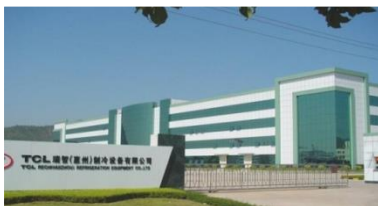


Investor presentation

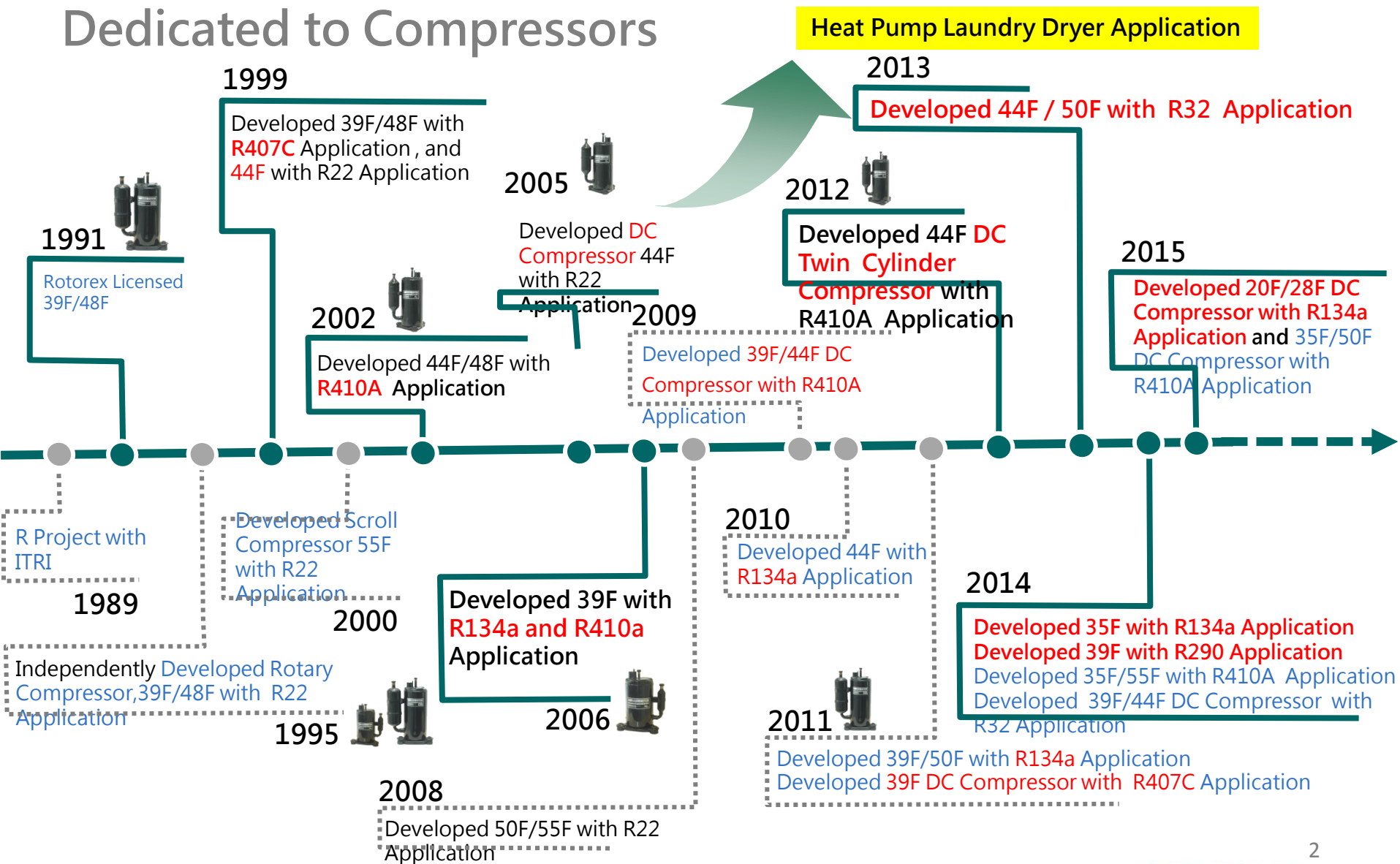
1. Company Introduction
2. Market Opportunity
3. Vision and Roadmap
4. Financial Highlights





