qualifications of each candidate, the "Rules of Elections of the Board of Directors" and the "Corporate Governance Best-Practice Principles" are followed to ensure the diversity and independence of the members of the board of directors.<br>Management objectives: Directors concurrently serving as company executives shall not exceed one-third of the director seats; more than half of the director seats shall not have spousal or close blood relationships within the second degree of kinship; cross-industry directors should be increased; at least one female director shall be a member of the board of directors.<br>The Company's 14th Board of Directors has 9 members (including 3 independent directors), and each has a term of 3 years and the term may be renewed once reelected. Among them, one is a Japanese director (11.11%); one director serves as a manager (11.11%); two | All the above is compliant with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Items for assessment | State of operation | | | The variation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | have relatives within the second degree of kinship (22.22%); one is a female director (11.11%); directors' industry experience spans finance, technology, biotechnology, trade, logistics, etc. The proportion of independent directors is 33.33% (including one independent director with a tenure of 1 to 3 years, one with a tenure of 7 to 9 years, and one with a tenure of 10 to 12 years). They are good at leadership, business management, operational judgment, and crisis management with international perspectives, and the diversity of the board of directors is fully implemented.<br>The board of directors formulates a diversity policy based on the composition of the board and is disclosed on the Company's website and MOPS. | |
| (II) In addition to the Remuneration Committee and the Audit Committee established in accordance with the law, does the company voluntarily establish other types of functional committees? | ✓ | | (II) In addition to the Remuneration Committee, the company has established a Corporate Governance Committee, a Risk Management Committee, and an Audit Committee in accordance with the law, which are all composed of all independent directors. In addition, other functional committees will be evaluated and established as needed in the future. | |
| (III) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual | ✓ | | (III) In accordance with the "Rules for Evaluating the Performance of the Board of Directors" as approved by all the members of the board of directors present on March 18, 2016, every year, the members of the board of directors and the board of directors meeting unit will conduct internal self-evaluation on the five major aspects (including participation in the Company's operations, improvement of the quality of board decisions, composition and structure of the board, election and continuing education of directors, and internal control) for the annual performance evaluation of the board of directors. | |

| Items for assessment | State of operation | | | The variation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| directors and their nomination and additional office terms? | | | The Company's board of directors conducted an individual director's performance evaluation on December 30, 2025. The evaluation results are as follows: In compliance with relevant laws and regulations of the board of directors, communication with internal auditors and CPAs, supervision of the Company's existing or potential risks, and the Company's operations and levels, the score was 97.5 points, which indicated that the overall operations of the Company's board of directors was still sound.<br>The Company uses the results as one of the references for future selection or nomination of directors and individual directors' remuneration. | |
| (IV) Will the Company have the independence of the public accountant evaluated regularly? | ✓ | | (IV) The Company regularly (once a year) evaluates the professionalism and independence of CPAs. Evaluation items included "CPA and his/her family members do not hold direct or indirect significant financial interests of the Company," "During the audit, CPA's family members did not serve as directors, supervisors, managerial officers, or positions that have a direct and significant influence on the audit work," and "CPA has implemented necessary independence/conflicts of interest procedures, and has not violated independence or did not have unresolved conflicts of interest." CPAs' independence, suitability assessment information, pre-approved non-confirmation services list, and statement and audit quality indicator (AQI) report issued by the accountant<br>This year, the proposal for independence assessment of the Company's 2025 CPAs was passed on March 11, 2025, and it was passed without objection by all the directors present. | |

<table>
<tr><th rowspan="2">Items for assessment</th><th colspan="3">State of operation</th><th rowspan="2">The variation with the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” and the reasons for the variation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>IV. Have Exchange-listed and/or OTC-listed companies staffed eligible in appropriate number personnel for corporate governance to take charge of corporate governance related issues (including but not limited to providing directors and supervisors with the data required for the performance of their duties, assisting directors and supervisors in law compliance, handling of the relevant issues in the board of directors’ and shareholders’ meeting, production of the minutes of board of directors’ meeting and shareholders’ meeting and the like)</td><td>✓</td><td></td><td>1. In order to establish a good corporate governance system, protect shareholders’ rights and interests, and strengthen the functions of the board of directors, the Company has established a Corporate Governance and Sustainable (ESG) Committee under the board of directors. On March 20, 2020, the board of directors approved the appointment of KO, CHIH CHENG, Vice President, as the Corporate Governance Officer. Vice President KO, CHIH CHENG has more than three years of management experience in legal affairs, finance, stock affairs, and deliberation in public companies.<br>2. Matters related to corporate governance include the following:<br>(1) Coordinate the goals and formulation of the Company’s corporate social responsibility and sustainable development direction.<br>(2) Assisting communication with stakeholders.<br>(3) Preparing the Sustainability Report.<br>(4) Handling matters relating to board meetings and shareholders’ meetings according to law.<br>(5) Preparation of the minutes of the board of directors’ meetings and the shareholders’ meetings.<br>(6) Assisting directors in taking office and continuing education.<br>(7) Provision of information necessary for directors to perform their duties.<br>(8) Assisting directors in complying with the law.<br>(9) Other matters stipulated in accordance with the Company’s articles of incorporation or contracts.<br>(10) Maintenance of relations with investors.<br>(11) Implementation of ethical corporate management.<br>3. The implementation status of the business in 2025 is as follows:</td><td>All the above is compliant with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

| Items for assessment | State of operation | | | The variation with the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | (1) Preparing and releasing the Sustainability Report.<br>(2) Notified the board of directors regularly of the latest amendments to and development of regulations in the fields of the Company’s operations and corporate governance<br>(3) If the independent directors in accordance with the “Corporate Governance Best-Practice Principles” need to meet with the internal audit officer or the certified public accountant individually to understand the Company’s financial business, assist in arranging relevant meetings.<br>(4) Assisted directors in drawing up annual training plans and arranging courses.<br>(5) Assisted and reminded directors to comply with laws and regulations when performing duties or passing formal board resolutions, and was responsible for reviewing the release of material information of important board resolutions after each meeting to ensure the legality and correctness of the material information to protect investors’ right to access correct trading information in real time.<br>(6) Arranged exchanges between directors and shareholders as needed, so that investors could obtain sufficient information to evaluate and determine the Company’s reasonable capital market value, and to ensure that shareholders’ rights and interests were well protected.<br>(7) Drafted the board of directors’ meeting agenda and notified the directors seven days in advance, convened board meetings, provided them with meeting materials, reminded directors in advance to recuse themselves from any issue with their personal | |

| Items for assessment | State of operation | | | The variation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | interest involved, and completed the meeting minutes within 20 days after each meeting.<br>(8) Conduct business ethics training.<br>(9) Provided the company insiders with regulations and advocacy every month on a regular basis to ensure that insiders can clearly understand the latest laws and regulations to avoid violations, with contents including advocacy of prohibiting an insider from trading his/her shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.<br>(10) Review of independent director qualifications.<br>(11) Meetings were held on 3/11, 5/8, 8/12, and 11/11 to discuss and communicate financial, business, and internal control matters with the independent directors, and the independent directors had no objection to the above report on business execution results.<br>Training for the corporate governance officer is mandated to be at least twelve hours annually; for details on the training courses in the year 2025, please refer to page 76. | |
| V. Has the Company established channels for communications with the stakeholders (including but not limiting to shareholders, employees, customers, and suppliers), and set up a section for stakeholders at the official website of the Company with proper response to the concerns of the stakeholders on issues related to corporate social | ✓ | | Based on the five major principles of the AA1000 Stakeholder Engagement Standard, namely dependency, responsibility, influence, diverse perspectives, and tension, the Company has identified the main stakeholders as shareholders, banks, employees, customers (distributors), and suppliers (contractors), government authorities, other professional groups, etc.<br>The Company has set up a dedicated section for stakeholders on its website to understand the issues of concern through appropriate communication channels and to respond appropriately. | All the above is compliant with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Items for assessment | State of operation | | | The variation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| responsibility? | | | | |
| VI. Has the Company commissioned a professional share registration and investor service institution for providing services for shareholders? | ✓ | | The Company has commissioned the Registrar & Transfer Agency Department, Yuanta Securities Co., Ltd. to handle such matters. | All the above is compliant with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |
| VII. Disclosure of Information<br>(I) Does the Company have a website set up and the financial business and corporate governance information disclosed? | ✓ | | (I) The Company has set up a website (www.rechi.com), and adopts the MOPS to regularly disclose the Company's financials, material information, and corporate governance-related information. | All the above is compliant with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies. |
| (II) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website)? | ✓ | | (II) The Company also has a spokesperson/acting spokesperson system, the stock affairs department, and other relevant departments responsible for disclosing relevant information in accordance with regulations. | |
| (III) Does the Company announce and report the annual financial report within two months after the end of each fiscal year, and announce and report the financial report for the first, second, and third | | ✓ | (III) The Company's 2025 consolidated and parent company only financial reports were announced and filed on March 13, 2026; the financial reports for the first, second, and third quarters of 2025 and the revenue of each month were also announced and filed to MOPS before the specified deadline. | |

| Items for assessment | State of operation | | | The variation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| quarters and the operating conditions of each month before the prescribed deadline? | | | | |
| VIII. Is there any further information that may help to understand the status of corporate governance of the company better (including but not limited to employees' rights, employee care, investor relation, supplier relation, stakeholders' rights, the continuing education of the directors and supervisors, risk management policy and risk assessment in action, the pursuit of customer policy, and the protection of the directors and supervisors with professional liability insurance)? | ✓ | | The Company has set up a ESG section on its website.<br>1. Employee rights and interests: The Company treats employees with integrity, protects their legal rights and interests in accordance with the Labor Standards Act, and holds labor–management meetings regularly to actively establish communication bridges with employees.<br>2. Employee care: The Company has set up an Employee Welfare Committee and allocates employee welfare funds in accordance with the law, while emphasizing employee welfare. Employees enjoy a number of benefit measures, while the Company contributes employee pensions in accordance with regulations. The labor-employment relationship is harmonious.<br>3. Investor relations: The Company has set up a spokesperson/acting spokesperson mechanism to respond to shareholders' suggestions.<br>4. Supplier relationship: The Company has always maintained a good relationship with its suppliers.<br>5. Stakeholder's rights: Stakeholders can communicate with the Company and make suggestions to protect their legitimate rights and interests.<br>6. Directors' continuing education: The status of the Company's directors' attendance at the board meetings, and the situation of their continuing education have been disclosed on MOPS.<br>7. Implementation of risk management policies and risk measurement standards: The implementation of the Company's risk management | All the above is compliant with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Items for assessment | State of operation | | | The variation with the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | and measurement standards is handled in accordance with the requirements of corporate governance operations.<br>8. Implementation of customer policy: The Company maintains a stable and good relationship with customers to create profits.<br>9. The Company's purchase of liability insurance for directors: The Company purchased directors' liability insurance from Mingtai Fire & Marine Insurance Co., Ltd. on May 1, 2025, with an insured amount of US$5,000,000. The insurance period was one year. Relevant matters have been reported to the board of directors' in May 2025.<br>Relevant information can be found on the Company's website (www.rechi.com) | |

IX. Please describe the improvement performed according to the corporate governance evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange in recent years, and propose the matters with priority for improvement and the respective measures:

1. The Company's final score of the 12th Corporate Governance Evaluation is 88.42 points, and its ranking in the evaluation by the Taiwan Stock Exchange falls within the range of 36-50%. The Company's score of the 11th Corporate Governance Evaluation is 85.66 points. We have based on the evaluation data to disclose the status of implementation, to promote plans and implementation effectiveness, and to actively carry out improvement continuously this year.
2. The items that require continuous improvement are as follows:
   (1) Actively cooperate with the FSC's "Sustainable Development Action Plan for Listed Companies" and promote the adoption of the Group IFRS International Sustainability Standards Board (ISSB) to enhance information transparency for stakeholders.
   (2) Based on the latest ESG evaluation guidelines, we have continued to strengthen sustainable development implementation details and demonstrate concrete achievements in environmental, social, and governance areas through quantitative indicators.
   (3) The existing "Sustainable Development Committee" has been officially elevated to the board level. This change ensures the Board provides oversight of sustainability decisions across the Group and strengthens core values of governance.

(V) The foundation, responsibilities, and functionality of the Remuneration Committee

1. Information on the members of the Remuneration Committee April 14, 2026

<table>
<tr><th>By identity</th><th>Condition<br>Name</th><th>Professional Qualification Requirements</th><th>Independence</th><th>Number of other public companies where the member is also a member of their remuneration committees</th></tr>
<tr><td>Independent director Convener</td><td>SU, CHING YANG</td><td rowspan="3">The Company's remuneration committee is composed of 3 independent directors, please refer to p. 4-7 on (I) Profiles of Directors for members' professional qualification and experience.</td><td rowspan="3">All remuneration committee members compliant with the following:<br>1. Pursuant to regulations in Article 14(6) of the "Securities and Exchange Act" and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Taiwan Stock Exchange of the Taipei Exchange".<br>2. Themselves (or under the name of another person) or spouses or minor children thereof, held none of the Company's shares.<br>3. Receives no compensation from the company or related companies for providing business, legal, financial, accounting, and other related services in the past two years.</td><td>1</td></tr>
<tr><td>Independent director</td><td>CHEN, SHENG WANG</td><td>0</td></tr>
<tr><td>Independent director</td><td>HUANG, PAO HUI</td><td>2</td></tr>
</table>

2. Information on the operation of the Remuneration Committee
   (1) The Remuneration Committee of the Company consists of 3 members.
   (2) The term of office of the current committee members: From June 15, 2023 to June 14, 2026, the Remuneration Committee met twice in the most recent year (2025) [A]. The qualifications and attendance of the members are as follows:

| Title | Name | Attendance in person [B] | Attendance by proxy | Actual attendance (%) [B/A] | Note |
|---|---|---|---|---|---|
| Convener | SU, CHING YANG | 2 | 0 | 100% | |
| Committee member | CHEN, SHENG WANG | 1 | 1 | 50% | |
| | HUANG, PAO HUI | 2 | 0 | 100% | |

| |
|---|
| Additional disclosure:<br>If the board of directors did not adopt or amended the suggestions of the Remuneration Committee, the date of the board meeting, the session, the content of the proposal, the results of the resolutions by the board of directors, and the Company's response to the opinions of the Remuneration Committee shall be specified (if the salary and remuneration approved by the board of directors are better than what is suggested by the Remuneration Committee, the difference and reasons shall be specified): N/A.<br>1. For the resolutions by the Remuneration Committee, if any member had dissenting or reserved opinions, for which there is a record or declaration in writing, the meeting date, session, content of the proposal, all members' opinions, and the response to such opinions shall be specified: N/A. |

(3) The reasons for discussion and the resolution results of the Remuneration Committee, and the Company's response to the members' opinions:

| Date | Agenda | Committee members' opinions and resolution results | The company's response to the opinions of the members: |
|---|---|---|---|
| 2025/03/11 | • The Company's distribution of remuneration to directors and employees' compensation for 2024 | Adopted without objection from all the members present | Submitted to the board of directors and approved by all directors present |
| 2025/11/11 | • Amendments to some provisions of the Company's employee compensation distribution policy<br>• The Schedule of Work Plan of the Company's Remuneration Committee in 2026 | | Submitted to the board of directors and approved by all directors present |

(VI) Implementation status of evaluation of the functional committee

| Evaluation cycle | Evaluation period | Evaluation scope | Evaluation method (Note 4) | Evaluation content (Note 5) |
|---|---|---|---|---|
| Evaluation performed once a year | For the Year Ended December 31, 2025 | Functional committees | Internal self-evaluations by the functional committees | 1. Compliance with relevant laws and regulations<br>2. Level of participation in company operations |

## 2025 Performance evaluation of Audit Committee

| **Aspect** | **Item No.** | **Specific indicators** | **Weight** | **Average score** |
|---|---|---|---|---|
| Compliance with relevant laws and regulations (40%) | 1 | Each committee is regularly convened for meetings. | 10% | 10.0 |
| | 2 | Committee members comply with the recusal requirement to avoid conflict of interest. | 10% | 10.0 |
| | 3 | How good is every individual committee member’s attendance at the committee meeting. | 10% | 10.0 |
| | 4 | Members of Audit Committee have diligently maintained their independence during their tenure. | 10% | 10.0 |
| Level of participation in company operations (60%) | 5 | Audit Committee is capable of truthfully evaluating and supervise existing or potential risks of various nature in the company. | 10% | 9.7 |
| | 6 | The audit committee regularly evaluates the independence and adequacy of appointed CPAs. | 10% | 9.7 |
| | 7 | The audit committee is capable of effectively review and supervise the effectiveness of various internal control systems and risk management. | 10% | 9.7 |
| | 8 | The audit committee maintains understanding of and performs supervision on the company’s accounting system, financial condition and financial reports, audit reports and their follow-up. | 10% | 10.0 |
| | 9 | Makeup of Audit Committee is appropriate and the functional committee has the expertise necessary for decision making. | 10% | 10.0 |
| | 10 | Resolutions of the meetings of Audit Committee have been properly followed up on their implementation. | 10% | 9.7 |
| Total score | | | 100% | 98.8 |

Results of performance evaluation of the Audit Committee (smooth operations, aspects/items that still need to be improved, and next year’s improvement plans or actions for the aforementioned items, etc.):

1. The results of the annual self-assessment of the performance of the Audit Committee indicated that, except for the four items of: “the Audit Committee is able to duly assess and supervise the various existing or potential risks of the Company” (9.7 points), “the Audit Committee regularly evaluates the independence and suitability of the appointed accountant” (9.7 points), “the Audit Committee is able to effectively evaluate and supervise the effectiveness of various internal control systems and risk management” (9.7 points), and “appropriate follow-up is carried out on the implementation of Audit Committee meeting resolutions” (9.7 points), which did not reach 10 points, all other indicator items were 10 points. This indicates that the overall operation of the Company’s Audit Committee is fairly sound and conforms to the corporate governance standards.
2. Based on the results of the annual performance evaluation, in 2026, the Company will continue to strengthen the risk control mechanism, urge management to implement risk management, and regularly review the evaluation standards for the independence and suitability of accountants, while strengthening the follow-up and control of matters resolved by the Audit Committee to ensure that all resolved matters are duly implemented and achieve the expected results.

# 2025 Performance evaluation of Remuneration Committee

| Aspect | Item No. | Specific indicators | Weight | Average score |
|---|---|---|---|---|
| Compliance with relevant laws and regulations (40%) | 1 | Each committee is regularly convened for meetings. | 10% | 10.0 |
| | 2 | Committee members comply with the recusal requirement to avoid conflict of interest. | 10% | 10.0 |
| | 3 | How good is every individual committee member's attendance at the committee meeting. | 10% | 10.0 |
| | 4 | Members of Remuneration Committee have diligently maintained their independence during their tenure. | 10% | 10.0 |
| Level of participation in company operations (60%) | 5 | Remuneration Committee is capable of truthfully evaluating and supervise existing or potential risks of various nature in the company. | 10% | 9.7 |
| | 6 | The Company provides the information to the Remuneration Committee in a complete, timely and quality manner, so that the Remuneration Committee can perform its duties successfully. | 10% | 10.0 |
| | 7 | The Remuneration Committee has established and regularly reviews the performance evaluation of directors and managers, and the policies, systems, standards and structures of remuneration. | 10% | 10.0 |
| | 8 | The meeting minutes of the Remuneration Committee appropriately record the content of the discussion, and appropriately record the personal or collective reserved opinions or concerns. | 10% | 10.0 |
| | 9 | Makeup of Remuneration Committee is appropriate and the functional committee has the expertise necessary for decision making. | 10% | 10.0 |
| | 10 | Resolutions of the meetings of Remuneration Committee have been properly followed up on their implementation. | 10% | 10.0 |
| Total score | | | 100% | 99.7 |

Results of performance evaluation of the Remuneration Committee (smooth operations, aspects/items that still need to be improved, and next year's improvement plans or actions for the aforementioned items, etc.):

1. The results of the Remuneration Committee's self-evaluation for this year indicated that, except for the item "the Remuneration Committee can effectively assess and supervise the Company's existing or potential various risks," which received a score of 9.7, all others received a score of 10. This indicates that the overall operation of the Company's Remuneration Committee is good and in compliance with the corporate governance standards.
2. In response to the performance evaluation results for this year, the policy on remuneration for directors and managerial officers will continue to be refined in 2026, and various potential risks will be taken into consideration to enhance the completeness of the overall operation.

