

**Stock Code: 2302**



**RECTRON LTD.**

**2022 ANNUAL REPORT**

**Printing Date: May 26, 2023**

**Website: <http://mops.twse.com.tw/>**

**1. Company Spokesperson and Acting Spokesperson:**

Spokesperson:

Name: Lin Jui Ping

Title: Deputy General Manager of General Administration and General Manager of the Electronic Business Department

Phone: (02) 2880-1122

Email: annielin@rectron.com.tw

Acting Spokesperson:

Name: Wang Tsuo Tzu

Title: Deputy Manager of the Accounting Department

Phone: (02) 2880-1122

Email: erica\_wang@rectron.com.tw

**2. Address and Phone Numbers of Head Office and Factory:**

Head Office:

Address: No. 192-2, Section 4, Chengde Road, Shilin District, Taipei City 11167

Phone: (02) 2880-1122

Factory:

Address: No. 71, Zhongshan Road, Tucheng District, New Taipei City 23680

Phone: (02) 2268-1314

**3. Share Transfer Agency:**

Name: Guo-Pu Securities Co., Ltd., Stock Transfer Agency Department

Address: 15F, No. 188, Section 5, Nanjing East Road, Songshan District, Taipei City 105411

Website: www.wls.com.tw

Phone: (02) 2528-8988

**4. Certified Public Accountants and Audit Firm for the Recent Annual Financial Report:**

Accountant Names: Shih-Chin Chih, Li-Chen Lai

Firm Name: An-Hou Jianye Certified Public Accountants

Address: 68F, No. 7, Section 5, Xinyi Road, Taipei City 11049

Website: www.kpmg.com.tw

Phone: (02) 8101-6666

**5. Name of Overseas Stock Exchange for Trading and Method of Obtaining Information on Overseas Securities: N/A**

**6. Company Website: [www.rectron.com.tw](http://www.rectron.com.tw)**

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## 1. Report to Shareholders

Dear Shareholders,

Thank you for attending the Annual General Meeting of Rectron Ltd. for the year 2023.

Since the outbreak of the COVID-19 pandemic, which has had a global economic impact, Rectron achieved an overall operating revenue of NT\$877,633 thousand in the fiscal year 2022, representing an 18% increase compared to the revenue of NT\$745,850 thousand in the year 2021. This growth can be attributed mainly to the increased demand from the US market due to the effects of the ongoing trade tensions between China and the US, which resulted in a transfer of customer orders to our Electronics Division. Additionally, the successful expansion of our high-end medical mask business, along with strategic adjustments in our product sales portfolio, customer base, and cost control measures, contributed to a significant increase in operating gross profit. In 2022, our operating gross profit reached NT\$343,849 thousand, reflecting a 37% growth compared to NT\$251,630 thousand in the year 2021. As a result, our net profit after tax for the fiscal year 2022 amounted to NT\$176,100 thousand, showing a remarkable growth of 107% compared to the profit of NT\$84,972 thousand in the year 2021.

Since the outbreak of the COVID-19 pandemic, the global economy has faced significant challenges. The disruptions in the supply chain have led to increased prices of raw materials and transportation costs, indirectly contributing to inflationary pressures. Furthermore, the escalating geopolitical and military conflicts, such as the ongoing Russia-Ukraine war, have created prolonged and expanding impacts, affecting the smoothness of the supply of critical raw materials and thereby influencing global economic activities, including production and consumption. These factors have added to the overall business risks and variables for Rectron Ltd. in the year 2023.

In recent years, climate change has made energy-saving and carbon reduction issues an international consensus, and the green energy industry has become one of the necessary industries for countries to develop. The demand for energy-saving industries such as electric vehicles and solar panels has relatively increased. In response to this market niche, our company has increased our efforts to cultivate related customer groups in order to increase revenue and contribute to our company's profits.

In recent years, our company has maintained stable growth and strived to create greater profits for shareholders. Even in the face of diverse future challenges, we continue to maintain a positive and proactive attitude, seeking progress and innovation, deepening our brand value, and aiming to achieve the best business performance to maximize profits for our shareholders.

Chairman LIN I-CHIN

## 1. Operating Results for the Year 2022

### (1) Achievement of Operating Plan:

Unit: NTD in thousands; %

Item	Year 2022	Year 2021	Amount of Increase (Decrease)	
	Amount	Amount	Difference Amount	Percentage of Increase (Decrease)%
Operating Revenue	877,633	745,850	131,783	18%
Operating Cost	533,784	494,220	39,564	8%
Operating Gross Profit	343,849	251,630	92,219	37%
Operating Expenses	173,109	169,757	3,352	2%
Operating Profit (Loss)	170,740	81,873	88,867	109%
Non-Operating Revenue (Expenses)	33,905	8,756	25,149	287%
Consolidated Pre-tax Net Income (Loss)	204,645	90,629	114,016	126%
Income Tax Expense	28,545	5,657	22,888	405%
Consolidated Total Net Income (Loss)	176,100	84,972	91,128	107%

During the fiscal year 2022, the total operating revenue of our company was NT\$ 877,633 thousand, which increased from NT\$ 745,850 thousand in 2021 due to the benefits of diverting trade from China to the United States. In fiscal year 2022, we adjusted our product mix and implemented effective cost control measures, which resulted in an increase in gross profit from NT\$ 251,630 thousand in 2021 to NT\$ 343,849 thousand. As a result, our company's net profit after tax for fiscal year 2022 was NT\$ 176,100 thousand, which increased by NT\$ 91,128 thousand from the net profit of NT\$ 84,972 thousand in fiscal year 2021.

### (2) Regarding the budget execution:

In accordance with the guidelines for handling public financial forecasts of publicly traded companies, the company did not have a public financial forecast for the year 2022.

### (3) Financial income and profitability analysis

Unit: %

Analysis	Item	Year 2022	Year 2021
Financial Structure (%)	Debt to Assets Ratio (%)	14.16	16.29
	Ratio of Long-Term Capital to Real Estate, Plant, and Equipment (%)	386.95	364.30
Debt-Paying Capacity (%)	Current ratio (%)	264.52	207.86
	Quick Ratio (%)	192.01	140.59
Profitability (%)	Return on assets (%)	8.23	4.02
	Return on Shareholder Equity (%)	9.66	4.80
	Net Profit Margin (%)	20.07	11.39
	Earnings Per Share (NT\$)	1.06	0.51

#### (4) Research and Development Status

In consideration of the importance of brand value, our company places great emphasis on product development and long-term investment in core technological capabilities. We strive to introduce products that best meet the needs of end customers. Over the past two years, we have invested approximately 1% of our revenue in research and innovation, continuously developing new products and improving existing ones to establish a solid technological foundation for the sustainable development of the company.

## 2. Overview of 2023 Business Plan

### 1. Business Policy

Given the increasing geopolitical and military conflicts in recent times, such as the outbreak of the Russia-Ukraine war, which has had a prolonged impact on global economic activities in production and consumption, and the Federal Reserve's aggressive interest rate hikes to curb inflation, the global economic growth prospects for 2023 have become more uncertain. Therefore, our company's operational direction for 2023 has become more conservative and cautious.

In addition to continuously enhancing competitiveness in terms of quality, price, and delivery, our business policy for 2023 will focus on cultivating high-value customer segments, investing in process automation, improving production efficiency, and advancing towards lean manufacturing processes. In terms of market deployment, we will not only strive to develop the high-end markets in Europe and the United States but also strengthen our presence in markets such as India. Our product applications will primarily focus on the demand in the electric vehicle and energy-efficient solar panel industries, aiming to increase our revenue and profitability.

### 2. Expected Sales Volume and Basis

Our company expects a 3% increase in sales volume in 2023 compared to 2022. This is mainly due to the continued surge in inflation in the United States and the Federal Reserve's ongoing aggressive interest rate hikes, which indirectly increase operational risks for businesses and reduce the purchasing power of end consumers. Our overall business policy will be more cautious, resulting in a relatively conservative outlook for overall sales volume.

### 3. Important Sales and Marketing Policies

- (1) Continuously establish VMI (Vendor Managed Inventory) mechanism with customers in sales regions to accelerate inventory turnover.
- (2) Expand the establishment of technical service teams for end customers to understand their needs and enhance product development efficiency.
- (3) Optimize product portfolio and pricing strategies.

## 3. Company's Future Development Strategies

1. Customer-oriented approach, closely collaborate with market-leading manufacturers to jointly develop new products and create company value.
2. Deepen relationships with existing customers, expand product lines tailored to their needs, and provide customers with diverse product services.

3. Leverage and strengthen the company's vertical integration manufacturing advantage from materials, parts, components to system products to reduce manufacturing costs and enhance competitiveness.
4. Establish capabilities for the development and mass production of critical components to gain irreplaceable competitive advantages.

#### **4. Impact of External Competitive, Regulatory, and Macro-Economic Environment.**

##### 1. External Competitive Environment

Due to the rapidly changing external environment and industry fluctuations, the company faces competition not only within Taiwan but also globally. Leveraging its years of experience in cultivating high-value customer channels in Europe and America, the company continues to reduce costs to gain a competitive advantage. It strives to create product value, service value, and differentiation value to secure customer loyalty and stability.

##### 2. Regulatory Environment

The company adheres to national policies and regulations, and the financial, equity, audit, and legal departments stay informed about important policy or legal changes. They work in accordance with the company's internal control system and operational activities to ensure full compliance with laws and regulations, thereby ensuring smooth operations. Currently, there are no significant domestic or international regulatory changes that have a major impact on the company's finances or operations.

##### 3. Impact of Overall Business Environment

In terms of the overall business environment, there are pressures from inflation and the gradual decoupling of the economies of China and the United States. The United States has adopted protectionist measures, adding uncertainties to the globalized economy. In response to these changes in the overall business environment, the company will focus on strengthening customer service value and product cost competitiveness to adapt to the evolving landscape.



## 2. Company Profile

**1. Establishment Date:** January 23, 1976.

### 2. Company History

- 1976 - Company establishment with a paid-up capital of 20,000 thousand New Taiwan Dollars (NTD) and the establishment of a factory in the Tucheng Industrial Zone.
- 1977 - Conducted a cash capital increase of 30,000 thousand NTD, resulting in a cumulative paid-up capital of 50,000 thousand NTD.
- 1981 - Conducted a surplus capital increase of 20,000 thousand NTD, resulting in a cumulative paid-up capital of 70,000 thousand NTD.
- 1982 - Conducted a surplus capital increase of 10,000 thousand NTD, resulting in a cumulative paid-up capital of 80,000 thousand NTD.
- 1983 - Conducted a surplus capital increase of 80,000 thousand NTD and a capital surplus capital increase of 20,000 thousand NTD, resulting in a cumulative paid-up capital of 180,000 thousand NTD.
- 1984 - Conducted a public offering,  
with a cash capital increase of 94,000 thousand NTD and a surplus capital increase of 26,000 thousand NTD, resulting in a cumulative paid-up capital of 400,000 thousand NTD.
- 1985 - The company's stocks were publicly listed.  
Conducted a surplus capital increase of 76,000 thousand NTD and a capital surplus capital increase of 24,000 thousand NTD, resulting in a cumulative paid-up capital of 500,000 thousand NTD.
- 1987 - Establishment of a sales company in Los Angeles, USA.  
Conducted a cash capital increase of 100,000 thousand NTD, a surplus capital increase of 50,000 thousand NTD, and a capital surplus capital increase of 50,000 thousand NTD, resulting in a cumulative paid-up capital of 700,000 thousand NTD.
- 1988 - Conducted a cash capital increase of 101,000 thousand NTD, a surplus capital increase of 41,300 thousand NTD, resulting in a cumulative paid-up capital of 842,300 thousand NTD.
- 1991 - Conducted a surplus capital increase of 76,198 thousand NTD and a capital surplus capital increase of 33,692 thousand NTD, resulting in a cumulative paid-up capital of 952,190 thousand NTD.
- 1994 - Shanghai RECTRON LTD. was established.  
Obtained ISO-9002 quality certification.
- 1996 - Shanghai RECTRON LTD. obtained ISO-9002 quality certification.
- 1997 - Conducted a capital reduction of 480,000 thousand NTD, resulting in a cumulative paid-up capital of 472,190 thousand NTD.
- 1998 - Conducted a cash capital increase of 600,000 thousand NTD, resulting in a cumulative paid-up capital of 1,072,190 thousand NTD.
- 1999 - Conducted a surplus capital increase of 107,219 thousand NTD, capital surplus reserve capital increase of 214,438 thousand NTD, and a cash capital increase of 1,000,000 thousand NTD, resulting in a cumulative paid-up capital of 2,393,847 thousand NTD.  
Obtained ISO9001 and QS9000 certifications.

2000 - Renamed as RECTRON LTD.

Conducted a surplus capital increase of 98,147 thousand NTD, capital surplus reserve capital increase of 272,898 thousand NTD, and an employee bonus capital increase of 5,106 thousand NTD, resulting in a cumulative paid-up capital of 2,770,000 thousand NTD.

2001 - Established Zhejiang RECTRON LTD.

2003 - Conducted a capital reduction of 900,250 thousand NTD, resulting in a cumulative paid-up capital of 1,869,750 thousand NTD.

Zhejiang RECTRON LTD. obtained QS9000 certification.

2005 - Conducted a private placement of common shares, increasing the paid-up capital by 500,000 thousand NTD, resulting in a cumulative paid-up capital of 2,369,750 thousand NTD.

Zhejiang RECTRON LTD. obtained ISO14001 certification.

2006 - Conducted a private placement of common shares, increasing the paid-up capital by 500,000 thousand NTD, resulting in a cumulative paid-up capital of 2,869,750 thousand NTD.

2007 - Conducted a capital reduction of 837,967 thousand NTD, resulting in a cumulative paid-up capital of 2,031,783 thousand NTD.

RECTRON Ltd. Tucheng Factory obtained ISO9001/TS9000-2002 certification.

2008 - Conducted a capital reduction of 550,500 thousand NTD, resulting in an accumulated paid-up capital of 1,481,283 thousand NTD.

Conducted a private placement of common shares, increasing the paid-up capital by 600,000 thousand NTD, resulting in an accumulated paid-up capital of 2,081,283 thousand NTD.

2009 - Conducted a capital reduction of 508,000 thousand NTD, resulting in an accumulated paid-up capital of 1,573,283 thousand NTD.

2010 - RECTRON Ltd. Tucheng Factory obtained ISO9001/TS16949-2009 certification.

2011 - Conducted a capital increase of 26,746 thousand NTD, resulting in an accumulated paid-up capital of 1,600,029 thousand NTD.

2014 - Conducted a capital increase of 13,000 thousand NTD, resulting in an accumulated paid-up capital of 1,613,029 thousand NTD.

2015 - Conducted a capital increase of 50,000 thousand NTD, resulting in an accumulated paid-up capital of 1,663,029 thousand NTD.

2018 - RECTRON Ltd. Tucheng Factory obtained IATF16949-2016 certification.

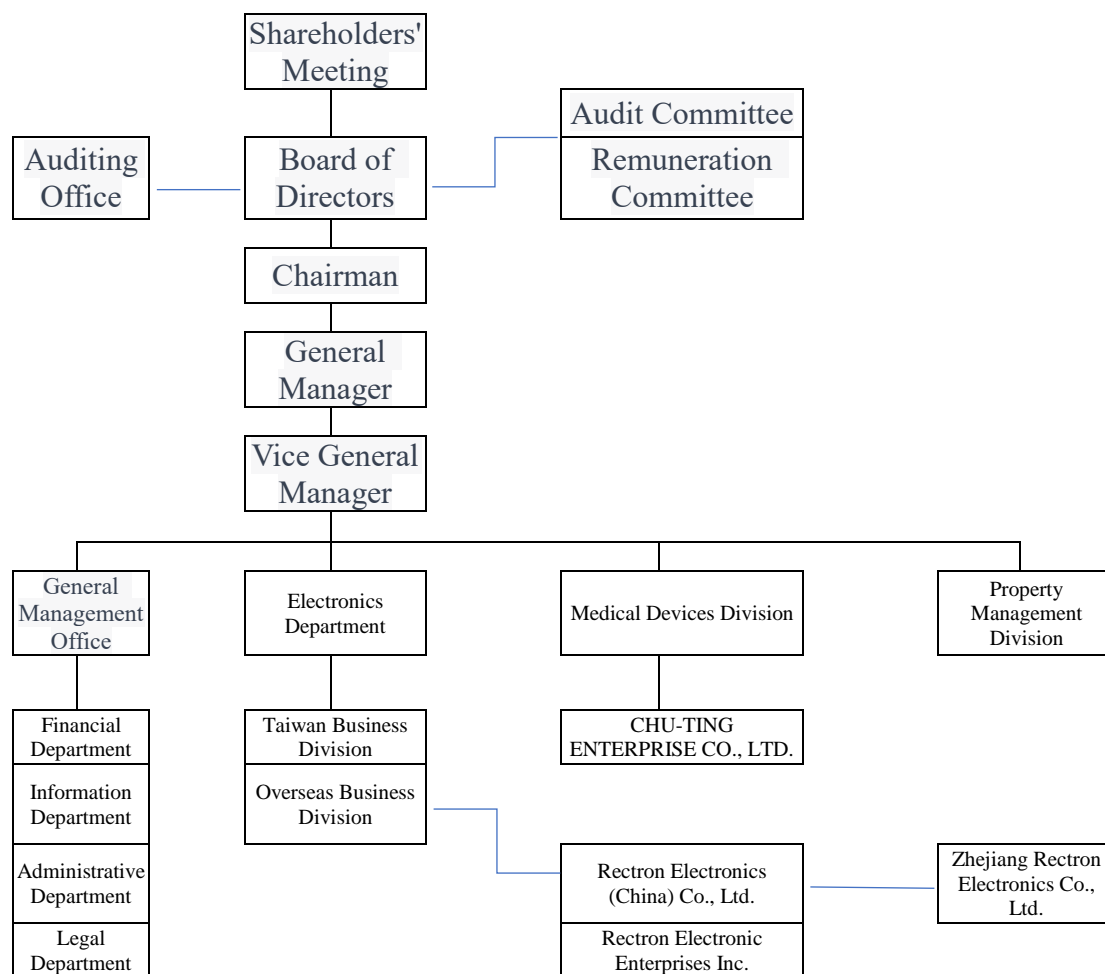
2020 - CHU-TING ENTERPRISE CO., LTD. ventured into the medical device industry, focusing on the production and manufacturing of medical masks.

### 3. Corporate Governance Report

#### 1. Organizational Chart

##### (1) Organizational Chart

##### 1. Company Organizational Chart



##### (2) Business Operations of Each Major Department

Department	Job Duties
Office of the General Manager.	(1) Company operational strategy planning. (2) Formulation of company objectives and policies, supervising departments to achieve objectives. (3) Overall operational improvement projects, evaluation, and optimization of workflow efficiency.
General Management Office	(1) Responsible for overall company operations management. (2) Planning and implementation of major project matters. (3) Review, tracking, and recommendations for decision-making meetings, management meetings, goal management, project meetings, and other discussions. (4) Development, review, and revision of annual goals, business policies, and operational

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	<p>policies.</p> <p>(5) Consolidation, control, analysis, and reporting of annual budget and execution results.</p> <p>(6) Utilization and allocation of short-term and long-term funds.</p> <p>(7) Evaluation and management of subsidiary companies.</p> <p>(8) Planning and management of systems and regulations to clearly define employee roles and responsibilities.</p> <p>(9) Tracking and handling of individual case litigation progress.</p> <p>(10) Planning and supervision of investment business operations.</p> <p>(11) Maintenance and technical support of computer hardware and software, coordination and allocation of equipment resources.</p> <p>(12) Tracking and processing of case litigation progress.</p>
Auditing Office	<p>(1) Establishment, revision, audit, and effectiveness tracking of internal audit and internal control systems within the company.</p> <p>(2) Audit of departmental operations and execution and promotion of self-assessment operations within the company.</p>
Electronics Division	<p>(1) Market research, development, and sales of rectifier products.</p> <p>(2) Procurement of raw materials, supplier management, and control of raw materials, etc.</p> <p>(3) Manufacturing and production of rectifiers, maintenance of plant equipment, overall management of factory labor safety and health, document control, etc.</p> <p>(4) Inspection of rectifier raw materials, materials, finished products, and instrument fixtures, and promotion and execution of international standard quality management and quality assurance for rectifier and other products.</p> <p>(5) Research and development of new rectifier products, new processes, and new equipment.</p>
Medical Equipment Division	<p>(1) Market research, development, and sales of medical equipment products.</p> <p>(2) Procurement of raw materials, supplier management, and control of raw materials, etc.</p> <p>(3) Manufacturing and production of medical equipment, maintenance of plant equipment, overall management of factory labor safety and health, document control, etc.</p> <p>(4) Manufacturing and production of medical equipment.</p> <p>(5) Research and development of new medical equipment products and new processes.</p>
Property Management Division	<p>(1) Property leasing matters.</p> <p>(2) Property maintenance matters.</p>

## 2. Information of Directors, Supervisors, the General Manager, Deputy General Managers, Assistant Managers, and Heads of Departments

### 1. Information of Directors and Supervisors

March 31, 2023

J o b t i t l e	Natio nality or Place of Regis tratio n	Name	Gender/ Age	Appointme nt Date	T e r m o f O f f i c e	Initial Date of Election	Time of Election Shares Held		Currently Shares Held		Spouse and Minor Children Current Shares Held		Under Others' Names Shares Held		Key Experi ences (Educati on) and Backgro und	Current Positions Held in the Company and Other Companies		Other Executives, Directors, or Supervisors with Spousal or Second-Degree Relative Relationships		
							Number of Shares	Shareho lding Ratio %	Number of Shares	Share holdi ng Ratio %	Number of Shares	Shareho lding Ratio %	Numb er of Share s	Shareho lding Ratio %		Company Positions	Positions in Other Companies	Job Title	Name	Relation ship
C h a i r m a n	Repu blic of China	Juiye Enterprise Co., Ltd.		2022.06.23	3	1996.10.16	42,788,288	25.73	42,788,288	25.73	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le
	Repu blic of China	Lin, I-Chin	Female 31~ 40 years old.	2022.06.23	3	2016.06.28	0	0	0	0	0	0	0	0	Master's Degree	Chairman and General Manager	None	Director	LIN, WEN- TENG	Father and daughter
D i r e c t o r	Repu blic of China	Juiye Enterprise Co., Ltd.		2022.06.23	3	1996.10.16	42,788,288	25.73	42,788,288	25.73	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le	Not applicab le
	Repu blic of China	Representa tive: LIN, WEN- TENG	Male 61~ 70 years old.	2022.06.23	3	1996.10.16	0	0	0	0	0	0	0	0	College degree	Director	None	Director	LIN, I- CHIN	Father and daughter
	Repu blic of China	Representa tive: PAN, HSIN-JEN	Male 31~ 40 years old.	2022.06.23	2	2020.09.14	0	0	0	0	0	0	0	0	Universi ty degree	Director	General Manager of RECTRON ELECTRONIC ENTERPRISE S, INC	None	None	None

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I n d e p e n d e n t  D i r e c t o r	Repu blic of China	Representa tive: LIU,FEN G-CHIN	Female 71~ 80 years old.	2022.06.23	3	2012.08.01	0	0	0	0	0	0	0	0	University degree	Director	None	None	None	None
	Repu blic of China	Representa tive: LIN, JUI- PING	Female 41~ 50 years old.	2022.06.23	3	2010.06.25	0	0	0	0	0	0	0	0	University degree	Deputy General Manager and General Manager of the Electronic Business Division	None	None	None	None
	Repu blic of China	Lin, Ruey- Tou	Male 61~ 70 years old.	2022.06.23	3	2016.06.28	0	0	0	0	0	0	0	0	University degree	None	Advisor to the Legislative Yuan Advisor to the Taipei City Government Advisor to the Taipei City Council	None	None	None
	Taiwan R.O. C.	Maa Kwo- Juh	Male 61~ 70 years old.	2022.06.23		2021.08.30	0	0	0	0	0	0	0	0	Master's Degree	None	President of the Corporate Governance Professionals Association, a non-profit organization	None	None	None
	Taiwan R.O.C.	Lee, Shiue- Chen	Male 40~ 50 years old.	2022.06.23	3	2022.06.23	0	0	0	0	0	0	0	0	University degree	None	Deputy General Manager of Fulai Construction Co., Ltd.	None	None	None

Note 1: Representatives of Juiye Enterprise Co., Ltd.: LIN, I-CHIN, LIN, WEN-TENG, PAN, HSIN-JEN, LIU, FENG-CHIN, LIN, JUI-PING.

Table 1: Major shareholders of corporate shareholders

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March 31, 2023

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
Juiye Enterprise Co., Ltd.	LIN, WEN-TENG (75%), LIN, I-CHIN (25%)
Bigwig Perfect International Co., Ltd.	LIN, CHIANG-YA (98.27%)

2. Disclosure of Directors' and Supervisors' Professional Qualifications and Independence of Independent Directors:

Name	Conditions	Professional Qualifications and Experience	Independence status	Number of other public corporations in which the person concurrently serves as an independent director.
Juiye Enterprise Co., Ltd. Representative: LIN, I-CHIN		Chairman and General Manager of RECTRON LTD.	<ol style="list-style-type: none"> <li>Holding the position of General Manager of the company while having the status of a manager.</li> <li>The remaining individuals have been verified against the independence criteria listed in the "Regulations Governing the Appointment of Independent Directors of Publicly Issued Companies and Related Compliance Matters" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.</li> </ol>	None
Juiye Enterprise Co., Ltd. Representative: LIN, WEN-TENG		Chairman of RECTRON LTD.	The remaining individuals have been verified against the independence criteria listed in the "Regulations Governing the Appointment of Independent Directors of Publicly Issued Companies and Related Compliance Matters" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None

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Name	Conditions	Professional Qualifications and Experience	Independence status	Number of other public corporations in which the person concurrently serves as an independent director.
Juiye Enterprise Co., Ltd. Representative: PAN, HSIN-JEN	Director of RECTRON ELECTRONIC ENTERPRISES, INC General Manager of RECTRON ELECTRONIC ENTERPRISES, INC	The remaining individuals have been verified against the independence criteria listed in the "Regulations Governing the Appointment of Independent Directors of Publicly Issued Companies and Related Compliance Matters" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None	
Juiye Enterprise Co., Ltd. Representative: LIU,FENG-CHIN	Deputy Chief Editor of Zili Evening News. Legal Director of RECTRON LTD.	The remaining individuals have been verified against the independence criteria listed in the "Regulations Governing the Appointment of Independent Directors of Publicly Issued Companies and Related Compliance Matters" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None	
Juiye Enterprise Co., Ltd. Representative: LIN, JUI-PING	Audit Manager at KPMG United Accounting Firm. General Manager of the Electronic Business Division and Deputy General Manager of the General Management Department at RECTRON LTD.	The remaining individuals have been verified against the independence criteria listed in the "Regulations Governing the Appointment of Independent Directors of Publicly Issued Companies and Related Compliance Matters" issued by the Financial Supervisory Commission, and still meet the relevant independence requirements.	None	

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Name	Professional Qualifications and Experience	Independence status	Number of other public corporations in which the person concurrently serves as an independent director.
LIN, Ruey-Tou	<p>Bachelor's Degree in Business Administration from Tamkang University.</p> <p>Former Legislator, Taipei City Councilor.</p>	<p>The company follows the provisions of the "Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies" in its establishment.</p> <p>In addition to obtaining a declaration from the independent director, the company has also reviewed the company's employee system, the director's own holdings, holdings by spouse and relatives within the second degree of kinship, the list of directors of affiliated companies, and examined the shareholder registry and financial systems of the company and its affiliated companies for the past two years to verify the absence of the aforementioned situations.</p> <p>The company has conducted searches on the Judicial Yuan's Legal Information Retrieval System, Taiwan Bills Finance Corporation, etc., and found no circumstances falling under Article 30 of the Company Act.</p> <p>Based on the audit results, the company confirms that the independent director meets the independence criteria.</p>	None

Name	Conditions	Professional Qualifications and Experience	Independence status	Number of other public corporations in which the person concurrently serves as an independent director.
Maa Kwo-Juh		<p>Master's Degree in Accounting, National Chengchi University.            Certified Public Accountant of the Republic of China.            KPMG Chief Consultant            Chairman and CEO of KPMG Taiwan. President of the Professional Association of Corporate Governance.            Adjunct Professor at the Department of Law, National Chengchi University.            Adjunct Professor at the Department of Law, National Taiwan University.</p>	<p>The company follows the provisions of the "Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies" in its establishment.</p> <p>In addition to obtaining a declaration from the independent director, the company has also reviewed the company's employee system, the director's own holdings, holdings by spouse and relatives within the second degree of kinship, the list of directors of affiliated companies, and examined the shareholder registry and financial systems of the company and its affiliated companies for the past two years to verify the absence of the aforementioned situations.</p> <p>The company has conducted searches on the Judicial Yuan's Legal Information Retrieval System, Taiwan Bills Finance Corporation, etc., and found no circumstances falling under Article 30 of the Company Act.</p> <p>Based on the audit results, the company confirms that the independent director meets the independence criteria.</p>	1 company

Name	Conditions	Professional Qualifications and Experience	Independence status	Number of other public corporations in which the person concurrently serves as an independent director.
Lee, Shiue-Chen		<p>Audit Manager at KGMP United Accounting Firm, Finance.</p> <p>Finance and Accounting Manager at Hung Kuo Group.</p> <p>Deputy General Manager of Fulai Construction Co., Ltd.</p>	<p>The company follows the provisions of the "Regulations Governing the Appointment and Compliance Matters of Independent Directors of Public Companies" in its establishment.</p> <p>In addition to obtaining a declaration from the independent director, the company has also reviewed the company's employee system, the director's own holdings, holdings by spouse and relatives within the second degree of kinship, the list of directors of affiliated companies, and examined the shareholder registry and financial systems of the company and its affiliated companies for the past two years to verify the absence of the aforementioned situations.</p> <p>The company has conducted searches on the Judicial Yuan's Legal Information Retrieval System, Taiwan Bills Finance Corporation, etc., and found no circumstances falling under Article 30 of the Company Act.</p> <p>Based on the audit results, the company confirms that the independent director meets the independence criteria.</p>	None

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors and supervisors, and if they are members of the audit committee with accounting or financial expertise, their accounting or financial background and work experience should be stated. Also, indicate whether there are any circumstances under Article 30 of the Company Act.