1. Company Introduction

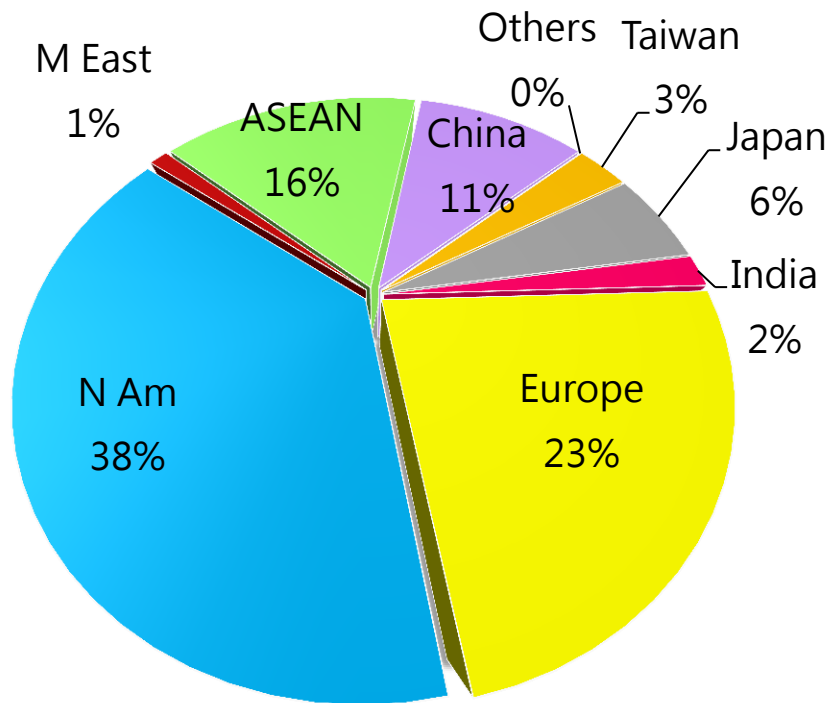
Dedicated to Compressors



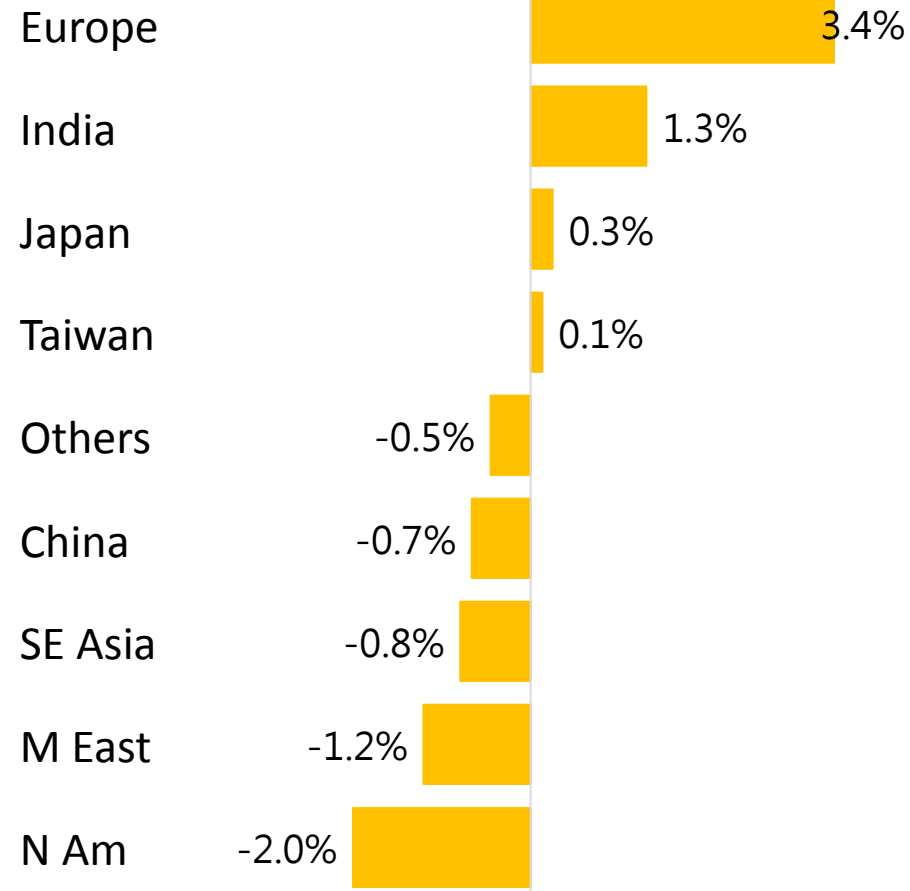


Rechi Sales: Geographic Breakdown

2014



YoY





Rechi: Competitive Advantages

Cost

- Global position & scale
- Manufacturing efficiency
- Privately-owned

Diversification

- Markets
- Customers

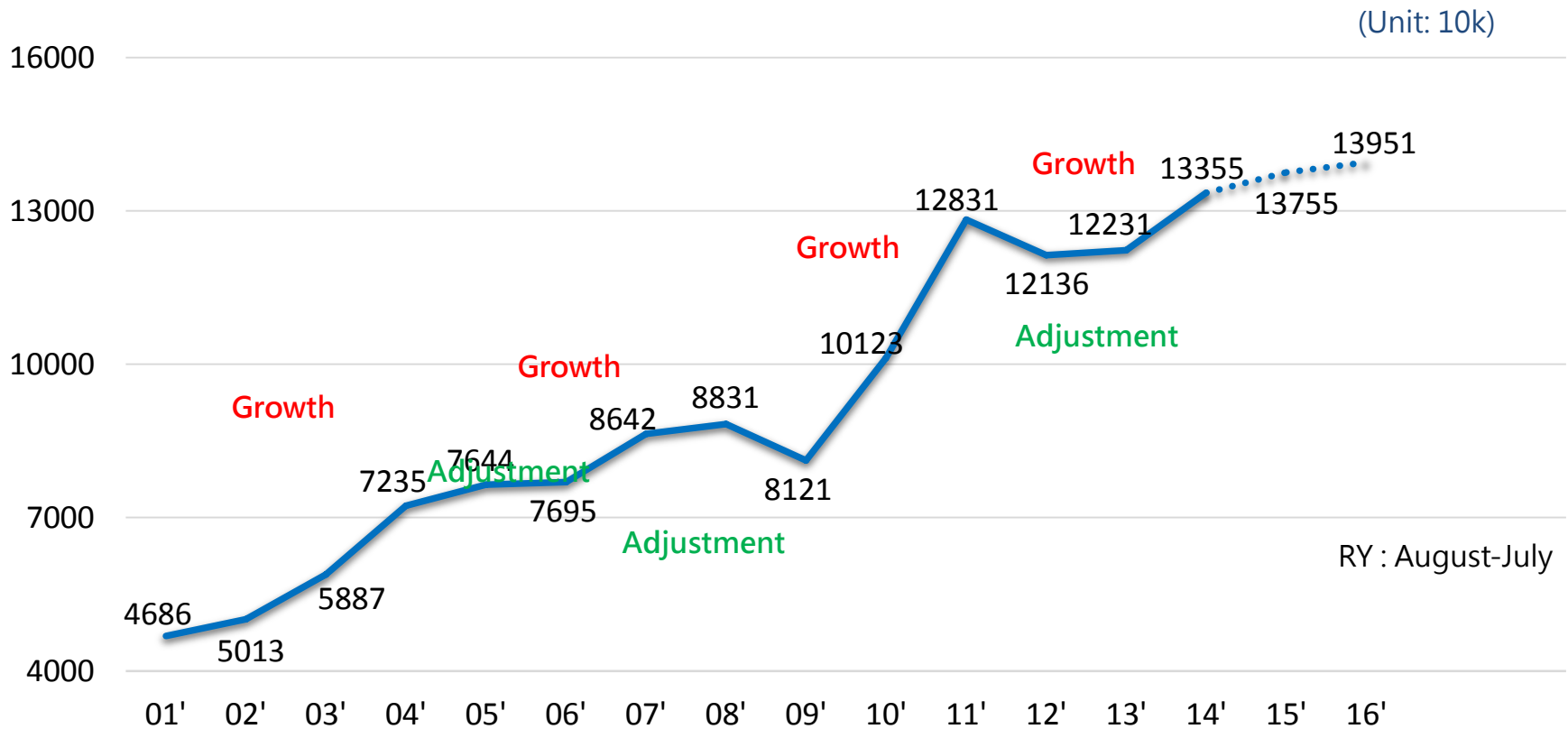
R&D

- Precision metal working & design
- New products: Motors, heat pump, dehumidifiers, dryers, dishwashers
- Energy-saving



2. Market Opportunity

Global A/C Market Trend



- 2004-2006, A/C penetration in China, market size 70m; 2008-2010: Replacement and market growth.
For 2015, Market growth rate forecast to be 3%
- Global warming drives market demand

Reference : IOL, China



China Top 10 A/C Markers

(Unit: 10k)

Maker	2014	Growth	2013	Growth	2012
Gree	3,893	3.4%	3,766	6.2%	3,546
Midea	2,861	12.7%	2,538	0.3%	2,530
Haier	935	21.8%	768	8.6%	707
Chigo	560	8.7%	515	7.2%	481
TCL	455	6.4%	428	26.6%	338
AUX	426	-3.3%	440	2.7%	428
Hisense	355	8.4%	327	33.2%	246
Panasonic	303	5.4%	288	-24.7%	382
LG	283	-11.3%	319	3.4%	309
Galanz	241	4.1%	231	-3.4%	239
Others	2,645	1.3%	2,612	3.6%	2,521
Total	12,955	5.9%	12,231	4.3%	11,726

Reference : IOL, China



China Top 10 Rotary Compressor Makers

(Unit: 10k)

Maker	2014	Growth	2013	Growth	2012
GMCC	4302	36.01%	3163	20.04%	2635
LUNDA	3266	30.95%	2494	19.73%	2083
HILY	1792	14.07%	1571	2.49%	1533
RECHI	1386	23.75%	1120	-3.78%	1164
PANASONIC	1125	11.61%	1008	-12.20%	1148
mitsubishi	613	19.03%	515	-6.87%	553
LG	609	-4.55%	638	-15.16%	752
SAMSUNG	461	-5.53%	488	-6.33%	521
QINGAN	413	-6.27%	440	-12.15%	501
SANYO	353	-4.31%	369	3.16%	358
OTHERS	572	44.28%	396	4.15%	380
TOTAL	14892	22.04%	12203	4.94%	11628