## 2025 Performance evaluation of Sustainability Development Committee

| Aspect | Item No. | Specific indicators | Weight | Average score |
|---|---|---|---|---|
| Compliance with relevant laws and regulations (40%) | 1 | Each committee is regularly convened for meetings. | 10% | 10.0 |
| | 2 | Committee members comply with the recusal requirement to avoid conflict of interest. | 10% | 10.0 |
| | 3 | How good is every individual committee member's attendance at the committee meeting. | 10% | 10.0 |
| | 4 | The Sustainable Development Committee formulates the "Sustainable Development Committee Charter" and its scope of authority in accordance with the relevant laws and regulations, reviewing and revising them in a timely manner. Such rules and scope of authority were approved by the Board of Directors | 10% | 10.0 |
| Level of participation in company operations (60%) | 5 | Sustainability Development Committee is capable of truthfully evaluating and supervise existing or potential risks of various nature in the company. | 10% | 9.3 |
| | 6 | The Sustainable Development Committee is able to discuss and review the Company's strategic directions and annual plans related to sustainable development, and it regularly supervises the implementation status | 10% | 10.0 |
| | 7 | The Sustainable Development Committee is able to supervise the implementation status of the Company's environmental, social, and governance (ESG)-related policies and projects | 10% | 10.0 |
| | 8 | The Sustainable Development Committee is able to regularly review the implementation status of the Company's stakeholder communication mechanism and material topic identification | 10% | 10.0 |
| | 9 | Makeup of Sustainability Development Committee is appropriate and the functional committee has the expertise necessary for decision making. | 10% | 10.0 |
| | 10 | Resolutions of the meetings of Sustainability Development Committee have been properly followed up on their implementation. | 10% | 10.0 |
| Total score | | | 100% | 99.3 |

Results of performance evaluation of the Sustainability Development Committee (smooth operations, aspects/items that still need to be improved, and next year's improvement plans or actions for the aforementioned items, etc.):

1. The results of the self-evaluation of the performance of the Sustainable Development Committee for the current year showed that, except for the item "the Sustainable Development Committee is able to effectively assess and supervise the various existing or potential risks of the Company," which received a score of 9.3, all other items reached 10 points. This indicates that the overall operation of the Company's Sustainable Development Committee is satisfactory and in compliance with the corporate governance standards.
2. In response to the performance evaluation results for the current year, the sustainability risk assessment mechanism will be further enhanced in 2026, the Committee's identification of potential risks related to climate change and ESG will continue to be strengthened, and the integration of risk management and operational strategies will be reinforced.

(VII) The promotion of sustainable development and the variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for the variation

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Does your company set any dedicated (or designate any existing) unit for the task of sustainability development promotions? Does the Board of Directors of your company authorize the top management to handle relevant matters and report to the Board? | ✓ | | Rechi established the "Practical Guidelines for Corporate Social Responsibility" in 2016 (renamed as the Sustainable Development Practical Guidelines in 2022); in December 2014, the "Corporate Social Responsibility Promotion Committee" was established under the "Corporate Governance Committee;" in October 2021, in response to the FSC's Corporate Governance 3.0 plan, it was expanded and renamed the "Corporate Governance and Sustainability Committee" to be responsible for implementing corporate governance. In August 2025, the "Corporate Governance and Sustainability Committee" was elevated to the Board of Directors level and renamed the "Sustainable Development Committee," with the Chairperson serving as convener, and the Vice Chairperson and General Manager serving as members, to coordinate the direction and blueprint of the Company's sustainability strategy.<br>Under the Sustainable Development Committee, a Sustainable Development Promotion Team is established, with the corporate governance officer serving as the secretary-general to coordinate cross-departmental resources and promote the implementation of sustainability strategies in daily operations. Under the Sustainable Development Committee, five functional groups are established, namely the "Strategy and Risk Group, Operations and Environment Group, Social Responsibility Group, Corporate Governance Group, and Innovation and R&D Group." These | All the above is compliant with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | groups are responsible for planning, formulating corresponding strategies and work guidelines, preparing sustainability-related budgets for each organization, and implementing annual plans. They also track implementation effectiveness to ensure that sustainable development strategies are fully implemented in the Company's daily operations.<br>The Sustainable Development Committee convenes at least once a year, reports its implementation status to the Board of Directors on a quarterly basis, and discloses the results through the annual report, sustainability report, and the Company's official website to ensure information transparency. To ensure the effectiveness of the promotion, the Committee also tracks sustainability performance through audits and quantitative indicators. The Sustainable Development Committee held a total of 2 meetings in 2025.<br>Each year, Rechi publishes its sustainability policy and its environmental sustainability and social participation-related policy guidelines in the ESG section of its official website. It fully discloses implementation effectiveness in its sustainability report to enable stakeholders to understand the Company's sustainable development policies. | |
| II. Does the company follow the principle of materiality to conduct risk assessments on environmental, social, and corporate governance issues related to the Company’s operations, and formulate relevant risk management policies or | ✓ | | The Company conducts relevant risk assessments on important issues in accordance with the materiality principle of corporate social responsibility (for the aspects of environmental/social/corporate governance), and has formulated relevant risk management policies or strategies based on the | All the above is compliant with the Sustainable Development Governance Best- |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| strategies? | | | risks assessed. Please refer to the "Risk Management" section on the Company's website (www.rechi.com) for details. Additionally, on March 20, 2020, the Board of Directors approved the "Risk Management Policy and Procedures," which clearly define the organizational structure and responsibilities for risk management within the company. Based on their significance, these are incorporated into relevant policies or operational objectives. Audits are conducted annually by the Audit Office on various business units, and reports are issued to effectively manage any potential risks. | Practice Principles for TWSE/TPEx Listed Companies. |
| III. Environmental issues<br>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?<br><br><br><br><br><br><br><br><br><br><br><br><br>(II) Is the Company committed to enhance the | ✓<br><br><br><br><br><br><br><br><br><br><br><br><br><br>✓ | | (I) The Company has passed ISO14001 certification(acquired on April 11, 2023, and due to valid until April 10, 2029), declares relevant data regularly in accordance with the Occupational Safety and Health Act, and has formulated four major policies for environmental management:<br>1. Comply with environmental regulations and protect the Earth's environment.<br>2. Research and develop green products to prevent pollution effectively.<br>3. Strengthen environmental protection awareness and encourage all employees to participate in environmental protection.<br>4. Promote continuous improvement and create a high-quality environment.<br>(II) The Company primarily uses reusable pallets for logistics | All the above is compliant with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| utilization efficiency of resources and use renewable materials that are with low impact on the environmental? | | | transportation. In 2025, a total of 5,211 pallets were recycled and reused, which not only generated substantial environmental protection benefits but also saved NTD 2,149,504 in new procurement costs. In terms of carton management, the Company proactively classifies and collects cartons from various suppliers and implements the supplier recycling mechanism; at the material receiving end, it collaborates with suppliers to minimize environmental impact. At the same time, the Company continues to promote product miniaturization to streamline resource utilization and implement energy saving, carbon reduction, and waste recycling (such as silicon steel scrap recycling). In packaging design, the Company adheres to the principle of simplicity and gives priority to the use of reusable transport containers. At the R&D stage, the perspective of "resource recycling and reuse" is incorporated into product design. The Company adopts designs that are easy to disassemble and gives priority to the use of recyclable materials. Also, recycling symbols are clearly marked on plastic components to facilitate subsequent recycling processing. | |
| (III) Does the Company assess the potential risks and opportunities of climate change to the Company now and in the future, and take measures to respond to climate-related issues? | ✓ | | (III) Rechi conducts climate risk and opportunity analyses from the perspective of the value chain, covering all links such as upstream supply, manufacturing, logistics, product use, and recycling and disposal. It identifies risks, including rising raw material costs, increased energy costs, stricter | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (IV) Does the company prepare statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulate policies for | ✓ | | regulations, and customer demand for low-carbon products, as well as opportunities, including improving process efficiency, developing low-carbon products, and introducing renewable energy.<br>Rechi has established a climate risk management process through the management mechanism of "identification, assessment, management, and adjustment." Each department regularly identifies risks, formulates response strategies after cross-departmental integration, and incorporates them into the annual operating plan for implementation. At the same time, the Company promotes actions such as energy saving and carbon reduction, renewable energy use, low-carbon product development, and supply chain management to reduce climate risks and enhance corporate resilience.<br>In addition, the Company continues to promote greenhouse gas inventories (ISO 14064-1) and energy saving and carbon reduction measures. It has established mid- to long-term carbon reduction targets, strengthening climate change response capabilities and ensuring sustainable corporate operations through rolling reviews and performance tracking.<br>(IV) Based on ISO 14001, the Company implements an environmental management system to integrate business operations and environmental protection, establish a specific environmental management system, set | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management? | | | environmental goals and target policies, and perform reviews accordingly. The Company's energy conservation and carbon reduction targets are as follows: an annual greenhouse gas emissions reduction target of a 1% decrease per year from the base year, an average annual electricity consumption decrease of 1%, and a waste (non-recyclable) decrease of 1% per year in order to achieve the goals of energy conservation and carbon reduction. For the relevant performance, please refer to Chapter 4 of the RECHI PRECISION Sustainability Report.<br>1. The Company is committed to taking action on climate change. It sets a base year for each operating site, conducts annual greenhouse gas inventories year by year starting from the year following the base year, and establishes reduction targets.<br>The targets for 2025 are: average annual electricity consumption to decrease by 1% compared to 2024, and waste (non-recyclable) to decrease by 1% per year.<br>2. The Company established a Group-level environmental data statistics and management mechanism in 2025. In terms of energy and energy conservation management, the total electricity savings from energy-saving projects at each plant in 2025 reached 2,985,299 kWh. Energy consumption and carbon emissions were continuously reduced through measures such as equipment replacement and process optimization. | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | In terms of water resource management, the water source at each site is mainly tap water, and water use monitoring and water-saving measures are continuously carried out. In 2025, the Group's total water withdrawal was 661.99 million liters, total discharge was 401.07 million liters, and water consumption was 260.91 million liters. Each site carried out wastewater treatment in accordance with regulations to ensure that discharge complied with the regulatory requirements. In terms of waste management, the main product is compressors. In accordance with industry characteristics, waste (non-recyclable) generated includes general waste totaling 424.9 tons across all plants in 2025, as well as inorganic sludge, waste oil, etc. No hazardous industrial waste was generated. All waste was collected and treated by qualified vendors, and the disposal method was mostly incineration treatment. According to the characteristics of resources recycled, most of them are mainly scrap metal and paper, and they are ultimately recycled and reused by the resource recycling service providers. The company does not import or export foreign waste. | |
| IV. Social issues<br>(I) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and | ✓ | | (I) Rechi treats employees equally and, through various equality measures, eliminates any labor conditions that may cause workplace inequality, thereby protecting | All the above is compliant with the Sustainable Development |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| international conventions on human rights? | | | employees' labor rights and interests. Rechi values employees' rights and strives to create a friendly environment that safeguards human rights. In accordance with the principles set forth in human rights conventions such as the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization Declaration on Fundamental Principles and Rights at Work, the Company recognizes internationally recognized fundamental human rights, including respect for employees' freedom of association, care for disadvantaged groups, prohibition of child labor, elimination of all forms of forced labor, elimination of discrimination in employment and occupation, prevention of any acts that infringe upon or violate human rights, protection of gender equality, and fair treatment of all employees. Rechi's compensation policy also ensures that employees' salary determination does not differ on the basis of gender, age, race, religion, or political stance.<br>Rechi's human rights policy applies to the Group's domestic and overseas subsidiaries and other affiliated enterprises over which the Group has substantial control, and requires suppliers to comply with the same standards. Rechi complies with its human rights policy and the labor and human rights laws and regulations of each operating | Governance Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | site. The Company promotes human rights protection and labor rights to new hires and incumbent employees to enhance employees' awareness of human rights. In addition, Rechi provides reporting channels for employees. Reports are accepted by designated personnel, followed by due investigation, and the personal information of whistleblowers is kept confidential. If a report is verified to be true, Rechi undertakes not to subject the whistleblower to any adverse treatment. In 2025, Rechi had no record of human rights violations. To continuously strengthen human rights protection and risk management, the Company has promoted the following measures:<br>• Regularly conducting education and training on human rights, occupational safety, and prevention of unlawful workplace infringement.<br>• Continuously reviewing compliance with labor laws and internal management systems.<br>• Strengthening employee health management and workplace health promotion activities.<br>• Continuously promoting supplier ESG and human rights management mechanisms.<br>• Providing diversified and confidential grievance and communication channels.<br>• Regularly conducting occupational safety and health self-inspections and audits.<br>Relevant management measures and human rights due | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | diligence results are available on the Company's official website at https://www.rechi.com/ | |
| (II) Does the Company formulate and implement reasonable employee benefit measures (including salary, leave, and other benefits), and appropriately reflect operating performance and results in employee compensation? | ✓ | | (II) The Company's overall salary includes base pay, bonuses, and employee remuneration. Each year, the salary adjustment plan is formulated in accordance with operating performance and the market benchmark standards, and production bonuses, operating bonuses, performance bonuses are determined based on the operating performance. It also stipulates that part of the Company's net profit shall be distributed as employee remuneration in the Company's Articles of Incorporation.<br>The Company's leave system is stipulated in accordance with the "Labor Standards Act" and "Act of Gender Equality in Employment".<br>The Group's workforce structure comprises 2862 male employees (74%) and 1024 female employees (26%).<br>The Company has set up an Employee Welfare Committee in accordance with the Employee Welfare Fund Act, and holds regular meetings to discuss issues, such as the amendment to the committee's charter and the distribution of employee benefits. Budgets are drawn up according to the activities and events each year. In accordance with the annual activity/event plan, it regularly organizes employee travel, autumn family day activities, and ball games, and provides allowances for weddings and funerals, child scholarship, foreign employees activity fees, gifts for three | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | major festivals (Lunar New Year, Labor Day, Mid-Autumn Festival), and sports equipment for employees to use. In addition to labor and health insurance, comprehensive group insurance and travel safety insurance are purchased to provide employees with better protection. Please refer to page 103-105 for employee benefit measures. | |
| (III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly? | ✓ | | (III) The Company obtained ISO 45001 occupational safety and health management system certification in 2024 and expanded it to Jiujiang Ruizhi in Mainland China in 2025, establishing a more systematic management mechanism. Furthermore, in order to effectively operate the management system requirements, it established an Occupational Safety and Health Committee in accordance with the law. The proportion of labor representatives reaches the statutory one-third, and the highest position on the Committee is served by the factory manager, enabling labor representatives to directly reflect opinions and suggestions to the highest supervisor. The Committee regularly convenes occupational safety and health meetings each quarter to review various safety and health proposals and other matters, propose improvement and response measures, arrange for personnel to receive relevant machinery operation license training, regularly monitor the work environment, and implement safety, health, and other protective measures. The Company is committed to safeguarding employees' workplace safety, reducing the risk | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | of occupational hazards, and aiming for zero occupational accidents. In 2025, the total number of occupational accidents was 0; in addition, no fire incidents occurred. One dedicated fire prevention management staff member was assigned to handle reporting operations in accordance with the prescribed schedule. Firefighting equipment testing was regularly outsourced, and fire prevention training and drills were conducted to strengthen overall disaster prevention and emergency response capabilities.<br>In order to implement employee health management, in addition to conducting pre-employment physical examinations for new recruits, the Company also regularly arranges for incumbent employees to undergo general and special health examinations, and carries out graded management based on the examination results, and arranges follow-up physician interviews when necessary. At the same time, the Company promotes health promotion activities, sets up fitness equipment in the recreation room for colleagues to use, and additionally compiles health information from time to time for all colleagues' reference in order to enhance employees' health awareness and self-care capabilities. In 2025, 2 health promotion lectures were held, with a total of 44 participants.<br>The total number of occupational accidents in 2025 was 0, excluding traffic accidents.<br>There was no fire incident occurred to the Company in | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | 2025. We have a dedicated fire prevention manager appointed who is to report relevant fire prevention information in accordance with the prescribed schedule, and have the fire protection equipment testing and fire prevention and drills outsourced regularly. | |
| (IV) Has the company established an effective career development and training program for employees? | ✓ | | (IV) The Company divides training into core value as well as basic and professional and management training. The core value includes understanding of Rechi’s environment and various systems to recognize its spirit and culture; the basic training cover on-the-job training (OJT) and qualifications; professional and management training are to enhance employees’ professional and management capabilities. In terms of systems, in addition to the ISO quality system for training standards, there are “employee education and training measures” and “internal lecturers measures” for each job level to organize relevant training every year, and to continue the training to cultivate internal lecturers. Furthermore, the Company has formulated the rewards measures to motivate employees to obtain certificates and to learn independently, and rewards will be given when employees obtain specific job certificates.<br>In addition, to ensure the quality and performance of training, the Company passed the assessment of the Talent Quality-management System (TTQS) in 2025, with the assessment score increasing by 3 points. And established R&D learning maps for R&D personnel, and revised them | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | at any time according to the Company's development status, to provide career development training for R&D personnel systemically, which is include as a reference for employee promotion. | |
| (V) With regard to customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company follow relevant laws and international standards, and formulate relevant consumer protection policies and complaint procedures? | ✓ | | (V) In order to protect consumers' rights and interests, the information on product specifications, power supply, refrigerant, and certification agencies is correctly labeled, to provide customers with correct information and safety for purchase and use. The Company's heat pump of the water heater is the end product that directly enters into the consumer end, whereas the R & D for improving the product to conform with the requirement for energy label is taking place, and has continued to receive energy label for 3.5KW, 6.5KW and 10KW machines. Compliant with criteria required by ISO9001, ISO14001, ISO 17025, IATF 16949, and RoHS accreditation to control raw materials and product quality. The Company has also formulated the 0800 customer service hotline management measures, to not only provide 24-hour free customer service hotline but regulate the management of information (customer calls or messages received) and the response to unusual events. | |
| (VI) Does the Company formulate supplier management policies that require suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights, and the | ✓ | | (VI) The Company's management of suppliers has shifted from focusing on quality, products, and delivery in the early stage gradually towards a joint establishment of social responsibility. In the survey and evaluation items for introduction of new suppliers, it is necessary for suppliers | |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| implementation? | | | to provide the basic information through the Basic Information Form of Suppliers, and the suppliers are requested to fill out the "ESG/Management Survey Self-Evaluation Form" according to the facts. This questionnaire covers the two aspects of "health and safety" and "environment," among which "health and safety" includes issues related to occupational safety and health and labor human rights; "environment" includes issues related to environmental protection. With that, the Company can understand the current status of suppliers' implementation of CSR while they are encouraged to establish an ISO environmental management system (ISO14001), and all suppliers are invited to work together to fulfill their corporate responsibilities for society, workers, and the planet. Implementation of the supplier policy management system will be required for all operational sites starting from 2026 to convey Rechi's business philosophy and environmental policy, urging supply chain members to pay attention to environmental issues and jointly create a friendly work environment. | |
| V. Does the Company refer to internationally accepted reporting standards or guidelines to prepare sustainable reports and other reports that disclose its non-financial information? Have the aforesaid reports been assured or certified by a third-party verification agency? | ✓ | | In 2025, the Company compiled the 2025 Sustainability Report with reference to the internationally accepted reporting standards including GRI, SASB, and TCFD., and engaged a limited assurance of the independent third-party British Standards Institution. For the Corporate Social Responsibility Report and Sustainability Report, please visit the "ESG" section on the | All the above is compliant with the Sustainable Development Governance Best-Practice Principles |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | Company's website (www.rechi.com). | for TWSE/TPEx Listed Companies. |

VI. If the Company has established its own Sustainable Development Best-Practice Principles in accordance with the Sustainable Development Best-Practice Principles for TWSE/GTSM Listed Companies, please specify its current implementation and any deviation from the Best-Practice Principles:

The Company has formulated its Sustainable Development Best Practice Principles in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies established by the competent authority (please refer to the "Corporate Governance" section of the MOPS and the "ESG" section of the Company's website (http://www.rechi.com). There is no difference between the actual operations and the regulations of the principles.