Note 2: Independent directors should state their independence status, including but not limited to whether they or their spouses, parents, or children within the second degree of kinship serve as directors, supervisors, or employees of the Company or its affiliates; whether they or their spouses, parents, or children within the second degree of kinship hold shares of the Company or its affiliates or utilize others' names to hold such shares; whether they serve as directors, supervisors, or employees of related parties of the Company as referred to in Article 3, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies; and the amount of compensation received in the past two years for providing business, legal, financial, accounting or other services to the Company or its affiliates.

### 3. Board Diversity and Independence:

#### (1) Board Diversity:

The company advocates and respects a policy of board diversity to enhance corporate governance and promote the sound development of the board's composition and structure. We believe that a diverse board can contribute to the overall performance of the company. The selection of board members is based on the principle of selecting individuals with diverse and complementary capabilities across industries. This includes basic diversity factors such as age, gender, and nationality, as well

as industry experience and relevant skills in areas such as finance, accounting, legal, information technology, and public utilities. Additionally, board members possess abilities in business judgment, management, leadership decision-making, and crisis handling. Article 20 of the "Corporate Governance Practices Guidelines" states that the board as a whole should possess the following abilities to strengthen its functions and achieve the ideal goals of corporate governance:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis handling ability.
5. Industry knowledge.
6. International market perspective.
7. Leadership ability.
8. Decision-making ability.

The current status of the company's policy and implementation of diversified board members are as follows:

Name	Conditions		Basic Composition									Industry Experience					Professional Abilities			Number of other public corporations in which the person concurrently serves as an independent director.	
	Nationality	Gender	Have employment status	Age					Independent Director Tenure			Professional Services and Marketing	Financial and Finance	Architecture and Engineering	Business and Supply	Information and Technology	Legal	Accounting	Engineering		Risk Management
				31 to 40 years old	41 to 50 years old	51 to 60 years old	61 to 70 years old	71 to 80 years old	3 years or less	3 to 6 years	6 Year or more										
Chairman LIN I-CHIN	Taiwan R.O.C.	Female	✓	✓								✓	✓		✓			✓		✓	None
Director LIN, WEN-TENG	Taiwan R.O.C.	Male					✓					✓	✓	✓	✓			✓	✓	✓	None
Director PAN,HSIN-JEN	Taiwan R.O.C.	Male	✓	✓								✓	✓		✓	✓		✓		✓	None
Director LIU,FENG-CHIN	Taiwan R.O.C.	Female						✓				✓				✓				✓	None
Director LIN, JUI-PING	Taiwan R.O.C.	Female	✓		✓							✓	✓		✓			✓		✓	None
Independent Director LIN, Ruey-Tou	Taiwan R.O.C.	Male					✓				✓	✓	✓		✓	✓		✓		✓	None
Independent Director Maa Kwo-Juh	Taiwan R.O.C.	Male					✓		✓			✓	✓		✓	✓		✓		✓	1 Company
Independent Director Lee, Shiue-Chen	Taiwan R.O.C.	Male			✓							✓	✓		✓	✓		✓		✓	None

The 19th Board of Directors of the company consists of 8 directors, including 3 independent directors. They possess the overall abilities of business judgment,

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leadership decision-making, operational management, international market perspective, and crisis handling. They have industry experience and professional expertise. One independent director has accounting and financial expertise with practical experience in practice, management, or teaching.

The average tenure of the company's directors is 8 years. All directors are nationals of the company. The composition structure includes 3 independent directors, accounting for 37.5%, and 2 directors with employee status, accounting for 25%. The age distribution of the directors includes 2 directors in the age range of 31-40, 2 directors in the age range of 41-50, 3 directors in the age range of 61-70, and 1 director in the age range of 71-80. In addition to the above, the company also emphasizes gender equality in the composition of the board. The current board includes 3 female members, accounting for a high percentage of 37.5% female directors. The company will continue to strive to increase the percentage of female directors in the future.

The diversity, complementarity, and implementation of the board have already included and complied with the standards specified in Article 20 of the "Corporate Governance Best Practice Principles." In the future, the company will timely revise and enhance the diversity policy based on the operation of the board, operational requirements, and development needs. This includes but is not limited to the standards related to basic qualifications and values, professional knowledge, and skills, to ensure that board members possess the necessary knowledge, skills, and qualities for executing their duties.

(2) Board Independence:

The average tenure of independent directors in the company is below 3 years. Among them, one independent director has served for more than 3 terms consecutively.

This is due to their financial expertise, familiarity with relevant laws and regulations, and specialized experience in corporate governance, which significantly benefits the company. Despite their extended tenure, they are still able to utilize their expertise and provide professional opinions for the supervision of the board.

The tenure of other independent directors does not exceed 3 terms.

(3) Compliance with Securities and Exchange Act:

There are no circumstances within the meaning of Article 26(3) and (4) of the Securities and Exchange Act, including situations where there are spousal or close relatives relationships between directors, supervisors, or between directors and supervisors. None of the directors or independent directors of the company have relationships that fall within the provisions of Article 26(3) and (4) of the Securities and Exchange Act. The number of directors with spousal or close relatives' relationships within the company does not exceed half of the total seats.

4. General Manager, Deputy General Manager, Assistant Managers, and Head of Departments and Branch Offices:

March 31, 2023

Job title	Nationality	Name	Gender	Date of appointment	Shareholdings Shares		Shareholdings held by spouse and minor children		Holding shares under another person's name		Primary professional (educational) background	Current positions held by managers	with spousal or close relatives relationships in other companies			Remarks
					Number of Shares	Shareholding Ratio %	Number of Shares	Shareholding Ratio %	Number of Shares	Shareholding Ratio %			Job Title	Name	Relationship	
General Manager	Taiwan R.O.C.	LIN, I-CHIN	Female	2016.06.28	-	-	-	-	-	-	Master's degree/Chairman of RECTRON LTD.	-	-	-	-	Note
Deputy General Manager and General	Taiwan R.O.C.	LIN, JUI-PING	Female	2020.09.14	-	-	-	-	-	-	University degree/Audit Manager at KGMP United Accounting Firm. Deputy General Manager of Sales	-	-	-	-	-
Deputy General Manager of the Electronic Business Division	Taiwan R.O.C.	Liu Nian-fu	Male	2020.08.11	-	-	-	-	-	-		-	-	-	-	-
Director of the Electronic Business Division.	Taiwan R.O.C.	Lin Shi-jie	Male	2014.05.01	-	-	-	-	-	-	Chief Engineer of Taiwan Semiconductor Corporation.	-	-	-	-	-

Note: When the Chairman of the Board and the General Manager hold the highest managerial positions and are spouses or close relatives, the reasons, justifications, necessity, and corresponding measures should be disclosed (such as increasing the number of independent director seats and ensuring that a majority of directors do not hold positions as employees or managers, etc.) along with relevant information.

The Chairman of the Board in our company also serves as the General Manager to enhance operational efficiency and decision-making execution. In order to strengthen the independence of the Board of Directors, appropriate candidates have been actively trained internally. Additionally, the Chairman closely communicates with the directors to fully understand the company's operational status and plans, and implements corporate governance initiatives. In the future, the company plans to increase the number of independent director seats to enhance the capabilities of the Board and strengthen its oversight functions. Currently, the following specific measures have been implemented:

1. Independent directors in the company possess expertise in business, law, finance, accounting, or necessary knowledge related to company operations to effectively

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fulfill their supervisory roles.

2. Directors are arranged to attend professional director courses provided by external organizations such as the Securities and Futures Institute to enhance the effectiveness of the Board's operations.

3. Independent directors participate in functional committees, engage in comprehensive discussions, and provide recommendations for the Board's reference. They also communicate with the accountants and internal auditors to ensure effective corporate governance.

5. Remuneration for general directors and independent directors (individual names and remuneration methods disclosed separately)

December 31, 2022  
Unit: NT\$1,000

Job Title	Name	Director remuneration								Percentage of Total Net Profit After Tax of A, B, C, and D After-tax net profit of NT\$176,100 thousand		Remuneration Paid to Part-Time Employees								The total amount and proportion of A, B, C, D, E, F, and G, as well as their respective percentages of net income after tax. After-tax net profit of NT\$176,100 thousand		Compensation Paid to Directors by a Re-Invested Company Other than the Company's Subsidiary				
		Remuneration (A)		Retirement and sev pay (B)		Director Compensation (C) (Note 3)		Business execution Expenses (D)				Salary, Bonuses, and Other Allowances (E)		Retirement and sev pay (F)		Employee Compensation (G)										
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash dividend amount	Stock dividend amount	Cash dividend amount	Stock dividend amount	The Company	Companies in the Consolidated financial statements					
Corporate Director	Juiye Enterprise Co., Ltd.	0	0	0	0	0	0	0	0	0	0%	0%	0	0	0	0	0	0	0	0	0	0%	0%	None		
Chairman	Juiye Enterprise Co., Ltd. Representative: LIN, I-CHIN	0	0	0	0	375	375	0	0	375	0.21%	375	0.21%	673	3,398	0	0	0	0	0	0	1,048	0.60%	3,773	2.14%	None
Director	Juiye Enterprise Co., Ltd. Representative: LIN, WEN-TENG	0	0	0	0	375	375	0	0	375	0.21%	375	0.21%	0	350	0	0	0	0	0	0	375	0.21%	725	0.41%	None

Director	Juiye Enterprise Co., Ltd. Representative: PAN, HSIN-JEN	0	0	0	0	375	375	0	0	375 0.21%	375 0.21%	0	4,677	0	0	0	0	0	0	375 0.21%	5,052 2.87%	None
Director	Juiye Enterprise Co., Ltd. Representative: LIU, FENG-CHIN	0	0	0	0	0	0	210	210	210 0.12%	210 0.12%	449	449	29	29	0	0	0	0	688 0.39%	688 0.39%	None
Director	Juiye Enterprise Co., Ltd. Representative: LIN, JUI-PING	0	0	0	0	375	375	60	60	435 0.25%	435 0.25%	1,940	2,895	95	95	0	0	0	0	2,470 1.40%	3,425 1.94%	None
Independent Director	LIN, RUEY-	0	0	0	0	0	0	514	514	514 0.29%	514 0.29%	0	0	0	0	0	0	0	0	514 0.29%	514 0.29%	None
Independent Director	MAA KWO-	0	0	0	0	0	0	600	600	600 0.34%	600 0.34%	0	0	0	0	0	0	0	0	600 0.34%	600 0.34%	None
Independent Director	LEE, SHIUE-	0	0	0	0	0	0	60	60	60 0.03%	60 0.03%	0	0	0	0	0	0	0	0	60 0.03%	60 0.03%	None

1. Please specify the policy, system, standards, and structure of independent director remuneration and describe the correlation between the remuneration amount and factors such as responsibilities, risks, and time commitment: The remuneration for independent directors in our company is determined based on the results of the "Board of Directors' Performance Evaluation" and the provisions of the "Remuneration and Compensation Committee Organizational Regulations." It takes into account individual responsibilities, time commitment, as well as the individual's performance achievements and contributions as an independent director to provide reasonable compensation. The standards and structure of remuneration for independent directors are submitted to the Board of Directors for approval after being reviewed and approved by the Compensation Committee.

2. Apart from the disclosure in the table above, in the most recent fiscal year, directors of the company received remuneration for services provided (such as serving as consultants to the parent company, all companies within the financial reports, or non-employee advisors to investee businesses): There is no such case.



6. Remuneration for supervisors (individual names and remuneration methods)

December 31, 2022

Unit: NTD in thousands

Job Title	Name	Remuneration of Supervisor						The total amounts and the ratios to the post-tax net income of A, B, and C		Compensation Paid to Directors by a Re-Invested Company Other than the Company's Subsidiary
		Remuneration (A)		Compensation (B)		Business Allowances (C)		The Company	All companies in the financial report	
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report			
Supervisor	LIN, LI-CHUN	0	0	0	0	58	58	58 0.03%	58 0.03%	None
Total		0	0	0	0	58	58	58 0.03%	58 0.03%	

Note: In line with the establishment of an audit committee to replace the responsibilities of the supervisor, LIN, LI-CHUN was relieved of duties on June 23, 2022.

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7. Remuneration for the General Manager and Deputy General Manager (Individual disclosure of names and remuneration methods)

December 31, 2022  
Unit: NTD in thousands

Job Title	Name	Salary (A)		Retirement benefits (B)		Bonuses and Special Expenses (C)		Employee Compensation Amount (D)				Percentage of Total Net Profit After Tax of A, B, C, and D (%)		Compensation Paid to Directors by a Re-Invested Company Other than the Company's Subsidiary
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash dividend amount	Stock dividend Amount	Cash dividend amount	Stock dividend Amount			
General Manager	LIN, I-CHIN	673	3,398	0	0	0	0	0	0	0	0	673 0.38%	3,398 1.93%	None
Deputy General Manager and General Manager of the Electronic Business Division	LIN, JUI-PING	1,940	2,895	95	95	0	0	0	0	0	0	2,035 1.16%	2,990 1.70%	None
Deputy General Manager of the Electronic Business Division	Liu Nian-fu	960	2,305	4,049	4,049	917	1,173	0	0	0	0	5,926 3.37%	7,527 4.27%	None

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8. Remuneration for the top five highest-paid executives (Individual disclosure of names and remuneration methods)

Job Title	Name	Salary (A)		Retirement benefits (B)		Bonuses and Special Expenses (C)		Employee Compensation Amount (D)				A, B, C, and D, the total amount and the proportion (in percentage) to the net income after tax of 176,100 thousand NTD are as follows:		Compensation Paid to Directors by a Re-Invested Company Other than the Company's Subsidiary		
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report (Note 5)		The Company	All companies in the financial report			
								Cash Amount	Stocks Amount	Cash Amount	Stocks Amount					
Subsidiary Sales Vic President	Joseph Rocta	0	4,995	0	110	0	4,573	0	0	0	0	0	0	0.00%	9,678 5.50%	None
Vice General Manager of the Electronics Division	LIU, NIEN-FU	960	2,305	4,048	4,048	917	1,173	0	0	0	0	5,925	3.36%	7,526 4.27%	None	
CEO of the Subsidiary	Sidney Pan	0	3,615	0	0	0	1,062	0	0	0	0	0	0.00%	4,677 2.66%	None	
Logistics Director of the Subsidiary	Sean Kelley	0	3,337	0	0	0	765	0	0	0	0	0	0.00%	4,102 2.33%	None	
General Manager	LIN, I-CHIN	584	2,709	0	0	89	689	0	0	0	0	673	0.38%	3,398 1.93%	None	

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9. The names of managers involved in distributing employee compensation and the distribution details are as follows

The names of managers involved in distributing employee compensation and the distribution details are as follows

December 31, 2022

Unit: NTD in thousands

	Job title	Name	Stock Amount	Cash amount	Total	The proportion (%) of the total amount to the net income after tax.
M a n a g e r	General Manager	LIN, I-CHIN	0	0	0	0%
	Deputy General Manager and General Manager of the Electronic Business Division	LIN, JUI-PING				

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10. Analysis and explanation of the proportion of total remuneration to net income after tax for directors, supervisors, general manager, and deputy general manager paid by the company and all consolidated companies in the past two fiscal years, including the policies, standards, composition, procedures for determining remuneration, and their correlation with business performance.

Job Title	Proportion of total remuneration to net income after tax for directors, supervisors, general manager, and deputy general manager paid by the company in 2021.	Proportion of total remuneration to net income after tax for directors, supervisors, general manager, and deputy general manager paid by all consolidated companies in the company's 2021 consolidated financial statements.	Proportion of total remuneration to net income after tax for directors, supervisors, general manager, and deputy general manager paid by the company in 2022.	Proportion of total remuneration to net income after tax for directors, supervisors, general manager, and deputy general manager paid by all consolidated companies in the company's 2022 consolidated financial statements.
Director	7.31%	15.44%	3.48%	8.43%
Supervisor	0.26%	0.26%	0.03%	0.03%
General Manager and Vice General Manager	3.71%	7.23%	1.54%	4.09%

The procedure for remuneration payment is closely associated with operational performance and future risks.

The remuneration paid to directors of the Company is determined based on the percentages and scope stipulated in the Company's Articles of Incorporation. In years of profitability, an allocation of not less than 1% shall be provided for employee compensation and not more than 2% for director remuneration. If the company has accumulated losses from previous years and makes a profit in the current year, it should first make up for the losses before allocating employee and director remuneration, and the remaining balance should be allocated according to the aforementioned ratio.

In the event of accumulated losses from previous years, any profits in the current year must first be used to offset the losses before allocating funds for employee compensation and director remuneration, with the remaining balance allocated according to the aforementioned proportions. The distribution of employee and director remuneration should be resolved by the board of directors and reported to the shareholders' meeting.

The salary and compensation paid by the company include cash compensation, retirement benefits, various allowances, and other measures with substantial

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incentives. The scope is consistent with the requirements for disclosure in the annual report of publicly traded companies regarding director, supervisor, and manager remuneration. To establish a sound salary and compensation system for the company's directors, supervisors, and managers, the company has established a salary and compensation committee and formulated the "Salary and Compensation Committee Organization Regulations." The Compensation Committee, in accordance with the aforementioned regulations, evaluates the Company's remuneration policies and systems for directors, supervisors, and managers from a professional and objective standpoint. It periodically reviews the performance evaluation of directors, supervisors, and managers, as well as the policies, systems, standards, and structures of remuneration. During the review process by the Compensation Committee, the remuneration should be based on the continued assessment of directors, supervisors, and managers and reference the usual industry standards, taking into account individual performance, the Company's ongoing performance, and the rationality of future risk linkage.

The remuneration of executives in the Company is determined by the Chairman of the Board, authorized by the Board of Directors, taking into account the nature of their work, responsibilities, as well as factors such as education, experience, skills, and potential development. The policies, standards, composition, and procedures for remuneration, as well as their relationship with business performance and future risks, are established in accordance with the Company's "Articles of Incorporation" and relevant management regulations.

In summary, the policies, standards, procedures for determining remuneration, and their relationship with business performance and future risks in the Company are all carried out in accordance with the provisions of the Company's "Articles of Incorporation" and relevant "Management Regulations."

### 3. Corporate Governance Practices

#### (1) Board of Directors operation situation

The Board of Directors held 8 meetings (A) during the recent fiscal year, ending on March 31, 2023. The attendance record of directors and supervisors is as follows:

Job Title	Name	Actual attendance (B)	Delegated attendance count	Actual attendance rate (%) [B/A]	remarks
Chairman	Juiye Enterprise Co., Ltd. Representative: LIN, I-CHIN	8	0	100%	
Director	Juiye Enterprise Co., Ltd. Representative: LIN, WEN-TENG	2	0	25%	
Director	Juiye Enterprise Co., Ltd. Representative: PAN, HSIN-JEN	8	0	100%	
Director	Juiye Enterprise Co., Ltd. Representative: LIU, FENG-CHIN	7	0	87.5%	
Director	Juiye Enterprise Co., Ltd. Representative: LIN, JUI-PING	8	0	100%	
Independent Director	LIN, RUEY-TOU	7	1	87.5%	
Independent Director	MAA KWO-JUH	8	0	100%	
Independent Director	LEE, SHIUE-CHEN	6	0	100%	2022.06.23 Selection
Supervisor	LIN, LI-CHUN	2	0	50%	2022.06.23 Resigned

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Other items that shall be recorded:

1. If any of the following circumstances occur in the operation of the board of directors, the date, term, agenda, opinions of all independent directors and the company's handling of independent directors' opinions should be described:

1. Matters stipulated in Article 14-3 of the Securities and Exchange Act:

Meeting date	Important decisions of the Board of Directors
18th session 17th time 2022.03.31	(1) Whether the outstanding receivables exceeding the normal credit period as of December 31, 2021, are considered as loans and advances. (2) Case regarding loans and advances to subsidiary CHU-TING ENTERPRISE CO., LTD.. (3) Internal control system statement for the fiscal year 2021. (4) Evaluation of the independent auditor's independence. (5) Amendment of certain provisions in the company's "Acquisition or Disposal of Assets Procedure." (6) Amendment of the company's "Endorsement and Guarantee Procedures." (7) Amendment of the company's "Loan Operations to Others Procedure." (8) Distribution of employee remuneration and director and supervisor remuneration for the fiscal year 2021. Independent Director's opinion: None. Company's handling of independent director's opinion: None. Resolution: Approved by all attending directors.
18th session 18th time 2022.05.16	(1) Whether the outstanding receivables exceeding the normal credit period as of March 31, 2022, are considered as loans and advances. Independent Director's opinion: None. Company's handling of independent director's opinion: None. Resolution: Approved by all attending directors.

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<p>19th session 2nd time 2022.07.06</p>	<p>(1) The proposal to purchase Directors, Supervisors, and Managers' liability insurance.</p> <p>(2) The appointment of the Compensation Committee.</p> <p>Independent Director's opinion: None.</p> <p>Company's handling of independent director's opinion: None.</p> <p>Resolution: Approved by all attending directors.</p>	
<p>19th session 3rd time 2022.08.15</p>	<p>(1) The financial statements for the second quarter of the company's fiscal year 2022.</p> <p>(2) The matter of whether the outstanding receivables beyond the normal credit period as of June 30, 2022, are considered loans in nature.</p> <p>Independent Director's opinion: None.</p> <p>Company's handling of independent director's opinion: None.</p> <p>Resolution: Approved by all attending directors.</p>	
<p>19th session 4th time 2022.11.10</p>	<p>(1) The financial statements for the third quarter of 2022.</p> <p>(2) The matter regarding the outstanding receivables exceeding the normal credit period as of September 30, 2022, and whether they should be classified as loans and advances.</p> <p>(3) The proposal for a 100% cash capital increase in the subsidiary company, CHU-TING ENTERPRISE CO., LTD.</p> <p>Independent Director's opinion: None.</p> <p>Company's handling of independent director's opinion: None.</p> <p>Resolution: Approved by all attending directors.</p>	
<p>19th session 5th time 2022.12.21</p>	<p>(1) The proposed audit plan for the fiscal year 2023.</p> <p>(2) In response to the KPMG auditor adjustment case.</p> <p>(3) Evaluation of the independent auditor's independence.</p> <p>(4) The proposal to establish the remuneration plan for the directors and executives of the company.</p>	

	<p>Independent Director's opinion: None.</p> <p>Company's handling of independent director's opinion: None.</p> <p>Resolution: Approved by all attending directors.</p>
<p>19th session 6Th time 2023.03.24</p>	<p>(1) The Company's operating report and financial statements for the year 2022.</p> <p>(2) The Company's declaration on internal control system for the year 2022.</p> <p>(3) Evaluation of the independent auditor's independence.</p> <p>(4) The matter regarding the outstanding receivables exceeding the normal credit period as of December 31, 2022, and whether they should be classified as loans and advances.</p> <p>(5) The proposal for profit distribution for the fiscal year 2022.</p> <p>(6) The proposal for employee remuneration and director's compensation distribution for the fiscal year 2022.</p> <p>Independent Director's opinion: None.</p> <p>Company's handling of independent director's opinion: None.</p> <p>Resolution: Approved by all attending directors.</p>

(2) Other board resolutions that were opposed or had reservations from independent directors with recorded or written statements, besides the aforementioned items: None.

2. Members who recused themselves from voting on matters related to conflicts of interest shall state their names, the content of the resolution, the reasons for recusal, and their voting participation:

1. During the 17th board meeting of the 18th term held on March 31, 2022, directors Lin Yi-Cen, Lin Wen-Teng, Pan Xin-Ren, Liu Feng-Qin, Lin Rui-Ping, and independent directors Lin Rui-Tu and Ma Guo-Zhu abstained from voting due to their status as interested parties in the matter of the distribution of employee remuneration and director's compensation for the fiscal year 2021.
2. During the 2nd board meeting of the 19th term held on July 6, 2022, the appointment of the Compensation Committee for the company was discussed. Independent directors Lin Rui-Tu, Ma Guo-Zhu, and Li Xue-Cheng abstained from participating in the discussion and voting due to their status as interested parties in this matter.
3. During the 5th board meeting of the 19th term held on December 21, 2022, when setting the remuneration plan for directors and executives of the company, except for Director Lin Wen-Teng's absence from the board meeting, directors Lin Yi-Cen, Pan Xin-Ren, Liu Feng-Qin,

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Lin Rui-Ping, and independent directors Lin Rui-Tu, Ma Guo-Zhu, and Li Xue-Cheng abstained from voting due to their status as interested parties in this matter.

3. Implementation of Board Evaluation:

Evaluation Period	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Conducted annually	From January 1, 2022 to December 31, 2022	Overall Board, Individual Directors, Compensation Committee	Board Self-Assessment, Director Self-Assessment, Functional Committees	<p>(1) Board performance evaluation: at least includes the degree of participation in company operations, quality of board decision-making, board composition and structure, selection and continuing education of directors, internal control, etc.</p> <p>(2) Individual director performance evaluation: at least includes the grasp of company goals and missions, recognition of director's duties, degree of participation in company operations, internal relationship management and communication, director's expertise and continuing education, internal control, etc.</p> <p>(3) Functional committee performance evaluation: degree of participation in company operations, recognition of functional committee duties, quality of functional committee decision-making, composition and member selection of functional committees, internal control, etc.</p>

4. Evaluation of the goals and execution of strengthening the functions of the board in the current year and recent years (such as establishing an audit committee, enhancing information transparency, etc.):

1. In addition to providing relevant laws and regulations to directors and supervisors at any time, the company prepares agenda items and related materials for directors and supervisors to review and inquire seven days before the board meeting. During the meeting, the company reports on the current business status to keep directors and supervisors informed of the company's current operations.
2. Regularly providing various training courses and encouraging directors to actively participate in corporate governance programs to

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- enhance the capabilities of board and supervisory members. In 2022, directors completed a total of 43 hours of training.
3. With a commitment to operational transparency and safeguarding shareholder rights, the company regularly discloses important decisions of the board and other relevant information on its website.
  4. Every year, the company conducts performance evaluations of the board, individual directors, and functional committees, and reports the evaluation results to the board.
  5. To strengthen corporate governance, the company has been covered by Directors and Officers liability insurance since June 28, 2020, and the renewal was completed on June 28, 2022.