Reference : IOL, China

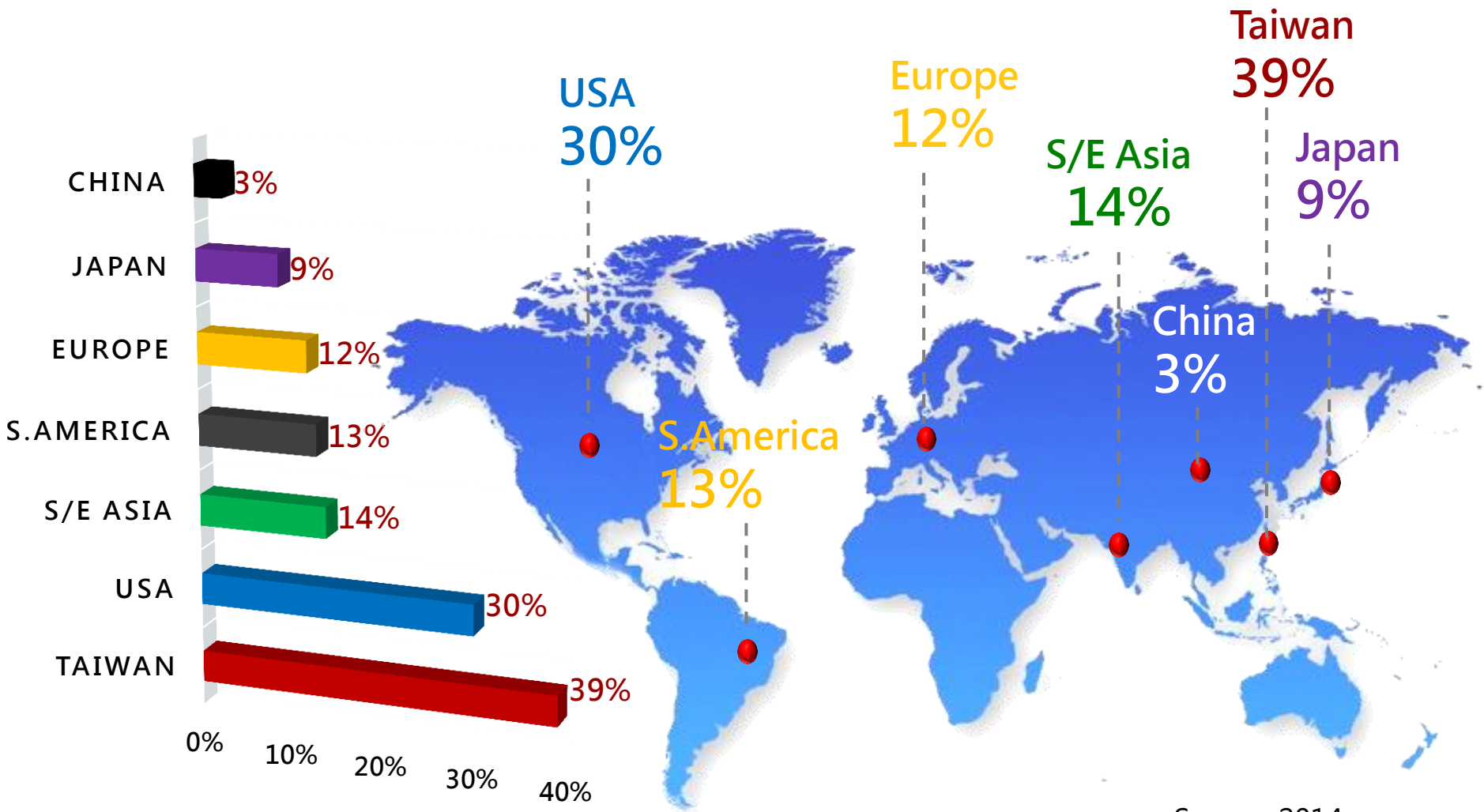


China Rotary Compressor Exports

Rank	Maker	2014	Share	2013	Share	2012	Share	2011	Share
1	RECHI	5,533,537	23.3%	6,002,052	27.3%	5,592,859	30.3%	4,207,209	24.7%
2	GMCC	3,687,724	15.5%	2,221,389	10.1%	1,176,132	6.4%	1,014,572	6.0%
3	Samsung	2,770,584	11.6%	3,055,102	13.9%	2,536,605	13.7%	2,226,970	13.1%
4	LG	2,732,449	11.5%	2,097,797	9.5%	1,451,186	7.9%	1,482,026	8.7%
5	Haily	2,420,663	10.2%	2,553,974	11.6%	2,550,173	13.8%	2,942,406	17.3%
6	Panasonic	1,935,721	8.1%	1,943,320	8.8%	1,831,672	9.9%	1,659,262	9.7%
7	Daikin	933,679	3.9%	626,580	2.8%	656,935	3.6%	570,598	3.3%
8	Mitsubishi	884,201	3.7%	919,445	4.2%	592,818	3.2%	685,623	4.0%
9	Sanyo	282,196	1.2%	248,894	1.1%	261,799	1.4%	208,864	1.2%
10	Midea	165,330	0.7%	106,855	0.5%	114,076	0.6%	430,250	2.5%
11	Emerson	152,398	0.6%	131,012	0.6%	64,497	0.3%	60,984	0.4%
12	Danfoss	149,645	0.6%	141,974	0.6%	162,846	0.9%	171,186	1.0%
13	Qingan	131,464	0.6%	135,168	0.6%	128,189	0.7%	111,271	0.7%
14	Gree	94,424	0.4%	0	0.0%	83,387	0.5%	30,596	0.2%
15	Huarun	53,329	0.2%	45,699	0.2%	57,454	0.3%	95,675	0.6%
Others		1,863,683	7.8%	1,756,766	8.0%	1,208,165	6.5%	1,148,129	6.7%
Total		23,791,027	100.0%	21,986,027	100.0%	18,468,793	100.0%	17,045,621	100.0%