VII. Further information that may help to understand the status of sustainable development of the company better:

(I) Social participation:

Rechi, guided by the spirit of "what is taken from society should be used for society," has long actively engaged in social participation. Through diverse approaches such as public welfare participation, environmental protection, industry-academia collaboration, and care for disadvantaged groups, and by integrating the resources of the Group's operating sites, Rechi continues to expand its social impact and promote the co-prosperity and development of local communities.

1. In terms of public welfare participation, each site promoted blood donation activities, including 31 participants at Guanyin Rechi (a total of 47 bags of blood), around 13 at Dongguan Rechi (approximately 4,000 cc), around 30 at Huizhou Rechi (approximately 10,000 cc), and around 51 at Jiujiang Rechi (approximately 18,400 cc), demonstrating the Company's support for social medical resources.
2. In terms of environmental protection, the Group continued to promote beach cleanup, tree planting, and environmental advocacy activities, such as the Guanyin Rechi beach cleanup activity, which removed approximately 601 kilograms of waste (510 kilograms of general waste and 91 kilograms of recyclables). Each site also promoted tree planting activities (such as the planting of more than 150 trees at Qingdao Rechi), putting environmental sustainability into practice through concrete actions.
3. In terms of community care and assistance for disadvantaged groups, each site gave back to society through material donations and care activities, such as Jiujiang Rechi organizing condolence activities for welfare institutions and persons with disabilities (materials of approximately NTD 78,000), Qingdao Rechi donating charitable funds (approximately NTD 93,000), and organizing free health clinics (serving around 150 people) and public welfare activities for the elderly.

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |

4. In terms of industry-academia collaboration, Rechi promoted industry-academia links through campus visits and exchange activities, such as Guanyin Rechi organizing a visit by Neihu Industrial Vocational High School (with around 68 teachers and students participating), and Dongguan Rechi receiving a visit from students of Guangzhou Maritime University (around 31 people), assisting in cultivating industry talent and strengthening educational links.

Rechi also integrated corporate resources into local development, such as donating heat pump equipment for community use. Through employee participation in volunteer activities and environmental actions, it continuously deepened the connection between the enterprise and society and fulfilled corporate social responsibility.

(II) For corporate governance, please refer to the ESG section on our company website (www.rechi.com).

(III) Employee care:

Employee satisfaction survey

| Items | Explanation |
|---|---|
| Counterparties | All employees |
| Title | Supervisors, compensation, colleagues, work, development, corporate culture, sustainable operations, employee engagement, cultural strength |
| Number of people surveyed | 84 person |
| Coverage rate | 29.68% |
| Unit responsible for the survey | Human resources section |
| Survey frequency | Once a year |
| Survey period | 2025/10/02 – 2025/10/17 |
| Overall satisfaction | 4.16 points (out of 6 points) |
| Survey results | 1. The overall average satisfaction score of the 2025 employee satisfaction survey was 4.16, a decrease of 5.6% compared with 2024 (average score of 4.5).<br>2. Compared with the 2024 employee satisfaction survey, the 2025 employee satisfaction survey scores showed significant differences in "supervisors," "compensation," "corporate culture," and "employee engagement," with percentage decreases ranging from 7% to 9%.<br>3. Further to the above, the results show that, compared with 2024, 10 sub-dimensions in the 2025 employee satisfaction survey |

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies," and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |

| | |
|---|---|
| | showed significant differences, and all exhibited decreases ranging from 4% to 17%. Among these, "external competitiveness" had the largest decrease at 17%, followed by "reward system" at 13%. |
| Content of improvement plan | In response to the unsatisfactory survey results and the dimensions showing significant differences compared with 2024, Rechi has formulated a specific improvement plan to respond to employees' expectations. The Company is committed to continuously tracking the effectiveness of the improvements to ensure that labor and management can jointly create the value of sustainable operations on the basis of mutual trust. |

| 2025 satisfaction survey optimization items and corresponding actions | |
|---|---|
| Dimension | Measures |
| Strengthen management effectiveness | For the "supervisors" dimension, management education and training courses will be actively promoted and incorporated into the following year's plan, aiming to enhance positive two-way interaction between supervisors and subordinates. |
| Optimize incentive mechanism | For the significant differences in "compensation," "corporate culture," and "employee engagement," the Company plans to prioritize resources for adjustments in key areas such as salaries, bonuses, and employee benefits. |
| Build cultural identity | Through substantive optimization of the system, it is expected to further boost employee morale and enhance employees' identification with the corporate culture and work engagement. |

(IV) Personal data protection:

The Company has established the "Personal Data Protection Measures" and duly implemented all relevant regulations, putting management mechanisms in place from the collection and processing of data to its storage, ensuring the security and legality of personal data during the processing procedures. At the same time, the Company also continues to strengthen the establishment and maintenance of information security systems to ensure the integrity and confidentiality of data and prevent potential risks. To effectively promote the personal data management system, the Company has established a "Personal Data Protection Management Team" (hereinafter referred to as the "personal data team"), with the General Manager serving as the management representative or designating a suitable person to serve in that capacity.

The members of the personal data team consist of supervisors from each department at the assistant manager level and above, who are responsible for the overall planning and supervision of the implementation and execution of the Company's personal data protection policy. The Human Resources Department is also designated as the contact window for personal data protection and is responsible for unified internal and external communication and coordination. The scope of application of this system covers all persons who have access to personal data, including all employees, affiliated member companies, external suppliers, and customers, to ensure the trust of all parties in the Company's personal data protection mechanism.

| Items for assessment | State of operation | | | The variation with the Sustainable Development Governance Best-Practice Principles for TWSE/TPEx Listed Companies,” and the reasons for the variation |
|---|---|---|---|---|
| | Yes | No | Summary | |

In terms of education and training, a total of 37 relevant personnel participated in personal data protection training courses in 2025, and all personnel completed the training and passed the tests, achieving the training effectiveness objectives. To date, the Company has not had any incidents involving violations of the Personal Data Protection Act, demonstrating that the Company has effectively implemented the relevant requirements of personal data protection in terms of system establishment, education and training, and practical execution.

(V) Management structure for climate-related risks and opportunities

| Category | Corporate Governing Strategies and the Actions |
|---|---|
| Governance | Directors review climate related issues each season. |
| | Sustainable Development Committee meets regularly and report on the ESG implementation of each unit at the meeting. (Please refer to page 41 for function each unit) |
| Strategy | Through the cross-department study, to verify the short, medium, and long-run climate risks and opportunities. |
| | Evaluate significant climate change and opportunities that would bring the Company potential operational and financial impacts. |
| | Implement scenario analysis, evaluate science-based objectives, and net-zero emission. |
| Risk Management | Uses TCFD structure to establish the RECHI’s procedure for distinguishing climate risk. |
| | Develop the responding scheme in accordance with the result of climate change verification and the order arranged. |
| | Integrate the verification and evaluation of climate risk into the process of risk management (please refer to Risk Management of the Company’s website) |
| Index and Goal | Establish the index of management for climate change. |
| | Interrogate and disclose greenhouse gas emissions with ISO 14064-1 each year, investigate impacts on the operation aspect of the Company, and evaluate risks in categories 1, 2, and 3. |
| | Established the goal for management of climate change, and investigated the achievement of the goal and the actual performance. |

## (VIII) Implementation of climate-related information

<table>
<tr><th>Items</th><th>Implementation</th></tr>
<tr><td>1. Describe the supervision and governance of the Board or Directors and management over the climate-related risks and opportunities.</td><td>The Sustainability Development Committee shall review and manage the Company’s climate change-related discussion and management. The climate change-related resolutions are to be approved by the Board of Directors. The Sustainability Development Committee has working groups setup to serve. The Strategic Planning Group shall organize and coordinate all working groups to report the TCFD climate governance in response to the Board of Directors every year for reference in decision-making.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities impact the company’s business, strategy, and finance (short-term, medium-term, and long-term).</td><td>
<table>
<tr><th>No.</th><th>Climate change risk issues</th><th>Risk level</th><th>Impact time horizon</th></tr>
<tr><td>R1</td><td>Increased pricing of greenhouse gas emissions</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>R2</td><td>Strengthened emissions reporting obligations</td><td>Low</td><td>Short-term</td></tr>
<tr><td>R3</td><td>Requirements and regulation for existing products and services</td><td>Medium</td><td>Short-term</td></tr>
<tr><td>R4</td><td>Replace existing products and services with low-carbon products</td><td>High</td><td>Medium-term, Long-term</td></tr>
<tr><td>R5</td><td>The cost of low-carbon technology transformation</td><td>Medium</td><td>Short-term, Medium-term</td></tr>
<tr><td>R6</td><td>Customers’ behavior changes</td><td>High</td><td>Short-term, Medium-term</td></tr>
<tr><td>R7</td><td>Changes in rainfall patterns and extreme changes in climate patterns</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>R8</td><td>Increased severity of extreme weather events, such as typhoons and floods</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>R9</td><td>Increasing cost of raw material</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>R10</td><td>Average temperature increase</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>R11</td><td>Sea-level rise</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>O1</td><td>Reducing water use and consumption</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>O2</td><td>Adopt more efficient production and distribution processes</td><td>High</td><td>Short-term, Medium-term, Long-term</td></tr>
<tr><td>O3</td><td>Recycling and reusing</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>O4</td><td>Switching to more efficient buildings</td><td>Medium</td><td>Medium-term, Long-term</td></tr>
<tr><td>O5</td><td>Adopt more efficient transportation methods</td><td>Medium</td><td>Short-term, Medium-term, Long-term</td></tr>
<tr><td>O6</td><td>Using low-carbon energy</td><td>High</td><td>Medium-term, Long-term</td></tr>
<tr><td>O7</td><td>Developing or increasing low-carbon products and services</td><td>Medium</td><td>Short-term, Medium-term, Long-term</td></tr>
</table>
</td></tr>
</table>

| | | | |
|---|---|---|---|
| O8 | Using new technologies | Medium | Medium-term, Long-term |
| O9 | Participating in the carbon trading market | Medium | Medium-term, Long-term |
| O10 | Transitioning to decentralized energy | Low | Medium-term, Long-term |

3. Describe the impact of extreme climate events and transformation actions on finance.

| Opportunity/risk items | Financial impact assessment |
|---|---|
| Transition risk – replacing existing products and services with low-carbon products | The market is gradually shifting orders away due to a failure to meet energy efficiency or carbon requirements, and price competition may also be experienced. If the average price of relevant products is reduced by 3–5%, the gross margin may decrease by tens of millions to NTD 100 million per year. The financial impact is high, and a failure to meet these standards may also result in being classified as a high-risk supplier, affecting future new-project development opportunities. |
| Transition risk – changes in customer behavior | ● End brands, system integrators, and their customers are placing increasing importance on product carbon footprints, environmental labels, and supply chain ESG performance. If the Company is relatively passive in low-carbon products, information disclosure, or sustainability communication, it may fall behind in customers' "supplier risk scores."<br>● If, due to a poor ESG / low-carbon image, 20–30% of new projects are obtained by competitors, potential revenue may be affected by approximately NTD 400–600 million/year in the long term.<br>● Existing customers may also downgrade the Company from an A-grade supplier to a B-grade supplier, causing pricing pressure (an average price reduction of 2–3%), and annual gross profit may decrease by tens of millions to NTD 100 million. |
| Opportunities- Adopt more efficient production and distribution processes | High-efficiency equipment and improved production efficiency will bring cost-saving opportunities by reducing electricity expenses and may also reduce Scope 2 indirect greenhouse gas emissions. After introducing high-efficiency production processes, the target is to reduce energy consumption by 20%, thereby reducing energy cost expenditures and creating a high financial impact. |
| Opportunity – using low-carbon energy | As carbon pricing and renewable energy obligations in Taiwan and overseas increase, the cost of electricity-related emissions is rising year by year. If the Company expands the use of low-carbon energy or renewable energy, it will help reduce energy costs by 20% to 30%, thereby |

| | |
|---|---|
| | increasing profit margins and creating a high financial impact. |
| 4. Describe how climate risk identification, evaluation, and management process are integrated into the overall risk management system. | Step1<br>• The Sustainability Development Committee members shall complete the evaluation on climate and environmental background information and climate risk and operational scope.<br>• Assessment of climate risk and scope of operation<br>Step2<br>• Prepare the list of climate risks and opportunities<br>• Establish internal operational impact questionnaires.<br>Step3<br>• The Sustainability Committee members conduct an analysis on climate risk & opportunity and operational impact<br>• Determine the material risk categories.<br>Step4<br>• Establish implementation strategies and goal setting.<br>Step5<br>• Conduct annual rolling reviews on the effectiveness of implementation strategies and goals at the Sustainability Development Committee meetings. |
| 5. If a scenario analysis is applied to evaluate the resilience against the risk of climate change, the scenarios, parameters, assumptions, analysis factors, and main financial impacts involved should be described. | The Company discusses the 2°C Scenario (2DS) in the Sustainability Development Committee meeting, applies the tools provided by TCCIP (Taiwan Climate Change Projection and Information Platform) as a reference for the evaluation of physical risk scenarios of climate change simultaneously. At the last but not the least, the Company decides to adopt 2DS / RCP2 .6 scenario as the Company's physical risk scenario of climate change in order to describe the theme of climate change risks and opportunities in the said scenario, including physical risks, regulatory transformation risks, etc. |
| 6. If there is a transformation plan in response to the management of climate-related risks, describe the content of the plan, including the indicators and goals for identifying and managing physical and transformation risks. | None. |
| 7. If an internal carbon pricing is used as a planning tool, describe the pricing base. | None. |
| 8. If there is a climate-related goal formed, the related activities, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress, and other information should be described. If carbon offset credits or renewable energy certificates (RECs) are used to achieve the relevant goals, the source and quantity of carbon | The Company has the goals set further based on the indicators stipulated by TCFD climate risks and opportunities:<br>1. Save more than 1% electricity consumption every year.<br>2. Turn off the ice water main unit during holidays for energy-saving, and reduce the energy intensity by 10% compared with the previous year. |

| | |
|---|---|
| offset credits or the quantity of renewable energy certificates (RECs) should be described. | 3. Conduct greenhouse gas emission inventories regularly in accordance with ISO 14064-1, complete a self-assessment greenhouse gas inventory report, and set an annual emissions reduction target of 1% each year based on the baseline year.<br>4. Reinforce waste sorting and promote waste reduction by 1%. |
| 9. Greenhouse gas inventory and assurance, and reduction goals, strategies, and specific action plans (fill in 1-1 and 1-2 separately). | Described as follows: |

## 8-1: The company's greenhouse gas inventory and assurance in the last two years

8-1-1: Greenhouse gas inventory

Describe the greenhouse gas emission (metric tons $CO_2e$), intensity (metric tons $CO_2e$/NTD 1 million), and data coverage in the past two years.

- The scope of verification for 2023 and 2024 covered the single plant site of RECHI PRECISION CO., LTD. (Address: No. 943, Section 2, Chenggong Road, Guanyin District, Taoyuan City). The scope of verification for 2025 covered all plant sites of the Group.
- The 2024 electricity emission factor of 0.474 kg of carbon dioxide/kWh is adopted. The Global Warming Potential (GWP) refers to the Global Warming Potential emission results verified in the IPCC 2021 6th Assessment Report as follows: Unit: tCO2e

| Year | Category 1 | Category 2 | Total | Sales (NTD 1 million) | Intensity |
|---|---|---|---|---|---|
| 2023 | 3,841.76 | 4,809.90 | 8,651.66 | 6,491.2 | 1.33 |
| 2024 | 3,884.33 | 4,480.73 | 8,365.06 | 8,652.9 | 0.97 |
| 2025 | Assurance has not yet been obtained, and full assurance information for each of the Group's plants will be disclosed in the sustainability report. | | | | |

Note 1: Direct emissions (Category 1, that is, from the emission sources directly owned or controlled by the company), indirect energy emissions (Category 2, that is, indirect greenhouse gas emissions from the input of electricity, heat, or steam), and other indirect emissions (Category 3 to 6, that is, emissions resulted from the company's activities, which is not indirect emissions from energy, but from emission sources owned or controlled by other companies).

Note 2: The scope of direct emissions and indirect energy emissions data shall be handled in accordance with the schedule specified in Paragraph 2 of Article 10 of these Guidelines. Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated as per unit of product/service or turnover, but at least the data calculated in terms of turnover (NTD 1 million) should be described.

8-1-2 Greenhouse gas assurance information

Describe the assurance information in the last two years as of the publication date of the annual report, including the assurance scope, the assurance institution, the assurance standard, and the assurance opinion.

| Year | Assurance scope | Assurance institution | Assurance standard and assurance opinion |
|---|---|---|---|
| 2023 | A single factory of RECHI PRECISION CO., LTD. (Address: No. 943, Section 2, Chenggong Road, Guanyin District, Taoyuan City). | Metal Industries Research and Development Centre | Meets the materiality requirements and it is a reasonable assurance level. |
| 2024 | A single factory of RECHI PRECISION CO., LTD. (Address: No. 943, Section 2, Chenggong Road, Guanyin District, Taoyuan City). | Metal Industries Research and Development Centre | Meets the materiality requirements and it is a reasonable assurance level. |
| 2025 | Assurance has not yet been obtained, and full assurance information for each of the Group's plants will be disclosed in the sustainability report. | | |

Note 1: It is to be processed based on the schedule that is stipulated in accordance with the provision of Paragraph 2 of Article 10 of these Guidelines. If the company fails to obtain a complete greenhouse gas assurance opinion as of the publication date of the annual report, the wordings of "complete assurance information will be disclosed in the sustainability report" should be noted. If the company does not have a sustainability report prepared, the wordings of "complete assurance information will be disclosed on the Market Observation Post System" should be noted, and the said assurance information should be disclosed in the annual report of the following year.

Note 2: Assurance institutions shall comply with the relevant requirements for assurance institutions on sustainability reports stipulated by TWSE/TPEx of the Republic of China.

Note 3: Please refer to the samples of disclosure content on the website of the TWSE Corporate Governance Center.

## 8-2: Greenhouse gas reduction goals, strategies, and specific action plans

| |
|---|
| Describe the greenhouse gas reduction base year and its data, goals, strategies, specific action plans, and the achievement of emission reduction. |
| Start implementing greenhouse gas inventories starting from 2023 with the emission reduction goals set by taking the year of 2022 as the base year.<br>The target for 2025 is proposed as follows: a 1% reduction from the 2024 baseline, and as assurance for 2025 has not yet been completed, full assurance information for each plant within the Group will be disclosed in the sustainability report. |

Note 1: It should be handled based on the schedule stipulated in accordance with the provision of Paragraph 2 of Article 10 of these Guidelines.

Note 2: The base year shall be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, pursuant to Article 10, Paragraph 2 of these Guidelines, a company with paid-in capital of NTD 10 billion or more shall complete the greenhouse gas inventory for its 2024 consolidated financial statements in 2025. Therefore, 2024 shall be the base year. If the Company has completed the greenhouse gas inventory for its consolidated financial statements ahead of schedule, the earlier year may be used as the base year. In addition, the data for the base year may be calculated based on a single year or the average of several years.

Note 3: Please refer to the samples of disclosure content on the website of the TWSE Corporate Governance Center.