Note: On June 23, 2022, the company established an Audit Committee to replace the role of the supervisor. Therefore, the involvement of the supervisor in the operation of the board is no longer applicable from that date.

Attendance of Independent Directors at Board Meetings from the most recent year to March 31, 2023

◎ : indicates personal attendance ☆ : indicates attendance by proxy \* : indicates absence

Independent Director	March 31	May 16	June 23	July 6	August 15	November 10	December 21	March 24
LIN, Ruey-Tou	◎	◎	◎	◎	◎	☆	◎	◎
MA, Kwo-Juh	◎	◎	◎	◎	◎	◎	◎	◎
Lee, Shiue-Chen	NONE	NONE	◎	◎	◎	◎	◎	◎

Note: Independent Director Mr. Li Hsueh-Cheng was appointed on June 23, 2022.

Communication between Independent Directors, Internal Audit Manager, and Auditors (including significant matters, methods, and outcomes regarding the company's finances and business conditions):

1. The company's internal audit department submits audit reports and audit tracking tables to the Independent Directors on a monthly and quarterly basis. In regular circumstances, communication between the internal audit manager and Independent Directors takes place through email, phone, or face-to-face meetings, as needed. Additionally, the internal audit department provides an annual audit business report to the Independent Directors, communicating the audit report results and the status of other tracking reports.
2. The company's external auditors report to the Independent Directors at least once a year regarding key audit matters, financial statement reviews, or audit results for the company and its subsidiaries. They also engage in communication with the Independent Directors.
3. Summary of communication between Independent Directors, Internal Audit Manager, and Auditors over the past year:

Date	Communication with Internal Audit Director:	Communication with Auditors	Results
2022.03.31	Internal Audit Business Report for the year 2021.	Audit status of the financial reports for the year 2021.	No special recommendations from the independent directors.
2022.05.16	Internal Audit Business Report for the period from January 2022 to March 2022.	Review status of the financial reports for the first quarter of 2022.	No special recommendations from the independent directors.
2022.08.15	Internal Audit Business Report for the period from April 2022 to June 2022.	Review status of the financial reports for the first half of 2022.	No special recommendations from the independent directors.
2022.11.10	Internal Audit Business Report for the period from July 2022 to September 2022.	Review status of the financial reports for the third quarter of 2022.	No special recommendations from the independent directors.

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(2) Audit Committee Operations:

**Information on the operations of the Audit Committee**

The Audit Committee held four meetings during the most recent fiscal year (A). The attendance of independent directors is as follows:

Job Title	Name	Number of attendance in person (B)	Delegated attendance count	Rate of attendance in person (%) (B/A)(Note 1, Note 2)	Remarks
Independent Director	Lin, Rui-tu		0	100%	
Independent Director	MAA KWO-JUH	4	0	100%	
Independent Director	LEE, SHIUE-CHEN	4	0	100%	

Other items that shall be recorded:

1. In the event of any of the following circumstances regarding the operation of the Audit Committee, the date and session, agenda items, dissenting opinions of independent directors, reservations or significant recommendations, decision results of the Audit Committee, and the company's handling of the opinions of the Audit Committee shall be disclosed.

(1) Matters listed in Article 14-5 of the Securities and Exchange Act.

Meeting date	Significant Resolutions of the Audit Committee	Decision Results of the Audit Committee of Directors' handling of the opinion
1st session, 2nd time 2022.11.10	1. The matter regarding the outstanding receivables exceeding the normal credit period as of September 30, 2022, and whether they should be classified as loans and advances 2. Amendment of the "Internal Major Information Processing Procedures" of the Company.	No other opinions were expressed. After obtaining unanimous approval from the Board of Directors for discussion by all attending directors.
1st session, 3rd time 2022.12.21	1. Proposed amendment to the "Internal Control System" and "Internal Audit Implementation Rules" of the Company. 2. Proposal for changing the auditor. 3. Proposal to establish general principles for the pre-approval policy of non-assurance services and submit for discussion.	
1st session, 4th time 2023.3.24	1. Company's 2022 Annual Operating Report and Financial Statements 2. Internal control system statement for the fiscal year 2021. 3. Evaluation of the Independence of the Auditing Certified Public Accountants 4. The matter regarding the outstanding receivables exceeding the normal credit period as of December 31, 2022, and whether they should be classified as loans and advances. 5. 2022 Dividend Distribution Proposal	

(2) In addition to the above matters, there were no other resolutions that were not approved by the Audit Committee but were approved by a majority of two-thirds or more of the entire board of directors.

2. The implementation status of independent directors' recusal from matters involving conflicts of interest shall include the names of independent directors, the content of the agenda, reasons for recusal due to potential conflicts of interest, and their participation in the voting process: No such instances.

3. Communication between Independent Directors, Internal Audit Manager, and Auditors (including significant matters, methods, and outcomes regarding the company's finances and business conditions).

(1) Hold separate meetings at least once a year between the auditors and the internal audit supervisor to discuss completed internal audits and external audit opinions, as well as communicate about audit deficiencies for the year. Opinions from the communication should be documented and reported to the board of directors.

(2) The auditors shall have separate meetings with the independent directors at least once a year to report on audit or review results and related matters to be noted.

(3) Other: In case of significant abnormal matters or when the independent directors, audit supervisor, and auditors deem it necessary to have independent communication, meetings can be held irregularly and at any time for communication purposes.

Date	Attendees	Matters discussed	Results of communication
2022/11/10	Independent Director MAA KWO-JUH Independent Director LEE, SHIUE-CHEN Audit Supervisor: CHIEN, I-CHEN	Report on the execution of audit activities for the third quarter of 2022.	No objections.
2022/11/10	Independent Director MAA KWO-JUH Independent Director LEE, SHIUE-CHEN Auditor: CHEN, TSUNG-CHE	Communication with the company's governance unit for the third quarter of 2022.	No objections.
2023/3/24	Independent Director MAA KWO-JUH Independent Director LEE, SHIUE-CHEN Auditor CHIH, SHIH-CHIN	Communication with the company's governance unit for the year 2022.	No objections.



(3) Involvement of the supervisor in the operations of the board of directors.

The Board of Directors held 8 meetings during the recent fiscal year, ending on March 31, 2023 (A). The attendance record of directors and supervisors is as follows:

Job Title	Name	Actual attendance (B)	Actual attendance rate (%) [B/A]	remarks
Supervisor	LIN, LI-CHUN	2	100%	Terminated in response to the establishment of the Audit Committee on 2022.06.23.

Other items that shall be recorded:

1. Composition and duties of the Supervisors:

(1) Communication between the Supervisors and shareholders and employees: Supervisors believe, when necessary, they shall communicate directly with employees and shareholders.

(2) Communication between the supervisor and the internal audit manager and auditor:

1. The internal audit manager submits audit reports to the supervisor on a monthly basis upon completion of audit projects, and the supervisor has no objections.

2. The internal audit manager attends board meetings and provides audit business reports, and the supervisor has no objections.

3. The supervisor may communicate with the auditor at any time regarding the company's financial status.

2. If the Supervisors attend the Board meeting and express an opinion, it shall state the date, session number, content of the proposal, result of the resolution of the Board of Directors and the company's handling of the supervisor's statement: No such situation.

(4) The state of the Company's implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TSEC/TPEX Listed Companies, and the reason for any such departure.

Item	Implementation Status		Summary and Explanation	The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No		
1. Does the company establish and disclose a code of practice of corporate governance in accordance with the "Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies?"	v		To establish sound corporate governance practices, our company has referred to the Corporate Governance Best Practice Principles for Listed and OTC Companies established by the Taiwan Stock Exchange and the Taipei Exchange. We have formulated our own Corporate Governance Guidelines for compliance and have disclosed them on the Market Observation Post System.	We comply with the requirements of the "Corporate Governance Best Practices for Listed and OTC Companies."

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Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
<p>2. Equity Structure and Shareholders' Equity of the Company</p> <p>(1) Does the Company have internal procedures in place to handle shareholders' suggestions, questions, disputes, and lawsuits, and implement these procedures accordingly?</p> <p>(2) Does the Company have a list of its major shareholders and a list of actual controllers of the major shareholders?</p> <p>(3) Does the Company establish and implement risk management and firewall mechanisms with related companies?</p> <p>(4) Does the Company have internal rules that prohibit insiders from trading securities using market information that is not publicly available?</p>	v		<p>(1) Shareholder suggestions or disputes are handled by a dedicated spokesperson or proxy spokesperson appointed by the company. Shareholders can submit their questions through telephone or the company's website. If legal issues are involved, assistance from legal professionals is sought.</p> <p>(2) The company regularly obtains the latest shareholder registry from a shareholder services agency to understand the list of major shareholders and the ultimate controllers of major shareholders.</p> <p>(3) Assets, financial operations, and accounting related to related-party transactions are independently operated by dedicated personnel. The head office conducts periodic audits, and transactions with related parties are conducted in accordance with the company's internal control rules.</p> <p>(4) The company has established the "Internal Handling Procedures for Material Information" and the "Internal Handling and Prevention of Insider Trading Procedures" to prevent unauthorized disclosure of information and ensure consistency and accuracy in the company's external communications.</p>	<p>We comply with the requirements of the "Corporate Governance Best Practices for Listed and OTC Companies."</p>

3. Composition and Responsibilities of the Board of Directors	v	<p>(1) The company advocates and respects a policy of board diversity to enhance corporate governance and promote the sound development of the board's composition and structure. We believe that a diverse board can contribute to the overall performance of the company. The selection of board members is based on the principle of selecting individuals with diverse and complementary capabilities across industries. This includes basic diversity factors such as age, gender, and nationality, as well as industry experience and relevant skills in areas such as finance, accounting, legal, information technology, and public utilities. Additionally, board members possess abilities in business judgment, management, leadership decision-making, and crisis handling. Article 20 of the "Corporate Governance Practices Guidelines" states that the board as a whole should possess the following abilities to strengthen its functions and achieve the ideal goals of corporate governance:</p> <table border="1" data-bbox="943 523 1816 1265"> <thead> <tr> <th data-bbox="943 523 1133 986">Core elements of diversity</th> <th data-bbox="1133 523 1223 986">Gender</th> <th data-bbox="1223 523 1312 986">Operational judgment ability</th> <th data-bbox="1312 523 1402 986">Accounting and financial analysis ability</th> <th data-bbox="1402 523 1458 986">Business</th> <th data-bbox="1458 523 1514 986">Crisis management ability</th> <th data-bbox="1514 523 1570 986">Industry knowledge</th> <th data-bbox="1570 523 1626 986">International market insight</th> <th data-bbox="1626 523 1682 986">Leadership ability</th> <th data-bbox="1682 523 1738 986">Decision-making ability</th> <th data-bbox="1738 523 1816 986">Legal knowledge</th> </tr> <tr> <th data-bbox="943 986 1133 1265">Director's name</th> <th data-bbox="1133 986 1223 1265"></th> <th data-bbox="1223 986 1312 1265"></th> <th data-bbox="1312 986 1402 1265"></th> <th data-bbox="1402 986 1458 1265"></th> <th data-bbox="1458 986 1514 1265"></th> <th data-bbox="1514 986 1570 1265"></th> <th data-bbox="1570 986 1626 1265"></th> <th data-bbox="1626 986 1682 1265"></th> <th data-bbox="1682 986 1738 1265"></th> <th data-bbox="1738 986 1816 1265"></th> </tr> </thead> <tbody> <tr> <td data-bbox="943 986 1133 1018">LIN, I-CHIN</td> <td data-bbox="1133 986 1223 1018">Female</td> <td data-bbox="1223 986 1312 1018">v</td> <td data-bbox="1312 986 1402 1018">v</td> <td data-bbox="1402 986 1458 1018">v</td> <td data-bbox="1458 986 1514 1018">v</td> <td data-bbox="1514 986 1570 1018">v</td> <td data-bbox="1570 986 1626 1018">v</td> <td data-bbox="1626 986 1682 1018">v</td> <td data-bbox="1682 986 1738 1018">v</td> <td data-bbox="1738 986 1816 1018"></td> </tr> <tr> <td data-bbox="943 1018 1133 1050">LIN, 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FENG-CHIN</td> <td data-bbox="1133 1082 1223 1114">Female</td> <td data-bbox="1223 1082 1312 1114"></td> <td data-bbox="1312 1082 1402 1114"></td> <td data-bbox="1402 1082 1458 1114"></td> <td data-bbox="1458 1082 1514 1114"></td> <td data-bbox="1514 1082 1570 1114"></td> <td data-bbox="1570 1082 1626 1114"></td> <td data-bbox="1626 1082 1682 1114"></td> <td data-bbox="1682 1082 1738 1114"></td> <td data-bbox="1738 1082 1816 1114">v</td> </tr> <tr> <td data-bbox="943 1114 1133 1145">LIN, JUI-PING</td> <td data-bbox="1133 1114 1223 1145">Female</td> <td data-bbox="1223 1114 1312 1145">v</td> <td data-bbox="1312 1114 1402 1145">v</td> <td data-bbox="1402 1114 1458 1145">v</td> <td data-bbox="1458 1114 1514 1145">v</td> <td data-bbox="1514 1114 1570 1145">v</td> <td data-bbox="1570 1114 1626 1145">v</td> <td data-bbox="1626 1114 1682 1145">v</td> <td data-bbox="1682 1114 1738 1145">v</td> <td data-bbox="1738 1114 1816 1145"></td> </tr> <tr> <td data-bbox="943 1145 1133 1177">LIN, RUEY-TOU</td> <td data-bbox="1133 1145 1223 1177">Male</td> <td data-bbox="1223 1145 1312 1177"></td> <td data-bbox="1312 1145 1402 1177"></td> <td data-bbox="1402 1145 1458 1177"></td> <td data-bbox="1458 1145 1514 1177">v</td> <td data-bbox="1514 1145 1570 1177"></td> <td data-bbox="1570 1145 1626 1177">v</td> <td data-bbox="1626 1145 1682 1177"></td> <td data-bbox="1682 1145 1738 1177"></td> <td data-bbox="1738 1145 1816 1177">v</td> </tr> <tr> <td data-bbox="943 1177 1133 1209">MAA KWO-JUH</td> <td data-bbox="1133 1177 1223 1209">Male</td> <td data-bbox="1223 1177 1312 1209">v</td> <td data-bbox="1312 1177 1402 1209">v</td> <td data-bbox="1402 1177 1458 1209">v</td> <td data-bbox="1458 1177 1514 1209">v</td> <td data-bbox="1514 1177 1570 1209">v</td> <td data-bbox="1570 1177 1626 1209">v</td> <td data-bbox="1626 1177 1682 1209">v</td> <td data-bbox="1682 1177 1738 1209">v</td> <td data-bbox="1738 1177 1816 1209">v</td> </tr> <tr> <td data-bbox="943 1209 1133 1265">LEE, SHIUE-CHEN</td> <td data-bbox="1133 1209 1223 1265">Male</td> <td data-bbox="1223 1209 1312 1265">v</td> <td data-bbox="1312 1209 1402 1265">v</td> <td data-bbox="1402 1209 1458 1265">v</td> <td data-bbox="1458 1209 1514 1265">v</td> <td data-bbox="1514 1209 1570 1265">v</td> <td data-bbox="1570 1209 1626 1265">v</td> <td data-bbox="1626 1209 1682 1265">v</td> <td data-bbox="1682 1209 1738 1265">v</td> <td data-bbox="1738 1209 1816 1265"></td> </tr> </tbody> </table>	Core elements of diversity	Gender	Operational judgment ability	Accounting and financial analysis ability	Business	Crisis management ability	Industry knowledge	International market insight	Leadership ability	Decision-making ability	Legal knowledge	Director's name											LIN, I-CHIN	Female	v	v	v	v	v	v	v	v		LIN, WEN-TENG	Male	v		v	v		v	v	v		PAN, HSIN-JEN	Male	v		v	v	v	v	v	v		LIU, FENG-CHIN	Female									v	LIN, JUI-PING	Female	v	v	v	v	v	v	v	v		LIN, RUEY-TOU	Male				v		v			v	MAA KWO-JUH	Male	v	v	v	v	v	v	v	v	v	LEE, SHIUE-CHEN	Male	v	v	v	v	v	v	v	v		<p>We comply with the requirements of the "Corporate Governance Best Practices for Listed and OTC Companies."</p>
Core elements of diversity	Gender		Operational judgment ability	Accounting and financial analysis ability	Business	Crisis management ability	Industry knowledge	International market insight	Leadership ability	Decision-making ability	Legal knowledge																																																																																																						
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LEE, SHIUE-CHEN	Male	v	v	v	v	v	v	v	v																																																																																																								
(2) Besides the Compensation Committee and Audit Committee, does the company voluntarily set up other functional committees?	v																																																																																																																
(3) Has the company established a board performance evaluation method and its evaluation method, conducted performance evaluations regularly every year, and reported the results of the evaluation to the board for use as a reference for individual director compensation and nomination for reappointment?	v																																																																																																																
		<p>(2) The company currently has established an Audit Committee and a Compensation Committee. Regarding the establishment of other functional committees, the company</p>																																																																																																															

Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
			<p>has conducted an overall assessment considering the effective utilization of resources and the absence of an urgent need for their establishment at present. However, future establishment of such committees will be based on the actual operational situation.</p> <p>(3) The company has conducted evaluations in accordance with the "Board Performance Evaluation Measures," which include the overall board, individual director members, and functional committees. The evaluation methods include self-assessment within the board and self-assessment by director members. The performance evaluation of the board covers six major dimensions: 1. Understanding of company goals and missions. 2. Awareness of director responsibilities. 3. Involvement in company operations. 4. Internal relationship management and communication. 5. Director's expertise and continuous professional development. 6. Internal controls.</p> <p>The company's shareholder services department conducts an evaluation of the overall performance of the board of directors at the end of each fiscal year. The results of this evaluation are utilized as a reference for future director selection, nomination, and determination of individual director compensation.</p>	

<p>(4) Does the company regularly assess the independence of its auditing CPAS?</p>	<p>v</p>	<p>(4) The company's designated auditing firm is An-Hou Jianye Certified Public Accountants. The company follows the provisions of Article 47 of the Accountants Act and formulates independence assessment criteria based on the contents of Bulletin No. 10, "Integrity, Fairness, Objectivity, and Independence," regarding independence and professional ethics. The appointment and independence assessment of auditors Chi Shih-Chin and Lai Li-Chen for the current year were approved by the board of directors on March 24, Year 2023. The assessment criteria include:</p> <table border="1" data-bbox="864 368 1845 1343"> <thead> <tr> <th data-bbox="864 368 1576 469">Evaluation Items</th> <th data-bbox="1576 368 1695 469">Evaluation Results</th> <th data-bbox="1695 368 1845 469">Compliance with independence requirements</th> </tr> </thead> <tbody> <tr> <td data-bbox="864 469 1576 509">1. No significant financial interest with the client.</td> <td data-bbox="1576 469 1695 509">Yes</td> <td data-bbox="1695 469 1845 509">Yes</td> </tr> <tr> <td data-bbox="864 509 1576 549">2. Avoiding any inappropriate relationship with the client.</td> <td data-bbox="1576 509 1695 549">Yes</td> <td data-bbox="1695 509 1845 549">Yes</td> </tr> <tr> <td data-bbox="864 549 1576 612">3. The auditor must ensure the honesty, fairness, and independence of their assistants.</td> <td data-bbox="1576 549 1695 612">Yes</td> <td data-bbox="1695 549 1845 612">Yes</td> </tr> <tr> <td data-bbox="864 612 1576 708">4. The auditor is prohibited from auditing the financial statements of a client for whom they provided services within the previous two years.</td> <td data-bbox="1576 612 1695 708">Yes</td> <td data-bbox="1695 612 1845 708">Yes</td> </tr> <tr> <td data-bbox="864 708 1576 748">5. The auditor cannot allow others to use their name.</td> <td data-bbox="1576 708 1695 748">Yes</td> <td data-bbox="1695 708 1845 748">Yes</td> </tr> <tr> <td data-bbox="864 748 1576 788">6. The auditor cannot hold shares of the client.</td> <td data-bbox="1576 748 1695 788">Yes</td> <td data-bbox="1695 748 1845 788">Yes</td> </tr> <tr> <td data-bbox="864 788 1576 884">7. The auditor cannot engage in monetary loans with the client, except for normal financial transactions with the financial industry.</td> <td data-bbox="1576 788 1695 884">Yes</td> <td data-bbox="1695 788 1845 884">Yes</td> </tr> <tr> <td data-bbox="864 884 1576 948">8. The auditor cannot have joint investments or profit-sharing relationships with the client.</td> <td data-bbox="1576 884 1695 948">Yes</td> <td data-bbox="1695 884 1845 948">Yes</td> </tr> <tr> <td data-bbox="864 948 1576 1011">9. The auditor cannot hold a regular job or receive a fixed salary from the client.</td> <td data-bbox="1576 948 1695 1011">Yes</td> <td data-bbox="1695 948 1845 1011">Yes</td> </tr> <tr> <td data-bbox="864 1011 1576 1075">10. The auditor cannot be involved in management functions that may compromise their independence.</td> <td data-bbox="1576 1011 1695 1075">Yes</td> <td data-bbox="1695 1011 1845 1075">Yes</td> </tr> <tr> <td data-bbox="864 1075 1576 1139">11. The auditor cannot engage in any other business activities that may jeopardize their independence.</td> <td data-bbox="1576 1075 1695 1139">Yes</td> <td data-bbox="1695 1075 1845 1139">Yes</td> </tr> <tr> <td data-bbox="864 1139 1576 1267">12. The auditor cannot perform auditing services for a client if they have a spousal, direct blood relative, direct relative by marriage, or fourth-degree collateral blood relationship with the client or its management personnel.</td> <td data-bbox="1576 1139 1695 1267">Yes</td> <td data-bbox="1695 1139 1845 1267">Yes</td> </tr> <tr> <td data-bbox="864 1267 1576 1343">13. The auditor cannot receive any commissions related to their professional services.</td> <td data-bbox="1576 1267 1695 1343">Yes</td> <td data-bbox="1695 1267 1845 1343">Yes</td> </tr> </tbody> </table>	Evaluation Items	Evaluation Results	Compliance with independence requirements	1. No significant financial interest with the client.	Yes	Yes	2. Avoiding any inappropriate relationship with the client.	Yes	Yes	3. The auditor must ensure the honesty, fairness, and independence of their assistants.	Yes	Yes	4. The auditor is prohibited from auditing the financial statements of a client for whom they provided services within the previous two years.	Yes	Yes	5. The auditor cannot allow others to use their name.	Yes	Yes	6. The auditor cannot hold shares of the client.	Yes	Yes	7. The auditor cannot engage in monetary loans with the client, except for normal financial transactions with the financial industry.	Yes	Yes	8. The auditor cannot have joint investments or profit-sharing relationships with the client.	Yes	Yes	9. The auditor cannot hold a regular job or receive a fixed salary from the client.	Yes	Yes	10. The auditor cannot be involved in management functions that may compromise their independence.	Yes	Yes	11. The auditor cannot engage in any other business activities that may jeopardize their independence.	Yes	Yes	12. 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Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
			After evaluation, both auditors have been found to meet the requirements for independence and qualification.	
4. Does the company allocate a sufficient number of qualified and appropriate corporate governance personnel and designate a corporate governance officer responsible for corporate governance-related matters (including, but not limited to, providing necessary information to directors and supervisors for their duties, assisting directors and supervisors in complying with laws, conducting board of directors and shareholders' meetings, preparing minutes of meetings, etc.)?	v		In accordance with the company's "Corporate Governance Guidelines," the management team is responsible for fulfilling their duties and implementing the corporate governance system. According to the company's "Board of Directors Meeting Procedures" and "Remuneration Committee Organization Rules," a corporate governance working group comprising the Finance Department, Internal Audit, and Shareholders' Services has been established to handle relevant corporate governance affairs. Their responsibilities include providing necessary information to directors for the execution of their duties, ensuring compliance with laws during board of directors and shareholders' meetings, managing company registrations, preparing minutes of meetings, and assisting the board of directors in strengthening their functions to uphold the rights and interests of stakeholders and ensure equal treatment of shareholders.	We comply with the requirements of the "Corporate Governance Best Practices for Listed and OTC Companies."

Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
(5) Whether the company has established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a stakeholder section on the company's website to address important corporate social responsibility issues raised by stakeholders.	v		<p>The company has currently disclosed a stakeholder section and an investor relations contact window on its website <a href="http://www.rectron.com.tw">www.rectron.com.tw</a>, and appropriately addresses important corporate social responsibility issues raised by stakeholders.</p> <p>The company respects the rights and interests of stakeholders. When the legitimate rights and interests of stakeholders are infringed upon, the company handles them appropriately based on the principles of good faith:</p> <p>(1) Banks and creditors: Direct communication with the company's financial supervisor or treasury personnel to provide sufficient information for their management decisions.</p> <p>(2) Employees: Direct communication through the company's internal complaint channels in written or email form, with supervision from the management department.</p> <p>(3) Suppliers: Acceptance of suggestions and communication coordination by the procurement supervisor and procurement personnel.</p> <p>(4) Consumers: Direct communication with customers by the business supervisor or sales staff, promptly addressing customer demands and product feedback, and resolving related issues immediately.</p> <p>(5) Communities or stakeholders: Communication with the company is conducted by the company's spokesperson or authorized representative. For nearby communities, communication with the communities is conducted by the plant manager on behalf of the company.</p> <p>(6) The company has currently disclosed a stakeholder section and an investor relations contact window on its website, appropriately addressing important corporate social responsibility issues raised by stakeholders.</p>	We comply with the requirements of the "Corporate Governance Best Practices for Listed and OTC Companies."



Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
6. Does the company appoint a professional stock agency to handle the affairs of the Board of Shareholders?	v		The company has appointed a professional share registrar agency, "Guo-Pu Securities Share Registrar Department," to handle shareholder meeting affairs.	We comply with the requirements of the "Corporate Governance Best Practices for Listed and OTC Companies."
7. Information Disclosure (1) Does the company have a website that discloses financial and corporate governance information? (2) The company has implemented other forms of information disclosure (such as establishing an English website, designating dedicated personnel for collecting and disclosing company information, implementing a spokesperson system, and placing the process of corporate presentations on the company's website)? (3) Has the company announced and filed its annual financial report within two months after the end of the accounting year, and announced and filed its first, second, and third quarter financial reports and monthly business operations before the prescribed deadline?	v  v	  v	(1) The company's website, www.rectron.com.tw, is used to disclose financial, operational, and corporate governance information. (2) The company has designated individuals responsible for collecting and disclosing company information. It has established a spokesperson and proxy spokesperson system and has set up an investor mailbox to promptly respond to investor inquiries. All relevant information that the company is required to disclose by law is promptly announced and made available for investor clarity and queries through the "Public Information Observation System."  (3) The company completes the announcement and filing of the annual financial report within the prescribed deadline after the end of the fiscal year. It also meets the deadlines for announcing and filing the first, second, and third quarterly financial reports and provides information on monthly operating performance.	We comply with the requirements of the "Corporate Governance Best Practices for Listed and OTC Companies."