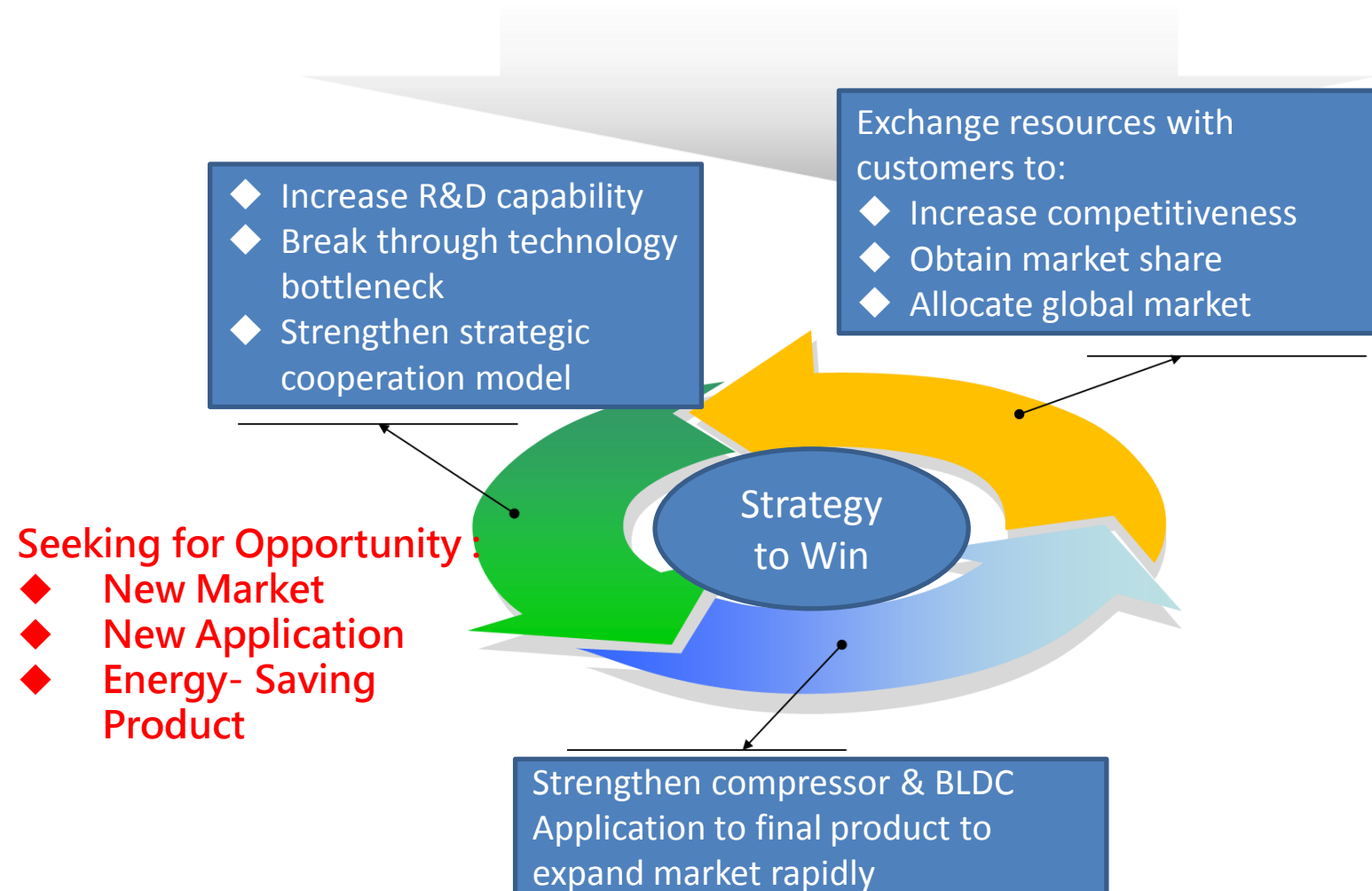
Market Share: Target 10% Globally





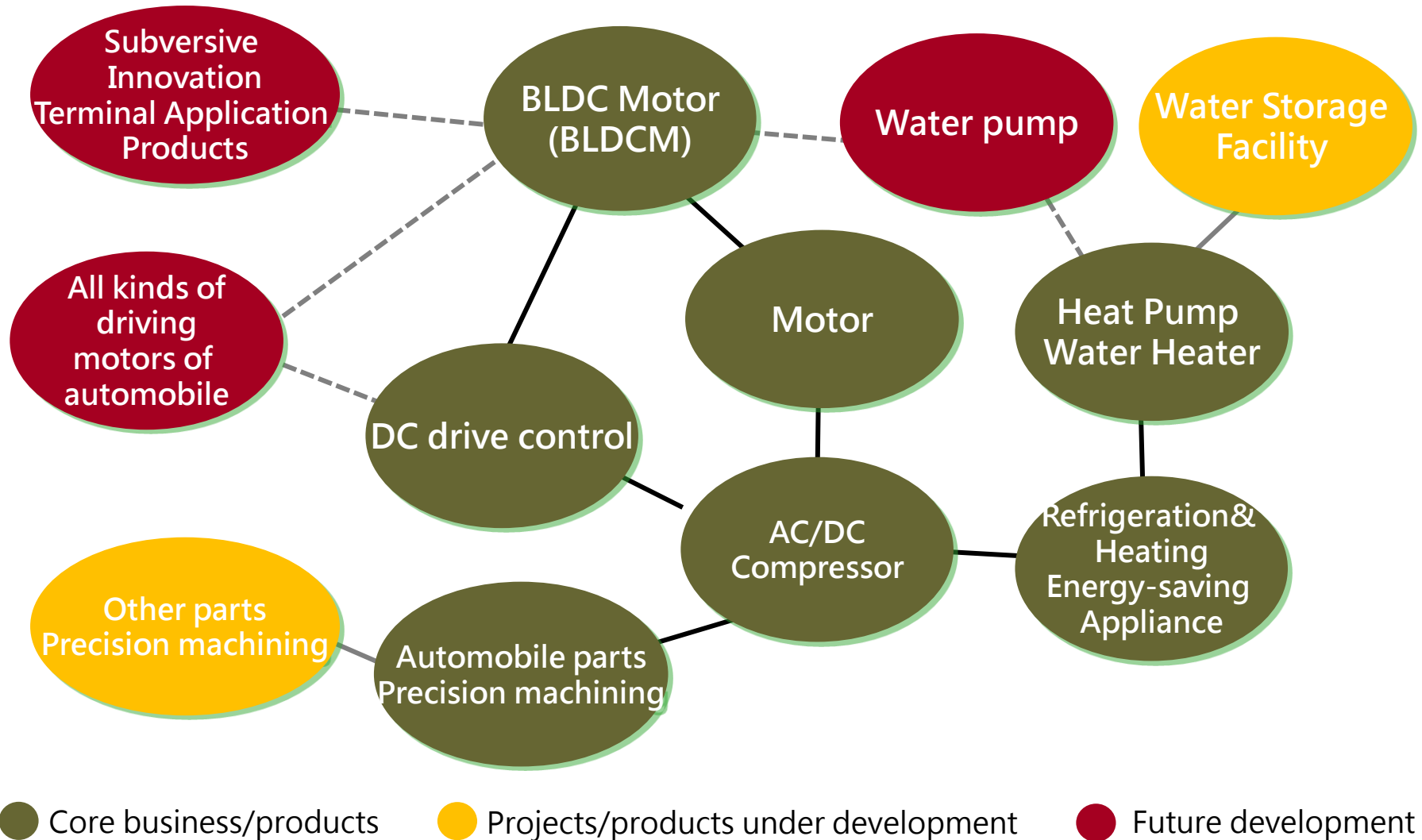
3. Vision and Roadmap

Mid-Term and Long-Term Strategy



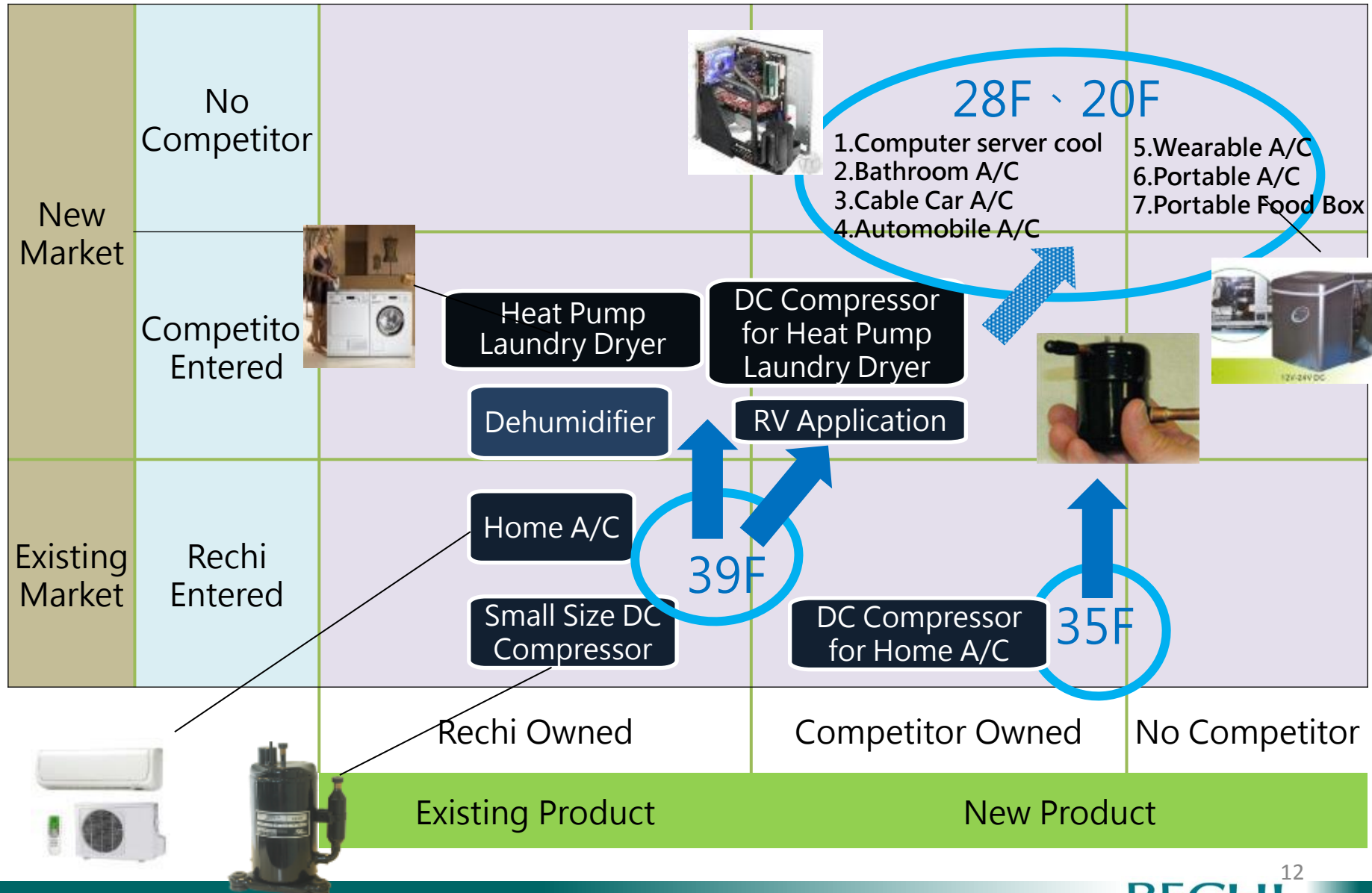