(IX) Implementation of ethical management and deviation from the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies" and the reasons thereof:

| Items for assessment | State of operation | | | Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| I. Establishment of ethical corporate management policy and proposal<br>(I) Has the company established policies for ethical corporate management approved by the board of directors and stated such policies and practices in its regulations and external documents and in the commitment made by the board of directors and senior management to actively implement such policies? | ✓ | | (I) The Company engages in business activities based on the principles of fairness, honesty, integrity, and transparency. In order to implement the ethical management policy and actively prevent dishonest behaviors, the board of directors approved the formulation of the Ethical Corporate Management Best-Practice Principles in accordance with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx-Listed Companies on March 21, 2014, and passed the amendments thereto on March 17, 2017 and November 6, 2019, respectively. The principles have clearly defined the Company's ethical management policies, approaches, and stipulate that the board of directors and the management shall actively implement the commitments of this management policy, and that they shall follow the principles of ethical management when performing business. | All the above are compliant with Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |
| (II) Has the company established an assessment mechanism of risk from unethical behavior to regularly analyze and assess business activities with higher risk of involvement in unethical behavior and preventive programs for unethical behaviors containing at least the preventive measures stated in paragraph 2, Article 7 of the "Ethical Corporate Management Best-Practice Principles for | ✓ | | (II) At the same time, the board of directors approved the formulation of the Procedures for Ethical Management and Guidelines for Conduct on November 6, 2019, and passed the amendments thereto on March 20, 2020. In accordance with the Ethical Corporate Management Best-Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, the Company's board of directors approved the formulation of the Risk | |

| Items for assessment | State of operation | | | Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| TWSE/TPEx-Listed Companies"? | | | Management Policies and Procedures without objection on March 20, 2020, to clearly define the Company's risk management organizational structure and powers and responsibilities, and the Auditing Office conducts audits on each business unit every year while issuing reports to effectively control any potentially harmful risks.<br>It also expressly prohibits bribery and receipt of bribes, provision of illegal political contributions, provision of improper charitable donations or sponsorships, unreasonable gifts, hospitality, or other improper benefits, infringement of intellectual property rights, engaging in unfair competition, or products or services that are detrimental to interested parties in the Ethical Corporate Management Best-Practice Principles. The Procedures for Ethical Management and Guidelines for Conduct specify the matters that shall be paid attention to in the execution of the business, and the Company organizes education sessions and awareness-raising events to implement the ethical management policy. | |
| (III) Does the Company clearly define operating procedures, behavior guidelines, disciplinary actions, and grievance systems for violations in the unethical behavior prevention plan and implement them as required, and regularly review said plan? | ✓ | | (III) The Procedures for Ethical Management and Guidelines for Conduct not only regulate the specific matters that shall be paid attention to when performing the business but include the formulation of reporting regulations, internal awareness-raising events, establishment of rewards and disciplinary actions, and grievance systems. In order to promote ethical behavior, the Company not only publishes the Ethical Corporate Management Best- | |

| Items for assessment | State of operation | | | Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct on the Company's internal website for employees to consult at any time, but it also requests new employees to read them on the first day of work and sign the statement on compliance with the Ethical Corporate Management Best-Practice Principles. In addition, it raises new employees' awareness of the Company's core values and compliance system, and provides them with relevant education and training courses on a regular basis. | |
| II. Implementation of Ethical Corporate Management<br>(I) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?<br><br><br><br><br><br><br><br><br><br><br><br><br>(II) Does the Company set up a dedicated unit under the board of directors to promote ethical corporate | ✓<br><br><br><br><br><br><br><br><br><br><br><br><br><br>✓ | | (I) Before the Company establishes a business relationship with others, it first evaluates the legality of its counterparties, their ethical management policy, and whether there has been a record of unethical conduct, to ensure that their business operations are fair and transparent and that they will not request, offer, or accept bribes.<br>The contract signed between the Company and others covers the requirement that the counterparty of a transaction shall abide by the terms of ethical operations, and the Company will fully understand the counterparty's status of ethical operations. If there is damage involved in the case of unethical conduct, it may request compensation for losses in accordance with the contract.<br>(II) The Company has set up the Corporate Governance and Sustainable (ESG) Committee, a dedicated (concurrent) | All the above are compliant with Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies. |

| Items for assessment | State of operation | | | Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| management, which reports to the board of directors regularly (at least once a year) on its ethical management policies, plans for preventing dishonest behavior, supervision, and implementation? | | | unit, under the board of directors to implement ethical corporate management to ensure the implementation of the Ethical Corporate Management Best-Practice Principles based on the duties and scope of business of each unit, and to report on the implementation to the board of directors on a quarterly basis. | |
| (III) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies? | ✓ | | (III) In order to prevent conflicts of interest and provide appropriate channels, the Company's board of directors approved the formulation of the Ethical Corporate Management Best-Practice Principles on March 21, 2014, and the amendments thereto on March 17, 2017 and November 6, 2019, respectively. For conflicts of interest in business, employees shall inform their supervisors in advance according to the employment contract to prevent conflicts of interest. When there is a conflict of interest in various proposals of the board of directors, they will follow the principle of recusal to avoid the discussion, and leave the meeting without participating in the vote. | |
| (IV) Does the Company have established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit based on the assessed risk of unethical conduct to formulate relevant audit plans, and check the compliance with the unethical conduct preventive action or commission an accountant to perform the check? | ✓ | | (IV) In accordance with the Ethical Corporate Management Best-Practice Principles and the Procedures for Ethical Management and Guidelines for Conduct, the Company's board of directors approved the formulation of the Risk Management Policies and Procedures without objection on March 20, 2020, to clearly define the Company's risk management organizational structure and powers and responsibilities.<br>The Company always pays attention to ensuring the | |

| Items for assessment | State of operation | | | Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| (V) Has the Company organized corporate management internal and external education and training programs on a regular basis? | ✓ | | correctness and completeness of its financial reporting process and its control. It designs relevant internal control systems for operating procedures with high potential risks of unethical conduct, and implements the annual audit plan drawn up by the internal audit based on the results of the risk assessment, and an audit report will be prepared submitted to the board of directors after the audit.<br>(V) Ethical corporate management has been incorporated into the Company's internal regular training in 2019. In 2025, the Company participated in training related to integrity management and insider trading prevention provided by internal and external entities, such as "Legal Risk Analysis – Insider Trading and Prevention of Labor Disputes" and "Trends and Risk Management of Generative AI and Anti-Corruption Prevention." The members of the Board of Directors recorded a total of 12 attendances, with 36 training hours, while the relevant senior executives recorded a total of 7 attendances, with 21 training hours. | |
| III. The Function of the Reporting System of the Company<br>(I) Does the Company have a specific report and reward system stipulated, a convenient report channel established and responsible staff designated to handle the individual being reported? | ✓ | | (I) The Company has formulated the "Rules for the Prosecution of Illegal and Unethical or Dishonest Conducts" upon unanimous approval from all attending directors at the board meeting on December 23, 2019. In the Rules state clear and effective award and penal system, and if any personnel of the Company seriously violates ethical conduct, the Company shall dismiss the personnel | All the above are compliant with Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed |

| Items for assessment | State of operation | | | Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | from his or her position or terminate his or her employment in accordance with applicable laws and regulations or relevant procedures of the Company. The Company shall establish a mailbox and hotline for insiders and outsiders of the Company to submit reports. (https://www.rechi.com/Stakeholder/connection)<br>Whistleblowing channel information<br>1. Hotline: 03-4837201#171<br>2. Email: justin@rechi.com<br>3. Unit that receiving whistleblowing cases: The Company's Corporate Governance Committee. | Companies. |
| (II) Has the Company established standard operating procedures for investigating reported events, follow-up measures to be taken after the investigation was completed, and related confidentiality mechanisms? | ✓ | | (II) The Company's Board of Directors approved the establishment of the "Rules for the Prosecution of Illegal and Unethical or Dishonest Conducts" on December 23, 2019. The procedures for accepting reports, investigation procedures, follow-up measures for investigation reports, and protection of whistleblowers are stipulated.<br>Procedures for handling a whistleblowing case:<br>● Anonymous whistleblower: Anonymous whistleblowing is permitted, but whistleblowing cases with no evidence provided for investigation will not be processed. However, contents of the whistleblowing case deemed necessary for investigation will be processed separately, and will be used as a reference for internal review.<br>● Named whistleblower: Whistleblowers must be reported through the channels listed in Article 3 of | |

| Items for assessment | State of operation | | | Deviation From the “Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company” and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | these Rules and sufficient information must be provided for verification. The whistleblower shall provide at least the following information:<br>1. The name, ID number, address, telephone number, and e-mail address of the whistleblower.<br>2. The name of the whistleblower or other information sufficient to identify the identity of the alleged wrongdoer.<br>3. Concrete facts that can be verified.<br>● Internal personnel:<br>1. A whistleblowing case involving a regular employee will be reported to the department head. A whistleblowing case involving a director or senior executive will be reported to the independent director. If no specific fact is verified, the case will be closed and kept on record.<br>2. The designated unit of the Company and the supervisor or personnel who received the report of the aforementioned whistleblowing case shall immediately investigate the facts, and if necessary, the compliance or other related departments shall provide assistance. In order to protect the rights of the alleged wrongdoer, he/she shall be given an opportunity to voice an opinion.<br>3. If the alleged wrongdoer is proven to have violated applicable laws and regulations or the Company’s ethical corporate management policy and | |

| Items for assessment | State of operation | | | Deviation From the “Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company” and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | procedures, the Company shall immediately request the person to cease the relevant act and take appropriate action. If necessary, the Company shall claim damages through legal proceedings in order to protect its reputation and rights and interests, or report to the competent authority and refer to the judicial authorities for investigation.<br>4. Records pertaining to the acceptance, investigation process, and outcomes of whistleblowing cases shall be maintained for five years and may be stored electronically. In the event of a lawsuit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained until the conclusion of the litigation.<br>5. With respect to confirmed information, the Company shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.<br>6. The dedicated unit of the Company shall submit to the Board of Directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.<br>● External personnel:<br>If any personnel of the Company discovers that another party has engaged in unethical conduct toward | |

| Items for assessment | State of operation | | | Deviation From the "Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company" and the Reasons |
|---|---|---|---|---|
| | Yes | No | Summary | |
| | | | the Company, and such unethical conduct involves alleged illegality, the Company shall report the relevant facts to the judicial and prosecutorial authorities; where a public service agency or public official is involved, the Company shall additionally notify the governmental anti-corruption agency. | |
| (III) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident? | ✓ | | (III) Personnel of the Company's handling whistleblowing matters shall represent in writing they will keep the whistleblowers' identity and contents of information confidential. The Company also undertakes to protect the whistleblowers from improper treatment due to their whistleblowing.<br>If the personnel responsible for handling a whistleblowing case are related to the whistleblower or the alleged wrongdoer within the second degree of kinship, have a conflict of interest in the reported matter, or are involved in any other circumstance that may compromise the fairness of the investigation or handling of the case, they shall proactively recuse themselves. The whistleblower or the alleged wrongdoer also has the right to request such personnel to be recused.<br>In 2025, the Company received 0 whistleblowing cases.<br>The Company will continue to strengthen the training and education of the supervisors and employees, and control measures. | |

<table>
<tr><th rowspan="2">Items for assessment</th><th colspan="3">State of operation</th><th rowspan="2">Deviation From the “Ethical Corporate Management Best-Practice Principles for TWSE or TPEx Listed Company” and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>IV. Intensification of Disclosure<br>Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?</td><td>✓</td><td></td><td>The Company has set up the “Ethical Corporate Management” section on its website (www.rechi.com) and has disclosed information and promotion related to ethical corporate management on the MOPS for inquiry at any time. It has also disclosed information related to ethical corporate management on the external website.</td><td>All the above are compliant with Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">V. If the Company has established its own corporate management principles in accordance with “Ethical Corporate Management Best-Practice Principles for TWSE/TPEx-Listed Companies,” please describe its current practices and any discrepancies from the Best-Practice Principles:<br>The Company has established its “Ethical Corporate Management Best-Practice Principles.” All employees, managerial officers, and board members shall abide by these Principles. There are no discrepancies between the current practices and the Best-Practice Principles.</td></tr>
<tr><td colspan="5">VI. Other information relevant to understanding the Company’s business integrity (e.g., reviews of business integrity principles):<br>The Company pays close attention to the development of the domestic and overseas regulations related to ethical corporate management, and encourages its directors, managerial officers, employees to give suggestions. Based on the suggestions, the Company may review, improve and promote the ethical corporate management policies it has formulated, in order to improve the effectiveness of the company’s ethical corporate management.</td></tr>
</table>

(X) Other information that facilitates the understanding in the Company's corporate governance should also be disclosed together:

1. Important information of the Company is disclosed on the MOPS and the Company's website in accordance with the laws and regulations of the competent authorities.
   Company website: http://www.rechi.com/
   MOPS: http://mops.twse.com.tw/mops/web/index. Stock Code: 4532
2. Education training of the Board in 2025:

| Title | Name | Date of (elected to) office | Training date | | Organizer | Course name | Training hours | Whether the training had complied with policies | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | Start | End | | | | | |
| Corporate Director representative | CHEN, SHENG TIEN | 2023/6/15 | 2025/05/08 | 2025/05/08 | Taiwan Corporate Governance Association | Legal Risk Analysis: Insider Trading and Labor Dispute Prevention | 3.0 | Yes | |
| | | | 2025/11/13 | 2025/11/13 | Taiwan Corporate Governance Association | Generative AI Trends, Risk Management, and Anti-Corruption Prevention | 3.0 | Yes | |
| Corporate Director representative | YANG, CHENG MING | 2023/6/15 | 2025/05/08 | 2025/05/08 | Taiwan Corporate Governance Association | Legal Risk Analysis: Insider Trading and Labor Dispute Prevention | 3.0 | Yes | |
| | | | 2025/11/13 | 2025/11/13 | Taiwan Corporate Governance Association | Generative AI Trends, Risk Management, and Anti-Corruption Prevention | 3.0 | Yes | |
| Corporate Director representative | CHEN, SHENG CHUAN | 2023/6/15 | 2025/05/08 | 2025/05/08 | Taiwan Corporate Governance Association | Legal Risk Analysis: Insider Trading and Labor Dispute Prevention | 3.0 | Yes | |
| | | | 2025/11/13 | 2025/11/13 | Taiwan Corporate Governance Association | Generative AI Trends, Risk Management, and Anti-Corruption Prevention | 3.0 | Yes | |
| Corporate Director representative | FENG, MING FA | 2023/6/15 | 2025/05/08 | 2025/05/08 | Taiwan Corporate Governance Association | Legal Risk Analysis: Insider Trading and Labor Dispute Prevention | 3.0 | Yes | |
| | | | 2025/11/13 | 2025/11/13 | Taiwan Corporate Governance Association | Generative AI Trends, Risk Management, and Anti-Corruption Prevention | 3.0 | Yes | |
| Corporate Director representative | LIU, HUNG YI | 2024/9/18 | 2025/05/08 | 2025/05/08 | Taiwan Corporate Governance Association | Legal Risk Analysis: Insider Trading and Labor Dispute Prevention | 3.0 | Yes | |
| | | | 2025/08/14 | 2025/08/14 | Taiwan Investor Relations Association | Corporate Sustainability and Risk Management | 3.0 | Yes | |
| | | | 2025/11/11 | 2025/11/11 | Taiwan Investor Relations Association | Exploring the legal liability for business decisions from the perspective of the business judgment rule | 3.0 | Yes | |
| Corporate Director representative | AKIHISA MASUO | 2023/6/15 | 2025/11/13 | 2025/11/13 | Taiwan Corporate Governance Association | Generative AI Trends, Risk Management, and Anti-Corruption Prevention | 3.0 | Yes | |

| Title | Name | Date of (elected to) office | Training date | | Organizer | Course name | Training hours | Whether the training had complied with policies | Note |
|---|---|---|---|---|---|---|---|---|---|
| | | | Start | End | | | | | |
| Independent director | SU, CHING YANG | 2023/6/15 | 2025/05/08 | 2025/05/08 | Taiwan Corporate Governance Association | Legal Risk Analysis: Insider Trading and Labor Dispute Prevention | 3.0 | Yes | |
| | | | 2025/06/16 | 2025/06/16 | Taiwan Corporate Governance Association | Corporate Governing and Securities Laws | 3.0 | Yes | |
| Independent director | CHEN, SHENG WANG | 2023/6/15 | 2025/03/04 | 2025/03/04 | Taiwan Corporate Governance Association | NVIDIA's Trillion-Dollar Breakthrough: New Thinking on the Semiconductor Industry Revolution Behind Artificial Intelligence | 6.0 | Yes | |
| | | | 2025/04/18 | 2025/04/18 | Taiwan Corporate Governance Association | Corporate Innovation and Angel Investment | 3.0 | Yes | |
| Independent director | HUANG, PAO HUI | 2023/6/15 | 2025/07/09 | 2025/07/09 | Taiwan Stock Exchange Corporation | 2025 Cathay Sustainable Finance and Climate Change Summit | 3.0 | Yes | |
| | | | 2025/08/22 | 2025/08/22 | Taipei Financial Research Development Foundation | Understanding Financial Statements and Managing Risks: Financial Governance Lessons for Directors and Supervisors | 3.0 | Yes | |
| | | | 2025/10/31 | 2025/10/31 | Securities and Futures Development Foundation | 2025 Legal Compliance Information Session on Insider Equity Transactions | 3.0 | Yes | |

3. 2025 Continuing training regarding Corporate Governance participated by managerial officers:

| Title | Name | Training date | | Organizer | Course name | Training hours | Note |
|---|---|---|---|---|---|---|---|
| | | Start | End | | | | |
| Vice President/CFO/ Chief Corporate Governance Officer | KO, CHIH CHENG | 2025/05/08 | 2025/05/08 | Taiwan Corporate Governance Association | Legal Risk Analysis: Insider Trading and Labor Dispute Prevention | 3.0 | |
| | | 2025/10/16 | 2025/10/16 | Financial Supervisory Commission Approval Document No. | The 15th Symposium of Corporate Governance Taipei | 3.0 | |
| | | 2025/11/13 | 2025/11/13 | Taiwan Corporate Governance Association | Generative AI Trends, Risk Management, and Anti-Corruption Prevention | 6.0 | |
| Chief Financial Officer/Chief Accounting Officer | WU, CHIN MEI | 2025/09/18 | 2025/09/19 | Accounting Research and Development Foundation | Continuing Training for Chief Accounting Officers of Issuers, Securities Firms, and Securities Exchanges | 12.0 | |

## (XI) Execution status of internal control systems:

1. Statement on Internal Control Systems

RECHI PRECISION CO., LTD.
Statement on Internal Control Systems

Date: March 11, 2026

The Company hereby states the results of the self-evaluation of the internal control system for 2025 as follows:

I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's board of directors and managerial officers. These policies were implemented throughout The Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.

II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievement of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each element further contains several items. Please refer to "The Governing Principles" for details.

IV. The Company adopted the aforementioned criteria to evaluate the effectiveness of its policy design and execution.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2025, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This declaration forms part of the main contents of the company's annual report and prospectus, and shall be disclosed to the public. Any misrepresentation or concealment of the aforementioned disclosures shall be liable to violation of Articles 20, 32, 171 and 174 of the Securities and Exchanges Act and the legal consequences thereof.

VII. This statement of declaration has been unanimously approved by all nine attending board members at the board meeting on March 9, 2026.

RECHI PRECISION CO., LTD.

Chairman: CHEN, SHENG TIEN Signature

President: FENG, MING FA Signature

2. For the CPAs specifically commissioned to review the internal control system, the Independent Auditor’s Report should be disclosed: None

(XII) Important resolutions of the Shareholders’ Meeting and Board Meeting during the most recent fiscal year and as of the printing date of this annual report.