<p>8. Does the company have other important information that helps understand the operation of corporate governance (including but not limited to employee benefits, employee care, investor relations, supplier relationships, rights of stakeholders, status of education and training for directors and supervisors, implementation of risk management policies and risk measurement standards, execution of customer policies, and the company's purchase of liability insurance for directors and supervisors)?</p>	<p>v</p>	<p>(1) Employee benefits: The company has always treated its employees with integrity and adhered to relevant labor laws to safeguard their legal rights and interests.</p> <p>(二) Employee Care: The company establishes personnel management regulations based on government laws and regulations such as the Labor Standards Act, Gender Equality Act, and Sexual Harassment Prevention Act as the minimum standards to protect employee rights. Regular labor-management meetings are held for effective communication. Additionally, a "Welfare Committee" is established, allocating funds monthly to organize employee welfare activities, including holiday gift vouchers, year-end party lucky draws, health check-ups, and labor, health, and group insurance.</p> <p>(3) Investor Relations: The company appoints a spokesperson and proxy spokesperson to handle shareholder suggestions or disputes, aiming to establish effective communication between the company and investors. This ensures that investors have a comprehensive understanding of the company's business performance, achievements, and long-term operational strategies.</p> <p>(4) Supplier Relationships: The company promotes "green procurement" and requires suppliers of raw materials to provide declarations guaranteeing that their products do not contain harmful substances to the environment. This ensures compliance with customer and EU RoHS regulations. Furthermore, communication with suppliers is conducted to enhance their positive impact on society and the environment.</p> <p>(5) Rights of Stakeholders: Stakeholders can communicate with the company or provide feedback through the dedicated stakeholder section on the company's website, ensuring the protection of their relevant rights and interests.</p> <p>(6) Directors and Supervisors Continuing Education: Please refer to the company's 2022 annual report (Section Ten).</p> <p>(7) Implementation of Risk Management Policies and Risk Measurement Standards: The company has established various internal regulations and conducts risk management assessments.</p> <p>(8) Implementation of Customer Policy: The company has established the "Code of Business Conduct" to adhere to ethical business practices. Please refer to Section</p>	<p>Compliance with the "Corporate Governance Best Practice Principles for Listed Companies" requirements.</p>
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Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
			<p>Five of the company's 2022 annual report for an overview of operations.</p> <p>(9) Purchase of Directors and Supervisors Liability Insurance: In 2022, the company obtained directors and officers liability insurance coverage of USD 1 million. As of the publication of the annual report, the coverage has not expired. The renewal process will be completed before the expiration in June 2023, and important details of the insurance will be submitted to the upcoming board of directors meeting.</p>	
<p>9. please provide an explanation of the improvements made based on the recent corporate governance evaluation published by the Corporate Governance Center of Taiwan Stock Exchange, and propose priority areas and measures for further enhancement where improvements have not yet been made: The company is continuously addressing relevant matters and measures based on the corporate governance evaluation results and in accordance with the Corporate Governance Best Practice Principles.</p>				

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(5) Composition, Responsibilities, and Utilization of the Remuneration Committee:

(1) Compensation Committee Membership Details

March 31, 2023

Positions Identity (Note 1)	Cond Name	Professional Qualifications and Experience (Note 2)	Independence Status (Note 3)	Number of members who are also members of the compensation committee of other public corporations.
Independent Director Convener	LIN, RUEY-TOU	Department of Business Administration, Tamkang University Legislators Taipei City Councilor	Independence status All three positions have no circumstances as described in Note 2. Furthermore, they have obtained a declaration of independence from independent directors, confirming their compliance with the legal requirements for independence (at the time of appointment and during their term).	None
Remuneration Committee	MAA KWO-JUH	Master's degree in Accounting from National Chengchi University. Passed the Certified Public Accountant (CPA) Examination in Taiwan. Chief Consultant at KPMG. CEO at KPMG Taiwan. Chairman and CEO at KPMG Taiwan. President of the Corporate Governance Professionals Association, a non-profit organization	Independence status All three positions have no circumstances as described in Note 2. Furthermore, they have obtained a declaration of independence from independent directors, confirming their compliance with the legal requirements for independence (at the time of appointment and during their term).	1

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Remuneration Committee	LEE, SHIUE-CHEN	Tamkang University, Department of Accounting Audit Manager at KGMP United Accounting Firm. Finance and Accounting Manager at Pao Lai Construction Co., Ltd. Finance and Accounting Manager at Hong Guo Group's affiliated business. Deputy General Manager of Fulai Construction Co., Ltd.	Independence status All members of the Compensation Committee meet the independence criteria as specified in Note 2. They have also obtained a declaration from the Compensation Committee members confirming their compliance with the legal requirements for independence during their appointment and tenure.	None
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Note 1: For relevant work experience, professional qualifications, experience, and independence status of Compensation Committee members, please refer to the information provided in "Directors and Supervisors Data (1)."

Note 2: Independence criteria include but are not limited to the following: whether the Compensation Committee member, their spouse, or relatives within the second degree of kinship serve as directors, supervisors, or employees of the company or its related enterprises; whether the member, their spouse, or relatives within the second degree of kinship (or through the use of others' names) hold shares in the company and the proportion of such holdings; whether they serve as directors, supervisors, or employees of specific related companies with the company (as defined in Article 6, Paragraph 1, Subsections 5-8 of the Regulations Governing the Establishment and Exercise of Powers of Compensation Committees of Listed and OTC Companies); and the remuneration received for providing business, legal, financial, accounting, or other services to the company or its related enterprises in the past two years.

**(2) Duties of the Compensation Committee:**

**Legal basis: Article 4 and Article 5 of the "Organizational Regulations of the Compensation Committee" of the company.**

**According to Article 4 of the regulations:**

The committee shall faithfully fulfill the following duties with the care of a good manager and submit its recommendations to the Board of Directors for discussion:

1. Establish and regularly review the performance evaluation criteria for directors, supervisors, and managers, as well as the annual and long-term performance objectives, compensation policies, systems, standards, and structures. Disclose the content of the performance

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evaluation criteria in the annual report.

2. Conduct regular evaluations and set performance targets for directors, supervisors, and managers. Based on the evaluation results derived from the performance evaluation criteria, determine the content and amount of their individual compensation. The annual report should disclose the individual performance evaluation results of directors and managers, as well as the content, amount, relevance, and reasonableness of individual compensation in relation to the evaluation results, and report them at the shareholders' meeting.

The term "compensation" referred to in the above provisions includes cash compensation, stock options, bonus shares, retirement benefits or severance pay, various allowances, and other substantial incentive measures. Its scope should be consistent with the matters to be disclosed in the guidelines for items related to remuneration of directors, supervisors, and managers of publicly listed companies.

**According to Article 5, the principles for fulfilling the duties are as follows:**

1. The performance evaluation and compensation of directors, supervisors, and managers should reference the customary levels of the industry and consider the reasonable correlation with individual performance, company's operating performance, and future risks.
2. Directors and managers should not be encouraged to engage in activities that exceed the company's risk tolerance in pursuit of compensation.
3. The proportion of short-term performance-based bonuses and the timing of variable compensation payments for directors and senior executives should be determined taking into account the industry characteristics and the nature of the company's business.
4. The content and amount of compensation for directors and managers should be reasonable and considerate. The determination of directors' and managers' compensation should not significantly deviate from the financial performance. If there is a significant decline in profits or long-term losses, the annual compensation should not be higher than the previous year. If it is still higher than the previous year, a reasonable explanation should be disclosed in the annual report and reported at the shareholders' meeting.
5. When discussing the recommendations of the remuneration committee, the board of directors should consider various factors, including the amount, payment methods, and future risks of compensation.
6. If the board of directors does not adopt or modifies the recommendations of the remuneration committee, it must be approved by a two-thirds majority of the directors present at the meeting, with the agreement of a majority of the attending directors. The resolution should comprehensively consider and specifically explain whether the adopted remuneration is better than the recommendations of the remuneration committee.

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7. If the remuneration approved by the board of directors is better than the recommendations of the remuneration committee, the differences and reasons should be recorded in the minutes of the board of directors' meeting. Furthermore, within two days from the date of the board's approval, the company should make an announcement and report the information on the designated information disclosure website of the competent authority.
8. For matters related to the compensation of directors and managers of subsidiary companies that require approval from the board of directors of the parent company due to the hierarchical responsibility of the subsidiary companies, the remuneration committee of the parent company should submit recommendations to the board of directors for discussion.

**(3) Information about the Operation of the Compensation Committee**

**1. The Company has 3 members of the Compensation Committee.**

**2. Current term of the committee: July 6, 2022, to June 22, 2025. In the most recent fiscal year, the remuneration committee held two meetings (A), and the qualifications and attendance of the committee members are as follows:**

Job Title	Name	Number of attendance in person (B)	Delegated attendance count	Rate of attendance in person (%) (B/A) (Note)	Remarks
Convener	LIN, RUEY-TOU	1	1	50%	
Committee member	MAA KWO-JUH	2	0	100%	
Committee member	LEE, SHIUE-CHEN	2	0	100%	
<p>Other items that shall be recorded:</p> <ol style="list-style-type: none"> <li>1. If the Board of Directors rejects or amends the suggestions of the Compensation Committee, the date, session number, proposal content, results of Board resolution, and the Company's handling of Compensation Committee's opinions should be recorded in details (e.g., where the compensation approved by the Board is higher than the compensation suggested by the Compensation Committee, the difference and reasons should be detailed): None.</li> <li>2. If any Committee member has objections and/or reservations with the resolutions of the Compensation Committee and such situations were recorded or as written statements, the committee meeting date, session number, proposal content, all members' opinions, and the handling of opinions shall be documented in details: None.</li> <li>3. If any Committee member has objections and/or reservations with the resolutions of the Compensation Committee and such situations were recorded</li> </ol>					

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or as written statements, the committee meeting date, session number, proposal content, all members' opinions, and the handling of opinions shall be documented in details: None.

4. Discussions and Resolutions of the Remuneration Committee, and Company's Handling of Member Opinions:

Remuneration Committee Meeting Dates	Content and Follow-up of the Proposal
2022.03.31	<p>Distribution of employee remuneration and director and supervisor remuneration for the fiscal year 2021.</p> <p>Remuneration Committee Resolution: The resolution was unanimously approved by all committee members.</p> <p>Company's Handling of Remuneration Committee Resolution: The resolution was approved by the attending directors without any objections, in accordance with the recommendation of the Remuneration Committee.</p>
2022.12.21	<p>1. Amended the organizational regulations of the Compensation Committee and established the Executive Compensation Management Policy for directors and executives.</p> <p>2. Evaluated the reasonableness of the compensation structure for the company's directors and executives.</p> <p>Decision of the Compensation Committee regarding compensation: The decision was unanimously approved by all committee members.</p> <p>Company's handling of the Compensation Committee's decision: The recommendation of the Compensation Committee was unanimously adopted by the attending directors.</p>
2023.03.24	<p>Distribution of employee remuneration and director and supervisor remuneration for the fiscal year 2021.</p> <p>Remuneration Committee Resolution: The resolution was unanimously approved by all committee members.</p> <p>Company's Handling of Remuneration Committee Resolution: The resolution was approved by the attending directors without any objections, in accordance with the recommendation of the Remuneration Committee.</p>

(4) Nomination Committee Member Information and Operation Status: The company has not established a Nomination Committee.

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(6) The implementation of sustainable development and the differences with the sustainability practices guidelines of listed companies are as follows:

Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
1. Is the company established with a governance framework for promoting sustainable development, including the establishment of dedicated personnel responsible for driving sustainable development initiatives, authorized by the board of directors and supervised by the board of directors?		v	The company has not yet established such a framework but will set up dedicated positions for promoting corporate social responsibility when necessary.	Future compliance with legal requirements will be ensured.
2. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to its operations, in accordance with the principles of materiality, and established relevant risk management policies or strategies?	v		<p>1. The company has established the "Corporate Governance Best Practice Principles" to ensure effective corporate governance, promote sustainable environmental development, and uphold social welfare. The "Insider Trading Prevention Operational Procedures," "Code of Conduct," and "Internal Control System" formulated by the company are designed to implement risk management policies. The content of these policies is developed in compliance with relevant government regulations.</p> <p>2. To enhance the management of corporate social responsibility, the company has formed a committee comprising personnel from different departments to promote corporate social responsibility as part of their job responsibilities. The Deputy General Manager of the General Administration Department is responsible for overseeing these initiatives and regularly reporting the progress and effectiveness to the board of directors. To fulfill our corporate social responsibility, one of our subsidiaries entered the medical equipment field in 2020 to contribute to public safety during the pandemic.</p>	No difference found.

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Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
3. Environmental issues (1) Has the company established an appropriate environmental management system based on its industry characteristics?	v		(1) The company has obtained ISO 14001 certification for its environmental management system, which effectively prevents and controls environmental pollution while improving energy efficiency.	No difference found.
(2) The company is committed to enhancing energy efficiency and utilizing low-impact renewable materials to minimize environmental burdens.	v		(2) In recent years, due to energy shortages and escalating ecological damage, along with the increasingly severe issue of global warming, the company has been implementing various measures to promote energy conservation and carbon reduction. This includes the adoption of energy-saving equipment in offices, advocating for energy-saving practices, encouraging employees to conserve energy, and strengthening resource utilization and recycling to reduce the impact on the environment.	No difference found.

Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
(3) Has the company evaluated the potential risks and opportunities of climate change on its current and future operations, and taken climate-related measures in response?	v		(3) The company evaluates the potential risks and opportunities posed by climate change to its current and future operations and takes corresponding measures to address climate-related issues. The company continues to monitor the impact of climate change on its business activities and invests in pollution control equipment to reduce the environmental impact of its operations. As a manufacturing company, potential risks mainly include resource shortages, rising raw material costs, unstable transportation demand, and threats to employee safety from extreme weather conditions. These factors could potentially affect the company. To mitigate risks, the company not only stays informed about international trends but also improves energy efficiency, actively develops related products using green energy technologies, reduces water and electricity consumption, and adopts more efficient processes to lower operating costs.	No difference found.
(4) The company tracks greenhouse gas emissions, water consumption, and total waste weight over the past two years and has developed policies for energy conservation, carbon reduction, greenhouse gas reduction, water conservation, and waste management.	v		(4) The company is committed to ongoing research and development of advanced technologies to reduce greenhouse gas emissions and achieve low-carbon manufacturing in the industry. Additionally, the company aims to increase the use of renewable energy. Each year, the company establishes measures to improve energy efficiency. In the year 2022, due to a significant increase in overall revenue, greenhouse gas emissions increased by 2% compared to 2021, water consumption increased by 76% compared to 2021, electricity consumption decreased by 1% compared to 2021, and total waste weight decreased by 1% compared to 2021.	No difference found.

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Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
<p>4. Social Issues</p> <p>(1) The company has developed management policies and procedures in accordance with relevant laws and international human rights conventions.</p>	v		<p>(1) The company complies with the International Bill of Human Rights and national labor laws, and has established employee "work rules" and a labor-management committee. Important matters are communicated and coordinated between labor and management representatives, and regular assessments and discussions on human rights issues are conducted to safeguard the rights and interests of employees.</p> <p>1. Employee Rights: The company ensures compliance with legal requirements for employee labor insurance, national health insurance, and retirement pension contributions.</p> <p>2. Insurance: The company has obtained public liability insurance and employee group insurance.</p> <p>3. Management Methods and Procedures: The company has developed work rules and published them on company bulletin boards and internal websites for employees to adhere to.</p>	No difference found.
<p>(2) Has the company established and implemented reasonable employee welfare measures (including salary, vacation, and other benefits), and appropriately reflected business performance or results in employee compensation?</p>	v		<p>(2) The company adheres to the Labor Standards Act and relevant regulations to establish various salary and benefits measures for employees. It provides competitive welfare benefits to motivate employees, conducts regular assessments, and distributes performance bonuses to share the achievements of the company's operations.</p>	No difference found.

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Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
(3) The company provides a safe and healthy working environment for employees and regularly conducts safety and health education.	v		(3) The company conducts annual employee health checks and provides counseling for employees on psychological issues by physicians. It regularly organizes fire safety training and implements safety personnel to ensure a secure working environment. The company conducts regular inspections of safety precautions in the work environment. Through continuous education and training, as well as employee awareness, unsafe behaviors leading to accidents are reduced. The company promotes a smoke-free working environment to enable employees to work in a comfortable and healthy atmosphere. It regularly maintains and disinfects water supply facilities. In case of natural disasters or accidents caused by human error, the company conducts periodic fire/earthquake drills to ensure that employees are well-prepared and capable of handling emergencies according to the contingency plans, minimizing the impact on employees. Additionally, the company provides group insurance for employees, ensuring appropriate medical coverage in case of work-related injuries.	No difference found.
(4) The company establishes an effective career development and training plan for employees.	v		(4) To promote employees' career development, the company regularly conducts internal or external training programs to enhance their professional capabilities.	

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Item	Implementation Status			The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No	Summary and Explanation	
(5) With regard to issues such as customer health and safety, customer privacy, marketing and labeling related to products and services, does the company comply with relevant laws and international standards, and develop relevant policies and complaint procedures to protect consumer or customer rights?	v		(5) The company values customer feedback and provides channels for customers to contact them, such as dedicated product contact points and email addresses. They also have a dedicated section for stakeholders to submit inquiries, complaints, or suggestions. The company upholds ethical and integrity principles and ensures appropriate handling and feedback to safeguard customer rights.	No difference found.
(6) Has the company established a supplier management policy, requiring suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor rights, and implemented such policy?	v		(6) The company has a supplier evaluation method that requires suppliers to meet the company's requirements for product safety and ethical standards. It encourages suppliers to enhance their social and environmental responsibilities, including compliance with labor rights, health and safety standards, environmental protection, and ethical norms. By working together with suppliers, the company strives for sustainable development and improves corporate social responsibility efforts.	No difference found.
5. Has the company referred to internationally recognized standards or guidelines for preparing non-financial reports such as sustainability reports? Has the aforementioned report obtained a confirmation or assurance opinion from a third-party verification agency?		v	The company complies with the requirements and regulations of the competent authorities and relevant laws in fulfilling its corporate social responsibility. The company has established a dedicated section on its website for corporate social responsibility, where relevant information will be disclosed, including on the company's website and public information disclosure platforms.	The company has not yet prepared a corporate responsibility report. The decision to compile such a report will be based on the company's development needs and regulatory requirements.
6. If the company has established its own sustainability guidelines based on the "Practical Guidelines for Sustainable Development of Listed and OTC Companies," please describe how they differ from the operational guidelines established. The company has not yet established a corporate social responsibility (CSR) code, therefore this item is not applicable. However, the company actively promotes various social responsibilities and is committed to complying with the requirements outlined in the "Guidelines for Corporate Social Responsibility Practices of Listed and Over-the-Counter Companies."				

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Item	Implementation Status		Summary and Explanation	The Reason of Departure from the Corporate Governance Best Practice Principles for TWSE & TPEX Listed Companies
	Yes	No		
<p>7. Other important information to understand the execution of sustainable development:</p> <p>The company has established product environmental specifications to ensure that the products are free from hazardous substances. It has also implemented the ISO 14001 environmental management system and obtained the OHSAS 18001 occupational health and safety management system certification. The production of products complies with the EU ROHS requirements and incorporates halogen-free design. The company is committed to continuously fulfilling its corporate social responsibility by meeting the evolving technological requirements for environmentally-friendly products as demanded by customers.</p> <p>1. Product: SGS ROHS certification</p> <p>2. Company: The company has obtained ISO 9001, ISO/IATF 16949, ISO 14001 certifications.</p>				

(7) If the company has established corporate governance guidelines and related regulations, the inquiry methods should be disclosed. The company's website provides an "Information Disclosure" section where stakeholders can access and download relevant regulations, including corporate governance practices, code of conduct, ethical guidelines, and important board decisions. The website address is <http://www.rectron.com.tw>.

(8) The company's compliance with ethical business practices and measures:

The company has established the "Internal Handling Procedures for Material Non-public Information" and disseminated it to all employees for their compliance and awareness.

Disclosure of compliance with the principles of integrity management and differences and reasons from the best practice guidelines for integrity management of listed and OTC companies.Item	Operational Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
<p>1. Formulating Policies and Plans for Ethical Corporate Management</p> <p>(1) Has the company established a policy of ethical management approved by the board of directors and clearly stated the policy and practices of ethical management in regulations and external documents, and has the board of directors and senior management actively implemented the commitment to the management policy?</p> <p>(2) Has the company established a risk assessment mechanism for dishonest behavior, regularly analyzed and evaluated business activities with higher risk of dishonest behavior within its scope of business, and formulated measures to prevent dishonest behavior, covering at least preventive measures for each item in Article 7, Paragraph 2 of the "Code of Conduct for Integrity in Listed and OTC Companies"?</p>	v		<p>(1) To promote and advocate for ethical behavior, the company has established the "Code of Conduct" and "Ethical Behavior Standards," which are disclosed on the Public Information Observation System and the company's website. All employees receive guidance on the company's core values and compliance with the system. The company also requires stakeholders who have business dealings with the company, such as suppliers and contractors, to adhere to the same ethical standards as company employees.</p> <p>(2) In order to ensure the implementation of integrity practices, the company has established effective accounting and internal control systems. Internal auditors regularly assess compliance with these systems and implement relevant preventive measures for activities that pose higher risks of dishonest behavior, as outlined in Article 7, Section 2 of the "Integrity Practices for Listed Companies and Over-the-Counter Companies," or other business activities within the scope of operations. The company has also formulated the "Internal Handling of Material Information and Prevention of Insider Trading Guidelines," "Code of Conduct," and "Ethical Behavior Standards," which are published on the company's website for compliance.</p> <p>Additionally, the company has an internal reporting system in place for employees and relevant individuals to report any improper conduct, and designated management personnel handle such reports personally.</p>	No difference found.

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Disclosure of compliance with the principles of integrity management and differences and reasons from the best practice guidelines for integrity management of listed and OTC companies.Item	Operational Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
(3) Has the company clearly defined operating procedures, behavioral guidelines, disciplinary measures for violations, and appeal procedures in its plan to prevent dishonest behavior, and implemented and periodically reviewed and revised the aforementioned plan?	v		(3) To prevent any dishonest behavior, unauthorized information disclosure, ensure consistency and accuracy in the company's external communications, and strengthen the prevention of insider trading, the company has developed the "Code of Conduct" and the "Internal Handling of Material Information and Prevention of Insider Trading Guidelines." All employees are required to refrain from engaging in activities that may involve conflicts of interest or potential conflicts of interest, and important personnel and senior executives must regularly report their compliance with these guidelines. The company requires suppliers or other collaborators to refrain from engaging in any illegal business activities and from providing improper benefits or bribes to company employees.	No difference found.

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<p>2. Implementation of Ethical Corporate Management</p> <p>(1) Does the company evaluate the integrity records of its business counterparts and include clauses on ethical conduct in contracts signed with them?</p> <p>(2) Has the company established a dedicated unit under the Board of Directors to promote corporate integrity and reports regularly (at least once a year) to the Board of Directors on its integrity management policy, measures to prevent dishonest behavior, and the monitoring and implementation status?</p> <p>(3) Has the company formulated a policy to prevent conflicts of interest, established appropriate channels for reporting, and ensured its implementation?</p> <p>(4) Does the company have effective accounting and internal control systems in place to implement corporate integrity, and does the internal audit unit develop relevant audit plans based on the assessment of the risk of dishonest behavior, and use them to verify compliance with anti-dishonesty behavior plans, or commission accountants to conduct audits?</p> <p>(5) Does the company regularly conduct internal and external education and training on ethical corporate management?</p>	<p>v</p> <p>v</p> <p>v</p> <p>v</p> <p>v</p>		<p>(1) The company requires its business counterparts, such as suppliers or other collaborators, to adhere to the same ethical standards as the company's management and employees.</p> <p>(2) The company's Board of Directors appoints dedicated managers and internal audit teams to vigorously promote corporate integrity from different levels and perspectives. Any abnormal circumstances will be promptly reported to the Board of Directors.</p> <p>(3) The company has an internal reporting system in place, allowing employees and related individuals to report any improper professional conduct, which is then handled personally by designated management personnel.</p> <p>(4) The company has designed internal control systems for operational procedures with potential higher risks of dishonest behavior. The internal audit team implements annual audit plans based on risk assessments and submits audit reports to the Board of Directors.</p> <p>(5) The company's "Code of Conduct" is not only disclosed in the "Corporate Governance" section of the company's website but also regularly communicated within the company to ensure that every employee understands and complies with it.</p>	<p>No difference found.</p>
<p>3. Implementation of the Company's Whistleblowing System</p> <p>(1) Does the company have a specific whistleblowing and</p>	<p>v</p>		<p>(1) The company has already established an internal reporting system that allows employees and</p>	<p>No difference found.</p>

Disclosure of compliance with the principles of integrity management and differences and reasons from the best practice guidelines for integrity management of listed and OTC companies.Item	Operational Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
<p>reward system, a convenient whistleblowing channel, and appropriate personnel assigned to handle the whistleblowing?</p> <p>(2) Has the company established standard operating procedures for investigating reported matters, including the actions to be taken after the investigation and relevant confidentiality measures?</p> <p>(3) Does the company take measures to protect the whistleblower against inappropriate disciplinary actions?</p>	v		<p>relevant individuals to report any improper professional conduct. Any behavior that violates our code of ethics will be strictly disciplined according to the company's disciplinary measures, including termination of employment and legal actions.</p> <p>(2) In accordance with Article 19 of our "Code of Conduct," we have established an internal reporting mechanism that operates based on confidentiality principles for conducting investigation procedures.</p> <p>(3) In accordance with Article 19 of our "Code of Conduct," we ensure the confidentiality of the whistleblower's identity and the reported content. Whistleblowers are protected from any improper treatment as a result of their reports.</p>	
<p>4. Enforcing Information Disclosure</p> <p>Does the company disclose the content of its integrity management guidelines and their implementation effectiveness on its website and the public information platform?</p>	v		<p>The company places integrity management-related regulations and promotional information on its website and internal resources for employees to access at any time. The annual reports published on the website provide detailed information on integrity management.</p>	No difference found.
<p>5. If the company has its own Code of Ethical Corporate Management in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE &amp; TPEX Listed Companies," please describe any departure from the code in its operation:</p> <p>In addition to the "Integrity Management Guidelines" and "Code of Ethics," the company has also incorporated relevant regulations in its "Work Rules." The company, guided by principles of integrity, transparency, and accountability, establishes sound corporate governance and risk management mechanisms to create a sustainable operating environment.</p> <p>To ensure the effective management of integrity operations, the company has assigned a dedicated unit responsible for policy development, prevention plans, and overseeing their implementation. This unit regularly reports to the board of directors. The company has clearly stated its integrity management policies and practices, as well as the commitment of the board of directors and management to actively implement these policies. There have been no significant deviations from the established guidelines.</p>				

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Disclosure of compliance with the principles of integrity management and differences and reasons from the best practice guidelines for integrity management of listed and OTC companies.Item	Operational Status			Departure from the Ethical Corporate Management Best Practice Principles for TWSE & TPEX Listed Companies, and reasons
	Yes	No	Summary and Explanation	
<p>6. Other important information that helps to understand the operation of the company's business integrity (such as the company's review and revision of its established code of conduct for business integrity, etc.):</p> <p>(1) The company complies with company law, securities trading law, commercial accounting law, relevant regulations for listed and OTC companies, and other applicable business laws and regulations as the basis for implementing integrity management.</p> <p>(2) To establish a robust internal system for processing and disclosing significant information, prevent improper information leakage, ensure consistency and accuracy in external information disclosures, and strengthen the prevention of insider trading, the company has developed the "Internal Handling and Prevention of Insider Trading Management Regulations." These regulations specify the guidelines for directors, executives, and employees in handling significant internal information. The "Code of Ethics" of the company prohibits directors and executives from seeking personal gains through the use of company assets, information, or their positions. Additionally, to ensure the implementation of integrity management, the company has established effective accounting and internal control systems. The internal audit department conducts regular audits to assess compliance with these systems. For business activities that pose a higher risk of dishonest behavior under Article 7, Paragraph 2 of the "Integrity Management Guidelines for Listed and OTC Companies" or within the company's scope of operations, relevant preventive measures have been implemented. In conclusion, the company has implemented the provisions of the "Integrity Management Guidelines for Listed and OTC Companies."</p>				

(9) Other significant information that enhances understanding of the company's corporate governance practices: None.