Product Roadmap



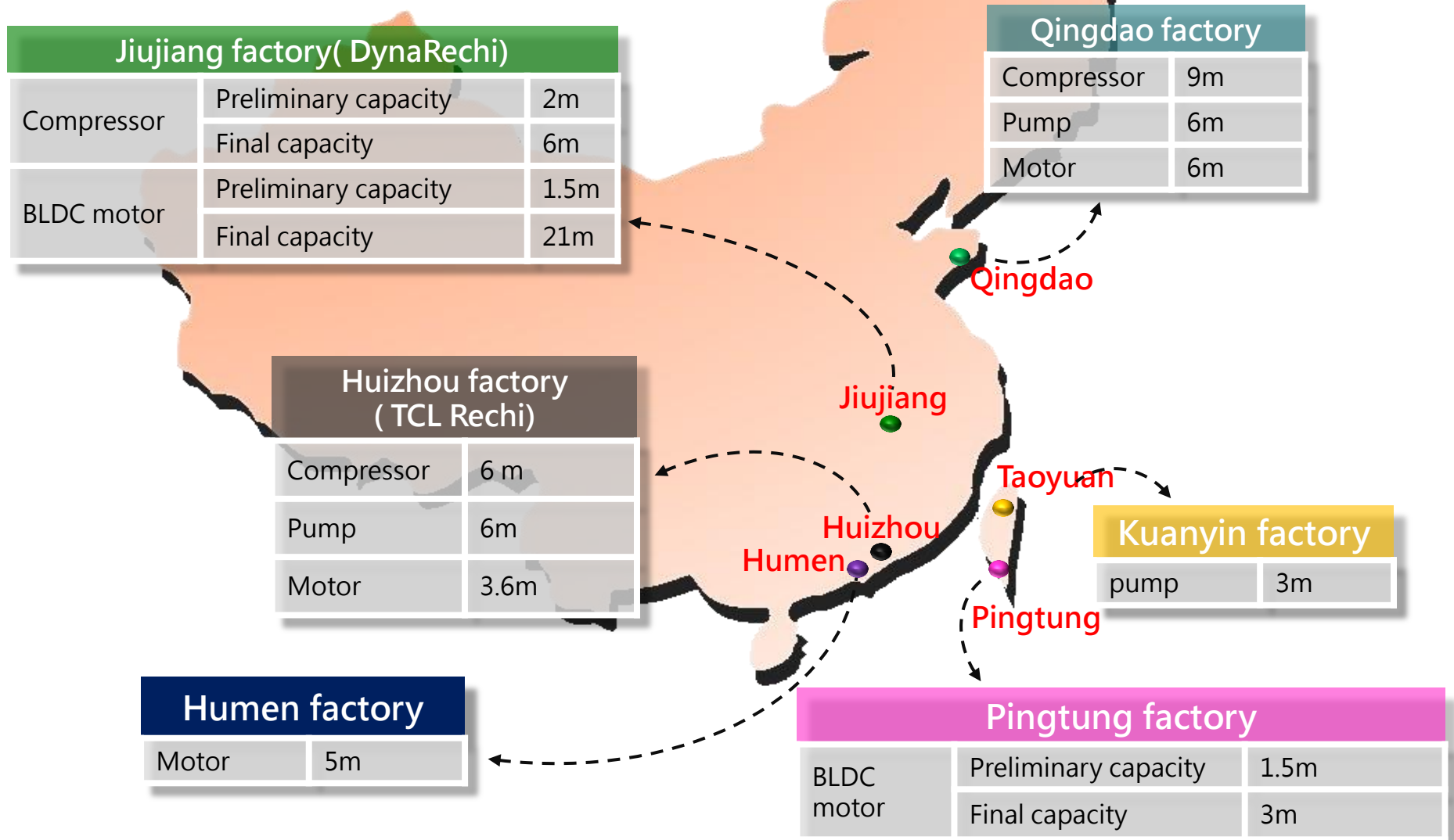


Inverter Compressor





Production Capacity





Location of Facilities



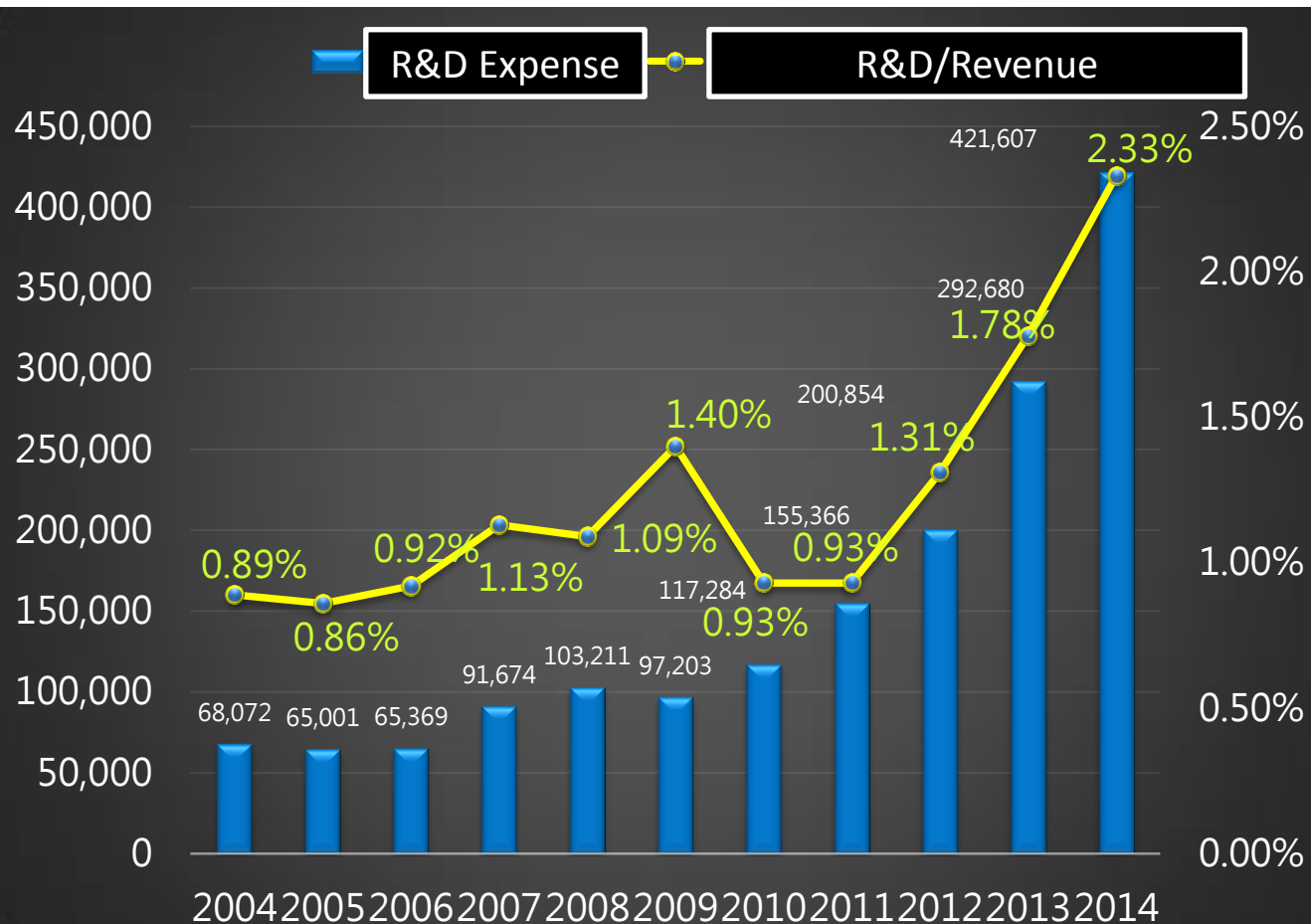


R&D

(Unit: Headcount)