1. Important resolutions and implementation of 2025 Shareholders’ Meeting

| Session | Date of meeting | Important resolutions and implementation of the shareholders’ meeting |
|---|---|---|
| 2025 Shareholders’ Meeting | 2025/6/11 | 1. Recognition of the 2024 Business Report and Financial Statements<br>* Implementation: Approved as proposed.<br>2. Recognition of the Company’s 2024 profit distribution.<br>* Implementation: Ex-Dividend Date: April 17, 2025. Distribution Date: May 8, 2025. (Cash dividend: NTD 1.50046970 per share.)<br>3. Approval of the proposal for the partial amendment of the “Articles of Incorporation.”<br>* Implementation: Following approval at the Annual General Meeting, filing for record was completed on July 23, 2025.<br>4. Approved the proposal for canceling the non-compete restriction for current directors and their representatives.<br>* Implementation: Effective upon approval. |

2. Details of the important resolutions of Board of directors meeting in 2025/01/01 - 2026 and as of the publication date of the annual report

| Session | Time | Important resolutions | Issues listed in the Securities Exchange Act, Article 14, Part 3 | Independent Directors’ opinions and the Company’s response thereto |
|---|---|---|---|---|
| 12th meeting of the 14th Board of Directors | 2025.03.11 | 1. Approved the Company’s 2024 Final Accounting Statements and Records. | | Approved by all attending Independent Directors |
| | | 2. Approved the proposal for the Company’s 2024 earnings distribution | | |
| | | 3. Approved the Company’s distribution of remuneration to directors and employees’ compensation for 2024. | | |
| | | 4. Approved the report on the Company’s earnings distribution as cash dividends for 2024. | | |
| | | 5. Approved the relevant matter on the date of cash dividends distribution. | | |
| | | 6. Approved the issuance of the Company’s Statement on Internal Control Systems. | | |
| | | 7. Approval of the assessment of independence and suitability of the certified public accountants for the fiscal year 2025. | | |
| | | 8. Approved the proposal for canceling the non-compete restriction for current directors and their representatives. | ✓ | |
| | | 9. Approved the proposal for canceling the non-compete restriction for current independent directors | ✓ | |
| | | 10. Approval of The personnel adjustment to the senior-level managerial employees | | |
| | | 11. Approved the proposal for canceling the non-compete | | |

| | | | | |
|---|---|---|---|---|
| | | restriction for the managerial officers | | |
| | | 12. Approved the partial amendments to the Company's "Guidelines for the Ninth Repurchase of Shares and Transfer to Employees". | | |
| | | 13. Approved the partial amendments to the "Guidelines for the Tenth Repurchase of Shares and Transfer to Employees" as required by the competent authority. | | |
| | | 14. Approval of the proposal for the partial amendments to the "Articles of Incorporation" | | |
| | | 15. Approved the convening the 2025 Regular Shareholders' Meeting | | |
| | | 16. Approved the credit lines provided by the Company's financial institutions. | ✓ | |
| 13rd meeting of the 14th Board of Directors | 2025.05.08 | 1. Approved the 2025 Q1 consolidated financial report of the Company and its subsidiaries | | Approved by all attending Independent Directors |
| | | 2. Approved the establishment of the record date for the reduction in capital related to the eighth buyback and retirement of treasury stock. | | |
| | | 3. Approved the appointments of the Company's CEO and CTO. | | |
| | | 4. Approved the credit lines provided by the Company's financial institutions. | ✓ | |
| 14th meeting of the 14th Board of Directors | 2025.08.12 | 1. Approved the 2025 Q2 consolidated financial report of the Company and its subsidiaries | | Approved by all attending Independent Directors |
| | | 2. Approved the proposal for the Company's 2024 sustainable reports. | | |
| | | 3. Approved the elevation of the Corporate Governance and Sustainability Committee to the Board of Directors level and renamed it the "Sustainability Committee." The scope of the sustainability report was simultaneously expanded to encompass the entire Group. | | |
| | | 4. Approved the credit lines provided by the Company's financial institutions and the credit lines of the subsidiaries endorsed and guaranteed by the Company | ✓ | |
| 15th meeting of the 14th Board of Directors | 2025.11.11 | 1. Approved the 2025 Q3 consolidated financial report of the Company and its subsidiaries | | Approved by all attending Independent Directors |
| | | 2. Approved the Company's 2026 audit plan. | | |
| | | 3. Approved the proposal for the Company to buy back and cancel shares using treasury shares. | | |
| | | 4. Approved the proposal to amend some provisions of the Company's employee compensation distribution policy. | ✓ | |
| | | 5. Approved the establishment of the Company's Sustainable Development Committee Organizational Rules. | | |
| | | 6. Approved the partial amendments to the Company's "Sustainable Development Best-Practice Principles" | | |
| | | 7. Approved the credit lines provided by the Company's financial institutions. | ✓ | |
| | | 8. Approved the loan to Dyna Rechi Jiujiang Co., Ltd. | ✓ | |
| 16th meeting of the 14th Board of | 2025.12.30 | 1. Approved the Company's 2026 Business Plan | | Approved by all attending Independent Directors |
| | | 2. Approved the partial amendments to the Company's "Rules for Evaluating the Performance of the Board of | | |

<table>
<tr><td>Directors</td><td></td><td>Directors and functional committees”</td><td></td><td></td></tr>
<tr><td rowspan="16">17th meeting of the 14th Board of Directors</td><td rowspan="16">2026.03.09</td><td>1. Approved the Company’s 2025 Final Accounting Statements and Records.</td><td></td><td rowspan="16">Approved by all attending Independent Directors</td></tr>
<tr><td>2. Approved the proposal for the Company’s 2025 earnings distribution</td><td></td></tr>
<tr><td>3. Approved the Company’s distribution of remuneration to directors and employees’ compensation for 2025.</td><td></td></tr>
<tr><td>4. Approved the report on the Company’s earnings distribution as cash dividends for 2025.</td><td></td></tr>
<tr><td>5. Approved the relevant matter on the date of cash dividends distribution.</td><td></td></tr>
<tr><td>6. Approved the issuance of the Company’s Statement on Internal Control Systems.</td><td></td></tr>
<tr><td>7. Approval of the assessment of independence and suitability of the certified public accountants for the fiscal year 2026.</td><td></td></tr>
<tr><td>8. Approved the proposal for re-election of all directors of the Company</td><td></td></tr>
<tr><td>9. Approved the proposal for canceling the non-compete restriction for new directors and their representatives.</td><td></td></tr>
<tr><td>10. Approval of The personnel adjustment to the senior-level managerial employees</td><td></td></tr>
<tr><td>11. Approved the proposal for canceling the non-compete restriction for the managerial officers</td><td></td></tr>
<tr><td>12. Approved the establishment of the record date for the capital reduction resulting from the cancellation of the Company’s eleventh treasury stock repurchase.</td><td></td></tr>
<tr><td>13. Approved the second transfer of company shares repurchased under the Company’s ninth repurchase program in 2021 to employees.</td><td>✓</td></tr>
<tr><td>14. Approved the proposal to amend some provisions of the Company’s employee compensation distribution policy.</td><td></td></tr>
<tr><td>15. Approved the convening the 2026 Regular Shareholders’ Meeting</td><td></td></tr>
<tr><td>16. Approved the credit lines provided by the Company’s financial institutions.</td><td>✓</td></tr>
</table>

(XIII) Adverse opinions from the Directors or the Supervisors against major resolutions of the Board on record or in written declaration in the most recent year to the date this report was printed. The key content: None.

IV. Disclosure of the accountant’s fee:

(I) Disclosure of the CPA’s fee:

Unit: NTD thousand

| Name of CPA firm | Name of CPA | CPA inspection period | Auditing fee | Non-auditing fee | Total | Note |
|---|---|---|---|---|---|---|
| Deloitte & Touche | CHANG, CHING Hsia | 2025/01/01-2025/12/31 | 7,250 | 0 | 7,250 | |
| | CHENG, CHIN TSUNG | 2025/01/01-2025/12/31 | | | | |

Note: If the Company changes CPA or its accounting firm, shall list the date of auditing, and specify the reason for the change in the note filed.

(II) When the Company changes its accounting firm and the amount of fees paid for auditing services during the year in which the change is made are lower than for the previous year, the amount by which the fees decreased, the proportionate decrease, and the reasons therefor shall be disclosed: None.

(III) In the event that the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

## V. Change of CPA

(I) On the predecessor CPAs:

2026

<table>
<tr><td>Date of replacement</td><td colspan="5">April 27, 2026</td></tr>
<tr><td>Reason for replacement and note</td><td colspan="5">Due to the internal adjustment needs of Deloitte & Touche, starting from the first quarter of 2026, the Company’s certifying CPAs were changed from CPA CHANG, Ching-Hsia and CPA CHENG, Chin-Tsung to CPA CHANG, Ching-Hsia and CPA LIU, Ming-Hsien.</td></tr>
<tr><td rowspan="3">The commissioner or CPA terminates or declines the commission<br>Appoint terminated<br>Declined further engagement</td><td colspan="2">Counterparty<br>Reason</td><td colspan="2">CPAs</td><td>Commissioner</td></tr>
<tr><td colspan="2">Decided to terminate the appointment</td><td colspan="3" rowspan="2">N/A</td></tr>
<tr><td colspan="2">Decided to not to (continue the) appointment</td></tr>
<tr><td>Opinions and reasons of audit reports issued during the most recent two years, excluding those issued with unqualified opinion</td><td colspan="5">N/A</td></tr>
<tr><td rowspan="6">Disagreement with the issuer (Yes/No)</td><td rowspan="4">Yes</td><td colspan="2"></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td colspan="2"></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td colspan="2"></td><td colspan="2">Audit scope or procedure</td></tr>
<tr><td colspan="2"></td><td colspan="2">Others</td></tr>
<tr><td>None</td><td colspan="4">N/A</td></tr>
<tr><td>Explanation</td><td colspan="4"></td></tr>
<tr><td>Other disclosures<br>(Matters covered in Item 1-4, Subparagraph 5, Article 10 of the Regulations should be disclosed)</td><td colspan="5">N/A</td></tr>
</table>

(II) On the successor CPAs: N/A

(III) Reply letter from the predecessor CPAs regarding Item 1 and 2-3, Subparagraph 5, Article 10 of the Regulations: N/A

## VI. The Chairman, president, or manager responsible for finance or accounting holding a position at a firm belonging to a certifying CPA firm or any affiliated enterprise within the preceding year: None.

## VII. The transfer of shares and changes in pledges of the Directors, managerial officers, and shareholders holding more than 10% of the shares in the most recent year and as of the printing date of this annual report.

### (I) Changes in shareholding of Directors, managerial officers, and major shareholders

| Title | Name | 2025 | | As of April 14, 2026 | | Note |
|---|---|---|---|---|---|---|
| | | Increase (decrease) in no. of shares held | Increase (decrease) in no. of pledged shares | Increase (decrease) in no. of shares held | Increase (decrease) in no. of pledged shares | |
| Institutional Director | SAMPO CORPORATION | 4,000,000 | 0 | 20,000 | 0 | Major shareholder |
| Chairman & Corporate Director representative | CHEN, SHENG TIEN | 0 | 0 | 0 | 0 | |
| Vice Chairman & Corporate Director representative | YANG, CHENG MING | 0 | 0 | 0 | 0 | |
| Corporate Director representative | FENG, MING FA | 0 | 0 | 0 | 0 | |
| Institutional Director | Sharp Corporation | 0 | 0 | 0 | 0 | |
| Corporate Director representative | AKIHISA MASUO | 0 | 0 | 0 | 0 | |
| Institutional Director | China Steel Corporation | 0 | 0 | 0 | 0 | |
| Corporate Director representative | LIU, HUNG YI | 0 | 0 | 0 | 0 | |
| Institutional Director | Chuan Bao Investment Co., Ltd. | 0 | 0 | 0 | 0 | |
| Corporate Director representative | CHEN, SHENG CHUAN | 0 | 0 | 0 | 0 | |
| Independent director | SU, CHING YANG | 0 | 0 | 0 | 0 | |
| Independent director | CHEN, SHENG WANG | 0 | 0 | 0 | 0 | |
| Independent director | HUANG, PAO HUI | 0 | 0 | 0 | 0 | |
| President | FENG, MING FA | 0 | 0 | 0 | 0 | |
| Vice President | WU, YI WEN | 0 | 0 | 0 | 0 | |
| Vice President & Corporate Governance Officer | KO, CHIH CHENG | 0 | 0 | 0 | 0 | |
| Assistant VP | LIU, SHIH CHIEH | 0 | 0 | 0 | 0 | |
| Assistant VP | CHIEN, CHENG CHUNG | 0 | 0 | 0 | 0 | |
| Assistant VP | LO, PEI CHOU | 0 | 0 | 0 | 0 | |
| Assistant VP | HSIEH, MING-FENG | 0 | 0 | 0 | 0 | |
| Assistant VP | Chang, Chun-Hao | 0 | 0 | 0 | 0 | |
| Assistant VP | HSU, HSI KUN | 0 | 0 | 0 | 0 | |
| Chief financial officer Chief Accounting Officer | WU, CHIN MEI | 0 | 0 | 0 | 0 | |

### (II) Information on transfer of shares: N/A

### (III) Information on pledged shares: N/A

## VIII. The top ten shareholders who are spouses or relatives within the second degree of kinship of one another:

Date: Apr. 14, 2026

| Name | Shareholding | | Shareholding by spouse or dependents | | Shareholding by nominee arrangement | | The name and relationship of the top ten shareholders who are spouses or relatives within the second degree of kinship | | Note |
|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Number of shares | Shareholding percentage | Name | Relation | |
| Sampo Corporation Representative: Chen Mao Pang Industrial Development Foundation | 143,180,160 | 28.93% | - | - | - | - | Chuan Bao Investment Co., Ltd. | Affiliate | |
| China Steel Corporation Representative: Huang, Chien-Chih | 23,002,022 | 4.65% | - | - | - | - | None | None | |
| Mega Bank in custodian for Sharp Corporation Investment Account | 22,771,289 | 4.60% | - | - | - | - | None | None | |
| LIU, MAO SUNG | 8,703,754 | 1.76% | 4,227,700 | 0.85% | - | - | LIU LU, HSIU-CHIN | Spouse | |
| National Electronic Appliance Co., Ltd. Representative: Hung, Yu-Chao | 7,855,731 | 1.59% | - | - | - | | None | None | |
| Chuan Bao Investment Co., Ltd. Representative: PENG, CHUN-YEN | 6,147,762 | 1.24% | - | - | - | - | Sampo Corporation | Affiliate | |
| Jianhong International Investment Co., Ltd. Representative: Hung, Min-Hung | 5,497,353 | 1.11% | - | - | - | - | None | None | |
| HSBC (Taiwan) Commercial Bank Co., Ltd., as custodian of the investment account of Jacquet Emerging Markets Small Cap Equity Fund Co., Ltd. | 5,084,000 | 1.03% | - | - | - | - | None | None | |
| LIU LU, HSIU-CHIN | 4,227,700 | 0.85% | 8,703,754 | 1.76% | - | - | LIU, MAO SUNG | Spouse | |
| The American branch of JPMorgan Chase Bank Taipei was entrusted with the custody of Vanguard's emerging market stock index fund investment account | 3,808,000 | 0.77% | - | - | - | - | None | None | |

IX. The total number of shares and total equity stake held in any single enterprise by the company, its directors, managerial officers, and any companies controlled either directly or indirectly by the company:

(Unit: shares in thousands)

| Investee | The Company | | Investment by an entity controlled directly or indirectly by the Company, the Company's Director, managerial officers | | Total investment | |
|---|---|---|---|---|---|---|
| | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio | Number of shares | Shareholding ratio |
| Dyna Rechi Co., Ltd. | 99,204 | 94.42% | 5, 138 | 4. 89% | 104, 343 | 99. 31% |

# [III. Capital Overview]

## I. Shares and Dividends

### (I) Sources of shares and dividends

April 14, 2026

| Year and month | Issuing price | Authorized capital | | Paid-up capital | | Note | | |
|---|---|---|---|---|---|---|---|---|
| | | Shares (in thousand shares) | Amount (NTD thousand) | Shares (in thousand shares) | Amount (NTD thousand) | Sources of shares and dividends (in thousand shares) | Paid in properties other than cash | Others |
| 2002/10 | 10 | 260,000 | 2,600,000 | 189,165 | 1,891,657 | Capitalization of earnings 189,472 | – | 2002/07/25 pursuant to Zheng-Qi-Hui-Tai-Cai-Zheng (I) Letter No. 0910141754. |
| 2003/07 | 10 | 287,000 | 2,870,000 | 198,396 | 1,983,965 | Capitalization of earnings 92,308 | – | 2003/03/08 pursuant to Zheng-Qi-Hui-Tai-Cai-Zheng (I) Letter No. 0920133431. |
| 2004/10 | 10 | 300,000 | 3,000,000 | 250,646 | 2,506,461 | Capitalization of earnings 125,305 | – | 2004/07/09 Jin-Guan-Zheng-1-Zi Letter No. 0930130588. |
| 2006/04 | 10 | 426,000 | 4,260,000 | 307,991 | 3,079,914 | Capitalization of earnings 31,864 | – | 2006/03/07 Jin-Guan-Zheng-1-Zi Letter No. 0950107188. |
| 2006/08 | 10 | 426,000 | 4,260,000 | 342,062 | 3,420,620 | Capitalization of earnings 34,070 | – | 2006/08/28 Jin-Guan-Zheng-1-Zi Letter No. 09501189590. |
| 2006/10 | 10 | 426,000 | 4,260,000 | 342,087 | 3,420,872 | Capitalization from bonds 25 | – | 2006/10/16 Jing-Shou-Shang-Zi Letter No. 09501232940. |
| 2006/12 | 10 | 426,000 | 4,260,000 | 344,350 | 3,443,502 | Capitalization from employee share options 2,263 | – | 2006/12/28 Jing-Shou-Shang-Zi Letter No. 09501291520. |
| 2007/01 | 10 | 426,000 | 4,260,000 | 345,274 | 3,452,745 | Capitalization from bonds 924 | - | 2007/01/15 Jing-Shou-Shang-Zi Letter No. 09601009150. |
| 2007/03 | 10 | 426,000 | 4,260,000 | 346,221 | 3,462,215 | Capitalization from employee share options 947 | – | 2007/03/06 Jing-Shou-Shang-Zi Letter No. 09601042860. |
| 2007/07 | 10 | 426,000 | 4,260,000 | 348,196 | 3,481,963 | Capitalization from bonds 1,974 | – | 2007/07/13 Jing-Shou-Shang-Zi Letter No. 09601164410. |
| 2007/08 | 10 | 426,000 | 4,260,000 | 352,690 | 3,526,905 | Capitalization from bonds 2,504 Capitalization from employee share options 1,990 | – | 2007/08/31 Jing-Shou-Shang-Zi Letter No. 09601215330. |
| 2007/09 | 10 | 426,000 | 4,260,000 | 364,595 | 3,645,959 | Capitalization of earnings 11,905 | – | 2007/09/14 Jing-Shou-Shang-Zi Letter No. 09601227630. |
| 2008/09 | 10 | 426,000 | 4,260,000 | 384,665 | 3,846,652 | Capitalization of earnings 20,069 | – | 2008/09/01 Jing-Shou-Shang-Zi Letter No. 09701223360. |
| 2008/09 | 10 | 426,000 | 4,260,000 | 383,038 | 3,830,382 | Retirement of treasury stock 1,627 | – | 2008/09/17 Jing-Shou-Shang-Zi Letter No. 09701234110. |
| 2010/10 | 10 | 426,000 | 4,260,000 | 403,475 | 4,034,752 | Capitalization from private placement 20,437 | – | 2010/10/01 Jing-Shou-Shang-Zi Letter No. 09901218390. |
| 2010/11 | 10 | 426,000 | 4,260,000 | 393,492 | 3,934,922 | Retirement of treasury stock 9,983 | – | 2010/11/08 Jing-Shou-Shang-Zi Letter No. 09901248870. |
| 2011/05 | 10 | 486,000 | 4,860,000 | 416,171 | 4,161,712 | Capitalization from private placement 22,679 | – | 2011/05/06 Jing-Shou-Shang-Zi Letter No. 10001087290. |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2011/09 | 10 | 486,000 | 4,860,000 | 428,656 | 4,286,564 | Capitalization of earnings 12,485 | – | 2011/09/01 Jing-Shou-Shang-Zi Letter No. 10001201250. |
| 2012/09 | 10 | 486,000 | 4,860,000 | 441,516 | 4,415,161 | Capitalization of earnings 12,859 | – | 2012/09/04 Jing-Shou-Shang-Zi Letter No. 10101181900. |
| 2013/08 | 10 | 486,000 | 4,860,000 | 454,761 | 4,547,616 | Capitalization of earnings 13,245 | – | 2013/08/01 Jing-Shou-Shang-Zi Letter No. 10201154700. |
| 2014/08 | 10 | 486,000 | 4,860,000 | 468,404 | 4,684,044 | Capitalization of earnings 13,643 | – | 2014/07/30 Jing-Shou-Shang-Zi Letter No. 10301156780. |
| 2016/12 | 10 | 600,000 | 6,000,000 | 483,882 | 4,838,821 | Capitalization from bonds 15,478 | – | 2016/12/01 Jing-Shou-Shang-Zi Letter No. 10501274930. |
| 2017/04 | 10 | 600,000 | 6,000,000 | 486,062 | 4,860,623 | Capitalization from bonds 2,180 | – | 2017/04/17 Jing-Shou-Shang-Zi Letter No. 10601044760. |
| 2017/05 | 10 | 600,000 | 6,000,000 | 487,937 | 4,879,372 | Capitalization from bonds 1,875 | – | 2017/05/26 Jing-Shou-Shang-Zi Letter No. 10601067790. |
| 2017/09 | 10 | 600,000 | 6,000,000 | 490,157 | 4,901,578 | Capitalization from bonds 2,220 | – | 2017/12/08 Jing-Shou-Shang-Zi Letter No. 10601166020. |
| 2017/12 | 10 | 600,000 | 6,000,000 | 492,178 | 4,921,784 | Capitalization from bonds 2,020 | – | 2018/01/15 Jing-Shou-Shang-Zi Letter No. 10701004880. |
| 2018/04 | 10 | 600,000 | 6,000,000 | 492,662 | 4,926,627 | Capitalization from bonds 484 | – | 2018/04/12 Jing-Shou-Shang-Zi Letter No. 10701038570. |
| 2018/06 | 10 | 600,000 | 6,000,000 | 495,686 | 4,956,863 | Capitalization from bonds 3,023 | – | 2018/06/13 Jing-Shou-Shang-Zi Letter No. 10701059300. |
| 2018/08 | 10 | 600,000 | 6,000,000 | 506,013 | 5,060,131 | Capitalization from bonds 10,326 | – | 2018/08/30 Jing-Shou-Shang-Zi Letter No. 10701112420. |
| 2020/02 | 10 | 600,000 | 6,000,000 | 504,915 | 5,049,151 | Retirement of treasury stock 1,098 | – | 2020/02/06 Jing-Shou-Shang-Zi Letter No. 10901009400. |
| 2025/07 | 10 | 600,000 | 6,000,000 | 504,895 | 5,048,951 | Retirement of treasury stock 20 | – | 2025/07/23 Jing-Shou-Shang-Zi Letter No. 11430095540. |
| 2026/04 | 10 | 600,000 | 6,000,000 | 494,895 | 4,948,951 | Retirement of treasury stock 10,000 | – | 2026/04/14 Jing-Shou-Shang-Zi Letter No. 11530040950. |

| Shares Type | Authorized capital | | | Note |
|---|---|---|---|---|
| | Outstanding (listed) shares | Unissued Shares | Total | |
| Common shares | 494,895,105 | 105,104,895 | 600,000,000 | Treasury stock 9,900,000 shares |