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## (10) Continuing Education of Directors and Supervisors for the year 2022:

Job Title	Name	Date of Education	Organizer	Course Name	Study Hours
Chairman	LIN, I-CHIN	2022/12/28	Accounting Research and Development Foundation, Republic of China.	Common deficiencies in "financial report review" and practical analysis of important internal control regulations	6 hours
Director	LIN, WEN-TENG	2022/11/09	Taiwan Institute of Sustainable Energy	2023 GCSF International Online Strive Towards Sustainable Deve	1 hours
Director	PAN, HSIN-JEN	2022/11/23	Accounting Research and Development Foundation, Republic of China.	Common deficiencies in "financial report review" and practical analysis of important internal control regulations	6 hours
Director	LIU, FENG-CHIN	2022/07/20	Taiwan Stock Exchange	Industry Theme Promotion Meeting for the Sustainable Development Roadmap	2 hours
		2022/10/25	Taiwan Institute of Financial Research and Training (TIFRT)	Corporate Governance Lecture Series	3 hours
Director	LIN, JUI-PING	2022/07/06	Accounting Research and Development Foundation, Republic of China.	Recent Corporate Governance Policies and Practical Analysis of Corporate Governance Evaluation	3 hours
		2022/08/08	Foundation for the Development of Accounting Research and Development, Republic of China	Compliance Audit Practices for the Operation of Audit Committees	6 hours
Independent Director	LIN, RUEY-TOU	2022/11/09	Taiwan Institute of Sustainable Energy	2023 GCSF International Online Strive Towards Sustainable Deve	1 hours
Independent Director	MAA KWO-JUH	2022/09/21	National Federation of Certified Public Accountants Associations, Republic of China	International Lease Transformation and Wealth Succession for Family Businesses	3 hours
		2022/11/11	Chinese Corporate Governance Association (CCGA)	Information Security Governance and Trends in Supply Chain Cybersecurity Sharing	3 hours
Independent Director	LEE, SHIUE-CHEN	2022/09/08	Foundation for the Development of Accounting Research and Development, Republic of China	Analysis of Financial Statement Fraud Cases and How to Identify Key Financial Information	3 hours
		2022/12/08	Securities and Futures Institute	Protection of Trade Secrets	3 hours
		2022/12/20	Taiwan Institute of Financial Research and Training (TIFRT)	Green Energy Innovation Business Model in Corporate Governance	3 hours

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(11) Manager's Participation in Governance-Related Training and Education:

Job Title	Name	Date of Education	Organizer	Course Name	Study Hours
General Manager	LIN, I-CHIN	2022/12/28	Foundation for the Development of Accounting Research and Development, Republic of China	Common deficiencies in "financial report review" and practical analysis of important internal control regulations	6 hours
Deputy General Manager and General Manager of the Electronic Business Division	LIN, JUI-PING	2022/06/16	Foundation for the Development of Accounting Research and Development, Republic of China	Further education for accounting supervisors of issuers, securities firms, and stock exchanges	3 hours
		2022/07/06	Foundation for the Development of Accounting Research and Development, Republic of China	Recent Corporate Governance Policies and Practical Analysis of Corporate Governance Evaluation	3 hours
		2022/08/08	Foundation for the Development of Accounting Research and Development, Republic of China	Compliance Audit Practices for the Operation of Audit Committees	6 hours

(12) Employee Training and Development:

The average training hours per employee in our company for the year 2022 was 7 hours.

The training courses were categorized into three major types, and their execution status is as follows:

Course Categories	Shift	Total Number of Participants	Total Training Hours	Remarks
Financial	4	4	24	
Management	8	8	39	
Environment, Health, and Safety	6	6	55	
Total	18	18	118	

(13) Information on personnel responsible for financial transparency and their relevant licenses as specified by the competent authority:

License	Number(personnel holding the licenses)	
	Internal Audit	Financial
Basic Internal Control Competency Test	1	

(14) Procedures for handling significant information

The company has established procedures for handling significant information, and all relevant departments and personnel involved in the processing and disclosure of such information are required to comply with the relevant procedures and legal regulations.

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(15) Disclosure of the implementation status of internal control system

1. Internal Control Statement

RECTRON LTD.  
Internal Control System Statement

Date: March 24, 2023

Based on the results of self-assessment, the Company hereby declares the following regarding its internal control system for the year 2022:

1. It is the responsibility of the Board of Directors and Managers of the Company to establish, implement and maintain the internal control system, which the company has established. The purpose of the system is to achieve the goals of effectiveness and efficiency in operations (including profitability, performance, and safeguarding of assets), reliable reporting with timeliness, transparency, and compliance with relevant regulations and laws, providing reasonable assurance.
2. The internal control system has its inherent limitation, no matter how perfect the design is, the effective internal control system can only provide reasonable assurance for the above three objectives; moreover, the effectiveness of the internal control system may change with the change of environment and situation. However, the internal control system of the Company is provided with a self-monitoring mechanism, and the company will take corrective actions once the absence is identified.
3. The Company shall judge whether the design and implementation of the internal control system are effective or not according to the judgment items of the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control System by Public Owned Corporations" (hereinafter referred to as "Handling Guidelines"). The internal control system assessment criteria adopted in the "handling guidelines" are based on the management control process, which divides the internal control system into five components: 1. Control Environment, 2. Risk Assessment, 3. Control Activities, 4. Information and Communication, and 5. Monitoring Activities. Each component includes a number of items. For the foregoing items, please refer to the provisions of "Handling Guidelines".
4. The Company has adopted the above internal control system assessment criteria to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the assessment results mentioned above, the Company believes that its internal control system as of December 31, 2022 (including the supervision and management of subsidiaries) is effectively designed and implemented to understand the degree of achieving operational effectiveness and efficiency goals, provide reliable, timely, transparent, and compliant reporting, and reasonably ensure the achievement of the aforementioned goals.
6. This statement will become a major part of the Company's annual report and public disclosure. If any of the contents disclosed above is found to be false, with concealment or other illegal matters, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been approved by the Board of Directors of the Company on March 24, 2023. Among the 8 directors present, there were no objections, and all agreed with the content of this statement. This statement is hereby declared.

RECTRON LTD.

Chairperson: Lin, I-Chin

General Manager: Lin, I-Chin

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2. The Company has not commissioned an accountant to conduct a special review of the internal control system: None.

(16) In the most recent fiscal year and up until the date of printing this annual report, there have been no penalties imposed on the Company or its insiders in accordance with the law, and there have been no major deficiencies or improvements related to penalties imposed by the Company on its insiders for violations of internal control system provisions: None.



Meeting date	Significant Resolutions of Shareholders' Meeting																																				
2022.06.23	<p>1. Date: June 23, 2022 (Thursday) at 9:00 AM</p> <p>2. Venue: No. 71 Zhongshan Road, Tucheng District, New Taipei City (3rd Floor Auditorium)</p> <p>3. Attendance: A total of 95,542,860 shares were present or represented by proxy, accounting for 57.45% of the total issued shares of the company, which is 166,302,881 shares.</p> <p>4. Attendance: Directors LIU, FENG-CHIN and LIN, JUI-PING were present in person.</p> <p>5. Important Resolutions:</p> <p>(1) Reporting Matters</p> <ol style="list-style-type: none"> <li>2021 annual operating report.</li> <li>2021 audit report by the supervisor.</li> <li>2021 employee compensation and director's remuneration report.</li> </ol> <p>(2) Acknowledgment Matters</p> <ol style="list-style-type: none"> <li>2021 annual operating report and financial statements (including consolidated financial statements) case.</li> </ol> <p>Resolution: The voting results for this case are as follows: in favor votes account for 99.87% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.</p> <table border="1" data-bbox="475 853 1369 1256"> <thead> <tr> <th>Item</th> <th>Attendance of voting shareholders</th> <th>Votes in favor</th> <th>Votes against</th> <th>Invalid votes</th> <th>Abstentions/ Not voted</th> </tr> </thead> <tbody> <tr> <td>Voting rights</td> <td>95,542,860</td> <td>95,420,977 Votes in favor through electronic voting: 87,915,782</td> <td>46,136 Votes against through electronic voting: 46,136</td> <td>0</td> <td>75,747 Abstentions through electronic voting: 68,956</td> </tr> <tr> <td>Proportion</td> <td>100.00%</td> <td>99.87%</td> <td>0.05%</td> <td>0.00%</td> <td>0.08%</td> </tr> </tbody> </table> <p>Implementation: The resolution has been fully executed according to the decision.</p> <p>2. The distribution of earnings for the fiscal year 2021.</p> <p>Resolution: The voting results for this case are as follows: in favor votes account for 99.88% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.</p> <table border="1" data-bbox="454 1424 1348 1827"> <thead> <tr> <th>Item</th> <th>Attendance of voting shareholders</th> <th>Votes in favor</th> <th>Votes against</th> <th>Invalid votes</th> <th>Abstentions/ Not voted</th> </tr> </thead> <tbody> <tr> <td>Voting rights</td> <td>95,542,860</td> <td>95,433,977 Votes in favor through electronic voting: 87,928,782</td> <td>47,136 Votes against through electronic voting: 47,136</td> <td>0</td> <td>61,747 Abstentions through electronic voting: 54,956</td> </tr> <tr> <td>Proportion</td> <td>100.00%</td> <td>99.88%</td> <td>0.05%</td> <td>0.00%</td> <td>0.07%</td> </tr> </tbody> </table> <p>Implementation: The resolution has been fully executed. The ex-dividend date for the distribution has been set as July 29, 2022, and the cash dividend will be distributed on August 15, 2022.</p>	Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/ Not voted	Voting rights	95,542,860	95,420,977 Votes in favor through electronic voting: 87,915,782	46,136 Votes against through electronic voting: 46,136	0	75,747 Abstentions through electronic voting: 68,956	Proportion	100.00%	99.87%	0.05%	0.00%	0.08%	Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/ Not voted	Voting rights	95,542,860	95,433,977 Votes in favor through electronic voting: 87,928,782	47,136 Votes against through electronic voting: 47,136	0	61,747 Abstentions through electronic voting: 54,956	Proportion	100.00%	99.88%	0.05%	0.00%	0.07%
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(3) Discussion items

1. Amendment of the company's "Articles of Incorporation" case.

Resolution: The voting results for this case are as follows: in favor votes account for 99.88% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.

Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/Not voted
Voting rights	95,542,860	95,428,977 Votes in favor through electronic voting: 87,923,782	48,136 Votes against through electronic voting: 48,136	0	65,747 Abstentions through electronic voting: 58,956
Proportion	100.00%	99.88%	0.05%	0.00%	0.07%

Review of Implementation Status: The resolution has been fully executed, and the implementation has been successful.

2. Amendment of the company's "Asset Acquisition or Disposal Procedures" case.

Resolution: The voting results for this case are as follows: in favor votes account for 99.88% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.

Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/Not voted
Voting rights	95,542,860	95,428,977 Votes in favor through electronic voting: 87,923,782	48,136 Votes against through electronic voting: 48,136	0	65,747 Abstentions through electronic voting: 58,956
Proportion	100.00%	99.88%	0.05%	0.00%	0.07%

Review of Implementation Status: The resolution has been fully executed, and the implementation has been successful.

3. Amendment of the company's "Endorsement and Guarantee Procedures" case.

Resolution: The voting results for this case are as follows: in favor votes account for 99.88% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.

Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/Not voted
Voting rights	95,542,860	95,432,658 Votes in favor through electronic voting: 87,927,463	49,136 Votes against through electronic voting: 49,136	0	61,066 Abstentions through electronic voting: 54,275
Proportion	100.00%	99.88%	0.05%	0.00%	0.07%

Review of Implementation Status: The resolution has been fully executed, and the implementation has been successful.

4. Amendment of the company's "Operational Procedures for Lending Funds to Others" case.

Resolution: The voting results for this case are as follows: in favor votes account for 99.88% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.

Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/Not voted
Voting rights	95,542,860	95,432,658 Votes in favor through electronic voting: 87,927,463	49,136 Votes against through electronic voting: 49,136	0	61,066 Abstentions through electronic voting: 54,275
Proportion	100.00%	99.88%	0.05%	0.00%	0.07%

Review of Implementation Status: The resolution has been fully executed, and the implementation has been successful.

5. Amendment of the company's "Rules of Shareholders' Meeting Proceedings" case.

Resolution: The voting results for this case are as follows: in favor votes account for 99.88% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.

Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/Not voted
Voting rights	95,542,860	95,432,657 Votes in favor through electronic voting: 87,927,462	49,137 Votes against through electronic voting: 49,137	0	61,066 Abstentions through electronic voting: 54,275
Proportion	100.00%	99.88%	0.05%	0.00%	0.07%

Review of Implementation Status: The resolution has been fully executed, and the implementation has been successful.

6. Amendment of the company's "Rules for the Election of Directors and Supervisors" case.

Resolution: The voting results for this case are as follows: in favor votes account for 99.88% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.

Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/Not voted
Voting rights	95,542,860	95,433,466 Votes in favor through electronic voting: 87,928,271	49,328 Votes against through electronic voting: 49,328	0	60,066 Abstentions through electronic voting: 53,275
Proportion	100.00%	99.88%	0.05%	0.00%	0.07%

Review of Implementation Status: The resolution has been fully executed, and the implementation has been successful.

6. Election of Directors Proposal.

Election Results:

Identity	Candidate Names	Number of Votes Elected
Director	Juiye Enterprise Co., Ltd. Representative: LIN, I-CHIN	117,707,561 right
Director	Juiye Enterprise Co., Ltd. Representative: LIN, WEN-TENG	95,143,483 right
Director	Juiye Enterprise Co., Ltd. Representative: Pan Xinren.	95,143,775 right
Director	Juiye Enterprise Co., Ltd. Representative: LIN, JUI-PING	95,106,302 right
Director	Juiye Enterprise Co., Ltd. Representative: LIU,FENG-CHIN	95,170,766 right
Independent Director	LIN, RUEY-TOU	87,732,175 right
Independent Director	MAA KWO-JUH	87,684,270 right
Independent Director	LEE, SHIUE-CHEN	87,651,668 right

7. Resolution to Lift Restrictions on New Directors' Non-Competition Agreement.

Resolution: The voting results for this case are as follows: in favor votes account for 99.82% of the voting rights present at the shareholders' meeting. The original proposal is passed according to the voting results.

Item	Attendance of voting shareholders	Votes in favor	Votes against	Invalid votes	Abstentions/Not voted
Voting rights	95,542,860	95,376,148 Votes in favor through electronic voting: 87,870,953	39,008 Votes against through electronic voting: 39,008	0	127,704 Abstentions through electronic voting: 120,913
Proportion	100.00%	99.82%	0.04%	0.00%	0.14%

Review of Implementation Status: The resolution has been fully executed, and the implementation has been successful.

(17) Important resolutions of the shareholders' meeting and the board of directors for the most recent fiscal year up to the date of printing of the annual report:

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Meeting date	Important decisions of the Board of Directors
<p>18th session</p> <p>17th time</p> <p>2022.03.31</p>	<p>(1) The company's financial statements and annual business report for the year 2021 were presented for review. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved and will be submitted for recognition at the shareholders' meeting.</p> <p>(2) The Company's declaration on internal control system for the year 2021 is submitted for approval. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(3) Evaluation of the independent auditor's independence, to be discussed. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(4) Whether the outstanding receivables exceeding the normal credit period as of December 31, 2021, are considered as loans and advances, shall be discussed by the Board of Directors. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(5) Resolution: The proposal regarding the loan to the subsidiary company, CHU-TING ENTERPRISE CO., LTD., is submitted for public voting. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(6) Resolution: The report on the self-assessment or peer evaluation of the members of the Board of Directors for the year 2021 is submitted for public review. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(7) Proposed amendment to certain articles of the company's bylaws is submitted for discussion. Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p> <p>(8) Proposed amendment to certain articles of the company's "Acquisition or Disposal of Assets Processing Procedures" is submitted for discussion. Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p> <p>(9) Proposed amendment to the company's "Endorsement and Guarantee Procedures" is submitted for discussion. Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p>

<p>18th session 17th time 2022.03.31</p>	<p>(10) Proposed amendment to the company's "Operating Procedures for Lending Funds to Others" is submitted for discussion. Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p> <p>(11) Proposed amendment to the company's "Board Meeting Rules" is submitted for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(12) Proposed amendment to the company's "Shareholders' Meeting Rules" is submitted for discussion. Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p> <p>(13) Proposed amendment to the company's "Director and Supervisor Election Procedures" is submitted for discussion. Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p> <p>(14) Proposal to establish an Audit Committee and formulate the Organizational Regulations of the Audit Committee is submitted for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(15) Proposal for the distribution of earnings for the fiscal year 2021 is submitted for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved and will be submitted for recognition at the shareholders' meeting.</p> <p>(16) Proposal for the distribution of employee compensation and director's remuneration for the fiscal year 2021 is submitted for discussion. Resolution: Directors LIN, I-CHIN, LIN, WEN-TENG, PAN, HSIN-JEN, LIU, FENG-CHIN, LIN, JUI-PING, and independent director LIN, RUEY-TOU, MAA KWO-JUH are related parties in this matter. After abstaining from voting due to conflicts of interest, the resolution was unanimously approved by all attending directors upon the Chairman's consultation and will be reported to the shareholders' meeting.</p> <p>(17) Proposal for the election of directors is submitted for discussion. Resolution: The proposal is approved by all attending directors upon the Chairman's consultation and will be presented for election at the shareholders' meeting.</p> <p>(18) Discussion on the list of nominated director candidates, including independent directors, is proposed. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(19) Proposal to lift the restriction on new directors regarding non-competition is submitted for discussion. Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p> <p>(20) Proposal to establish matters related to the 2022 Shareholders' Meeting is submitted for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p>
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Meeting date	Important decisions of the Board of Directors
	<p>(21) Proposal to establish the acceptance period and venue for the submission of proposals and nominations by shareholders holding 1% of the shares for the 2022 Shareholders' Meeting is submitted for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p>
<p>18th session 18th time 2022.05.16</p>	<p>(1) The financial statements for the first quarter of 2022 for the company are submitted for review. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(2) Whether the outstanding receivables exceeding the normal credit period as of March 31, 2022, are considered as loans and advances, shall be discussed by the Board of Directors. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p>
<p>19th session 1st time 2022.06.23</p>	<p>(1) Election of Chairman of the Board Proposal. Resolution: All attending directors unanimously recommend Ms. Lin I-Chin to continue serving as the Chairman of the Board effective from June 23, 2022.</p>
<p>19th session 2nd time 2022.07.06</p>	<p>(1) Establishment of Matters Related to Ex-dividend Date for 2022, Proposal for Discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(2) Appointment of Company Spokesperson and Deputy Spokesperson, Proposal for Discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(3) Appointment of Remuneration Committee Members, Proposal for Resolution. Appoint independent director Mr. LIN, RUEY-TOU as a member of the Remuneration Committee, the qualification is confirmed by the Chairman after consulting all attending directors, and there is no objection to the proposal. (Due to Mr. LIN, RUEY-TOU being the subject of appointment, he abstains from participating in the discussion and voting during the qualification review in this case.) Appoint independent Mr. MAA KWO-JUH as a member of the Remuneration Committee, the qualification is confirmed by the Chairman after consulting all attending directors, and there is no objection to the proposal. (Due to Mr. MAA KWO-JUH being the subject of appointment, he abstains from participating in the discussion and voting during the qualification review in this case.) Appoint Mr. LEE, SHIUE-CHEN as a member of the Remuneration Committee, the qualification is confirmed by the Chairman after consulting all attending directors, and there is no objection to the proposal. (Due to Mr. LEE, SHIUE-CHEN being the subject of appointment, he abstains from participating in the discussion and voting during the qualification review in this case.)</p> <p>(4) The proposal to purchase Directors, Supervisors, and Managers' liability insurance will be submitted to the Board of Directors for retrospective approval. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(5) Discussion on the Application for Extension of Loan Limit for Chang'an Branch of Taiwan Shin Kong Commercial Bank. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p>

<p>19th session 3rd time 2022.08.15</p>	<p>(1) The financial statements for the second quarter of the company's fiscal year 2022 will be presented for deliberation. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(2) The matter of whether the outstanding receivables beyond the normal credit period as of June 30, 2022, are considered loans in nature will be discussed in the Board of Directors meeting. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p>
<p>19th session 4th time 2022.11.10</p>	<p>(1) The financial statements for the third quarter of 2022 are submitted for review. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(2) The matter regarding the outstanding receivables exceeding the normal credit period as of September 30, 2022, and whether they should be classified as loans and advances, is presented for discussion at the board meeting. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(3) Discussion on the Amendment of the "Internal Handling Procedures for Material Non-public Information" of the Company. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(4) The proposal for a 100% cash capital increase in the subsidiary company, CHU-TING ENTERPRISE CO., LTD.. is submitted for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p>



<p>19th session 5th time 2022.12.21</p>	<p>(1) Proposal for the 2023 Operational Plan, to be put to a Shareholder Vote. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(2) The proposed audit plan for the fiscal year 2023 is submitted for public resolution. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(3) Proposed amendment to the Company's "Internal Control System" and "Internal Audit Implementation Regulations," for deliberation. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(4) The proposal to change the auditor is submitted for public resolution. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(5) Evaluation of the independent auditor's independence, to be discussed. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(6) Proposal to establish general principles for the pre-approval policy of non-assurance services and submit for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(7) The proposal to establish the remuneration plan for the directors and executives of the company is submitted for resolution. Resolution: Directors' Compensation. Directors LIN, I-CHIN, LIN, WEN-TENG, PAN, HSIN-JEN, LIU, FENG-CHIN, LIN, JUI-PING, and Independent Directors LIN, RUEY-TOU, MAA KWO-JUH, and LEE, SHIUE-CHEN are related parties in this matter. Except for Director LIN, WEN-TENG, all other directors abstained from voting due to conflicts of interest. The resolution was approved by the Chairman after consulting with all attending directors. Management's Compensation. LIN, I-CHIN and LIN, JUI-PING are related parties in this matter. They abstained from voting due to conflicts of interest. The resolution was approved by the Chairman after consulting with all attending directors.</p> <p>(8) Discussion on the Lease of 4th Floor, Shihlin District Building, Taipei City. Resolution: The lease price for this case is set at NT\$1,350 per square meter per month, which is not lower than the prevailing market rate in the vicinity. There is no risk of harm to the company's interests. Therefore, there is no need to abstain from voting due to personal interests. The resolution was approved by the Chairman after consulting with all attending directors.</p>
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<p>19th session 6th time 2023.03.24</p>	<p>(1) The Company's operating report and financial statements for the year 2022 are submitted for review. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved and will be submitted for recognition at the shareholders' meeting.</p> <p>(2) The Company's declaration on internal control system for the year 2022 is submitted for approval. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(3) Evaluation of the independent auditor's independence, to be discussed. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(4) Resolution: The Board of Directors will discuss whether the outstanding receivables beyond the normal credit period as of December 31, 2022, should be classified as loans. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(5) Resolution: The performance evaluation and self-assessment report of the board members, board of directors, and functional committees for the year 2022 will be presented for public review. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(6) Resolution: The proposed amendment to the "Board Meeting Rules" of the company will be presented for deliberation. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(7) Proposal to amend certain articles of the company's "Articles of Incorporation" for discussion. Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p> <p>(8) Proposal for the distribution of profits for the fiscal year 2022 for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved and will be submitted for recognition at the shareholders' meeting.</p> <p>(9) Proposal for the distribution of employee compensation and director's remuneration for the fiscal year 2022 is submitted for discussion. Resolution: Approved unanimously by all attending directors upon consultation by the Chairman, and to be reported to the shareholders' meeting.</p> <p>(10) By-election of one independent director position for discussion Resolution: The proposal is approved by all attending directors upon the Chairman's consultation and will be presented for election at the shareholders' meeting.</p> <p>(11) Presentation of the list of nominated candidates for the by-election of an independent director position for discussion. Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(12) Discussion on lifting the restriction on the new independent director regarding non-competition.</p>
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	<p>Resolution: After consultation with all attending directors, the Chairman obtained unanimous agreement for the proposed amendment, and it is now submitted for public resolution at the shareholders' meeting.</p> <p>(13) Proposal to establish matters related to the 2023 Shareholders' Meeting is submitted for discussion.</p> <p>Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p> <p>(14) Proposal to establish the acceptance period and venue for the submission of proposals and nominations by shareholders holding 1% of the shares for the 2023 Shareholders' Meeting is submitted for discussion.</p> <p>Resolution: After consulting with all attending directors, the Chairman confirmed that the proposal was approved unanimously.</p>
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(18) In the recent fiscal year and up to the printing date of the annual report, there were no dissenting opinions, recorded statements, or written declarations from directors or supervisors regarding significant resolutions passed by the Board of Directors.

(19) Summary of resignations and dismissals of company personnel during the recent fiscal year up to the printing date of the annual report:

March 31, 2023

JOB TITLE	NAME	DATE OF APPOINTMENT	DATE OF TERMINATION	REASON FOR RESIGNATION OR DISMISSAL
Supervisor	LIN, LI-CHUN	2016.06.28	2022.06.23	In line with the establishment of the Audit Committee, replacing the position of supervisor.

#### 4.Information on Auditor's Remuneration

(1) Accounting Firm Fee Information Range Table (Please check the applicable range or enter the amount)

Amount unit: NTD in thousands.

Name of accounting firm	Name of the accountant	Auditor's review period	Audit Fees	Non-Audit Fees	Total	Remarks
KPMG United Accounting Firm.	CHEN, TSUNG-CHE	2022.01.01~2022.09.30	2,838	735	3,578	Note 1
	CHIH, SHIH-CHIN	2022.10.01~2022.12.31				
	LAI, LI-CHEN	2022.01.01~2022.12.31				

Note 1: Due to internal operations and personnel adjustments within the accounting firm, starting from the fourth quarter of 2022, Chen, Tsung-Che, CPA was replaced by Chih, Shih-Chin, CPA.

Note 2: The non-audit fees include a transfer pricing report fee of 225 thousand NTD, a tax certification fee of 470 thousand NTD, a salary information verification fee of 30 thousand NTD, and a business registration service fee of 10 thousand NTD.

- (1) Cases where the non-audit fees paid to the signing accountant, the accounting firm to which the signing accountant belongs, and its affiliated enterprises account for more than one-fourth of the audit fees: Primarily, the non-audit fees include a transfer pricing report fee of 225 thousand NTD, a tax certification fee of 470 thousand NTD, a salary information verification fee of 30 thousand NTD, and a business registration service fee of 10 thousand NTD.
- (2) In the case of changing accounting firms and a decrease in audit fees paid for the current fiscal year compared to the previous fiscal year, the amount and proportion of the decrease in audit fees, as well as the reasons, should be disclosed: There are no such cases.
- (3) In the case of a reduction in audit fees of more than 10 percent compared to the previous fiscal year, the amount and proportion of the decrease in audit fees, as well as the reasons, should be disclosed: There are no such cases.

**5. Information on Change of Auditors :**

(1) About the previous CPAs

Date of change	November 21, 2022		
Reasons and explanation for the change	Internal adjustments within the accounting firm.		
The explanation is provided by the appointing party or the accountant. Termination or refusal of appointment.	Involved parties	The accountant.	The appointing party.
	Circumstances		
The reasons for issuing opinions other than Unqualified Opinions in the recent two years	Voluntary termination	Not applicable Rotation within the firm	
	Not appointed anymore.		
Differences of opinion with the issuer	Yes	Accounting principles and practices	
		Disclosure of financial statements	
		Audit scope and steps	
		Others	
	None	Explanation : Not applicable	
Other matters to be disclosed (Disclosure requirements for the first through fourth items of the first objective under Article 10, Paragraph 6 of this standard.)	Not applicable		

(2) Regarding the name of the

succeeding accounting firm.	KGMP United Accounting Firm.
Name of CPA	CHIH, SHIH-CHIN, LAI, LI-CHEN
Date of appointment	November 21, 2022
Consulting results regarding the accounting method or principle applied on specific transactions and the possible opinions on the financial reports before appointment	Not applicable
Different opinions from the succeeding CPAs as compared to the previous CPAs in writing	Not applicable

(3) Former auditor's response regarding the matters specified in Article 10, Section 6, Subparagraphs 1 and 2:  
Not applicable.

**6. The Chairman, General Manager, or individuals responsible for finance or accounting management of the company who have served in the affiliated firm of the signing auditor or its related entities in the past year: None.**

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**7. Changes in the transfer of share ownership and share pledge by directors, supervisors, managers, and shareholders with a stake exceeding 10% during the recent fiscal year and up to the date of printing the annual report.**

**(1) Changes in the Shareholding of Directors, Supervisors, Managers and Major Shareholders**

Job Title	Name	Year 2022		For the fiscal year ending on March 31, 2023.	
		Increase (decrease) in the number of shares held.	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held.	Increase (decrease) in the number of pledged shares
Director	Juiye Enterprise Co., Ltd.	-	-	-	-
	Representative: LIN, I-CHIN	-	-	-	-
	Representative: LIN, WEN-TENG	-	-	-	-
	Representative: PAN, HSIN-JEN	-	-	-	-
Independent	Representative: LIU, FENG-CHIN	-	-	-	-
Director	Representative: LIN, JUI-PING	-	-	-	-
Independent	LIN, RUEY-TOU	-	-	-	-
Director	MAA KWO-JUH	-	-	-	-
Independent	LEE, SHIUE-CHEN	-	-	-	-
Director	LIN, LI-CHUN	-	-	-	-
Supervisor	LIN, JUI-PING	-	-	-	-
Manager	Bigwig Perfect International Co., Ltd.	-	-	-	-
Manager		-	-	-	-
Major shareholder		-	-	-	-

Note: Mr. Lin, Li-Chun, the supervisor, was removed from office on June 23, 2022.