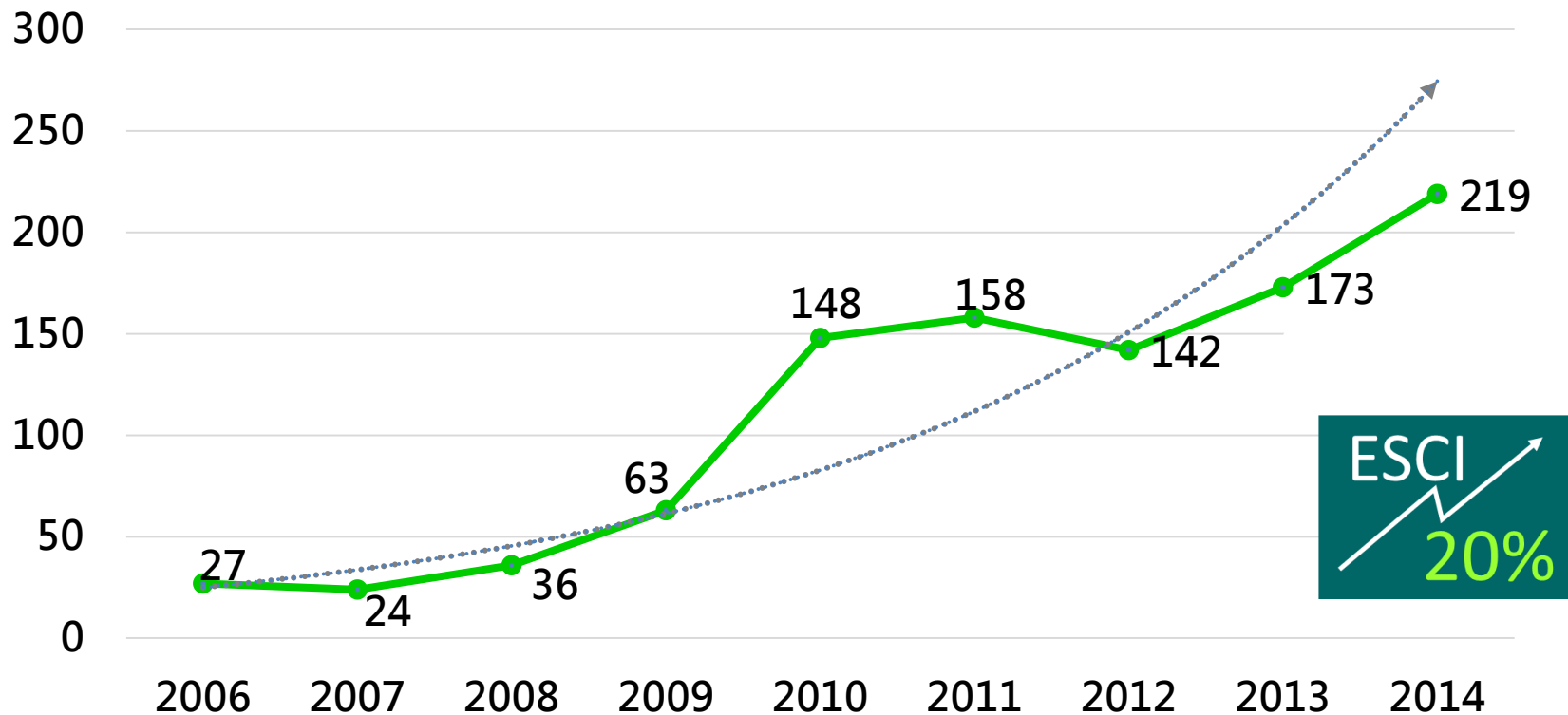
Man power	Sales	R&D	Group
2008	39	78	2372
2009	36	81	4004
2010	36	95	4412
2011	37	113	4957
2012	52	157	4964
2013	60	242	5565
2014	67	275	5149

(Unit: NT\$k)





Energy Saving Contribution Index (ESCI)

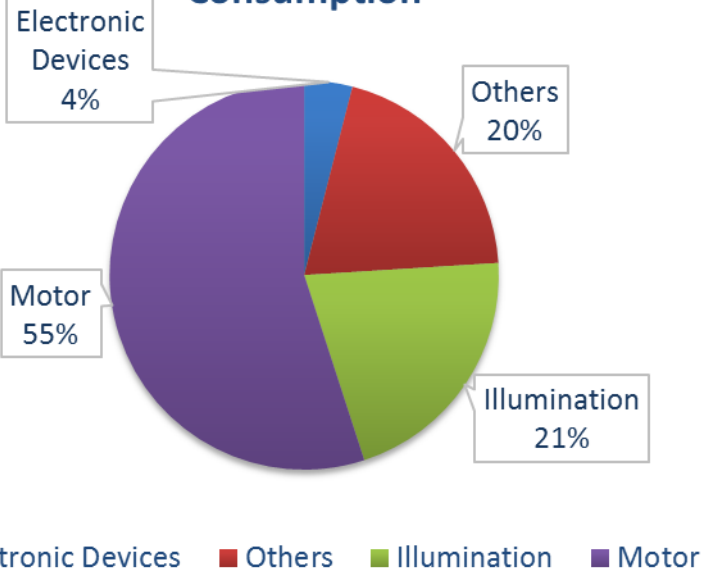


ESCI=219 means Energy Saving Contribution 21.9% per Rechi compressor.
Annual Energy Saving 2,920,504KW (Average Power Consumption 850W,
Annual Sales 13.5m sets)



Revolution of Energy Saving via Electric Machinery Integration

Composition of Taiwan Power Consumption



Motor explained 55% Taiwan power consumption

Eco & Carbon Reduction

Industrial Application



Regulatory Efficiency!

Consuming Application



Energy Saving BLDC!

Pioneer Application



Oil Crisis EV !

Chairman of Nidec Corporation, Shigenobu Nagamori:

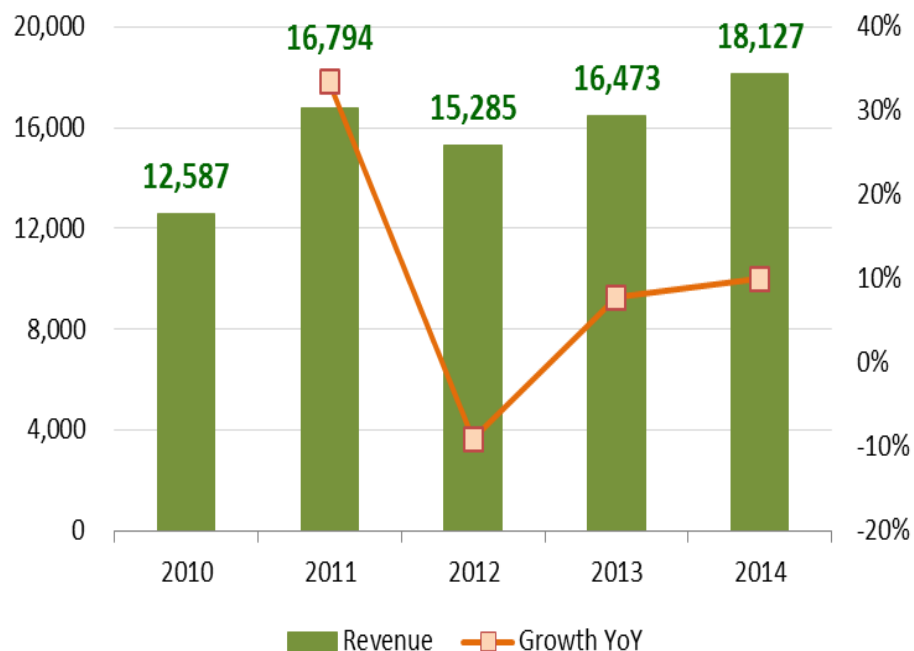
50 years ago, the Steel Industry driving the development of economy, then Semiconductor succeeded 25ys ago, Now is **Electric Motors**.



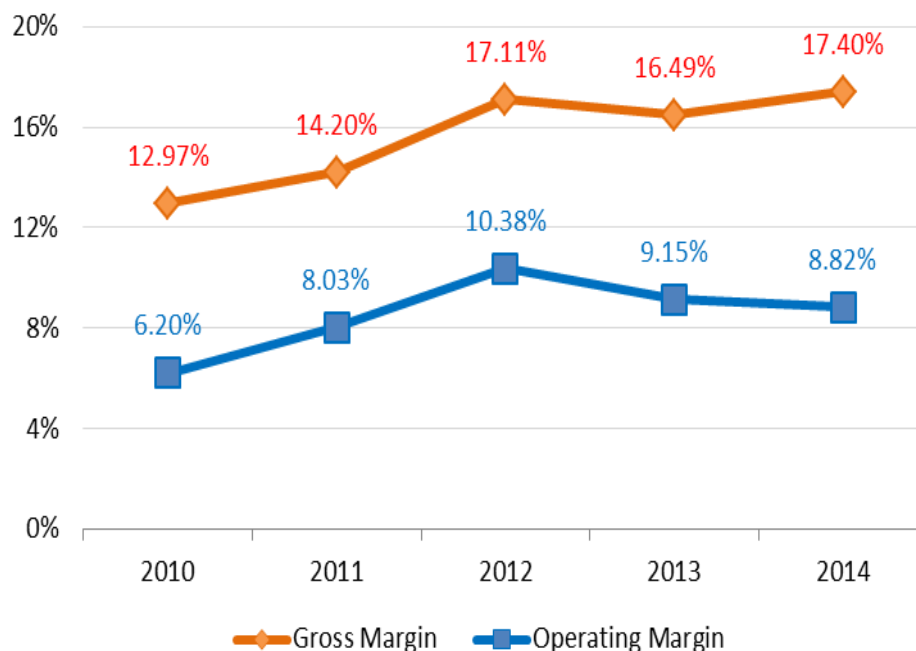
4. Financial Highlights

Revenue growth

(Unit: NT\$m)