Information regarding self-registration: N/A

## (II) Names of major shareholder

April 14, 2026

| Shares / Major shareholder | No. of Shares held | Shareholding ratio |
|---|---|---|
| Sampo Corporation | 143,180,160 | 28.93% |
| China Steel Corporation | 23,002,022 | 4.65% |
| Sharp Corporation Investment Account under custody of Mega International Commercial Bank | 22,771,289 | 4.60% |
| LIU, MAO SUNG | 8,703,754 | 1.76% |
| National Electronic Appliance Co., Ltd. | 7,855,731 | 1.59% |
| Chuan Bao Investment Co., Ltd. | 6,147,762 | 1.24% |
| Jianhong International Investment Co., Ltd. | 5,497,353 | 1.11% |
| HSBC (Taiwan) Commercial Bank Co., Ltd., as custodian of the investment account of Jacquet Emerging Markets Small Cap Equity Fund Co., Ltd. | 5,084,000 | 1.03% |
| LIU LU, HSIU-CHIN | 4,227,700 | 0.85% |
| The American branch of JPMorgan Chase Bank Taipei was entrusted with the custody of Vanguard's emerging market stock index fund investment account | 3,808,000 | 0.77% |

## (III) The company's dividend policies and execution

1. Dividend policies
   (1) Conditions and occasions of dividends distribution: If the Company has profit after final accounting, the Company shall use the earning to pay for taxes, set off accumulated deficits, and appropriate 10% of the legal reserve, and appropriate to or reverse from special reserve pursuant to relevant laws and regulations. 25% to 99% of the remaining earnings, if any, shall be appropriated as shareholders' bonuses.
   (2) Appropriation to special reserve: The Appropriation shall be handled in accordance with the Company Act, and Paragraph 1 Article 41 of the Securities and Exchange Act. An amount (equal to the recognized deduction to the shareholders' equity) is appropriated to the special reserve from the after tax in the current year and undistributed earnings from the previous year. In cases of subsequent reversal of shareholders' equity, the reserved amount may be distributed.
   (3) Type and amount of dividends distributed: The Board of Directors shall prepare and submit a proposal for the distribution of dividends to the shareholders' meeting in accordance with the law in a yearly basis. Shareholders' dividends are distributed in two ways: cash dividends and stock dividends. The cash dividends must not be less than 10% of the total dividends distributed, and the rest are stock dividends.
2. The dividend distribution proposal resolved by the Board of Directors in 2026 is as follows: Cash dividends to shareholders: NTD 727,492,658.

## (IV) Influence on the company business performance, and EPS by the proposal of stock grant in this shareholders' meeting: N/A

## (V) Remuneration of employees, directors and supervisors

1. The percentage or scope of remuneration to the employees, Directors, and Supervisors as stated in the Articles of Incorporation:

   The Company's Articles of Incorporation stipulate that, after annual earnings first offset any deficit, no more than 3% shall be provisioned as director remuneration and no less than 1% and no more than 8% as employee remuneration. The remuneration to employees and directors shall be submitted to the shareholders' meeting for review.
   However, profits must first be taken to offset against cumulative losses if any, then used for appropriation of remuneration to employees and directors based on the preceding percentage.
   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. Remuneration to employees can be paid in the form of cash or shares to employees of affiliated companies that satisfy certain criteria. The criteria shall be determined by the Board of Directors or other authorized personnel.
2. The estimation basis of remuneration to employees, directors and supervisors for the current period, and the accounting process when there is discrepancy between the calculation basis and actual distribution amount of employee remuneration distributed by shares and the estimated value:

   Based on the current year's pre-tax income before deduction of the remuneration to employees and directors, no less than 1% and no more than 8% of the balance is allocated as remuneration to employees, and no more than 3% for remuneration to directors. The remuneration to employees for the year 2025 is estimated to be NTD 70,921 thousand based on the preceding percentage of no less than 1% and no more than 8%. The remuneration to directors for the year 2025 is estimated to be NTD 20,458 thousand based on the preceding percentage of no more than 3%.
3. Remuneration proposals approved by the board of directors:

(1) The amount of remuneration distributed in cash or stocks to employees and directors:

The Company's Board meeting resolved on Mar. 09, 2026 to distribute NTD 70,921 thousand of remuneration to employees and NTD 20,458 thousand of remuneration of Directors in the form of cash.

(2) The amount of remuneration to employees paid in the form of stock as a percentage to the sum of the net income as stated in the parent company only financial or individual financial statements, and the total remunerations to employees: N/A.

4. Actual distribution of remuneration to employees and directors in the previous year

Unit: NTD thousand

| Items | Distributed to | Amount recognized in 2024 | Actual distribution amount | Difference |
|---|---|---|---|---|
| Remuneration to employees | Employees of the Company | 67,664 | 67,664 | 0 |
| Remuneration of Directors | Directors of the Company | 19,518 | 19,518 | 0 |

(VI) Share repurchases of the Company

Share repurchases (completed)

April 20, 2026

| No. of repurchase | 8th repurchase | 9th repurchase | 10th repurchase | 11th repurchase |
|---|---|---|---|---|
| Purpose | Transfer to employees | Transfer to employees | Transfer to employees | To maintain the Company's credit and shareholders' equity |
| Period of repurchase | 2020/04/14 – 2020/06/13 | 2021/11/04 – 2022/01/03 | 2025/01/17 – 2025/03/16 | 2025/11/12 – 2026/01/11 |
| Price range of the shares to be repurchased | NTD 11.35 – NTD 25.50 | NTD 13.20 – NTD 28.20 | NTD 17.15 – NTD 37.85 | NTD 15.85 – NTD 35.50 |
| Type and no. of shares repurchased | Common shares/20 thousand shares | Common shares/5,000 thousand shares | Common shares/5,000 thousand shares | Common shares/10,000 thousand shares |
| Monetary amount of shares repurchased | NTD 306,436 | NTD 95,169,587 | NTD 135,272,745 | NTD 240,158,587 |
| No. of repurchased shares as a percentage of proposed share repurchase (%) | 0.4% | 100% | 100% | 100% |
| No. of shares retired or transferred | 20 thousand shares | 100 thousand shares | 0 | 10,000 thousand shares |
| Accumulated no. of shares held | 9,900 thousand shares | | | |
| Accumulated no. of shares held as a percentage to the total issued share (%) | 2.00% | | | |

II. Corporate bond: None.

III. Preferred shares: None.

IV. Global depository shares: None.

V. The status of employee share option: None.

VI. New restricted employee shares: None

VII. Mergers and acquisitions or transfers (including mergers, acquisitions, and settlements): None.

VIII. Implementation of the funds allocation plan: None.

# [IV. Operating Highlights]

## I. Business Activities

### (I) Business scope

1. The principal businesses of the Company

| | |
|---|---|
| CB01990 | Other Machinery Manufacturing |
| CC01010 | Manufacture of Power Generation, Transmission and Distribution Machinery. |
| CC01030 | Electrical Appliances and Audiovisual Electronic Products Manufacturing. |
| E601020 | Electric Appliance Installation. |
| E603050 | Automatic Control Equipment Engineering. |
| E801070 | Kitchenware and Sanitary Fixtures Installation Engineering |
| F113020 | Wholesale of Electrical Appliances. |
| IG03010 | Energy Technical Services. |
| ZZ99999 | All business items that are not prohibited or restricted by law, except those that are subject to special approval. |

2. Proportion of business

Unit: NTD thousand

| Year / Product | 2024 | | 2025 | |
|---|---|---|---|---|
| | Sales volume | Proportion to total business amount | Sales volume | Proportion to total business amount |
| Compressor | 20,285,865 | 94.28% | 19,194,845 | 94.65% |
| Others | 1,231,244 | 5.72% | 1,083,925 | 5.35% |
| Total | 21,517,109 | 100.00% | 20,278,770 | 100.00% |

3. The Company's current commodity (service) items

| Main products | Scope of application |
|---|---|
| Rotary compressor | Applied to various refrigerants for 150 W to 15000 W window-type or split-type cooling and heating air conditioners, unitary systems, dehumidifiers, heat pump dryers, vehicle air conditioners, water heaters, and other heat pump applications in Taiwan and overseas. |
| Heat-pump water heating equipment for household and commercial use | Applicable to domestic and foreign industrial, commercial, or residential water heating equipment, the host machine can operate alone or in groups and is certified with the Taiwan Energy Saving Label. It provides heat pump water heating solutions suitable for small households with 2 people, as well as for large scale commercial use for more than 1,000 people and project planning. |

4. New products (services) planned to be developed

| Commodity | Future R&D |
|---|---|
| Rotary compressor | ● 55Fr Unitary 3T new model development<br>● 50Fr R32 24k fixed-speed compressor development<br>● DC 39F-R32 1.5HP ultra-high-efficiency pump iterative development (10.8 cc)<br>● Full-series rollout of the new R513A refrigerant (including R1234yf)<br>● Full-series rollout of the new R454C refrigerant (18.4/28 cc)<br>● Domestic sales DAPF-1HP compatible/WP89TJ70*(displacement 7.5-8.9 cc)<br>● Domestic sales DAPF-1.5HP compatible/WP110TJ70*(displacement 9.8-11.0 cc)<br>● Ultra-high-efficiency fixed-speed heat pump dryer QP073*<br>● R32 horizontal fixed-speed 12K (including automotive use)<br>● DC39-1.5HP low-noise compressor development<br>● AC44F-aluminum wire platform high-efficiency new mold development |
| Home and commercial heat pump water heater equipment | Independent development or introduction from outside of heat-pump water heating equipment with high efficiency and multiple functions for household or industrial and commercial use that meets the Taiwan Green Building Standards and is certified for the Energy Saving Label. |

(II) Industry Overview:

1. Current industry situation and prospects:

1) Household air conditioning:

A. In 2025, the total production and sales of home air conditioners in China approached 200 million units, with the year-on-year growth of production and sales of -3.1% and -1.2%, respectively. The growth rate of domestic sales was 0.7%, and export sales was -3.3%. Domestic sales in Mainland China mainly benefited from the stimulus of national subsidies and high temperatures in many regions during the summer. However, after September, policy incentives were reduced and demand became saturated, and shipment growth slowed. Under the high base in 2024, exports – coupled with the impact of North American tariffs, the EU carbon tax, production capacity diversion in Southeast Asia, order transfers, and other factors in that year – saw increased trade costs leading to weak global demand and a destocking cycle.

B. Under the interwoven dual pressures of continuously surging upstream raw material prices and weak and sluggish downstream end-consumer demand, although domestic sales in 2026 will still be supported by national subsidies, the recovery of the real estate market is slow. Under the high base (exceeding 100 million units for two consecutive years in 2024–2025), incremental demand is limited. If the high-temperature season lasts longer, slight growth is expected; overseas markets are subject to relatively greater uncertainties due to exchange rates, shipping, and geopolitical factors, but the high channel inventory in 2025 has already been gradually digested. Combined with the expectation of a reduction in U.S. tariffs on certain home appliances from China, it is forecast that a replenishment cycle is expected to begin from Q2

2026, during which demand in Southeast Asia, North America, and Latin America should be relatively stable
In 2024, the total production and sales of home air conditioners in China exceeded 200 million units, with the year-on-year growth of production and sales of 19.5% and 17.8%, respectively. The growth rate of domestic sales was 4.9%, and export sales was 36.1%. The domestic sales in China are mainly driven by government subsidies. The growth in exports is mainly due to the low penetration rate of air conditioning in many overseas regions. In recent years, global warming has led to an increase in demand for air conditioning. The economic upturn in some regions, such as the Middle East and Southeast Asia, has also boosted demand. In 2025, the domestic sales in China will rise. Alongside the booming economic development and higher living standards, the demand for air conditioning will increase. It is predicted that the overall demand for air conditioning will maintain a growth in the new year, but based on the higher base level in 2024, the increase will be narrowed.

2) Rotary compressor:

A. The total output of rotary compressors in 2025 was approximately 293 million units, representing a year-on-year growth rate of -0.8%, and overall market demand ended its consecutive growth trend. In the domestic sales market, at the beginning of the year, driven by active inventory build-up by air conditioner complete unit enterprises in response to the peak season, and to achieve performance targets, support was provided for overall compressor shipments in H1. However, the actual recovery in the end-consumer market was weaker than expected, and the overall market entered a downward trajectory in H2, showing a characteristic of “rising first and then declining” for the year. In terms of exports, except for South America, which declined due to regional economic fluctuations, all other continents showed growth to varying degrees. Among these, Asia – as the traditional core export market – remained the core driving force for export growth, especially with the inventory build-up cycle in the Indian market brought forward, driving the export market as a whole to show a positive trend.

B. Pressure on the 2026 rotary compressor market still remains, and the annual sales scale is expected to contract. In terms of domestic sales, although the implementation of policies such as China’s “trade-in” policy can provide certain support for the complete unit industry and stimulate domestic sales of rotary compressors, the marginal effect of the policy has already shown a diminishing trend. In terms of exports, with the increasingly improved overseas deployment of China's complete unit manufacturing enterprises, overseas air conditioner demand will continue to drive the growth of compressor exports. However, affected by the high base formed by enterprises' advance inventory build-up in 2025, the export growth rate in 2026 is expected to gradually slow down.

C. The table below shows the production, sales, and inventory comparison data for the rotary compressor industry over the past three years(Source: Industry Online):

(Unit: 10,000 units)

| Year | 2023 | 2024 | 2025 | Year-on-year growth |
|---|---|---|---|---|
| Production | 26,066 | 29,588 | 29,338 | -0.8% |
| Sales | 26,082 | 29,748 | 28,906 | -2.8% |
| In Stock | 708 | 994 | 1,499 | 50.8% |

2. Association between upstream, midstream, and downstream industry participants:

| **Upstream** | **Midstream** | **Downstream** |
|---|---|---|
| Copper pipe supplier<br>Aluminum ingot supplier<br>Silicon steel sheet supplier<br>Magnet supplier<br>Sheet metal supplier<br>Refrigeration oil suppliers | Rotary compressor manufacturer | Household air conditioner manufacturers<br>Mobile air conditioner manufacturer<br>Dehumidifier manufacturer<br>Heat pump dryer manufacturer<br>Vehicle air conditioner manufacturer<br>Heat pump water heater manufacturer<br>Base station and energy storage air conditioner manufacturers<br>Portable mini air conditioner manufacturer |

3. Development trend and competition of products:

(1) Development trend of products:

Rotary compressor products are still mainly applied in the air-conditioning sector (approximately 91%). In addition to being applied in the air-conditioning sector, Rechi's products have also expanded into emerging fields such as dehumidifiers, mobile air conditioners, heat pump dryers, heat pump water heaters, base station air conditioners, vehicle-mounted (parking) air conditioners, and industrial chillers, so as to appropriately supplement the situation of low gross profits in the air-conditioning sector.

(2) Competition of products:

A. Together, the top three companies, GMCC, Landa, and Highly, accounted for 77% of production, of which GMCC increased by 2.8% year on year, while both Landa and Highly declined year on year, and Rechi increased by approximately 4% year on year.

B. Overall year-on-year decline was recorded in end-application products, with only refrigeration and cold storage increasing by 10%.

C. As people's living standards and environmental requirements improve, the demand for product comfort and efficiency also elevates. The demand for low-noise and high-performance compressors is growing rapidly.

D. Due to the continuous rise in copper prices, current DC products are also being converted to aluminum wire.

(III) Technology and R&D:

1. Research and development expenses:

Unit: NTD thousand

| Items \ Year | 2024 | 2025 |
|---|---|---|
| Research and development expenses | 717,465 | 725,591 |
| Net operating value | 21,517,109 | 20,278,770 |
| Percentage | 3% | 3% |

2. Major R&D results in the most recent year
   - 39F Compressor development for fixed frequency dryer for Europe
   - Development of 39F/45F compressor in response to Japan's new energy conservation law
   - Development of 50F 18K/24K high-efficiency fixed frequency compressors for the Middle East
   - Development of 32F twin-cylinder inverter compressor
   - Development of 1HP/2HP R32 iterative compressors for air conditioning in China
   - Development of 44F R32 9K/12K fixed frequency compressor, improving efficiency and reducing costs for Southeast Asia
   - Development of DC35-10P15S 1.5HP ultra-quiet and cost-effective compressor
   - Development of DC39 6P9S ultra-high-efficiency low-noise model
   - Development of a new series of 31F ultra-compact compressors for window and portable air conditioners
   - Development of 50/55Fr 1.5-2.5T unitary internally balanced compressors
   - Development of AC50F-R32 refrigerant 18K fixed-frequency high-efficiency models
   - Iterative development of new 50 pt pump bodies for North America (35F-14H)
   - Development of 21F twin-cylinder micro-air-conditioning

(IV) Short and long-term business development plan:

1. Long-term business development plan:
   (1) Strengthen our core technologies, utilize our product differentiation, expand medium- and large-scale refrigeration equipment applications, and accelerate penetration into high value-added product markets.
   (2) Deepen strategic customers, jointly formulate medium- and long-term product cooperation and supply assurance plans, progressively promote global markets, and stabilize and increase the usage share of strategic customers.
   (3) Establish close cooperative relationships with upstream raw material suppliers and component manufacturers to ensure the stability of raw material supply and improve the quality of components.
2. Short-term business development plan:
   (1) Adjusting product distribution and continuously expanding the application of compressors in different fields.
      - In response to the continued high price of copper, the Company prioritizes the development and promotion of aluminum wire products (including DC) for sales.
      - Foster and enhance product applications in energy-saving markets such as heat pump dryers, heat pump dishwashers and heat pump water heater, and expand the use of commercial air-conditioners.

(2) Actively develop new customers to increase the Company's market share.

- The fierce cost competition among large manufacturers means that it is necessary to seek out medium and small customers with better profitability and increase the proportion of cooperation.
- In order to avoid operational risks, broaden the sales channels is necessary for preventing the risks brought about by the accident of cooperation with a single customer.
- Seek cooperation with customers in the same industry and focus on single products with a higher volume.

## II. Analysis of the market as well as production and marketing situation

### (I) Market analysis:

1. The regions for the sale of premium products

Unit: NTD thousand

| Regions \ Year | 2025 | |
|---|---|---|
| | Amount | Percentage |
| China | 13,840,612 | 68.25% |
| U.S. | 1,637,067 | 8.07% |
| Poland | 968,678 | 4.78% |
| Thailand | 916,592 | 4.52% |
| Others | 2,915,821 | 14.38% |
| Total | 20,278,770 | 100.00% |

2. Market share percentage:

In 2025, the global market share of our compressors was about 8%, with a 24.9% share in the North American market, 8.3% in the Southeast Asian market, 16.5% in the South American market, 21.5% (Heat pump dryer accounts for more than 75%) in the European market, 5.1% in the Mainland market, 7.8% in the East Asian market, and 4.6% in the Middle Eastern market. The products are marketed in 49 countries globally to over 221 customers.