(2) Share transfer information: None.

(3) Share pledge information: None.

**8. Information on related parties or relatives within the second degree of kinship among the top ten shareholders in terms of shareholding percentage:**

**Information on the relationships among the top ten shareholders in terms of shareholding percentage.**

Name (Note 1)	Individual hold shares.		Shares Held by Spouses and Minor Children		Total Shares Held in the Name of Other Persons		The titles or names and relationships of the top ten shareholders who are related persons, spouses, or relatives within the second degree of kinship. (Note 3)		Remarks
	Number of Shares	Shareholding Ratio %	Number of Shares	Shareholding Ratio %	Number of Shares	Shareholding Ratio %	Name (Or Name)	Relationship	
Juiye Enterprise Co., Ltd.	42,788,288	25.73	-	-	-	-	Corporate directors.	-	
Bigwig Perfect International Co., Ltd.	38,141,792	22.94	-	-	-	-	-	-	
Juyang Xingye Co., Ltd	7,505,195	4.51	-	-	-	-	-	-	
New Multi Investment Co., Ltd.	3,695,000	2.22							
WU, TSUNG-HSI	3,248,000	1.95	-	-	-	-	-	-	
CHEN, MEI-CHEN	2,451,264	1.47							
WANG, SHIH-HAO	1,682,976	1.01							
LIN, LI-CHUN	1,500,000	0.90							
CHEN, YU-CHIEN	1,434,507	0.86	-	-	-	-	-	-	
HUANG, PING-TSE	1,300,000	0.78	-	-	-	-	-	-	

Note 1: All top ten shareholders, including corporate shareholders, should be listed, with the names of the corporate shareholders and their representatives listed separately.

Note 2: The calculation of shareholding percentage should include shares held under one's own name, as well as those held under the name of one's spouse, minor children, or held by others on one's behalf.

Note 3: The disclosure of relationships between the shareholders listed above, including both corporate and natural persons, should be made in accordance with the disclosure requirements of the financial reporting standards for issuers.

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**9. The shares held by the Company, its Directors, Supervisors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio calculated on a consolidated basis.**

Comprehensive ownership percentage.

As of March 31, 2023 (unit: shares; %)

Investment in other businesses.	Investments made by the company.		Investments of Directors, Supervisors, Managers and Businesses Directly or Indirectly Controlled		Comprehensive investments.	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Rectron Electronic Enterprise Inc.(USA)	205,000	100.00%	-	-	205,000	100.00%
Rectron Electronics (China) Co., Ltd.	20,000	100.00%	-	-	20,000	100.00%
CHU-TING ENTERPRISE CO., LTD.	13,000,000	100.00%	-	-	13,000,000	100.00%
Zhejiang Rectron Electronics Co., Ltd (Note 2)	0	0.00%	398,900 (Note 1)	100.00%	398,900 (Note 1)	100.00%

Note 1: The investment amount is disclosed in thousands of New Taiwan Dollars.

Note 2: The company has entrusted investment in mainland China companies to Rectron China Investments.



## 4. Funding Status

### 1. Share Capital and Shares

#### (1) Source of Share Capital

Year and month	Issue Price:	Authorized Capital		Paid-In Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Share Capital	Equity-Settled Share-Based Payment	Others
87.04	10	170,000,000	1,700,000,000	107,219,023	1,072,190,230	Cash capital increase 600,000,000	-	-
1999.07.28	10	300,000,000	3,000,000,000	239,384,729	2,393,847,290	Capital increase by retained earnings 107,219,020 Capital reserve to capital increase 214,438,040 Cash increase in capital. 1,000,000,000	-	-
2000.09.21	10	400,000,000	4,000,000,000	277,000,000	2,770,000,000	Capital increase by retained earnings 98,147,740 Capital reserve to capital increase 272,898,590 Employee Bonus Transferred to Capital Increase 5,106,380	-	-
2003.11.25	10	400,000,000	4,000,000,000	186,975,000	1,869,750,000	Capital reduction. 900,250,000	-	-
2005.04.22	10	400,000,000	4,000,000,000	236,975,000	2,369,750,000	Private placement cash increase in capital. 500,000,000	-	-
2006.11.21	10	400,000,000	4,000,000,000	286,975,000	2,869,750,000	Private placement cash increase in capital. 500,000,000	-	-
2007.09.27	10	400,000,000	4,000,000,000	203,178,300	2,031,783,000	Capital reduction. 837,967,000	-	-
2008.09.20	10	400,000,000	4,000,000,000	148,128,300	1,481,283,000	Capital reduction. 550,500,000	-	-
2008.12.29	10	400,000,000	4,000,000,000	208,128,300	2,081,283,000	Private placement cash increase in capital. 600,000,000	-	-
2009.10.10	10	400,000,000	4,000,000,000	157,328,300	1,573,283,000	Capital reduction. 508,000,000	-	-

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2011.08.27	10	400,000,000	4,000,000,000	160,002,881	1,600,028,810	Capital increase by retained earnings 26,745,810		
2014.11.03	10	400,000,000	4,000,000,000	161,302,881	1,613,028,810	Capital increase by retained earnings 13,000,000	-	-
2015.08.27	10	400,000,000	4,000,000,000	166,302,881	1,663,028,810	Capital increase by retained earnings 50,000,000		

Shares Category	Approved Capital Stock			Remarks
	Outstanding shares in circulation.	Unissued shares.	Total	
Common Share	166,302,881	233,697,119	400,000,000	

Summary declaration system-related information: Not applicable.

(2) Shareholding structure

April 18, 2023

Shareholder Structure Number	Government institutions.	Financial institutions.	Other Corporations	Individuals.	Foreign institutions and foreigners.	Total
Number of Persons	0	2	26	22,501	25	22,554
Number of Shares Held	0	3,469	93,459,557	71,290,084	1,549,771	166,302,881
Shareholding Ratio	0%	0.00%	56.20%	42.87%	0.93%	100%

### (3) Ownership Structure

#### 1. Distribution of Ordinary Shares

April 18, 2023

Shareholding Levels	Number of Shareholders	Number of Shares Held	Shareholding Ratio
1 to 999	13,605	2,662,599	1.60%
1,000 to 5,000	7,099	14,889,057	8.95%
5,001 to 10,000	991	8,091,129	4.87%
10,001 to 15,000	259	3,318,924	2.01%
15,001 to 20,000	183	3,460,058	2.08%
20,001 to 30,000	147	3,770,220	2.27%
30,001 to 40,000	67	2,450,113	1.47%
40,001 to 50,000	51	2,409,303	1.45%
50,001 to 100,000	81	5,792,215	3.48%
100,001 to 200,000	37	4,912,634	2.95%
200,001 to 400,000	12	3,332,692	2.00%
400,001 to 600,000	8	3,695,556	2.22%
600,001 to 800,000	1	635,027	0.38%
800,001 to 1,000,000	1	838,332	0.50%
1,000,001 and above	12	106,045,022	63.77%
Total	22,554	166,302,881	100.00%

2. Distribution of Preferred Shares: As of now, the company has not issued any preferred shares.

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(4) List of Major Shareholders

Name of Major Shareholders	Number of Shares Held	Percentage of Shareholding
Juiye Enterprise Co., Ltd.	42,788,288	25.73%
Bigwig Perfect International Co., Ltd.	38,141,792	22.94%
Juyang Xingye Co., Ltd	7,505,195	4.51%
New Multi Investment Co., Ltd.	3,695,000	2.22%
WU, TSUNG-HSI	3,248,000	1.95%
CHEN, MEI-CHEN	2,451,264	1.47%
WANG, SHIH-HAO	1,682,976	1.01%
LIN, LI-CHUN	1,500,000	0.90%
CHEN, YU-CHIEN	1,434,507	0.86%
HUANG, PING-TSE	1,300,000	0.78%

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(5) Per Share Market Price, Net Asset Value, Earnings, Dividends, and Related Information.

Per Share Market Price, Net Asset Value, Earnings, and Dividends Data

Item		Fiscal Year		As of March 31, 2023, for the current fiscal year	
		Year 2021	Year 2022		
Per Share Market Price	Highest	26.30	20.45	19.7	
	Lowest	14.60	14.15	16.5	
	Average	18.92	16.74	18.4	
Per Share Net Asset Value (Note 1)	Before Distribution	10.81	11.12	10.36	
	After Distribution (Note 2)	10.21	Note 2	10.49	
Per Share Earnings	Weighted Average Shares Outstanding	166,302,881	166,302,881	166,302,881	
	Per Share Earnings	0.51	1.06	0.06	
Dividends per Share	Cash Dividends		100,000,000	Note 2	-
	Free Stock Dividends	Earnings Stock Dividends	-	-	-
		Capital Surplus Stock Dividends	-	-	-
	Accumulated Unpaid Dividends		-	Note 2	-
Investment Return Analysis	Return on Equity (Note 3)		37.10	15.79	306.67
	Return on Assets (Note 4)		31.46	Note 2	-
	Cash Dividend Yield (%) (Note 5)		3.18	Note 2	-

Note 1: The figures are based on the year-end issued shares and the distribution approved at the subsequent shareholders' meeting.

Note 2: The profit distribution plan for 2022 was approved by the board of directors on March 24, 2023, but it has not yet been ratified by the 2023 shareholders' meeting.

Note 3: P/E ratio = Average closing price per share for the year / Earnings per share.

Note 4: Payout ratio = Average closing price per share for the year / Cash dividend per share.

Note 5: Dividend yield = Cash dividend per share / Average closing price per share for the year.

(6) Dividends and Distribution Status

1. The dividend policy of the company is as follows:

In accordance with the company's articles of incorporation, if there is a surplus in the annual financial statements after payment of all taxes and the offsetting of prior-year losses as required by law, ten percent (10%) of the remaining balance shall be allocated to the legal reserve for retained earnings. However, this requirement does not apply when the legal reserve for retained earnings has reached the total capital of the company.

If necessary, the board of directors may propose the allocation of special retained earnings, which are adjusted according to legal requirements or business needs, and retain them accordingly. After considering these factors, any remaining profits can be distributed. The distribution percentages are as follows:

(1) Employee compensation ratio shall not be lower than one percent (1%).

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- (2) Compensation for directors and supervisors shall not exceed two percent (2%).
- (3) The remaining profits shall be determined by the board of directors and proposed to the shareholders' meeting for approval.

The distribution of employee bonuses in the form of stock dividends may include eligible employees of subsidiary companies, and the allocation ratio shall be determined by the board of directors.

As the company is in a period of growth, considering business expansion, long-term financial planning, and meeting shareholders' demand for cash flow, the annual cash dividend shall not be less than ten percent (10%) of the total amount of cash and stock dividends. The ratio of cash dividends shall be determined by the board of directors and proposed to the shareholders' meeting for approval.

2. Proposed dividend distribution for the current shareholders' meeting:

The profit distribution for the fiscal year 2022 has been approved by the board of directors on March 24, 2023, with a cash dividend of NT\$133,042,305 (NT\$0.8 per share of free distribution to shareholders). However, it has not yet been approved by the shareholders' general meeting in 2023.

- (7) The proposed issuance of bonus shares for the current year's shareholders' meeting will have no impact on the company's business performance and earnings per share.

(8) Employee bonuses and director/supervisor remuneration

1. Information related to employee bonuses and director/supervisor remuneration as stated in the company's articles of incorporation:

If there is a surplus in the annual financial statements, the company shall allocate no less than one percent (1%) as employee compensation and no more than two percent (2%) as compensation for directors and supervisors. However, when the company has accumulated losses, an amount should be reserved in advance for offsetting, and then employee compensation and director/supervisor remuneration should be allocated based on the aforementioned ratios.

2. Basis for estimating employee bonuses and director/supervisor remuneration for the current period, calculation basis for distributing stock dividends, and accounting treatment in case of differences between the estimated and actual distribution amounts:

If there are changes in the amounts of employee bonuses and director/supervisor remuneration as approved by the shareholders' meeting on profit distribution, the differences should be accounted for as adjustments based on accounting estimates and recognized in the subsequent fiscal year's income statement. This does not affect the financial statements that have already been recognized.

3. Information regarding proposed employee bonuses approved by the board of directors:

- (1) Cash dividends of NT\$2,500,000 are proposed to be distributed to employees.

Director and supervisor remunerations of NT\$2,000,000 are proposed to be distributed.

This proposal has been approved by the Board of Directors but is pending approval at the 2022 Shareholders' Meeting.

- (2) Proposed distribution of employee stock dividends and the proportion to the current period's net income after tax and the total amount of employee dividends: N/A.

- (3) Calculation of earnings per share after considering the proposed distribution of employee dividends and director and supervisor remunerations: N/A.

4. Distribution of retained earnings from the previous year for employee dividends and director and supervisor remunerations (including the number of shares distributed, amounts, and share prices), any differences with recognized employee dividends and director and supervisor remunerations should be disclosed, along with the reasons and handling: There is no difference between the distribution of retained earnings from the previous year by the company and the proposed distribution approved by the Board of Directors.

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(9) Share repurchases by the company: As of now, the company has not repurchased any of its own shares.

2. **Bond Issuance by the Company:** As of now, the company has not issued any corporate bonds.
3. **Preferred Shares Issuance by the Company:** As of now, the company has not issued any preferred shares.
4. **American Depositary Receipts (ADRs) Issuance by the Company:** As of now, the company has not issued any ADRs.
5. **Employee Stock Options Issuance by the Company:** As of now, the company has not issued any employee stock options.
6. **Accumulated information until the printing date of the annual report regarding managers who obtained employee stock options and the top ten employees in terms of the number of stock options exercisable, including their names, acquisition details, and exercise status:** Not applicable.
7. **Restricted Employee Stock Issuance by the Company:** As of now, the company has not issued any restricted employee stocks.
8. **Accumulated information until the printing date of the annual report regarding managers who obtained restricted employee stocks and the top ten employees in terms of the number of shares acquired, including their names and acquisition status:** Not applicable.
9. **Issuance of New Shares in Merger or Acquisition of Other Companies:** As of now, the company has not conducted any mergers or acquisitions that involved the issuance of new shares.
10. **Execution Status of Fund Utilization Plan:** None.

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## 5. Operation Overview

### 1. Business Contents

#### (I) Business Scope :

##### (A) The main business activities of the company are as follows:

- ( 1 ) CC01080 Electronic components manufacturing.
- ( 2 ) F119010 Wholesale of electronic materials.
- ( 3 ) F219010 Electronic materials retail.
- ( 4 ) F113030 Wholesale of precision instruments.
- ( 5 ) F213040 Retail of precision instruments.
- ( 6 ) F401010 International trade.
- ( 7 ) I301010 Information software services.
- ( 8 ) I301020 Data processing services.
- ( 9 ) I301030 Electronic information supply services.
- ( 10 ) F118010 Wholesale of computer software.
- ( 11 ) F218010 Retail of information software.
- ( 12 ) E605010 Computer equipment installation.
- ( 13 ) E604010 Mechanical installation.
- ( 14 ) CC01060 Wired communication equipment manufacturing.
- ( 15 ) F113020 Wholesale of electrical appliances.
- ( 16 ) F213010 Retail of electrical appliances.
- ( 17 ) F113070 Wholesale of telecommunications equipment.
- ( 18 ) F213060 Retail of telecommunications equipment.
- ( 19 ) H701010 Residential and commercial property development and leasing.
- ( 20 ) H701020 Industrial factory development and leasing.
- ( 21 ) H701040 Specialized zone development.
- ( 22 ) H701050 Investment in public infrastructure construction.
- ( 23 ) I102010 Investment consulting.
- ( 24 ) I103060 Management consulting.
- ( 25 ) CB01030 Pollution control equipment manufacturing.
- ( 26 ) F113100 Wholesale of pollution control equipment.
- ( 27 ) F213100 Retail of pollution control equipment.
- ( 28 ) J101030 Waste removal.
- ( 29 ) J101040 Waste disposal.
- ( 30 ) J101060 Waste (wastewater) treatment.
- ( 31 ) J101090 Waste cleaning.
- ( 32 ) CD01030 Automobile and its components manufacturing.
- ( 33 ) F114030 Wholesale of automobile and motorcycle parts.
- ( 34 ) F214030 Retail of automobile and motorcycle parts.
- ( 35 ) J901020 General hotel industry.
- ( 36 ) F501030 Beverage shops.
- ( 37 ) F501060 Restaurant industry.
- ( 38 ) F104110 Wholesale of textiles, clothing, shoes, hats, umbrellas, and fashion accessories.
- ( 39 ) F204110 Retail of textiles, clothing, shoes, hats, umbrellas, and fashion accessories.
- ( 40 ) F105050 Wholesale of furniture, bedding, kitchenware, and decorative items.
- ( 41 ) F205040 Retail of furniture, bedding, kitchenware, and decorative items.
- ( 42 ) F109070 Wholesale of educational, musical instruments, and recreational products.

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- (43) F209060 Retail of educational, musical instruments, and recreational products.
- (44) F111090 Wholesale of building materials.
- (45) F211010 Retail of building materials.
- (46) E801010 Interior decorating.
- (47) I503010 Landscape and interior design.
- (48) F108031 Wholesale of medical equipment.
- (49) F208031 Retail of medical equipment.
- (50) ZZ99999 Permitted activities not restricted or prohibited by law.

(B) The revenue distribution of the company for the year 2022 is as follows: Semiconductors account for 88.87%, Medical Equipment accounts for 7.45%, and Other sectors account for 3.68%.

(C) The current product lineup of the company includes:

1. Rectifiers:

- (1) Bridge rectifiers
- (2) Fast recovery bridge rectifiers
- (3) High-efficiency fast recovery bridge rectifiers
- (4) Schottky rectifiers
- (5) High-voltage Schottky rectifiers
- (6) Low forward voltage drop Schottky rectifiers
- (7) High-temperature (H Type) Schottky rectifiers
- (8) Diode rectifiers
- (9) Fast rectifiers
- (10) High-efficiency rectifiers
- (11) Ultra-high-efficiency rectifiers
- (12) TVS transient voltage suppressors
- (13) High-voltage (>220V) TVS transient voltage suppressors
- (14) Low-voltage (<10V) TVS transient voltage suppressors
- (15) Zener diodes
- (16) Automotive power diodes
- (17) High-power surface mount Schottky rectifiers
- (18) High-power surface mount diodes
- (19) Trench Schottky diodes

2. Transistor Field:

- (1) Power transistors
- (2) Trench Metal-Oxide-Semiconductor Field-Effect Transistor (Trench MOSFET)
- (3) Super-Junction Metal-Oxide-Semiconductor Field-Effect Transistor (Super-Junction MOSFET)
- (4) Metal-Oxide-Semiconductor Field-Effect Transistor (MOSFET) for Automotive Applications

3. Small Signal Products:

- (1) ESD (Electrostatic Discharge) protection devices

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- (2) Schottky diodes
- (3) Switching diodes
- (4) Zener diodes
- (5) Digital transistors

4. Third-generation semiconductors:

- (1) Silicon Carbide (SiC) Schottky 650V-1200V
- (2) Silicon Carbide (SiC) MOSFET 650V-1200V

(D) Future Research and Development Plans and Estimated Research Expenses:

The projected developments include the following, with an estimated R&D expenditure of approximately 5 million NT dollars:

- (1) Low-loss Schottky wafer with a high groove structure.
- (2) High voltage (>300V) trench Schottky wafer.
- (3) High voltage (200V-500V) transient voltage suppressor wafer.
- (4) Low voltage (<5V) transient voltage suppressor wafer.
- (5) High voltage (1700V) SiC Schottky wafer.

(2) Sector Overview:

(A) Current Industry Status and Development:

Due to the specific needs in various fields, semiconductor devices have rapidly developed into two distinct branches. One branch is represented by microelectronic devices, characterized by low power and high density, serving as tools for information viewing, transmission, and processing. The other branch is power electronic devices, known for high power and high reliability. Power semiconductor products have a wide range of applications. As electronic products integrate multiple functions, each function requires independent power supply with specific voltage or current. Power conversion using power semiconductors is essential.

Power devices, with the capability of energy conversion and circuit control, are crucial components for electrical energy processing. They enable the control of high-power operations with low-power signals. With the automotive industry transitioning towards electronics and electrification, the demand for power devices is expected to increase, especially for high-current and high-voltage products.

Similar to the IC industry, the entire power semiconductor industry involves specifications design, wafer manufacturing, and final packaging, making it highly comparable to the IC industry. Most foreign power semiconductor manufacturers adopt the IDMs (Integrated Device Manufacturer) model, encompassing specifications design, wafer manufacturing, and device packaging. In Taiwan, most power semiconductor companies also follow the IDM model. However, there are also fabless design companies focusing solely on specifications design, as well as companies specializing in wafer manufacturing (wafer foundries) or device packaging. Currently, most MOSFET manufacturers in Taiwan are primarily design companies, while wafer manufacturing is outsourced to professional wafer foundries. Domestic diode manufacturers in Taiwan operate under the IDM model, as diode manufacturing processes are relatively simple and can be handled

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in-house. In addition to producing MOSFETs for domestic clients, Taiwanese wafer foundries have the advantage of superior manufacturing capabilities, allowing them to provide foundry services for a select few power semiconductor companies abroad, particularly for IGBTs. This represents an important opportunity for Taiwanese manufacturers in the power semiconductor industry.

(B) Interrelationships among Upstream, Midstream, and Downstream in the Industry:

The structure of discrete component industry can generally be divided into upstream chip materials, midstream wafer manufacturing and packaging/testing, and downstream application areas including machine tools, automotive electronics, telecommunications, information technology, and consumer electronics.

Upstream materials are similar to those used in integrated circuits and include wafers/epiwafers, precious metals, non-ferrous metals, aluminum alloys, and non-metallic materials. While Taiwan is partially self-sufficient in wafers/epiwafers, other materials like precious metals (gold, silver, platinum) and some non-ferrous metals rely on imports. The major domestic manufacturers in the upstream segment include companies like Taiwan Silicon Crystal, Hanlei, and Jiajing, supplying wafer materials and diffusion materials.

In the midstream segment of wafer manufacturing and packaging/testing, many companies have adjusted their strategies and actively integrated upstream by engaging in the research and manufacturing of epiwafers.

Downstream applications cover a wide range, including information technology, telecommunications, consumer electronics, machine tools, automotive electronics, automotive, and office equipment, as well as solar energy, making the market extremely vast.

(C) Product Development Trends:

Diode components have been polarized in recent years. High-voltage and high-current applications such as electromechanical devices require high-power components with higher voltage tolerance for regulation and rectification. On the other hand, electronic information products demand smaller, more precise diode components for protection. Therefore, there is a sustained market demand for various types of diodes due to different usage scenarios.

Regarding production technology, the functionality and electrical characteristics of discrete components are determined during the wafer manufacturing stage. Product characteristics are closely related to the wafer fabrication process. Many companies are integrating into higher-level processes, such as chip diffusion and epiwafer manufacturing. This integration helps with material cost control and provides flexibility in production scheduling by allowing the production of different chip functionalities based on specific product requirements.

Diodes, classified by packaging methods, have evolved from traditional axial packaging, power packaging (TO type), and bridge packaging towards smaller surface-mount devices (SMD). Currently, SMD is the mainstream and fastest-growing packaging method, with further miniaturization in the direction of DFN packaging.

In terms of product development, it progresses from general standard products at the lowest

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technological level to high-voltage, high-speed, and Schottky high-power rectifier diodes at higher technological levels. With the increasing applications of MOSFETs, further development of MOSFETs, IGBTs, and SiC devices is necessary to meet market demands.

(D) Competitive Situation:

Currently, there are not many domestic manufacturers of diodes in the country. Most of them have shifted their assembly processes to mainland China, where self-production capabilities have improved in recent years. Therefore, the main business strategy in the market competition is to lower production costs and expand market share to achieve economies of scale.

(3) Technology and R&D Overview :

1. Research and development expenses are as follow:

Unit: NTD in thousands

Fiscal Year	Year 2022	2023 Q1
Explanation	Consolidated financial reports	Consolidated financial reports
Research and development expenses	10,522	2,017
Net operating revenue	877,633	167,675
Proportion of net operating revenue	1.20%	1.20%

2. Successful technology or product developments:

In response to the global demand for electronic products, diodes/transistors, as fundamental electronic components, have a steady demand. The company continues to upgrade its automated equipment to increase production capacity in line with business orders. Additionally, the company focuses on enhancing competitiveness in high-end markets by dedicating efforts to the research and production of related components for smart mobile phone power applications and new energy vehicle battery management systems. This has led to the company's leading position in the market. The following are the summarizations of the successful new products and technologies developed in the past two years:

1. General Purpose Diodes.
2. Fast Recovery Diodes.
3. Bridge Rectifiers.
  - (1) Establishment of RSM fully automated production line.
  - (2) Establishment of RBU fully automated production line.
4. Ultra Small Surface Mount Bridge Rectifiers (MINI-BRIDGES).
  - DIP Bridge ULBF610 (Bridge Rectifier).
5. Schottky Diodes.
  - (1) LOW VF Schottky products.
  - (2) 150V High Voltage Schottky products.

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- (3) 200V High Voltage Schottky products.
- (4) MBR series Schottky products.
- (5) High Current Schottky products.
- (6) Mass production of Schottky with reduced grain size.
- (7) Low-loss Schottky products.
- (8) Low VF 100/120V Schottky products.
- (9) Low VF 150/200V Schottky products.
- (10) High Temperature (High Tj Type) Schottky products.
- (11) Trench Low VF 60V Schottky products.
- (12) Trench Low VF 45V Schottky products.
- (13) 0.5A 30V Schottky wafer.
6. High Voltage Rectifiers.
7. Electrostatic Protection Devices.
8. High-Efficiency Recovery Diodes and Ultra-Fast Recovery Diodes. STD GPP/SF (EPI) 200V 3A products with reduced grain size.
9. Full series Transient Voltage Suppressors (T.V.S) TVS diodes. Transient Voltage Suppressors of 5KW and above.
10. Surface Mount Devices (SMD)
11. High Power Surface Mount Devices TO252, TO263.
12. Insulated High Power Rectifiers (IT0-220).
13. 0.5 and 1 Watts SMA Zener Diodes.
14. 600V-800V Metal-Oxide-Semiconductor Field-Effect Transistors.
15. 20~300V SGT Mosfet.
16. SOD123F automated production line establishment. SMD TRIM/FORM automation.
17. SOD123FL 0.98mm fully automated production line establishment.
18. DO277 fully automated production line establishment.
19. Solar Photovoltaic Irregular Package Schottky products.
20. DO-218 Automotive TVS wafer and packaging.
- (4) Long-term and short-term business development plans:

As part of the short-term development plan, the company will continue to drive production automation, focusing on refining existing processes to improve yield, reduce production costs, and enhance product competitiveness.

In the long term, the company aims to develop high-value products such as MOFET/SiC/ESD protection as part of its business expansion strategy. This includes offering customers a wider range of choices and superior product quality and services to effectively expand the company's market share.

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## 2. Market and production/sales overview.

### (1) Market Analysis

#### 1. Product Sales Regions (Consolidated for 2022)

In 2022, our company's product line focused on diode rectifiers, making the Asian region the highest in terms of sales structure.

Region	Amount (in thousand NTD)	Percentage (%)
Taiwan	88,082	10.04
United States	135,687	15.46
Asia	639,472	72.86
Europe	13,189	1.50
Other countries	1,203	0.14

#### 2. Major Competitors

Our main competitors in the industry include Taiwan Semiconductor and PANJIT Electronics.

#### 3. Market Supply and Demand Outlook and Business Objectives

In recent years, the overall impact of the US-China trade war and the COVID-19 pandemic has led multinational companies to gradually address the issue of de-Chinaization. As a result, manufacturing industries have moved production outside of the Asia-Pacific emerging regions, and Taiwanese businesses have accelerated their return. The dominance of the Greater China region as the world's factory has gradually declined, while the Southeast Asian region has seen an increasing share in the international division of the semiconductor industry.