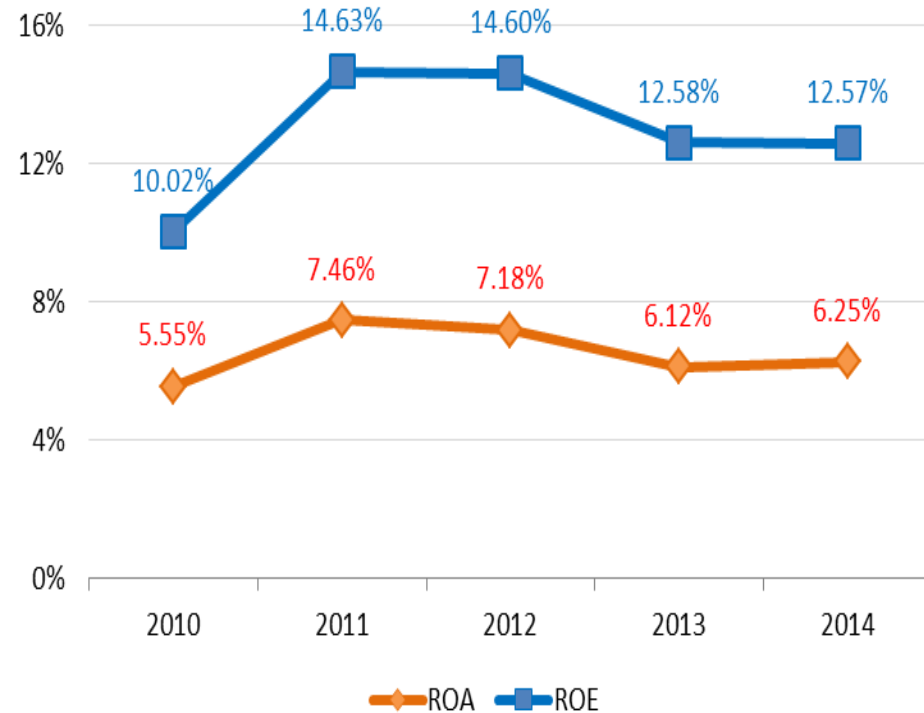


Margins



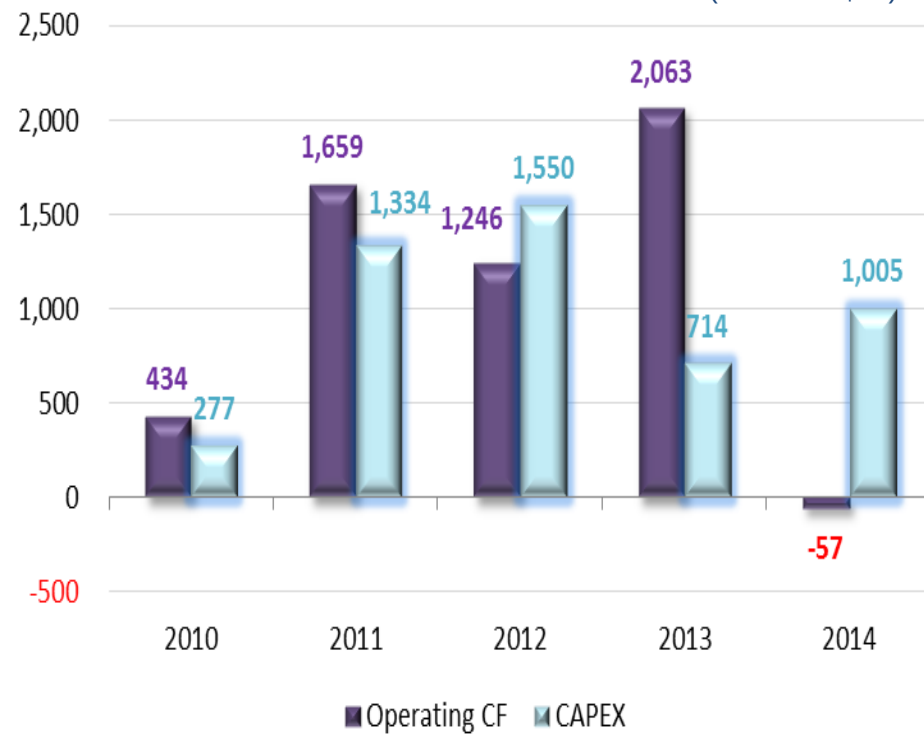


ROE and ROA



Operating CF & Capex

(Unit: NT\$m)





Dividend Policy

	2011	2012	2013	2014
EPS (NT\$)	2.03	2.14	2.02	2.3
Cash DPS (NT\$)	1.2	1.5	1.5	2
Payout ratio (%)	59.1	70.1	74.3	87.0
Cash yield (%)*	4.7	5.4	4.6	-

* Based on share price on following year closing before ex-dividend day



Income Statement

Unit in Thousand NT\$	2,014		YoY	2,013		YoY	2,012		YoY
	Amount	%	%	Amount	%	%	Amount	%	%
Sales revenues	18,126,566	100	10	16,473,387	100	8	15,285,474	100	-9
Cost of finished goods (Material and labor)	-14,972,321	-82.6	9	-13,757,595	-83.5	8.4	-12,693,681	-83.0	-11.9
Gross margin	3,154,245	17.4	16	2,715,792	16.5	4.8	2,591,793	17.0	8.7
Operating expenses	-1,555,026	-8.6	29	-1,208,512	-7.3	18.3	-1,021,813	-6.7	-1.4
Income(Loss) from operations	1,599,219	8.8	6	1,507,280	9.1	-4.0	1,569,980	10.3	16.4
Income before tax	1,741,916	9.6	12	1,558,741	9.5	-0.1	1,560,320	10.2	21.8
Tax	-529,239	-2.9	6	-501,251	-3.0	15.1	-435,430	-2.8	42.5
Income after tax	1,212,677	6.7	15	1,057,490	6.4	-6.0	1,124,890	7.4	15.3
EPS(NT\$)	2.30		17	1.96		-8	2.14		9



Balance Sheet

Unit in Thousand NT\$	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
Cash and equivalents	4,598,024	21	3,328,483	17	1,929,908	11
Accounts receivable, net	3,062,321	14	2,302,949	12	2,203,424	13
Inventories	2,116,503	10	1,963,464	10	1,462,224	9
Property, plant and equipment, net	6,112,524	29	5,661,289	29	5,737,033	34
TOTAL	21,388,607	100	19,813,937	100	16,914,541	100
Total current liabilities	9,172,850	43	8,936,160	45	7,113,478	42
LONG-TERM LIABILITIES	949,500	4	1,192,200	6	1,452,000	9
Total liabilities	11,079,461	52	10,830,159	55	9,084,266	54
Total stockholders' equity	10,309,146	48	8,983,778	45	7,830,275	46