3. Competitive niche, positive and negative factors for the prospects of our development, and our corresponding strategies:

(1) Competitive niche and, positive factors for the prospects of our development:

- Rechi’s sales areas have reached the world’s major air conditioner manufacturing countries, ranking 4th in global industry sales, with high visibility.
- It has a relatively broad customer base, covering a variety of product applications; factories are distributed close to strategic customers and can quickly respond to customer needs.
- Product technology and quality are at the forefront of the industry, and have gained full affirmation and trust from customers.

(2) Negative factors:

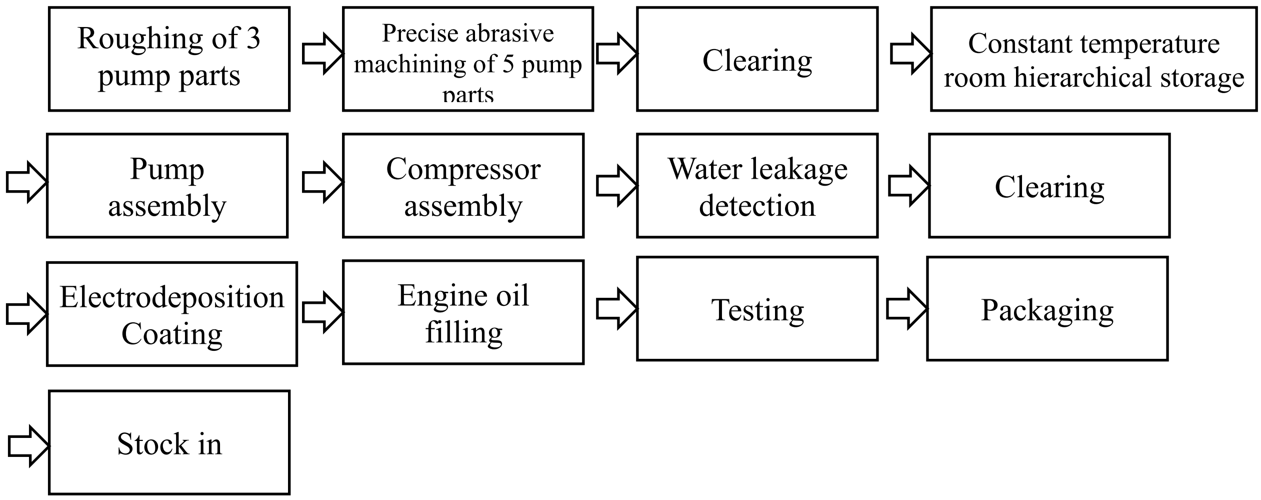
- The rotary compressor industry’s production capacity continues to expand, market demand is oversupplied, customers exert severe price pressure on major platforms, posing a greater challenge to overall profits.
- Air-conditioning product promotion methods are constantly being renewed, warranty periods are increasing, and there are demands for improved product efficiency and quality without price increases.
- Order cycles are becoming shorter, requiring even faster delivery response cycles.
- (3) Corresponding strategies:
- Jointly develop competitive products with customers; develop high-value-added products in new fields to maintain profit margins.

- Continuously improve product quality, technical standards, and service quality, and enhance brand awareness and customer satisfaction.
- Product technology innovation, including but not limited to the promotion of inverter aluminum wire, maintains performance while reducing material costs and enhancing product competitiveness.
- Strengthen interaction with customers, obtain real-time market and order information, make expected planning, and improve internal production utilization and order delivery rate.

(II) Usage and manufacturing processes of the Company’s main products:

1. Important uses of the product:
   - Refrigerant compressor: Key component for home window air-conditioner, split style air-conditioner, heat pump dryer, and heat pump water heater.
   - Pump: Key component for refrigerant compressor, for assembly of refrigerant compressor.

2. Production process:



(III) Supply of main raw materials:

Our main raw materials are supplied from stable sources, and we have good relations with various suppliers. Details of suppliers are as follows:

| Main raw materials | Suppliers |
|---|---|
| Silicon steel sheet | ChinaSteel, CHINA BAOWU STEEL GROUP CORPORATION LIMITED, Shougang, and Hunan Valin Lianyuan Iron & Steel |
| Enameled wire | Jingda, Li Ya, Great Wall Electric, TURVO, Hui Jin |
| Roller | Mega International Commercial Bank, HUIZHOU DIANZHAN HARDWARE CO., LTD, and Shanxi Huaxiang Group Co., Ltd |
| Powder metallurgy top & bottom flange | NBTM NEW MATERIALS GROUP Co., LTD, Zhejiang Baida Precision Manufacturing Corp., Weida, ACCENT |
| Vane | Zhejiang Baida Precision Manufacturing Corp., China Chenglong Group Co., Ltd., and Yongwei |
| Accumulator | Dajin, Dadian, Jiexinpin, Dezhan |
| Motor overload protector | Foshan Tongbao Huaxing Control Co., Ltd., NINGBO UBUKATA ELECTRIC CO., LTD, Sensata, and JIANGSU CHANGRONG ELECTRIC CO., LTD. |
| Terminal | CHAOZHOU SANHUAN(GROUP) CO., Ltd, Rizhao Huifeng, Fusite, and Airuide |
| Casting (Cylinder, Shaft, Top & Bottom flange) | Huaxiang, Dianzhan, Yuemei |
| Magnet (inverter) | Jinlong (China Xiamen Tunsten Group), JL MAG RARE-EARTH CO., LTD., Zhenghai |
| Engine oil | ENEOS, Zhejiang Baida Precision Manufacturing Corp., IDEMITSU LUBE CO., LTD., Fluorez Technology, Rui Fu, Fuyansheng, Shu Ke Er |

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each:

1. Information of main suppliers in the most recent 2 years

| Year | 2024 | | | | 2025 | | | | As of the previous quarter of 2026 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Items | Name | Amount | Percentage in the net annual percentage of purchase (%) | Relation with the issuer | Name | Amount | Percentage in the net annual percentage of purchase (%) | Relation with the issuer | Name | Relation with the issuer | Percentage in the net percentage of purchase as of the previous quarter of the year (%) | Relation with the issuer |
| 1 | NA (Note 1) | - | - | - | NA (Note 1) | - | - | - | NA (Note 1) | - | - | - |
| | Others | 17,508,901 | 100.00 | | Others | 14,487,976 | 100.00 | | Others | 4,769,577 | 100.00 | |
| | Net procurement | 17,508,901 | 100.00 | | Net procurement | 14,487,976 | 100.00 | | Net procurement | 4,769,577 | 100.00 | |

Note 1: The procurement amount does not reach 10% of the total procurement of the consolidated company.

2. Information of main customers in the most recent 2 years:

Unit: NTD thousand

| Year | 2024 | | | | 2025 | | | | As of the previous quarter of 2026 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Items | Name | Amount | Percentage in the net annual percentage of sales (%) | Relation with the issuer | Name | Amount | Percentage in the net annual percentage of sales (%) | Relation with the issuer | Name | Amount | Percentage in the net percentage of sale as of the previous quarter of the year (%) | Relation with the issuer |
| 1 | NA (Note 2) | - | - | - | Customer A | 2,116,148 | 10.44 | - | NA (Note 2) | - | - | - |
| | Others | 21,517,109 | 100.00 | | Others | 18,162,622 | 89.56 | | Others | 6,030,902 | 100.00 | |
| | Net sale | 21,517,109 | 100.00 | | Net sale | 20,278,770 | 100.00 | | Net sale | 6,030,902 | 100.00 | |

Note 2: The revenue amount does not reach 10% of the total revenue of the consolidated company.

## III. Employee information in the last two years up to the publication date of this annual report (consolidated)

April 30, 2026

| Year | | 2024 | 2025 | As of April 30, 2026 |
|---|---|---|---|---|
| No. of employees | Direct labor | 3,188 | 2,479 | 2,801 |
| | Indirect labor | 1,367 | 1,361 | 1,232 |
| | Total | 4,555 | 3,840 | 4,033 |
| Average age | | 35.42 | 36.34 | 35.77 |
| Average seniority | | 4.33 | 5.35 | 4.96 |
| Distribution of educational levels | Doctoral Degree | 0.07% | 0.10% | 0.07% |
| | Master's Degree | 1.45% | 1.64% | 1.61% |
| | College | 23.80% | 28.70% | 26.06% |
| | Below Senior High School | 74.69% | 69.56% | 72.25% |

## IV. Information on spending on environmental protection

(I) Loss incurred due to environmental pollution:

| Items \ Year | 2024 | 2025 | As of the publication date of this annual report in 2026 |
|---|---|---|---|
| Situation of pollution (Type, level) | None | None | None |
| Disciplinary unit | None | None | None |
| Disciplinary situation | None | None | None |
| Other losses | None | None | None |

Planned spending on environmental protection in the next three years

| Year | 2026 | 2027 | 2028 |
|---|---|---|---|
| Proposed pollution prevention and control equipment or expenses | Maintenance of wastewater treatment equipment | Maintenance of wastewater treatment equipment | Maintenance of wastewater treatment equipment |
| Planned improvements | Minimize pollution | Minimize pollution | Minimize pollution |
| Amount of expense | NTD 850 thousand | NTD 900 thousand | NTD 910 thousand |

(II) Information on the Company's response to the RoHS is as follows:

1. Our products are RoHS compliant.
2. Response to the impacts of RoHS on the Company's financial operations.

   As the products of the Company are RoHS compliant and such matter is already known to the customers, there is no impact on the financial operations of the Company.

## V. Work environment and employee safety protection measures:

(I) Organization of the Occupational Safety and Health Management Committee:

The Company has established an Occupational Safety and Health Committee, jointly composed of labor and management, including 6 labor representatives, 5 management representatives, 1 chairperson, 1 executive secretary, 2 occupational safety and health personnel, and 1 occupational health officer, for a total of 16 members, of whom labor representatives account for 38%. Occupational safety and health meetings are held regularly on a quarterly basis to continuously promote various occupational safety and health management tasks. In addition, the Company arranges for relevant personnel to obtain machinery operation licenses and regularly conducts operating environment monitoring and safety and health education and training, such as fire drills. It also carries out employee health management and health promotion activities to strengthen the workplace safety environment and reduce the risk of occupational accidents.

(II) Important work related to environmental protection and safety and health management:

1. Continue to build a safe and healthy work environment in accordance with the ISO 45001 occupational safety and health management system.
2. Establish a self-defense fire-fighting organization and emergency response team, and regularly conduct various disaster prevention drills (a total of 2 drills were conducted in 2025).
3. On-site physician services are arranged every month, and full-time occupational health personnel promote the four major plans and labor health services to safeguard employee health.
4. Regular general employee health examinations and special operation health examinations are conducted, and a health record and follow-up mechanism has been established (general employee health examinations were conducted in 2025).
5. Execute work environment testing, monitoring, and improvement measures in accordance with the annual plan (a total of 2 tests were conducted in 2025).
6. Implement equipment and operation patrol inspections, checks, and measurements in accordance with the annual automatic inspection plan, and establish the relevant records and review reports.
7. Set up a breastfeeding (pumping) room to provide a friendly and convenient workplace environment for colleagues with childcare needs.
8. To relieve employee work stress and promote emotional exchange between employees and their family members, domestic travel activities and employee family days are regularly organized.
9. To fulfill corporate environmental responsibility, the Company continues to promote target management for waste reduction and electricity conservation.

## VI. Labor–management Relations

(I) Benefits measures:

1. Salary: There are various bonus including performance bonuses, production bonuses, and operating bonuses, and also remuneration to employees.
2. Leave: Marriage leave, maternity leave, accompanying maternity check & paternity leave, family leave, etc. are granted in accordance with the Labor Standards Act and the Act of Gender Equality in Employment.
3. Insurance: Labor insurance and national health insurance, group insurance, travel insurance, and other insurance systems that are more favorable than as required by the Labor Standards Act
4. Transportation: Staff parking are available.
5. Accommodations: Staff dormitories are available.
6. Meals: Staff canteen and meal subsidies are provided.
7. Activities: The Company provides an employee lounge and has regularly held employee family days and charity events. Participants have been given charity leave or gifts as a form of encouragement.
8. Subsidies: Subsidies for maternity, hospitalization, and funeral. Cash gifts or vouchers for birthdays, the three festivals, and New Year's Party lottery.
9. Welfare Committee: Annual travel and overseas travel subsidies and school subsidies for employees' children.

(II) Continuing training:

1. The Company's annual education and training is planned based on the operation strategy and the training needs proposed by each department. The training plan is implemented accordingly. In 2025, 512 participants attended educational training, with a total of 2,374 training hours, and total training expense of NTD 1,122,999 (not including new staff training).
2. Based on the functions, the training of the Company consists of three types, the general training, professional training and management training. The content and the training results are as follows:

| By functions | Content of training | No. of participants | Training hours |
|---|---|---|---|
| General training | Basic training, such as on-board training and labor safety. These are mainly internal trainings and delivered through videos. | 326 participants | 1,463 hours |
| Professional training | Advanced job skills and knowledge training. These are mainly conducted through external training. | 158 participants | 849 hours |
| Management training | Supervisory skills and knowledge | 34 participants | 73 hours |

(III) Post-employment policy:

1. In order to provide employees with a stable retirement life, the Company has established the Retirement Reserve Funds Supervising Committee in accordance with the Regulations Governing Retirement. The Company makes monthly contributions of 4% of the total salaries and wages to the pension fund and deposits it in the Bank of Taiwan to protect the rights and interests of employees. Starting July 1, 2005, the new labor retirement system was adopted. 6% of the total salary income is allocated to the employee's personal pension account. For

employees who voluntarily submits pension, the voluntary submission amount shall be deducted from the employee's monthly salary and deposited to the employee's personal pension account with Bureau of Labor Insurance.

The Company's retirement application requirements are as follows:

(1) Voluntary retirement: A worker may apply for voluntary retirement under any of the following conditions (the same shall apply for employees subject to the Labor Pension Act):
   A. Workers who attain the age of 55 and have worked for more than 15 years.
   B. Workers who have worked for more than 25 years.
   C. Workers who attain the age of 60 and have worked for more than 10 years.

(2) Forced retirement: The Company shall not force a worker to retire unless any of the following situations has occurred:
   A. Workers who attain the age of sixty-five.
   B. A worker who is unable to perform his/ her duties due to disability.
      In circumstances where a worker has reached the age as stated in the preceding subparagraph 1, and is not in good health to perform his/her duties, the workers' department chief may submit a request to the department's management higher than the President (incl.) for a forced retirement.

(3) Retirement by agreement: If both the conditions below are fulfilled.
   A. A worker who has seniority in the old labor retirement system and at least 15 years of total seniority.
   B. If there are no suitable positions available due to the transformation of the Company or technology upgrade of the original job position.

2. Pension payments:

(1) Employees who joined the Company before July 1, 2005 and selected the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds (old labor retirement system), the calculation of their pension under the old labor retirement system is governed by the relevant provisions of the Labor Standards Act. Upon retirement, the worker may apply for a payout under the Company's retirement reserve account in accordance with the regulations.

(2) After the Labor Pension Act comes into effect, workers who select the new labor retirement system will have their pensions paid in accordance with the Labor Pension Act and no additional payment will not be given upon retirement.

(3) A worker who is disabled due to the performing duties, and meets the condition in subparagraph 1, the pension shall be increased by 20% in accordance with the regulations. A worker who meets the condition of seniority in the new labor pension system in subparagraph 2 is paid in accordance with the calculation of severance pay set forth in the Labor Pension Act.

3. Pension payments: The Company shall pay the employees' retirement benefits within 30 days from the date of retirement in accordance with the regulations.

4. Important resolutions and implementation of 2025 Retirement Reserve Funds Supervising Committee Meeting

| Date of meeting | Important resolutions |
|---|---|
| 2025/03/26 | Approved the contribution amount and verification of the old labor retirement system reserve as of as of 2025/03/26.<br>Approved the settlement of the old labor pension system and the deposit thereof into the dedicated account under the new system. |
| 2025/06/25 | Approved the contribution amount and verification of the old labor retirement system reserve as of as of 2025/06/25. |
| 2025/09/26 | Approved the contribution amount and verification of the old labor retirement system reserve as of as of 2025/09/26. |
| 2025/12/18 | Approved the contribution amount and verification of the old labor retirement system reserve as of as of 2025/12/18. |

(1) Old labor retirement system: According to the Statement of Retirement Reserve Funds as of Q1 2026, the total amount deposited in the name of the Retirement Reserve Funds Supervising Committee in the Bank of Taiwan was NTD 55,310,772.
(2) New labor retirement system: The Company contributes 6% of the employees' monthly salary to the accounts with Bureau of Labor Insurance.

(IV) Labor–management agreements: The Company has established a Labor–management Committee and holds regular labor–management meetings to handle labor–management issues in accordance with the law.

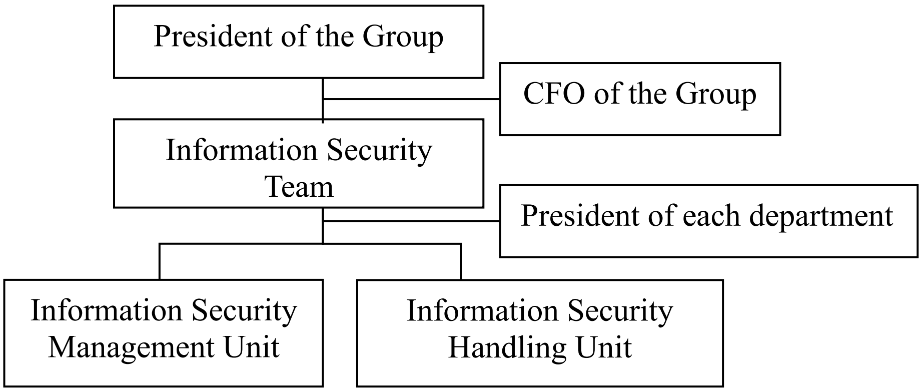
(V) Measures for preserving employees' rights and interests: The Company has established work rules and related regulations in accordance with the laws and regulations. The Company also holds labor–management meetings and set up the Employee Welfare Committee to protect the rights and interests of employees.

(VI) Any losses suffered by the company in the most recent fiscal years and up to the annual report publication date due to labor disputes: None.

## VII. Cyber security management

(I) Cyber security organization:

The Company has established the Information Center to formulate and supervise information security policies, and the Information Center is responsible for supervising and promoting the information security policies.




- Information Security Team: The Information Center supervises the implementation of information security policies.
- Information Security Management Unit: Consists of chiefs of various operating departments of the Group, and implements information security policy and risk control.
- Information Security Handling Unit: Consists of information units of the Group’s operating divisions, implements risk control and risk event management.
- Supervision mechanism: The General Managers of each business unit within the Group are responsible for overseeing the implementation of the information security policy.

In case of an information security incident, the Company will block the attack source immediately and report to the information center according to the established procedures to reduce losses and effectively control risks. After the incident is handled, it must be reported to the CFO and the President of the Group. If it is a major event, the President of the Group will further report to the Board of Directors.

(II) Cyber Security Policy and Management:

In response to the growing reliance on information security risks (such as cyber attacks, virus threats and destructive attacks) brought about by the information system, the Company has adopted the following management measures to improve the overall information security protection capabilities:

- Data collection and protection mechanism establishment:
  We have joined the TWCERT/CC Taiwan Cyber Security Alliance to strengthen our intelligence system collection and continuously optimize the information security protection mechanism, including next-generation firewalls, intrusion detection systems (IDS), DDoS defense, anti-virus and anti-hacking, email protection, and cross-factory network protection.
- Management of information assets and risk assessment:
  The Company strictly manages information assets, conducts effective classification and control, and regularly performs risk assessments, updates or phases out information equipment in a timely manner, to ensure the confidentiality, integrity and availability of assets.
- Promotion and training of information security awareness:
  The Company organizes information security policy and operation guideline advocacy, education, and training on a regular basis. By doing this, we strengthen information security awareness of all employees and establish a corporate culture of “Information Security is Everyone’s Responsibility.” A total of 4 "information security training courses" were organized in 2025.
- Disaster recovery plan and drill:

The Company has established a system recovery plan for man-made or natural disasters, and conducts emergency response drills every year to ensure that the system can be restored quickly and maintain operations without interruption in case of system failure or sudden disasters, and reduce potential losses.