Our company's products belong to the category of semiconductor discrete components, including rectifiers, small-signal products, and power management products. As fundamental components, they have a wide range of applications in various sectors such as home appliances, telecommunications, audio-visual, computers, multimedia, as well as emerging markets in new energy solutions like electric vehicles and 5G applications. These products are essential, and with the increasing reliance on electronic products in the middle class of emerging markets and the development of the Greater China region, as well as the growth of portable electronic products, there is an expected significant demand and growth opportunity for global power management components.

#### 4. Favorable and unfavorable factors for future development and corresponding strategies:

Favorable factors:

The company has established a strong presence in European and American markets over the years, and with the increasing awareness of renewable energy applications, there is an expected surge in the replacement of new energy vehicles. This provides an opportunity to expand the market reach through existing sales channels.

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Unfavorable factors:

The sluggish market has intensified the chaotic competition, while inflation and exchange rate fluctuations have led to uncertainties in costs and delivery schedules.

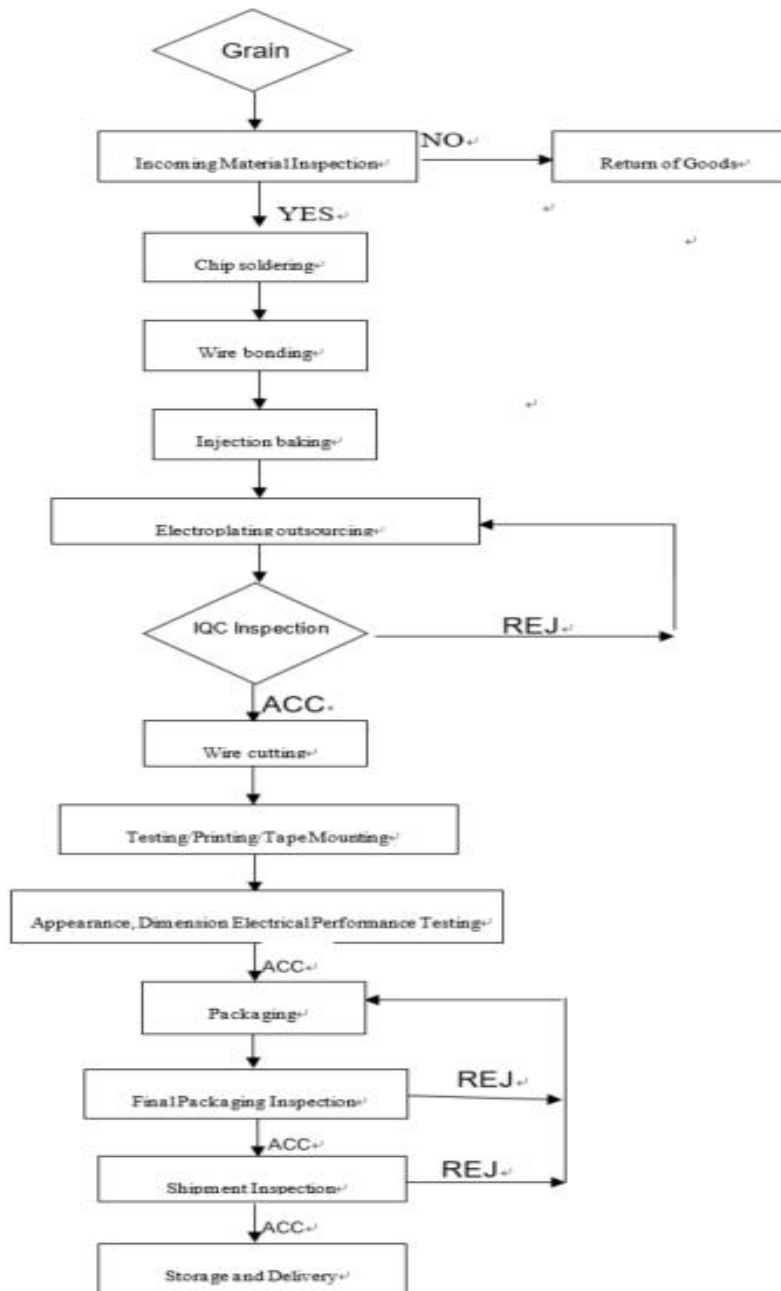
The company has gradually increased the proportion of high-profit products and maintained good relationships within the supply chain to ensure stable supply and enhance customer satisfaction.

(2) Major product applications and production processes

(1) Major product applications:

The company's main products are used in household appliances, communication devices, computers, and new energy vehicles.

(2) Production processes:



(3) Main Raw Material Supply Situation

The main materials used in the production of our company's power semiconductor devices are non-special components. We maintain good technical cooperation and long-term business relationships with our suppliers, ensuring a high level of supply stability.

(4) Customer Names and Purchase (or Sales) Amounts for any Year in the Past Two Years that Accounted for more than 10% of the Total Purchase (or Sales) Amount, and Explanation of the Changes. Due to contractual agreements and the confidentiality of customer names and transaction parties, especially when they involve individuals who are not related parties, they will be represented by code names.

1. Key suppliers in the recent two years

Unit: NTD in thousands

Item	Year 2021				Year 2022				As of the fiscal year ending on March 31, 2023			
	Name	Amount	Percentage of net purchase amount for the full year. (%)	Relation to the issuer	Name	Amount	Percentage of net purchase amount for the full year. (%)	Relation to the issuer	Name	Amount	Percentage of the net purchase of the current fiscal year(%)	Relation to the issuer
1	Z25	42,517	10	Note 1	Z25	52,312	14	Note 1	Z25	12,497	18	Note 1
2	T9	42,120	10	Note 1	Z28	27,832	7	Note 1	T4	6,343	9	Note 1
	Others	345,989	80	Note 1	Others	299,666	79	Note 1	Others	51,634	73	Note 1
Total	Net purchase	430,626	100		Net purchase	379,810	100		Net purchase	70,474	100	

Note 1: Non-related persons

Note 2: Reasons for Changes in the List of Major Purchasing Customers in the Last Two Years: The changes in the list of major purchasing customers were mainly due to fluctuations in procurement activities within the electronics industry, influenced by factors such as delivery conditions, product quality, and pricing. In order to meet the timely requirements of customer orders, the company gradually shifted to sourcing from suppliers with better delivery schedules, product quality, and overall value.



2. Key customers in the recent two years

Unit: NTD in thousands

Item	Year 2021				Year 2022				As of March 31, 2023			
	Name	Amount	Percentage of the net sales of the year(%)	Relation to the issuer	Name	Amount	Percentage of the net sales of the year(%)	Relation to the issuer	Name	Amount	Sales-to-Net Sales Ratio for the period ending the previous quarter of the current fiscal year (%)	Relation to the issuer
1	T14	112,053	15	Note 1	T14	120,033	14	Note 1	T14	28,572	17	Note 1
2	T18	61,862	8	Note 1	T18	104,981	12	Note 1	T21	18,096	11	Note 1
	Others	571,935	77		Others	652,619	74		Others	121,007	72	
Total	Net sales	745,850	100		Net sales	877,633	100		Net sales	167,675	100	

Note 1: Non-related persons

Note 2: Reasons for the changes in the list of major customers in the past two years: There have been no significant changes among the major customers, mostly variations in their sales rankings.

(5) Production value for the past two years.

Production value for the past two years.

Unit: Thousand NTD ; KPS

Production Volume	Year 2021			Year 2022		
	Production Capacity (K)	Production Volume (K)	Production Value	Production Capacity (K)	Production Volume (K)	Production Value
Main product						
Diodes	600,000	270,940	118,788	600,000	523,708	147,424
Face Masks	60,000	21,532	53,830	60,000	8,405	21,013
Total	660,000	292,472	172,618	660,000	532,113	168,437

(6) Sales Volume in the Past Two Years

Table of sales volume and value of the recent two years

Unit: Thousand NTD; K/PS

Year	Year 2021				Year 2022			
	Domestic sales		Overseas sales		Domestic sales		Overseas sales	
Main product	Volume	values	Volume	values	Volume	values	Volume	values
Rectifier diodes	15,040	10,608	589,236	641,823	8,770	6,899	509,897	773,090
Face Masks	17,421	50,918	2,339	9,887	9,063	64,035	1,031	1,365
Others	-	22,404	-	10,210	-	19,999	-	12,245
Total	32,461	83,930	591,575	661,920	17,834	90,933	510,929	786,700

### 3. Number of employees in the company.

Employee Information for the Recent Two Years Up to the Publication Date of This Annual Report  
March 31, 2023

Year		Year 2021	Year 2022	As of the end of the current fiscal year March 31, 2023
Number of Employees	Staff Members	90 persons	94 persons	95 persons
	Total Workforce	86 persons	71 persons	71 persons
	Total	176 persons	165 persons	166 persons
Average age		48 years old	48 years old	49 years old
Average years of service		13 years	14 years	15 years
Educational attainment distribution Ratio	Doctorate	0 persons	0 persons	0 persons
	Master's degree	2 persons	2 persons	2 persons
	College degree	59 persons	62 persons	65 persons
	High school	68 persons	63 persons	62 persons
	Below high school	47 persons	38 persons	37 persons

### 4. Environmental expenditure information

- (1) The company's factory is located in the Tucheng Industrial Zone, New Taipei City. Our company complies with environmental regulations and takes relevant environmental protection measures to prevent pollution.
- (2) In response to the requirements of the European Union's environmental directive (ROHS), the company adopts green design, green management, green manufacturing management, and green marketing management. The company actively requests that the raw materials supplied by its suppliers comply with ROHS regulations, enabling the smooth export of products to the European region.
- (3) In the past two years, the company has not incurred any losses or disposals due to environmental pollution.

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## 5. Labor-Management Relations

1. List of employee welfare measures, training and development programs, retirement system, and their implementation, as well as the agreements and measures for safeguarding employee rights.

(1) Employee welfare measures include

- (a) Group insurance, accident insurance, and medical insurance.
- (b) Subsidies for marriage, funeral, and joyous occasions.
- (c) Annual company trips.
- (d) Bonuses during major festivals.
- (e) Retirement benefits system.

(2) Employee training and development

The company organizes periodic external training programs to enhance employees' skills, knowledge, and work efficiency. The effectiveness of education and training is assessed and included in the performance evaluation criteria.

(3) Retirement system and its implementation:

To ensure stable post-retirement lives for our employees, our company has established a labor retirement policy in accordance with the law. We have also set up a Labor Retirement Reserve Supervisory Committee, which regularly allocates retirement reserves to the "Labor Retirement Reserve Fund" account at the Taiwan Bank, based on a fixed ratio of the total payroll expenses. This is done to safeguard the rights of our employees. Starting from July 1, 2005, we have also adopted the government's new retirement policy, whereby a monthly contribution of 6% of the employee's total wages is made to the employee's individual retirement account. For employees who voluntarily contribute to their retirement funds, an additional amount is deducted from their monthly salary based on their voluntary contribution rate, which is then remitted to the Bureau of Labor Insurance's individual retirement account.

(4) Agreements between labor and management and measures for safeguarding employee rights:

The company has established legal provisions for working conditions and has implemented systems such as work rules. In addition to complying with the Labor Standards Act to protect employees' rights at work, there is a mechanism for resolving labor disputes. As a result, the labor-management relationship in the company has always been harmonious, and there have been no labor disputes. The employees have a strong sense of belonging and there are no issues regarding labor disputes. Furthermore, the company maintains open channels of communication through autonomous management within the organization. Regular employee trips are organized externally to alleviate work-related stress and fatigue.

2. Specify the losses incurred due to labor disputes in the most recent fiscal year and up to the date of the annual report's printing, and disclose the estimated amounts and strategies to address current and potential future losses: None.

## **6. Information on information technology and cybersecurity management.**

### **1. Information Security Organization:**

The company has established a cross-departmental task force called the "Information Security Management Team." The team is led by the Vice President of Administration and is responsible for planning and executing the company's information security initiatives. They also develop measures for information security management, crisis reporting, and emergency response.

### **2. Information Security Policy:**

The company's information security policy is to "maintain the confidentiality, integrity, availability, and legality of the company's information, and to prevent unauthorized use, disclosure, alteration, destruction, or loss of assets in the event of human error, intentional sabotage, or natural disasters, which could impact the company's operations or compromise its interests."

In addition to adhering to the requirements of the information security policy, the company regularly conducts information security awareness programs and provides employee training.

### **3. Risk Control for Information Security:**

With rapidly evolving cyber-attack techniques, it is impossible to completely avoid paralyzing network attacks from any third party. Network attacks can occur through methods such as email phishing, network spoofing, or brute force attacks, resulting in the introduction of malicious programs into the company's internal network for disruption or data theft. Disruptive attacks can lead to operational interruptions, while data theft attacks can result in the leakage of important operational data or personal information of employees and customers.

The company actively plans and implements information security measures to continuously improve the information security environment and reduce information security risks. In terms of management, relevant management standards are established in areas such as policy and system, organizational responsibilities, manpower security, document control, asset management, communication and operation management, access control, physical environment, system development and maintenance, business continuity management, security incident management, and regulatory compliance. On the technical side, various measures are deployed, including network firewalls, intrusion detection systems, email security systems, automated detection and updating of operating systems, virus protection systems, network access systems, security monitoring systems, and vulnerability scanning systems. Internal auditors and organizations conduct annual audits of the company's information security management system. The security operations, risk control, and incident improvements are reviewed annually and reported to the Information Security Committee to control and reduce information security risks.

### **4. Employee Information Security Training:**

Basic information security education and training are provided to new employees upon their onboarding.

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Regular information security education and training are conducted for employees to enhance their awareness of information security. Internal information audit findings are addressed through immediate information security controls and preventive measures to minimize the risk of employees leaking confidential information about the company and its clients. In the event of external information security incidents, timely information security notifications are issued to strengthen the company's information security maturity and raise employee awareness of defending against external malicious attacks. These measures provide information security assurance for the company's production and operational activities.

5. In 2022, no significant network attacks that impacted the company's operations occurred.

6. Management Measures:

Our company places great importance on the field of information security and is committed to building a comprehensive defense architecture to ensure the confidentiality, integrity, and availability of company, customer, and supplier data.

- (1) Network protection includes the deployment of firewalls for multi-layered isolation and protection.
- (2) Access control is implemented through permission management and various authentication methods.
- (3) Each endpoint is required to install antivirus software for virus defense and early warning.

The company will take a more proactive approach in terms of information security strategy, incident response mechanisms, and technical infrastructure to assess the exposure level of information security risks and plan appropriate insurance measures to ensure optimal control of information security risks.

**In the most recent fiscal year and up to the date of printing of the annual report, there have been no significant losses, potential impacts, or necessary measures resulting from major information and communication security incidents:** The company has not been affected by any significant information and communication security incidents that would impact its operations in the most recent fiscal year up to the date of printing of the annual report.

**7. Key contracts and agreements.**

Type of contract	Parties involved	Contract start and end date	Key content	Restrictions
Financing agreement	Hua Nan Commercial Bank, Nansongshan Branch	2022.04-2023.04	Financing borrowings	None
Financing agreement	Panshin Commercial Bank, Huajiang Branch	2022.01-2023.01	Financing borrowings	None
Financing agreement	Shin Kong Commercial Bank, Chang'an Branch	2021.09-2023.09	Financing borrowings	None

## 6. Financial Overview

### 1. The summary balance sheets and income statements for the past five years.

1. Condensed Consolidated Balance Sheet (in accordance with International Financial Reporting Standards)

Unit: NTD in thousands

Fiscal Year		IFRS - Consolidated					
		2018 years	2019 years	2020 years	2021 years	2022 years	March 31, 2023
Current asset		429,951	427,486	593,096	566,969	602,181	599,257
Property, plant, and equipment		484,759	458,819	495,901	514,703	497,837	487,868
Intangible Assets		0	0	0	0	0	0
Other Assets		1,076,021	1,065,267	1,057,527	1,066,168	1,054,001	1,051,336
Total Assets		1,990,731	1,951,572	2,146,524	2,147,840	2,154,019	2,138,461
Current Liability	Before distribution.	257,577	254,899	327,037	272,767	227,647	337,199
	After distribution.	257,577	254,899	277,037	172,767	Note 3	Note 3
Non-Current Liability		78,157	78,157	80,175	80,601	77,127	77,441
Total Liabilities	Before distribution.	335,734	335,074	407,638	349,894	304,979	414,640
	After distribution.	335,734	335,074	357,638	249,894	Note 3	Note 3
Equity attributable to owners of the parent company.		1,654,997	1,654,997	1,616,498	1,738,886	1,797,946	1,723,821
Capital stock		1,663,029	1,663,029	1,663,029	1,663,029	1,663,029	1,663,029
Capital surplus		9	9	9	9	9	9
Retained earnings	Before distribution.	30,273	29,878	134,314	169,832	246,076	123,631
	After distribution.	30,273	29,878	84,314	69,832		Note 3
Other Equities		<b>(42,743)</b>	<b>(38,314)</b>	<b>(76,418)</b>	<b>(58,466)</b>	<b>(34,924)</b>	<b>(62,848)</b>
Treasury stock		0	0	0	0	0	0
Non-control equity		0	0	0	0	0	0
Total equity	Before distribution.	1,654,997	1,616,498	1,738,886	1,797,946	1,849,040	1,723,821
	After distribution.	1,654,997	1,616,498	1,688,886	1,697,946	Note 3	Note 3

Note 1: The above information has been audited and certified by the accountant. The data for the first quarter of 2023 is reviewed by the accountant.

Note 2: Asset revaluation has not been conducted in any of the mentioned years.

Note 3: The profit distribution plan for 2022 was approved by the board of directors on March 24, 2023, but it has not yet been ratified by the 2023 shareholders' meeting.

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Unit: NTD in thousands

Fiscal Year		IFRS - Individual				
		2018 years	2019 years	2020 years	2021 years	2022 years
Current asset		260,425	273,489	419,978	326,475	256,336
Property, plant, and equipment		300,668	301,922	302,074	294,457	285,105
Intangible Assets		0	0	0	0	0
Other Assets		1,389,303	1,312,483	1,310,819	1,421,629	1,539,258
Total Assets		1,950,396	1,887,894	2,032,871	2,042,561	2,080,699
Current Liability	Before distribution.	220,778	196,853	172,412	172,412	161,482
	After distribution.	220,778	196,853	72,412	72,412	Note 3
Non-Current Liability		74,621	74,543	75,153	72,203	70,177
Total Liabilities	Before distribution.	295,399	271,396	244,615	244,615	231,659
	After distribution.	295,399	271,396	144,615	144,615	Note 3
Equity		1,654,997	1,616,498	1,738,886	1,797,946	1,849,040
Capital stock		1,663,029	1,663,029	1,663,029	1,663,029	1,663,029
Capital surplus		9	9	9	9	9
Retained earnings	Before distribution.	30,273	29,878	134,314	169,832	246,076
	After distribution.	30,273	29,878	84,314	69,832	Note 3
Other Equities		<b>(38,314)</b>	(76,418)	(58,466)	(34,924)	(60,074)
Treasury stock		0	0	0	0	0
Total equity	Before distribution.	1,654,997	1,616,498	1,738,886	1,797,946	1,849,040
	After distribution.	1,654,997	1,616,498	1,688,886	1,697,946	Note 3

Note 1: The above information has been audited and certified by the accountant.

Note 2: Asset revaluation has not been conducted in any of the mentioned years.

Note 3: The profit distribution plan for 2022 was approved by the board of directors on March 24, 2023, but it has not yet been ratified by the 2023 shareholders' meeting.

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2. Summary Statement of Comprehensive Income (in accordance with IFRS)

Unit: NTD in thousands (except for earnings per share in "NTD")

Item	Year	IFRS - Consolidated				
	2018 years	2019 years	2020 years	2021 years	2022 years	March 31, 2023
Operating revenue	520,371	498,284	759,358	745,850	877,633	167,675
Operating gross profit	176,784	151,808	295,044	251,630	343,849	54,199
Operating expenses	162,774	156,160	153,936	169,757	173,109	48,039
Operating Profit and Loss	14,010	<b>(4,352)</b>	141,108	81,873	170,740	6,160
Non-operating income and expenses	13,667	4,818	<b>(30,262)</b>	8,756	33,905	6,910
Profit before tax	27,677	466	110,846	90,629	204,645	13,070
Net income from continuing operations for this year	27,653	441	105,636	84,972	176,100	10,597
Loss from Suspended Operations	0	0	0	0	0	0
Current net profit (loss)	27,653	441	105,636	84,972	176,100	10,597
Other comprehensive income (after-tax net amount)	4,102	<b>(38,940)</b>	16,752	24,088	(25,006)	(2,774)
Total comprehensive income for this reporting period	31,755	<b>(38,499)</b>	122,388	109,060	151,094	7,823
Net profit attributable to owners of the parent.	27,653	441	105,636	84,972	176,100	10,597
Net Profit Attributable to Non-Controlling Interests	0	0	0	0	0	0
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	31,755	<b>(38,499)</b>	122,388	109,060	151,094	7,823
Total comprehensive income attributable to non-controlling interests.	0	0	0	0	0	0
Earnings Per Share (NT\$)	0.17	0.00	0.64	0.51	1.06	0.06

Note: The above information has been audited and certified by the accountant. The data for the first quarter of 2023 is reviewed by the accountant.



Unit: NTD in thousands (except for earnings per share in "NTD")

Year Item	IFRS - Individual				
	2018 years	2019 years	2020 years	2021 years	2022 years
Operating revenue	286,473	303,202	352,826	475,170	634,715
Operating gross profit	80,039	77,903	67,386	77,585	141,420
Intercompany (unrealized) gains/losses.	(386)	5,640	(1,742)	(1,881)	4
Operating gross profit	79,653	83,543	65,644	75,704	141,424
Operating expenses	52,194	52,841	53,469	55,024	53,507
Net other gains and losses	0	0	0	0	0
Operating Profit and Loss	27,459	30,702	12,175	20,680	87,917
Non-operating income and expenses	194	(30,261)	94,085	68,861	109,861
Profit before tax	27,653	441	106,260	89,541	107,778
Net income from continuing operations for this year	27,653	441	105,636	84,972	176,100
Loss from Suspended Operations	0	0	0	0	0
Current net profit (loss)	27,653	441	105,636	84,972	176,100
Other comprehensive income (after-tax net amount)	4,102	(38,940)	16,752	24,088	-25,006
Total comprehensive income for this reporting period	31,755	(38,499)	122,388	109,060	151,094
Earnings per share (in yuan) (Note)	0.17	0.00	0.64	0.51	1.06

Note 1: The above information has been audited and certified by the accountant.

### 3. Name of the Auditing Accountants and Audit Opinions for the Past Five Years

Year	Name of Auditing Accountants	Audit opinion
2018	CHEN, TSUNG-CHE, LAI, LI-CHEN	Unqualified Opinion (Emphasis or other matters)
2019	CHEN, TSUNG-CHE, LAI, LI-CHEN	Unqualified Opinion (Emphasis or other matters)
2020	CHEN, TSUNG-CHE, LAI, LI-CHEN	Unqualified Opinion (Emphasis or other matters)
2021	CHEN, TSUNG-CHE, LAI, LI-CHEN	Unqualified Opinion (Emphasis or other matters)
2022	CHIH, SHIH-CHIN, LAI, LI-CHEN	Unqualified Opinion (Emphasis or other matters)

## 2. Financial analysis for the past five years.

### (1) Financial Analysis based on International Financial Reporting Standards (IFRS)

Analysis Items (Note 2)		Year (Note 1)		Consolidation.					
		2018 years	2019 years	2020 years	2021 years	2022 years	Percentage (%) Change in the Past 2 Years	Explanation	Q1 2023
Financial Structure Percentage (%)	Debt to assets ratio (%)	16.86	17.17	18.99	16.29	14.16	-13.08		19.39
	Ratio of Long-Term Capital to Real Estate, Plant, and Equipment (%)	357.53	369.79	366.91	364.30	386.95	6.22		369.21
Debt Repayment Ability %	Current ratio (%)	166.92	167.71	181.35	207.86	264.52	27.26	2	177.72
	Quick Ratio (%)	112.93	117.76	137.39	140.59	192.01	36.57	2	135.55
	Interest Coverage Ratio	12.50	1.23	52.79	57.34	206.09	259.42	3	95.77
Operating Efficiency	Accounts Receivable Turnover Ratio (times)	4.35	4.27	6.04	4.62	5.16	11.69		1.19
	Average Collection Days	83.90	85.48	60.43	79.00	70.73	-10.47		75.81
	Inventory Turnover Ratio (times)	2.87	2.76	3.73	3.24	3.36	3.70		0.86
	Accounts Payable Turnover Ratio (times)	4.17	4.70	4.79	4.22	4.43	4.98		0.95
	Average Days for Sales	127.17	132.24	97.85	112.65	108.63	-3.57		104.65
	Fixed Assets Turnover Ratio (times)	0.97	1.06	1.59	1.48	1.73	16.89		0.34
	Total Assets Turnover Ratio (times)	0.26	0.25	5.25	0.35	0.41	17.14		0.08
Profitability 能力	Rate of Return on Assets (%)	1.50	0.11	6.30	4.02	8.23	104.73	1	0.5
	Rate of Return on Equity (%)	1.69	0.03	6.67	4.80	9.66	101.25	1	0.59
	Pre-tax Net Income to Paid-in Capital Ratio (%) (Note 7)	1.66	0.03	13.91	5.45	12.31	125.87	1	0.79
	Net Profit Margin (%)	5.31	0.09	0.64	11.39	20.07	76.21	1	6.32
	Earnings Per Share (NTD)	0.17	0.00	52.92	0.51	1.06	107.84	1	0.06
Cash flow	Cash Flow Ratio (%)	8.99	29.85	183.08	17.91	144.5	706.81	4	15.87
	Cash Flow Adequacy Ratio (%)	197.18	224.79	12.25	103.71	211.09	103.54	4	55.49
	Cash Flow Reinvestment Ratio (%)	1.82	6.10	1.91	-0.08	14.06	-17675.00	4	3.53
Degree of Leverage	Degree of Operating Leverage	11.35	-29.82	1.02	2.73	1.76	-35.53	5	7.09
	Degree of Financial Leverage	1.21	0.67	5.25	1.02	1.01	-0.98		1.03

Explanation for the changes in financial ratios exceeding 20% in the past two years:

1. The increase in operating profit compared to the previous period resulted in a change in the ratio of over 20%.
2. The growth in operating profit and increase in current assets led to an increase in accounts receivable turnover compared to the previous period.
3. The increase in operating profit and decrease in bank borrowings contributed to this change.
4. The increase in net cash inflows from operating activities resulted in an increase in cash flow ratios.
5. The increase in operating revenue led to an increase in operating income compared to the previous period.