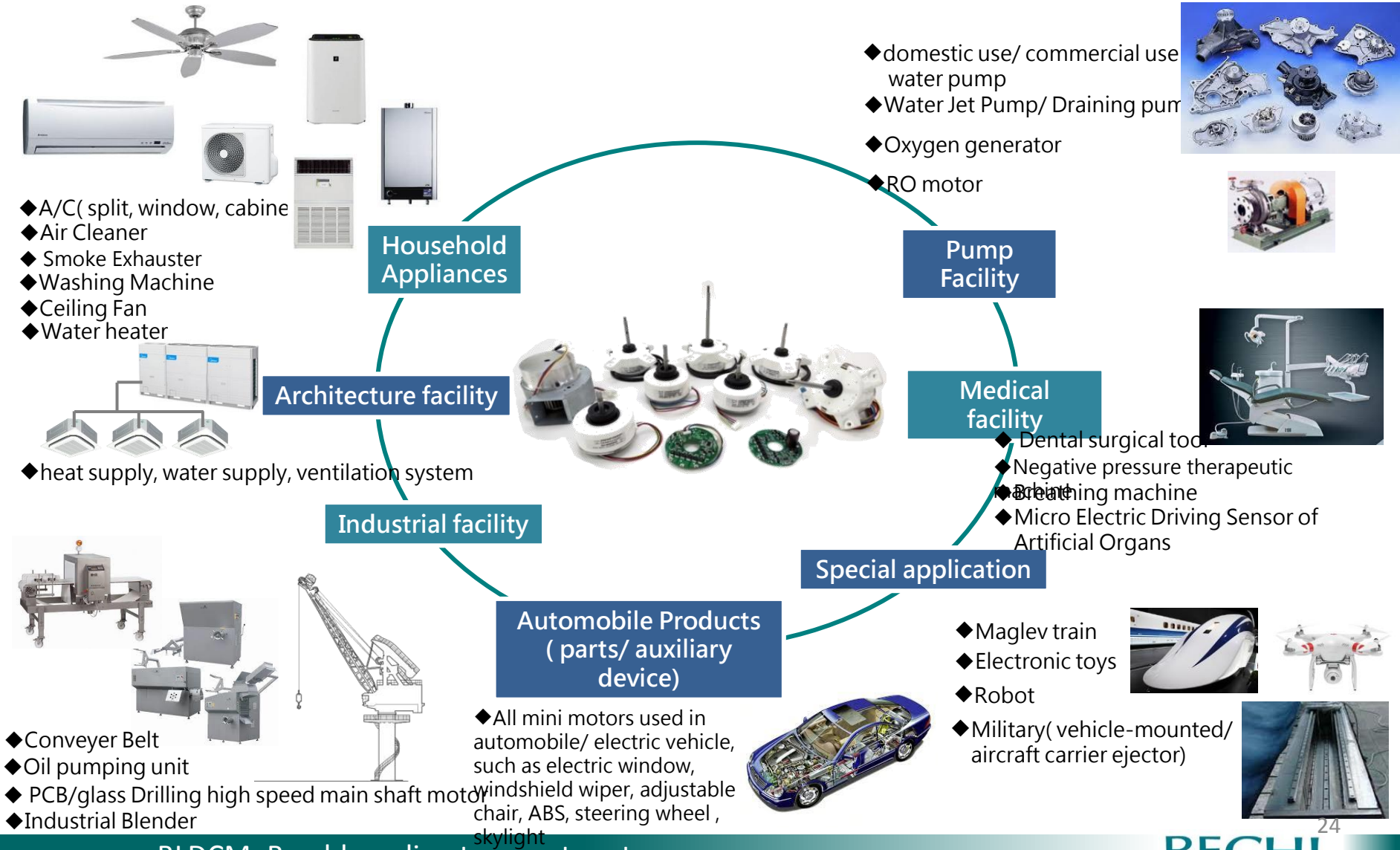
Cash Flow Statement

Unit in Thousand NT\$	2014	2,013	2,012
	Amount	Amount	Amount
CASH, BEGINNING OF YEAR	3,328,483	1,929,908	3,181,014
Net cash provided by operating activities	-56,997	2,063,200	1,224,268
CASHFLOW FROM INVESTMENT ACTIVITIES	1,068,405	-2,388,182	-1,551,923
(Decrease) increase in short-term loans, net	576,743	2,192,059	-988,607
(Decrease) increase in long-term loans, net	-303,060	-641,304	697,852
Cash dividend paid	-682,142	-662,274	-514,388
others	666,592	835,076	-118,308
CASH, END OF YEAR	4,598,024	3,328,483	1,929,908



Appendix: BLDC Motors

Application of BLDC motors



BLDCM=Brushless direct current motor



BLDC Motors

Final Product Application Innovation

Downstream

- ◆ Fan Motor
- ◆ Power Transmission
- ◆ Pump Equipment
- ◆ Machining Tool

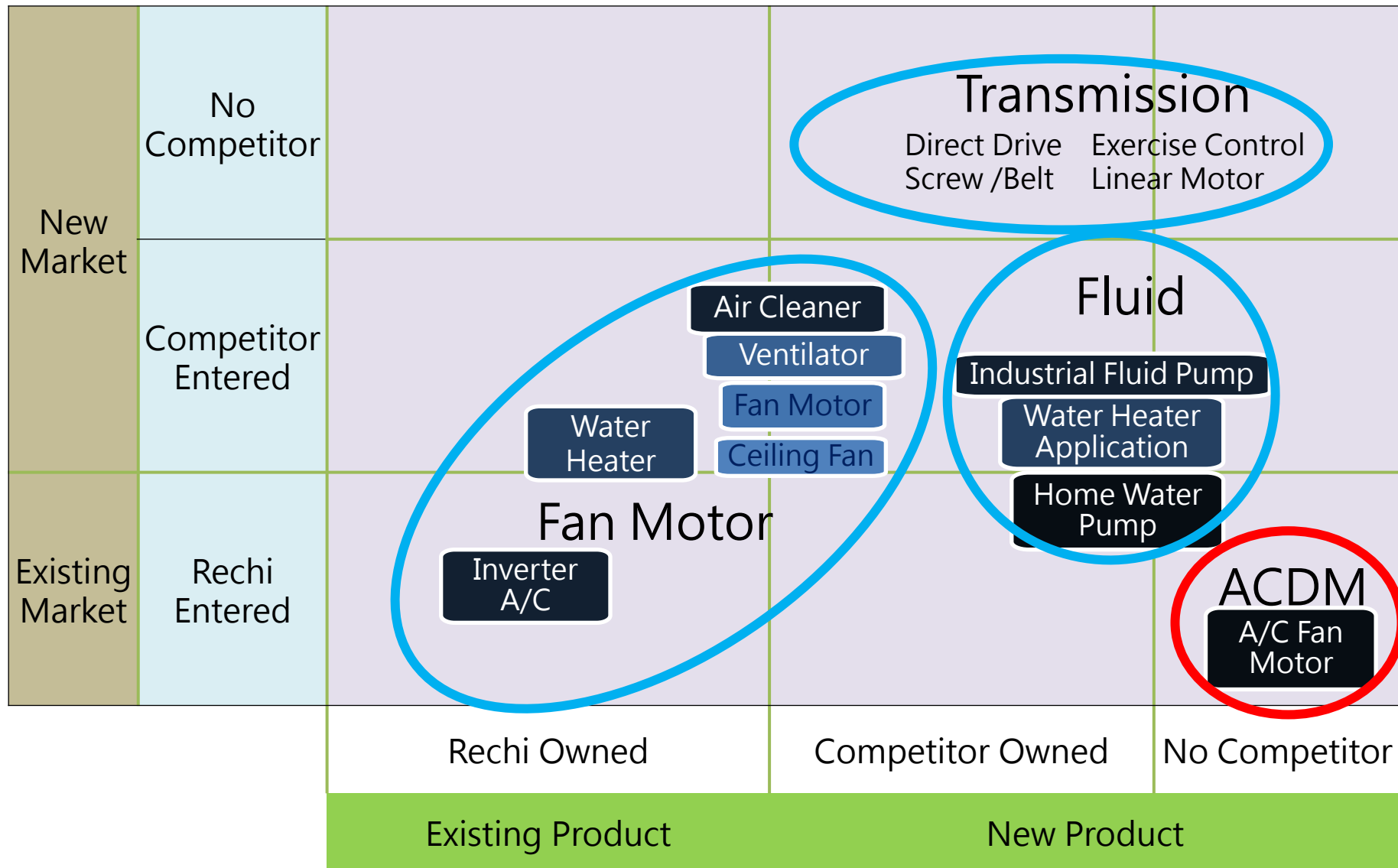
1. Product Development Integration
2. Subversive Product licensing and sales
3. ODM Sales

DYNA RECHI

- ◆ Customerization
- ◆ R&D for BLDCM and Application
- ◆ Production of BLDCM
- ◆ Global Sales of BLDCM



BLDC Motors





Business Model