(III) Losses, possible impacts and countermeasures due to major information security incidents in the last year and up to the date of publication of the annual report: The Company has not experienced any major information security incidents, and thus has not incurred any losses or impacts.

## VIII. Important Contracts

April 30, 2026

| Nature of contracts | Counterparty | Commencement date and deadline of a contract | Subject | Restrictive clauses |
|---|---|---|---|---|
| Joint venture agreement (Note 1) | TCL Group | 2001/1/3~Long-term | Establishment of a compressor assembly plant through joint venture | None |
| Joint venture agreement | ChinaSteel Group | 2012/11/6~2062/11/6 | Establishment of a steel cutting logistics plant through joint venture | None |
| Technology Transfer Agreement | National Ilan University | 2022/7/1-2027/6/30 | Measurement of AC & DC compressor motor energy efficiency | None |
| Technology Transfer Agreement | National Ilan University | 2023/5/1-2033/4/30 | Analysis and Design of AC Compressor Motors | None |
| Joint venture agreement | Elaraby Group | 2024/4/25~Long-term | Establishment of a compressor assembly plant through joint venture | None |
| Cooperation agreement | National Pingtung University of Science and Technology | 2024/8/1-2026/7/31 | Analysis of sound and vibration coupling of a rotary compressor under complex load. | None |
| Joint venture agreement | DAIKIN Group | 2024/12/17~ 2044/12/16 | Establishment of a compressor assembly plant through joint venture | None |
| Technology Transfer Agreement | National Ilan University | 2025/5/1-2035/4/30 | AC compressor motor simulation and measurement data benchmarking technology | None |
| Development contract | ITRI | 2026/1/1-2026/12/31 | Control modules and system control | None |
| Development contract | ITRI | 2026/1/1-2027/2/28 | Low-energy consumption anti-frost and defrosting technology | None |
| Cooperation agreement | National Yang Ming Chiao Tung University | 2026/3/1~2027/2/28 | Research on the effect of lubricating oil on two-phase cold plates | None |

Note 1: TCL Rechi (Huizhou) Refrigeration Equipment Company Limited approved on June 23, 2020 through board resolution to amend the Article 61 of the Articles of Incorporation to make the term of the joint venture long-term (the original joint venture contract starts and ends on 2001/01/03 – 2021/01/02).

## IX. Management of Intellectual Property

### (I) Intellectual property management

As the world’s fourth leading brand manufacturer of rotary compressors, RECHI PRECISION Co., Ltd. is committed to technological innovation and product development. We have formulated a comprehensive intellectual property rights (IP) management policy to protect R&D resources, reduce the risk of infringement, ensuring the competitive advantages and sustainable operation of enterprises. Through measures such as patent layout, intellectual property monitoring, trademark protection, and employee training, we strengthen our core technologies and market competitiveness and ensure freedom of operation. At the same time, we continue to accumulate intellectual property assets to promote corporate sustainability. In addition, we take a proactive approach in introducing an intellectual property management system, and have established a patent and technology database. Through regular intellectual property analyses of our competitors, we accurately plan future product development strategies to ensure that the maximum protection of innovative results are achieved. Through these measures, the Company not only maintains its leadership in technology, but its brand value and market influence are also enhanced, ensuring the steady growth of the Company and its global competitiveness.

1. Patent Management

In order to strengthen the management of intellectual property rights and ensure the technological advantages and market competitiveness, RECHI PRECISION Co., Ltd. has formulated the “Intellectual Property Rights Management Procedures” and the “Group Patent Management and Incentive Policies” to establish comprehensive proposals, review and incentive mechanisms, encourage employees to innovate and research. We transform the R&D results into intellectual property rights, to improve the Company’s patent technology and other intangible assets. Through patent application strategies, technology analysis and competitors' intellectual property rights monitoring, we optimize patent layout, improve patent quality and integrity, and ensure our market competitive edge. The Company has also established the “Patent Infringement Handling Procedure” to prevent the risk of infringement and establish a response mechanism to ensure that we can make a quick response in the event of a patent dispute. By doing this, we protect the legitimate rights and reputation of the Company and ensure that the product development and marketing are in compliance with relevant laws and regulations through patent search and risk assessment to reduce the risk of infringement. Through this series of intellectual property rights management measures, RECHI PRECISION not only strengthens its own technology competitiveness, but also ensures its operational freedom and market leadership position, promoting continuous innovation and sustainable development.

2. Trademark Management

Trademarks are an important asset of corporate brands. They ensure market recognition and maintain goodwill. RECHI PRECISION has formulated the "Intellectual Property Rights Management Procedures" to establish a trademark application, review, and maintenance mechanism to protect brand rights, prevent malicious registration and counterfeiting and infringement through market monitoring and legal mechanisms to ensure the integrity of brand identity. In addition, the Company has strengthened internal brand management to ensure the correct use of trademarks, and maintained brand image and market competitiveness. Through these measures, RECHI PRECISION has consolidated its brand value, increased its global market influence, and promoted its corporate sustainability.

3. Copyright management

RECHI PRECISION Co., Ltd. has formulated the “Regulations Governing Knowledge Document Management Implementation” to encourage the R&D unit to write knowledge documents, transforming professional knowledge and work processes into intangible intellectual assets. These are classified as copyrighted property and are stored in the

Company's reading room and network hard disk for internal learning and application. The Company also organizes knowledge sharing activities regularly to enhance the professional skills and collaborative performance of employees, and to enhance the competitiveness and innovative ability of the Company.

(II) Implementation

The Company adopted intellectual property management system in 103. The implementation of the system is as follows:

2014

- Formulated the "Procedures for Intellectual Property Right Management" concerning applications and management operations related to patent, trademark and copyright.

2015

- Established the "Regulations Governing Patent Management and Awards" for the purpose of encouraging employees to contribute their knowledge, conduct innovative research, enhance R&D competitiveness, and apply for and obtain patents and awards at home and abroad.
- Established the "Regulations Governing Knowledge Document Management Implementation" to include knowledge document into in copyrights to enhance the Company's intellectual property.

2018

- The Company's intellectual property management attended a 30-hour course, "Patent Litigation Practice" organized by TIPA, in order to continuously enhance the management's knowledge in intellectual property rights and improve the understanding and management of the Company's intellectual property rights.
- Selected excellent knowledge documents and held a knowledge document presentation session. The Company's personnel may attend the sessions to enhance their practical professional skills.

2019

- The Company's intellectual property management attended a 24-hour course, "Introduction to Intellectual Property Rights" organized by TIPA, in order to continuously enhance the management's knowledge in intellectual property rights and improve the understanding and management of the Company's intellectual property rights.
- Formulated the "Regulations Governing Patent Infringement" to serve as the guidelines for the Company's personnel to handle patent infringement and dispute, in order to ensure the Company's right and goodwill.

2020

- Amended the "Regulations Governing Patent Management and Awards" by adding new measures to award for patents and their applicability, which is aimed to encourage employees' contribution of their expertise, innovative research and improvement of patents from enhanced R&D competitiveness to obtain patents and awards both domestically and internationally.
- Amended the "Regulations Governing Knowledge Document Management Implementation " by adding the requirement of knowledge document content evaluation and the level of authority as a result of that, for the relevant personnel of the Company to read and learn to improve their professional skills and apply them in practice.

2021

- The company's intellectual property management personnel participated in the "Cross-Strait Frontline, New Patent Hotspot - The Patent Litigation Practice of Standard Essential Patents (SEPs) and Court Evidence Collection Procedures for the B2B Industry"【Online Seminar】 hosted by the Beijing King & Wood Mallesons Law Firm and Lee and Li, Attorneys-at-Law, a total of 2 hours, in order to continuously improve the knowledge related to intellectual property rights and strengthen the protection, understanding, and management of intellectual property rights of the Company.

2023

- Company intellectual property management personnel participated in a one-hour online seminar organized by Lee and Li Attorneys-at-Law and co-hosted by the Taiwan Electrical and Electronic Manufacturers' Association on "Strategic Thinking for Taiwanese Companies in Response to the Unified European Patent System – IP Application and Protection." This seminar aimed to continuously improve the knowledge related to intellectual property rights and advance the intellectual property managers' understanding and management of intellectual property application and protection strategies.

2024

- The Company's intellectual property management personnel participated in a three-hour "2023 Patent Database Search and Application Explanation Conference" "Online Seminar" organized by the Taiwan Intellectual Property Office, to enhance their familiarity with the operation of the patent database search and application.

(III) List of intellectual property obtained and results

1. Patents: As of 2025, the company has filed approximately 1,084 patent applications in total, with over 918 patents approved, successfully obtaining 64 patent approvals in 2025, including 17 in Taiwan and 47 in Mainland China. For the quality of our patents, we have an approval rate of 85%.
2. Trademarks: As of 2025, the company has filed a total of 24 trademark applications, with 2 filed in 2025.
3. Copyright: As of December 31, 2025, the Company has completed a total of 255 knowledge document covering a wide range of professional knowledge regarding the Company's products.

(IV) Certification:

As of now, the Company has not applied for the certification of "Taiwan Intellectual Property Management System."

# [V. Financial Information]

Please visit MOPS -> Single Company -> Electronic Document Download -> Financial Statement -> Input Stock Code 4532, for 114; or directly click on the following link: https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&seamon=&mtype=A&co_id=4532&year=114

# [VI. Review of financial position, business performance and risk issues]

## I. Financial position

Unit: NTD thousand

| Items \ Year | 2025 | 2024 | Difference | |
|---|---|---|---|---|
| | | | Amount | % |
| Current assets | 21,582,783 | 23,190,261 | (1,607,478) | -7% |
| Property, plant and equipment | 5,303,799 | 5,305,175 | (1,376) | 0% |
| Intangible assets | 72,909 | 66,748 | 6,161 | 9% |
| Other assets | 1,360,048 | 1,331,671 | 28,377 | 2% |
| Total assets | 28,319,539 | 29,893,855 | (1,574,316) | -5% |
| Current liabilities | 15,826,814 | 16,643,030 | (816,216) | -5% |
| Non-current liabilities | 1,123,909 | 1,629,427 | (505,518) | -31% |
| Total liabilities | 16,950,723 | 18,272,457 | (1,321,734) | -7% |
| Share capital | 5,048,951 | 5,049,151 | (200) | 0% |
| Capital surplus | 1,367,666 | 1,367,729 | (63) | 0% |
| Retained earnings | 5,188,838 | 4,905,757 | 283,081 | 6% |
| Other equity | (785,064) | (556,385) | (228,679) | 41% |
| Treasury shares | (451,631) | (93,573) | (358,058) | 383% |
| Non-controlling interests | 1,000,056 | 948,719 | 51,337 | 5% |
| Total equity | 11,368,816 | 11,621,398 | (252,582) | -2% |

The annual report shall list the main reasons for any material change (any increase or decrease greater than 20%) in the Company’s assets, liabilities, or equity during the most recent 2 fiscal years, the effect thereof, and the measures to be taken in response:

1. The decrease in non-current liabilities was mainly due to the decrease in long-term borrowings.
2. The increase in other equities was mainly due to the increase in exchange differences arising from the translation of the financial statements of foreign operations.
3. The increase in the treasury shares is mainly due to the purchase of treasury shares.

## II. Financial performance

(I) The main reasons for any material change in operating revenues, operating income, and income before tax during the past two fiscal years:

Unit: NTD thousand

| Items \ Year | 2025 | 2024 | Difference | |
|---|---|---|---|---|
| | | | Amount | Rate of change |
| Operating revenue – net | 20,278,770 | 21,517,109 | (1,238,339) | -5.76% |
| Operating costs | 16,900,184 | 18,131,326 | (1,231,142) | -7% |
| Operating gross profit | 3,378,586 | 3,385,783 | (7,197) | 0% |
| Operating expenses | 2,010,284 | 2,107,426 | (97,142) | -5% |
| Net operating income | 1,368,302 | 1,278,357 | 89,945 | 7% |
| Non-operating incomes and expenses | 155,548 | 267,215 | (111,667) | -42% |
| Net profit before taxation | 1,523,850 | 1,545,572 | (21,722) | -1% |
| Income tax expenses | 420,603 | 472,045 | (51,442) | -11% |
| Net income for the period | 1,103,247 | 1,073,527 | 29,720 | 3% |
| Main reasons for items with changes of more than 20% between the two periods: The decrease in non-operating incomes is mainly due to the increase in net foreign exchange loss. | | | | |

(II) The main reasons and expected sales volume that may affect the company's future financial business and plan for the response: The sales volume of compressor in the year 2025 was 21,980,000 units, which is a growth of 3.5%. The consolidated revenue was NTD 20,278,770 thousand, which is a decrease of 5.76%. In 2026, the Company will remain committed to innovation and breakthrough, with a compressor sales target of over 24.5 million units. Centered on the business philosophy of "Innovation-driven, Intelligent Manufacturing for the Future," we will stay attuned to market trends and respond swiftly to changes to ensure the achievement of our business goals. We are dedicated to addressing challenges effectively, maximizing corporate value, and maintaining a sound and stable financial structure.

## III. Cash flow

### (I) Analysis of changes in cash flow in the most recent year (2025):

Unit: NTD thousand

| Balance, beginning of year (1) | Cash flow from operating activities for the whole year (2) | Cash flow from investment activities for the whole year (3) | Cash flow from financing activities for the whole year (4) | Impact of changes in exchange rate on cash and cash equivalents (5) | Cash surplus (deficit) (1)+(2)+(3)+(4)+(5) | Measures taken for cash deficits | |
|---|---|---|---|---|---|---|---|
| | | | | | | Investment plans | Financing plans |
| 5,839,139 | 90,336 | (1,548,934) | 35,793 | (214,921) | 4,201,413 | - | - |

Analysis of variance in increase/decrease:

1. Analysis of changes in cash flow in the most recent year
   Operating activities: Mainly due to cash flow provided from profits.
   Investing activities: Mainly due to cash outflows from the acquisition of financial assets and purchase of property, plant and equipment measured at amortized cost.
2. Remedies for expected cash deficits and liquidity analysis
   Investment plans: N/A
   Financing plans: N/A

### (II) Corrective measures to be taken in response to illiquidity: N/A

(III) Cash liquidity analysis for the coming year (2026):

Unit: NTD thousand

| Balance, beginning of year (1) | Cash flow from operating activities for the whole year (2) | Cash flow from investment activities for the whole year (3) | Cash flow from financing activities for the whole year (4) | Impact of changes in exchange rate on cash and cash equivalents (5) | Cash surplus (deficit) (1)+(2)+(3) +(4)+(5) | Measures taken for cash deficits | |
|---|---|---|---|---|---|---|---|
| | | | | | | Investment plans | Financing plans |
| 4,201,413 | 2,384,922 | (883,989) | (825,062) | - | 4,877,284 | - | - |

Analysis of variance in increase/decrease:

1. Analysis of changes in cash flow for the coming year
   Operating activities: Cash inflows are expected to mainly result from anticipated operating profits and the collection of accounts receivable.
   Investing activities: Cash outflows are expected to mainly result from the planned purchase of equipment and the estimated increase in long-term equity investments.
   Financing activities: Net cash outflows are expected to mainly result from the distribution of cash dividends, partially offset by an estimated increase in bank borrowings.
2. Remedies for expected cash deficits and liquidity analysis
   Investment plans: N/A
   Financing plans: N/A

## IV. Impacts of Major Capital Expenditures in the Most Recent Year to Financial Performance:

The Company is in good operating condition with stable cash inflows from operating activities. The significant capital expenditures in 2025 were covered mainly by the Company's own operating capitals. Thus, such matter did not have a significant impact on the Company's financial operations.

## V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year:

(I) The Company's main investment policy is to expand the capacity of its primary businesses and increase revenues and profitability.

(II) In 2025, the overall compressor sales volume was 21.98 million units, a year-on-year increase of 3.5%; the consolidated operating revenue was NTD 20,278,770 thousand, a year-on-year decrease of 5.76%.

(III) The Company prudently evaluates various opportunities, actively expands its business, continues to invest appropriate resources, and streamlines processes and related costs to create higher profits.

(IV) Major cash investment plans in the coming year: No such plan yet.

## VI. Risk disclosure

(I) The effect upon the company's profits/losses of interest and exchange rate fluctuations and changes in the inflation rate in the most recent year, and response measures to be taken in the future:

(1) In recent years, the Company has been utilizing a combination of low-interest-rate short-term loan and medium- and long-term loans from stable sources to finance the operations in aim to reduce the volatility caused by changes in market interest rates. In addition, the Company's cash management policy is based on the principle of safe and sound operation, and its capital allocation prioritizes safety management. By strengthening the Group's capital allocation, increasing the efficiency of capital utilization, grasping information on interest rates on the monetary market and financial market, and taking appropriate countermeasures in order to reduce the impact of interest rate changes on the Company.

(2) The Company's exchange rate risk is mainly related to operating activities (when revenues and expenses are denoted in currency other than the Company's functional currency) and net investment in a foreign operation. The Company offsets asset positions and liability positions denoted in foreign currencies to balance the positions in aim to achieve a natural hedging effect and decrease the exchange rate risk. The Company continuously monitors market movements in exchange rates in order to respond in a timely manner to the impact of significant exchange rate fluctuations.

(3) The changes in inflation in the most recent year has no significant influence on the profits (loss) of the Company.

(II) The policy of engaging in high-risk, highly leveraged investments, loaning of funds, endorsements and guarantee, and derivatives trading, the main reason for profit or loss, and future response measures:

The Company did not engage in high-risk, high-leverage investments in the year 2025. Any derivative transactions of the Company are for the purpose of improving operating results and reducing the Company's operational and financial risks. The Company's lending to others and endorsement of guarantees that the Company provided for related parties are carried out in accordance with the Company's "Procedures for Loans to Others," and "Procedures for Endorsements & Guarantees."

(III) R&D work to be carried out in the future, and further expenditures expected for R&D work:

The Company's R&D of compressors is carried out according to its annual R&D plan and the needs of customers. The Company is able effectively master the key technology and manage R&D progress of its products to ensure the scheduling of mass production and meet the needs of customers. In the future, the Company will continue to expand R&D capabilities and integrate with market trends to develop innovative key components for air-conditioners. The Company will also develop various energy-saving applications and expanded into new compressor applications in line with the trend of energy saving and carbon reduction. The estimated R&D expense for 2026 was NTD 667,330 thousand.

(IV) The impact of the changes in domestic and foreign major policies and law on the Company's finance and business in the most recent years, and the response measures:

The changes in domestic and foreign major policies and law have no significant impact on the Company's finance and business in the most recent year.

(V) The impact of the changes in domestic and foreign major technologies on the Company's finance and business in the most recent years, and the response measures:

The changes in domestic and foreign major technologies have no significant impact on the Company's finance and business in the most recent year.

(VI) The impact of changes in corporate image on the Company's crisis management and the response measures:

There are no significant changes in corporate image, and thus these is no crisis.

(VII) Expected benefits and possible risks associated with any merger and acquisitions: The Company has no ongoing M&A operations.

(VIII) Expected benefits and possible risks associated with any plant expansion:

All of the Company's expansion plans of new businesses are prudently evaluated before implementation. During the implementation, the Company also closely monitors changes in the industry to achieve the estimated profits and avoid possible risks.

(IX) Risks associated with any consolidation of sales or purchasing operations: The Company has no consolidation of sales. Thus, N/A.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

No such matter in the most recent year and as of the publication date of this annual report in the current year.

(XI) The effects, risks and responsive measures associated with changes in management:

No such matter in the most recent year and as of the publication date of this annual report in the current year.

(XII) Litigation or non-litigation events: None.

(XIII) Other important risks: None.

## VII. Other important notes: None.

## [VII. Specific Notes]

I. Information on the affiliates (as of Dec. 31, 2025)

Please visit MOPS -> Single Company -> Electronic Document Download -> Three Reporting Forms for Affiliated Enterprises -> Input Stock Code 4532; or directly click on the following link: https://doc.twse.com.tw/server-java/t57sb01?step=1&colorchg=1&co_id=4532&year=&mtype=K&isnew=true

II. The status of private placement of securities in the most recent year to the date this report was printed: None.

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

IV. Other matters that require additional description: None

## [VIII. If the result of incidents set forth in Subparagraph 2 Paragraph 3, Article 36 of the Securities and Exchange Act that could have a material effect on shareholder equity or securities prices during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report]

None