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Analysis Items		Year	Individual					Percentage (%) Change in the Past 2 Years	Explanation
		2018 years	2019 years	2020 years	2021 years	2022 years			
Financial Structure Percentage (%)	Debt to assets ratio (%)	15.15	14.38	14.46	11.98	11.13	-7.10		
	Ratio of Long-Term Capital to Real Estate, Plant, and Equipment (%)	575.26	560.09	600.53	635.12	673.16	5.99		
Debt Repayment Ability %	Current ratio (%)	117.96	138.93	191.92	189.36	158.74	-16.17		
	Quick Ratio (%)	107.77	117.81	159.18	160.89	133.07	-17.29		
	Interest Coverage Ratio	12.48	1.20	48.99	57.22	197.82	245.72	1	
Operating Efficiency	Accounts Receivable Turnover Ratio (times)	3.05	3.51	4.07	4.36	5.14	17.89		
	Average Collection Days	119.74	103.90	89.57	83.71	71.07	-15.10		
	Inventory Turnover Ratio (times)	12.72	8.92	8.36	9.00	11.09	23.22	2	
	Accounts Payable Turnover Ratio (times)	1.85	6.52	9.49	12.08	8.36	-30.79	3	
	Average Days for Sales	28.69	40.92	43.64	40.55	32.9	-18.87		
	Fixed Assets Turnover Ratio (times)	0.94	1.01	1.17	1.59	2.19	37.74	4	
	Total Assets Turnover Ratio (times)	0.14	0.16	0.18	0.23	0.31	34.78	4	
Profitability	Rate of Return on Assets (%)	1.48	0.12	5.48	4.24	8.59	102.59	5	
	Rate of Return on Equity (%)	1.69	0.03	6.30	4.80	9.66	101.25	5	
	Pre-tax Net Income to Paid-in Capital Ratio (%)	1.66	0.03	6.39	5.38	11.89	121.00	6	
	Net Profit Margin (%)	9.65	0.15	29.94	17.88	27.74	55.15	6	
	Earnings Per Share (NT\$)	0.17	0.00	0.64	0.51	1.06	107.84	6	
Cash flow	Cash Flow Ratio (%)	-	7.08	28.04	15.53	179.46	1055.57	7	
	Cash Flow Adequacy Ratio (%)	118.47	119.37	62.78	61.37	142.59	132.34		
	Cash Flow Reinvestment Ratio (%)	0.00	1.51	5.76	-2.07	15.99	-872.46	7	
Degree of Leverage	Degree of Operating Leverage	2.58	2.13	4.53	3.26	1.48	-54.60	8	
	Degree of Financial Leverage	1.10	1.08	1.22	1.09	1.01	-7.34		

Explanation for the changes in financial ratios exceeding 20% in the past two years:

1. The increase in operating profit and the decrease in bank borrowings contributed to this change.
2. The increase in operating revenue compared to the previous period resulted in an increase in inventory turnover.
3. The increase in purchases in the fourth quarter compared to the previous period led to an increase in average accounts payable.
4. The growth in operating activities resulted in an increase in turnover ratio.
5. The increase in operating profit compared to the previous period resulted in an increase in the current period's ratio change.
6. The increase in pre-tax net profit compared to the previous period resulted in an increase in the current period's ratio change.
7. The increase in net cash inflows from operating activities compared to the previous period resulted in an increase in the ratio change.

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8. The increase in operating income resulted in a decrease in operating leverage. decrease in interest expenses is due to a reduction in loans in the current period compared to the previous period.

Note 1: The above information has been audited and certified by the accountant. The data for the first quarter of 2023 is reviewed by the accountant.

Note 2: The formulas for calculating important financial ratios are as follows:

1. Financial Structure

(1) Debt to asset ratio = Total liabilities / Total assets.

(2) Long-Term Capital to Property, Plant, And Equipment Ratio = (Total Equity + Non-Circulating Liability) / Net Amount of Property, Plant and Equipment.

2. Debt Servicing Capacity

(1) Current ratio = Current assets / Current liabilities.

(2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liabilities.

(3) Interest Coverage Ratio = Net Profit Before Income Tax and Interest Expense / Current Interest Expenditure

3. Operating Efficiency

(1) Accounts Receivable Turnover Ratio (including both accounts receivable and notes receivable) = Net Sales / Average Accounts Receivable.

(2) Average collection period = 365 / Turnover ratio of accounts receivable.

(3) Inventory turnover ratio = Cost of goods sold / Average inventory.

(4) Accounts Payable Turnover Ratio (including both accounts payable and notes payable) = Cost of Goods Sold / Average Accounts Payable.

(5) Average sales period = 365 / Inventory turnover ratio.

(6) Turnover ratio of property, plant and equipment = Net sales / Average net property, plant and equipment.

(7) Total asset turnover ratio = Net sales / Average total assets.

4. Profitability

(1) Return on assets = (Net income after tax + Interest expense × (1 - Tax rate)) / Average total assets.

(2) Return on Equity = Post-Tax Profit or Loss / Average Total Equity.

(3) Profit Margin = Post-Tax Profit or Loss / Net Sales.

(4) Earnings Per Share = (Gain or Loss Attributable to Owners of the Parent Company – Preference Dividend) / Weighted Average Number of Issued Shares. (Note 4)

5. Cash Flow

(1) Cash Ratio = Operating Cash Flow / Current Liabilities.

(2) Net Cash Flow Adequacy Ratio = Net Cash Flow from Operating Activities for the past five years / (Capital Expenditures + Increase in Inventory + Cash Dividends) for the past five years.

(3) Cash Reinvestment Ratio = (Net Cash Flow from Operating Activities - Cash Dividends) / (Gross Property, Plant, and Equipment + Long-term Investments + Other Non-current Assets + Operating Working Capital).

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6. Degree of Leverage :

$$(1) \text{ Degree of Operating Leverage} = \frac{\text{Net Operating Income} - \text{Variable Operating Costs and Expenses}}{\text{Operating Profit}}$$

$$(2) \text{ Degree of Financial Leverage} = \frac{\text{Operating Profit}}{\text{Operating Profit} - \text{Interest Expense}}.$$

Note 3: When calculating Earnings per Share (EPS), the following considerations should be noted:

1. Use the weighted average number of ordinary shares outstanding rather than the year-end issued shares.
2. Traders with cash additions or treasury stocks shall calculate a weighted average shares, taking into account their period of circulation.
3. For any increase in share capital resulting from retained earnings or capital surplus, when calculating earnings per share for previous fiscal years and interim periods, the adjustment should be made retrospectively based on the proportion of the increase in share capital. The period of issuance of such increase in share capital should not be considered.
4. In the case of cumulative preferred shares that are non-convertible, the dividends for the current year (whether paid or not) should be deducted from or added to the post-tax net income. For non-cumulative preferred shares, in the presence of post-tax net income, the dividends should be deducted from it. If there is a net loss, no adjustment is necessary.

Note 4: When analyzing cash flows, the following considerations should be noted:

1. Net cash flow from operating activities refers to the net cash inflow in the cash flow statement from operating activities.
2. Capital expenditures refer to the cash outflow for capital investments each year.
3. The increase in inventory should only be included when the ending balance is greater than the beginning balance. If the inventory decreases at the year-end, it should be considered as zero.
4. Cash dividends include dividends for both common shares and preferred shares.
5. Gross property, plant, and equipment refers to the total amount of property, plant, and equipment before accumulated depreciation.

Note 5: The various operating costs and expenses should be classified into fixed and variable categories based on their nature.

When involving estimates or subjective judgments, it is important to ensure their reasonableness and consistency.

Note 6: In the case of company stocks without par value or with a per-share par value other than NTD 10, the calculation of the ratio based on the paid-in capital will be revised to calculate the ratio based on the equity attributable to the owners of the parent company as shown in the balance sheet.

**3. Audit committee review report for the most recent annual financial report.**

**RECTRON LTD.**

**Audit Committee Review Report**

Hereby,

We hereby present the operating report, financial statements, consolidated financial statements, and proposal for profit distribution as submitted by the Board of Directors. The financial statements and consolidated financial statements have been audited by the appointed accounting firm, KGMP United Accounting Firm, under the authorization of the Board of Directors, and an audit report has been issued.

Upon examination by our Audit Committee, it has been determined that there are no discrepancies. Therefore, in compliance with the provisions of Article 219 of the Company Act and Article 14-4 of the Securities and Exchange Act, we have prepared this report for your consideration.

Your kind attention and review are appreciated.

Sincerely,

RECTRON LTD. 2023 Annual Shareholders' Meeting

RECTRON LTD.

Convener of the Audit Committee: MAA KWO-JUH.

March 24, 2023

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**4. Latest annual financial statements.**

**5. Consolidated financial statements of the parent and subsidiary companies for the most recent year, with the audit verification by the accountant.**

**6. For the company and its affiliated enterprises, as of the date of the latest annual report publication, any financial difficulties encountered should be specified along with their impact on the financial condition of the company: None.**

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## 7. Review Analysis and Risk Assessment of Financial Status and Financial Performance

### 1. Financial Status

(1) Comparative Analysis of Changes in Consolidated Assets, Liabilities, and Shareholders' Equity for the Past Two Years.

Unit: NTD in thousands

Item	Year 2021	Year 2022	Difference		Change in the proportion of increase and decrease Analysis Description (Note)
			Amount	%	
Current asset	566,969	602,181	35,212	6.21	
Property, plant, and equipment	514,703	497,837	-16,866	-3.28	
Intangible Assets	0	0	0	0	
Other Assets	1,055,537	1,046,831	-8,706	-0.82	
Other non-current assets	10,631	7,170	-3,461	-32.56	
<b>Total Assets</b>	<b>2,147,840</b>	<b>2,154,019</b>	<b>6,179</b>	<b>0.29</b>	
Current Liability	272,767	227,647	-45,120	-16.54	
Deferred income tax liabilities	62,679	62,679	0	0.00	
Other non-current liabilities	14,448	14,653	205	1.42	
<b>Total Liabilities</b>	<b>349,894</b>	<b>304,979</b>	<b>-44,915</b>	<b>-12.84</b>	
Capital stock	1,663,029	1,663,029	0	0.00	
Capital surplus	9	9	0	0.00	
Retained earnings	169,832	246,076	76,244	44.89	Note (2) 1
Other Equities	-34,924	-60,074	-25,150	72.01	Note (2) 2
Treasury stock	0	0	0	0	
<b>Non-control equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total equity</b>	<b>1,797,946</b>	<b>1,849,040</b>	<b>51,094</b>	<b>2.84</b>	

(2) Analysis of Recent Changes: (the analysis focuses on items with changes exceeding 20% and reaching a threshold of NT\$10,000 thousand.)

1. Retained Earnings: The increase in retained earnings is attributed to the higher operating profits in the previous period, leading to an increase in the allocation of statutory reserve and special reserve for retained earnings.
2. Other Equity: The change in other equity is a result of the foreign exchange translation impact on the financial statements of overseas operating entities in the current period.

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## 2. Financial Performance

### (1) Consolidated comparative analysis table of financial performance

Unit: NTD

Item	Year Year 2021	Year 2022	Increase (Decrease) in Amount	Change Ratio %
Operating revenue	745,850	877,633	131,783	17.67
Operating gross profit	251,630	343,849	92,219	36.65
Operating expenses	169,757	173,109	3,352	1.97
Operating Profit (Loss)	81,873	170,740	88,867	108.54
Non-operating income and expenses	8,756	33,905	25,149	287.22
Net Profit Before Tax on Continuing Operations	90,629	204,645	114,016	125.81
Income Tax Expense	5,657	28,545	22,888	404.60
Current net profit (loss)	84,972	176,100	91,128	107.24
Current Other Comprehensive Income	24,088	-25,006	-49,094	-203.81
Total comprehensive income for the period	109,060	151,094	42,034	38.54
Net profit attributable to owners of the parent.	84,972	176,100	91,128	107.24
Net Profit Attributable to Non-Controlling Interests	-	-	-	-
Total Comprehensive Profit and Loss Attributable to Owners of Parent Company	109,060	151,094	42,034	38.54
Total comprehensive income attributable to non-controlling interests.	-	-	-	-
Earnings Per Share (NT\$)	0.51	1.06	0.55	107.84

#### 1. Analysis of Changes in Ratios:

- (1) Operating Revenue (Gross Profit): The growth in operating revenue and gross profit in the current period is attributed to the benefits of the diversion effect from the US-China trade war and the synergies achieved through cost control measures.
- (2) Operating Net Profit (Loss): The increase in operating gross profit and effective sales and administrative cost control in the current period led to a rise in operating net profit.
- (3) Non-operating Income and Expenses: The increase in foreign exchange gains is a result of the impact of exchange rate fluctuations.
- (4) Net Profit (Loss) for the Period: The increase in net profit for the period is a result of the growth in operating revenue and the rise in gross profit.
- (5) Other Comprehensive Income for the Period (Net of Tax): The increase in foreign currency translation differences in the financial statements of overseas operations contributes to the increase in other comprehensive income.

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2. Reasons for significant changes in the company's main business activities: None.

3. Forecasted sales quantity for the upcoming fiscal year and the primary factors influencing the company's expected sales growth or decline:

			Unit: Thousand Pieces (K/PCS)
Expected sales quantity for major products			Primary factors influencing the potential continuous growth or decline in expected sales quantity:
Item	Year 2023	Year 2022	The company's sales forecast is based on the sales performance and pricing in the years 2022 and 2023.
R e c t i f i e r	570,534	518,667	
F a c e m a s k	8,075	10,094	

### 3. Cash Flow

#### Cash Flow Analysis

Unit: NTD in thousands

Initial Cash Balance	Net Cash Flow from Operating Activities for the Year	Total Cash Outflows for the Year	Cash Surplus (Deficit) Amount	Remedial Measures for Cash Shortage	
				Investment plan	Financial Planning
187,464	328,956	270,458	245,962	-	-

(1) Analysis of Annual Cash Flow Changes:

The company experienced a net increase in cash of 58,498 thousand in the fiscal year 2022 compared to 2021. The changes in cash flows from various operating activities are as follows:

- (1) Operating Activities: The overall net cash inflow from operating activities increased compared to the previous period due to effective inventory management, revenue growth, and increased collections.
- (2) Investment Activities: The slightly lower net cash outflow in the current period compared to the previous period is primarily attributed to higher equipment investments in the previous period.
- (3) Financing Activities: The higher net cash outflow from financing activities in the current period compared to the previous period is primarily due to the partial repayment of bank loans and cash dividends distributed.

(2) Cash Shortage Remedial Measures and Liquidity Analysis:

1. Cash Shortage Remedial Measures: None.

2. Liquidity Analysis:

	December 31, 2021	December 31, 2022	Increase (decrease) rate %
Cash Flow Ratio (%)	17.91	17.91	-66.16
Cash Flow Adequacy Ratio (%)	103.71	103.71	-51.05
Cash Flow Reinvestment Ratio (%)	-0.08	-0.08	-100.65

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(1) Cash Flow Ratio: The decrease in cash flow in the current period compared to the same period last year is primarily due to the payment of accounts payable in operating activities, resulting in a lower cash flow ratio.

(2) Cash Liquidity Ratio: The decrease in operating cash flow in the current period compared to the same period last year has led to a decline in the cash liquidity ratio over the past five years, indicating reduced cash flow adequacy.

(3) Cash Reinvestment Ratio: The increase in net cash inflow from operating activities in the current period compared to the same period last year is due to various factors.

(3) Analysis of Future Cash Liquidity for the Next Year:

Beginning Beginning Cash Balance	Estimated net cash flows from operating activities for the full year.	Estimated cash outflows for the full year.	Estimated surplus (deficiency) of cash remaining.	Expected measures to remedy any cash shortfall.	
				Investment plan	Financial Planning
245,962	253,000	205,000	293,962	-	-

1. Analysis of Expected Cash Flows for the Year 2023:

The company had an initial cash balance of 245,962 thousand NT dollars. It is anticipated that net cash inflow from operating activities in the next year will be approximately 253,000 thousand NT dollars, while net cash outflow from financing activities is expected to be approximately 205,000 thousand NT dollars. As a result, the projected remaining cash balance is approximately 293,962 thousand NT dollars.

2. Remedial measures and analysis of cash shortfall: None.

**4. The impact of significant capital expenditures in the most recent fiscal year on financial operations.**

The total amount spent by the company and its subsidiaries on the purchase of machinery and equipment in the fiscal year 2022 was 32,474 thousand NT dollars. The primary purpose of these acquisitions by the company and its subsidiaries is to meet future operational demands, replace outdated equipment, fulfill automation requirements, enhance process capabilities, strengthen product research and development, and improve product quality to meet customer demands. These investments are expected to have a positive impact on the financial operations of the company.

**5. Recent Year's Investment Policy, Main Reasons for Profit or Loss, Improvement Plan, and Future Year's Investment Plan:**

1. Investment Policy

The company has made new investments with a focus on the semiconductor industry to diversify its business operations and mitigate operational risks. The diversification strategy serves as a complementary approach to the company's main operations and takes into account market dynamics.

2. Main Reasons for Profit or Loss.

In the fiscal year 2022, the Electronic Business Division of the company benefited from the effects of the shift in trade orders between China and the United States, leading to increased revenue. Additionally, successful adjustments in product sales mix, customer portfolio restructuring, and effective cost control contributed to the growth in overall profitability compared to the same period

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last year. The company's fruitful efforts in the high-value medical field also played a significant role in achieving positive financial performance in the fiscal year 2022.

### 3. Future Year Investment Plan.

In addition to adhering to the existing investment policy, the company will assess industry environment changes and opportunistically pursue investments.

## 6. Analysis and assessment of risk factors.

- (1) Impact of interest rates, exchange rates, and inflation on the company's income and measures to be taken in the future.

Unit: NTD in thousands

Item	Year	Year 2021	Year 2022
Interest expense		1,709	1,137
Net exchange (loss) gain		1,353	37,987
Inflation		-	-

1. Impact of interest rates, exchange rates, and inflation on company's revenue and profitability:

The company closely monitors interest rate fluctuations and manages its cash position to control liquidity risk. The company's operating funds are sufficient to meet cash requirements when bank loan contracts mature, mitigating liquidity risk without the need for additional fundraising.

The sensitivity analysis is based on the interest rate exposure of derivative and non-derivative instruments as of the reporting date. For floating-rate liabilities, the analysis assumes that the outstanding amount remains constant throughout the year.

The management reports to key executives using a rate change of +/- 0.5%, which represents a reasonable range of interest rate fluctuations.

If interest rates increase or decrease by 0.5% while all other variables remain constant, the company's pre-tax net profit for the fiscal year 2022 will decrease or increase by 120 thousand NT dollars due to the impact of variable-rate bank borrowings.

2. Specific measures to address exchange rate fluctuations:

- (1) The company regularly analyzes exchange rate trends, monitors its cash position, and plans appropriate fundraising channels. It evaluates bank loan interest rates and maintains close communication with banks to stay informed about the latest exchange rate developments and control liquidity risk.
- (2) Depending on the financial situation and exchange rate fluctuations, the company adjusts foreign currency deposits in a timely manner.

3. Impact of inflation and corresponding measures:

Rising oil and electricity prices and higher raw material costs exert pressure on the company's

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expenses. The current strategy is to continuously develop suppliers to lower raw material costs and minimize the impact of inflationary pressures on raw material price increases.

(2) Policies, main reasons for profit or loss, and future response measures for engaging in high-risk, high-leverage investments, lending funds to others, endorsing guarantees, and trading in derivative financial products are analyzed and evaluated on an annual basis and up until the date of the annual report :

1. The company does not engage in high-risk or highly leveraged investments, nor does it provide funds to others.
2. Endorsement and guarantees: The company follows its endorsement and guarantee procedures, and as of the date of the annual report printing, the company has not engaged in any endorsement or guarantee transactions.
3. Derivative transactions: The company follows its procedures for dealing with derivatives, and as of the date of the annual report printing, the company has not engaged in any derivative transactions.

(3) Future research and development plans and expected R&D expenses:

Products under development	Current development progress	Expected R&D and production costs (in NTD)	Expected completion time
D3K	In progress	1,500,000	2023/6/30
SOD323FL	Project Proposal Stage	8,000,000	2023/12/30
SOD323HE	Project Proposal Stage	8,000,000	2023/12/30
TO247-IGBT-RI40N1200T7/RI75N650T7	Project Proposal Stage	5,000,000	2023/9/30

(4) Impact of Important Changes in Domestic and International Policies and Regulations on Corporate Finance and Sales, and Response Strategies:

The company constantly monitors significant domestic and international policy and legal changes and evaluates their potential impact. In the past year, there have been no significant policy or legal changes that have adversely affected the company's financial operations.

(5) The impact of technological changes (including cybersecurity risks) and industry transformations on the Company's financial operations and corresponding measures are considered.

The company's products serve as essential components in electronic products, and technological advancements still require the use of the company's products. The company actively invests in research and development to promote the application of its products and enhance competitiveness, which is a key goal for the company. In terms of information security risk management, the company has established and implemented an information security management system. Information security policies have been established to regulate the company's information security practices. Regular internal information security audits are conducted to ensure the effectiveness of the management system and compliance with legal regulations. Therefore, information security risks are not considered significant operational risks for the company.

(6) Impact of changes in corporate image on crisis management and response measures:

The company maintains a good corporate image, and there have been no changes in corporate

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image that would impact crisis management.

- (7) Anticipated benefits, potential risks, and response measures related to mergers and acquisitions: None.
- (8) Anticipated benefits, potential risks, and response measures related to expanding facilities: None.
- (9) Risks associated with concentration in purchasing or sales and response measures: None.
- (10) Impact, risks, and response measures related to the significant transfer or replacement of directors, supervisors, or major shareholders holding more than 10% of shares: None.
- (11) Impact, risks, and response measures related to changes in ownership rights: None.
- (12) Disclosure of significant litigation, non-litigation events involving the company, directors, supervisors, general manager, substantial responsible person, major shareholders holding more than 10% of shares, and subsidiary companies, where the outcomes may have a significant impact on shareholders' equity or securities prices. The disclosure should include the disputed facts, amount involved, commencement date of litigation, key parties involved, and the status of the proceedings as of the printing date of the annual report: None.
- (13) Other significant risks and response measures: None.

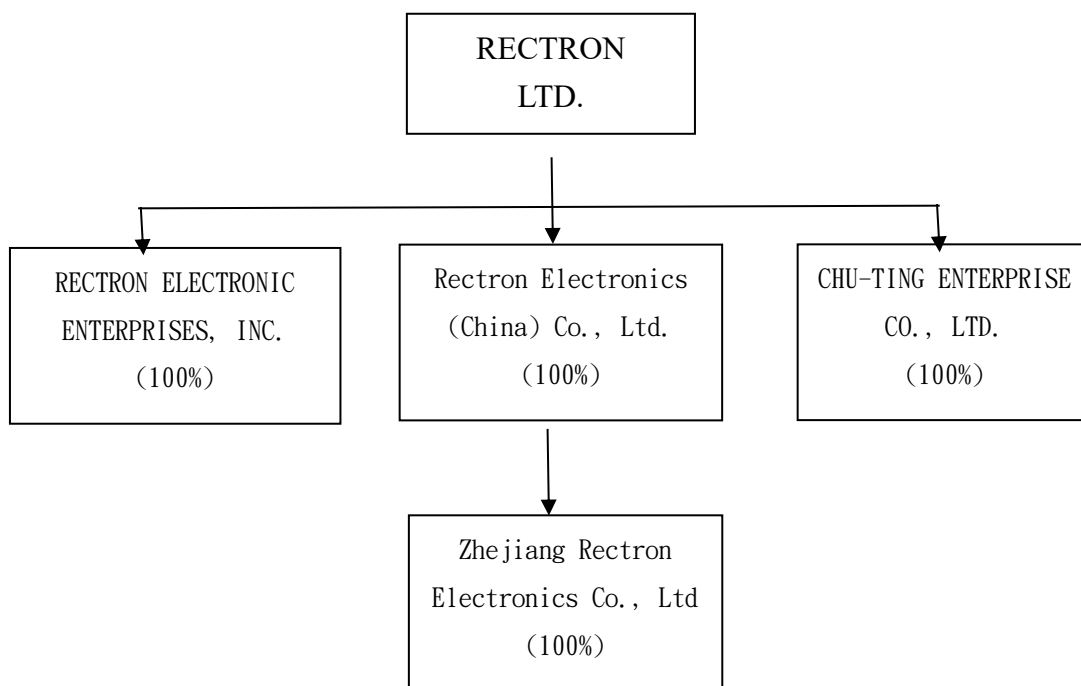
**7. Other significant matters: None.**

## 8. Special Notes

### 1. Related information on affiliated enterprises

(1) Consolidated business report of affiliated enterprises

1. Organization of Related Companies under RECTRON Group



According to Article 369-2, Paragraph 2 of the Company Law, there are no subsidiary companies directly or indirectly controlled by the Company in terms of personnel, finance, or business operations.

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## 2. Basic Information of Related Companies

Company Name	Date of Establishment	Address	Paid-in capital	Main Business or Production Items
Director of RECTRON ELECTRONIC ENTERPRISES, INC	1986.02.28	1400 N Harbor Blvd, Suite 520 Fullerton, CA 92835 U.S.A	USD \$2,050 thousand.	Sales of rectifiers and other electronic components
Rectron Electronics (China) Co., Ltd.	1991.06.04	Room 1102, 11th Floor, Sinfung Centre, 20 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong.	HKD \$20 thousand.	Sales of rectifiers and other electronic components
Zhejiang Rectron Electronics (China) Co., Ltd.	2001.01.17	No. 28, Rectron Road, Economic Development Zone, Jiashan County, Zhejiang Province, China.	RMB \$99,322 thousand.	Manufactures and sells electronic components such as rectifiers
CHU-TING ENTERPRISE CO., LTD.	1998.09.03	2nd Floor, No. 71 Zhongshan Road, Tucheng District, New Taipei City, Taiwan.	NTD\$ 130,000 thousand.	Wholesale of tobacco and alcohol products, and manufacturing and sales of medical equipment.

3. No identical shareholder information is presumed to indicate control or subsidiary relationships.

4. Overall business operations of related companies

The business operations of the company and its related companies include manufacturing and sales of various rectifiers, other semiconductor components, real estate leasing and sales, and trading of alcoholic beverages and manufacturing and sales of medical equipment.

5. Information of Directors, Supervisors, and General Managers of affiliated enterprises

Unit: Shares (%)

Company Name	Job title	Name or representative person	Shares Held	
			Number of Shares	Shareholding Ratio
Rectron Electronics (China) Co., Ltd.	Director	Rectron Ltd. Representative Person: LIN, WEN-TENG	20,000 shares	100%
Director of RECTRON ELECTRONIC ENTERPRISES, INC	Director	Rectron Ltd. Representative Person: Sidney Newman Pan I-Chin Lin Weng-Teng Lin Sean S. Kelly	205,000 shares	100%
CHU-TING ENTERPRISE CO., LTD.	Chairman Director	RECTRON LTD. Representative Person: LIN, CHIANG-YA	13,000,000 shares	100%



## 6. Operational Overview of Related Companies

Unit: NTD in thousands

Company Name	Currency	Registered Capital	Total Assets	Total Liabilities	Net Value	Operating Revenue	Operating Profit	Income or Loss for the Period (After Tax)	Earnings Per Share (NT\$) (After Tax)
Rectron Electronic Enterprises, Inc.	USD	2,050	1,598	903	695	4,431	288	290	1.41
	NTD	62,956	49,075	27,731	21,343	136,076	8,844	8,906	43
Rectron Electronics (China) Co., Ltd.	HKD	20	137,234	95,041	42,193	91,747	10,594	10,850	5425
	NTD	79	540,427	374,271	166,156	361,300	41,719	42,727	6,104
Zhejiang Rectron Electronics Co., Ltd (Note 1)	RMB	99,322	91,136	34,260	56,877	92,050	-1,647	1,843	—
	NTD	437,811	401,727	151,018	250,714	405,756	-7,260	8,124	—
CHU-TING ENTERPRISE CO., LTD.	NTD	130,000	187,596	33,671	156,925	69,651	27,919	19,469	4.14

Note: For limited companies, the capital is calculated based on the investment amount.

If the related company is a foreign company, the relevant figures are converted to NTD at the exchange rates on the balance sheet date.

USD : NTD = 1: 30.710

HKD : NTD = 1: 3.938

RMB : NTD = 1: 4.408

## (2) Consolidated Financial Statements of Related Companies

### **Declaration**

Our company, for the fiscal year 2022 (from January 1, 2022, to December 31, 2022), prepares consolidated financial statements of related companies in accordance with the "Criteria for the Preparation of Business Combination Reports, Consolidated Financial Statements of Related Companies, and Related Reports." The companies included in the preparation of consolidated financial statements of related companies under these criteria are the same as those included in the preparation of consolidated financial statements of parent and subsidiary companies under the International Financial Reporting Standard No. 10 recognized by the Financial Supervisory Commission. Furthermore, the relevant information required to be disclosed in the consolidated financial statements of related companies has already been disclosed in the aforementioned consolidated financial statements of parent and subsidiary companies. Therefore, no separate consolidated financial statements of related companies will be prepared.

It is hereby declared

Company Name: Rectron LTD.

Chairman: LIN, I-CHIN

Date: March 24, 2023

(3) Related party report: Not applicable

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**2. Private placement of tradable securities in the recent fiscal year and up to the date of printing of the annual report:** None.

**3. Holdings or disposals of the company's shares by subsidiary companies in the recent fiscal year and up to the date of printing of the annual report:** None.

**4. Other necessary supplementary explanations:** None.

9. Major events in the most recent year up until the publication date of the annual report with significant impact on shareholders' equity or stock price.

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