

Stock code: 2302



**Rectron Ltd.**

## **2023 Annual Shareholders' Meeting**

### **Agenda Handbook**

(Translation)

**Date: June 16, 2023**

**Address : No.71, Zhongshan Rd., Tucheng Dist., New  
Taipei City.  
(Second floor auditorium of our company)**

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# **Rectron Ltd.**

## **The 2023 Annual Meeting of Shareholders**

**Date:** 9:00 AM, Friday, June 16th, 2023

**Meeting Method:** Physical Shareholders' Meeting.

**Address :** No. 71, Zhongshan Rd., Tucheng Dist., New Taipei City. (Second floor auditorium of our company)

**1. Announcement of the meeting ( report of the number of shares present)**

**2. Address by the Chairman.**

**3. Reported Items**

- (1) 2022 Business Report.
- (2) Audit Committee's Review Report on the 2022 Financial Statements.
- (3) 2022 annual employees and directors remuneration report.
- (4) 2022 Earnings Distribution-cash Dividend Report.
- (5) 2022 Corporate Governance Report.

**4. Acknowledged matters**

- (1) Adoption of the 2022 Business Report and Financial Statements.
- (2) Adoption of the Proposal for Distribution of 2022 Profits.

**5. Discussion matters**

- (1) Amendment to the Company's Articles of Incorporation.

**6. Election matters**

Supplementary election of one independent director.

**7. Other Proposals**

Remove the restriction on the new independent director's non-compete agreement.

**8. Special motion.**

**9. Meeting Adjourned**

## **Reported Items**

### **1. 2022 Business Report**

Explanation: For the 2022 Business Report, please refer to Attachments 1 of this handbook (Page 12 to Page 16).

### **2. Audit Committee's Review Report on the 2022 Financial Statements.**

Explanation: Audit Committee's 2022 Review Report, Please refer to Attachments 2 of this handbook (page 17).

### **3. 2022 annual employees and directors remuneration report.**

Explanation: 1. Pursuant to the company's articles of incorporation, if the company is profitable for the year, it shall allocate no less than 1% as employee compensation and no more than 2% as compensation for directors and supervisors. For the fiscal year 2022, the company plans to allocate employee compensation and compensation for directors and supervisors as follows:

(1) Employee compensation: NTD 2,500,000, all of which will be paid in cash.

(2) Compensation for directors and supervisors: NTD 2,000,000, all of which will be paid in cash.

2. This proposal has been reviewed by the Compensation Committee and approved by the Board of Directors on March 24, 2023. It is hereby submitted to the shareholders' meeting in accordance with the law.

### **4. 2022 Earnings Distribution-cash Dividend Report**

Explanation: Pursuant to the resolution of the Board of Directors on March 24, 2023, the Company will distribute a cash dividend of TWD 133,042,305 for the fiscal year 2022, at a rate of TWD 0.8 per share. In the event of changes to the number of outstanding shares due to capital changes, which may affect the dividend payout ratio, the Board of Directors will be authorized by the shareholders' meeting to handle the adjustments. The calculation of the cash dividend for this time adopts the method of "rounding down to the nearest integer". The total amount of the fractional payment less than one New Taiwan Dollar will be included in other income of the Company.

### **5. 2022 Corporate Governance Report**

Explanation: 1. Please refer to page 3 of this manual for the report on the communication between the Audit Committee and the internal audit supervisor.

2. The report on director remuneration includes the remuneration policy, individual

remuneration details, amounts, and the correlation with performance evaluation results. Please refer to page 4 of this manual.

### **Audit Committee and Internal Audit Manager Communication Report**

(1)The Audit Committee was established on June 23, 2022.

(2)Communication between the Audit Committee and the internal audit supervisor during year 2022:

1. Regular communication - Report to the Audit Committee on the progress of audit findings and abnormal matters, respond to questions raised by independent directors, and strengthen the audit work content according to their instructions to ensure the effectiveness of the internal control system.
- 2.Non-routine Communication - Communication of audit findings and how to continuously enhance audit value is conducted through phone calls, emails, or face-to-face meetings. If significant compliance violations are discovered, the independent directors are immediately notified.

| Date          | Communication Status Report of Audit Committee and Internal Audit Manager | Results  |
|---------------|---|--|
| Aug. 15, 2022 | Internal audit business report from April 2022 to June 2022.              | The Audit Committee has no specific recommendations. |
| Nov. 10, 2022 | Internal audit business report from July 2022 to September 2022.          | The Audit Committee has no specific recommendations. |

**Director's Remuneration Report, including remuneration policy, individual remuneration content, amount, and the relationship with performance evaluation results.**

Report on the distribution of directors' and employees' remuneration in the fiscal year 2022:

- (1) The distribution of directors' and employees' remuneration for the year 2022 was approved by the 19th Board of Directors at its 6th meeting held on March 24, 2023.
- (2) Please refer to page 6 of this manual for the amount of remuneration paid to the directors and employees in the year 2022.
- (3) Policies, individual remuneration details and amounts, and the relationship with performance evaluation results of the directors' remuneration received in 2022 are as follows:
  1. The remuneration paid to directors and employees of the company is based on the percentage and scope stipulated in the company's articles of association. If the company makes a profit in the year, it should allocate no less than 1% for employee remuneration and no 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.
  2. When cash is used for the payment of employee remuneration, the recipients include employees of controlling or subsidiary companies who meet certain conditions. The board of directors is authorized by the company law to stipulate separately the aforementioned director remuneration, which can only be made in cash. The distribution of employee and director remuneration should be resolved by the board of directors and reported to the shareholders' meeting.
  3. The salary and compensation paid by the company include cash compensation, retirement benefits, various allowances, and other measures with substantial 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 salary and compensation committee, based on its professional and objective status and with due care, evaluates the salary and compensation policies and systems for the company's directors and managers. The committee regularly reviews the performance evaluations and salary and compensation policies, systems, standards, and structures for directors and managers, and examines the salary and compensation based on the usual industry standards, taking into account individual performance, the company's continued effectiveness, and the relevance and reasonableness of future risks.
  4. The compensation for executives is determined by the Chairman of the Board, authorized by

the Board of Directors, based on the nature and responsibilities of their positions, as well as considerations such as education, experience, skills, and potential for development. The policies, standards, and combinations of compensation, as well as the procedures for setting compensation, and the relationship with management performance and future risks, are all handled in accordance with the Company's Articles of Incorporation and relevant management regulations.

5.Relationship between Directors' Remuneration and Business Performance for the Year 2022, please refer to page 6 of this handbook.





## **Acknowledged matters**

### **Case 1 (Proposed by the Board of Directors)**

Subject: Adoption of the 2022 Business Report and Financial Statements.

Explanation: 1. The financial statements of the company for the year 2022 (including consolidated financial statements and individual financial statements) have been compiled and are attached herewith, bearing the signatures of the Chairman, Managing Director, and Chief Accountant. Along with the financial statements, a verification report from KPMG Taiwan, signed by Mr. Chi Shih-Chin and Ms. Lai Li-Chen, certified public accountants, stating an unqualified opinion and other matters, is enclosed.

2. For the Annual Operating Report, the Auditor's Audit Report, and the aforementioned financial statements, please refer to Attachment 1 (Page 12 to Page 16) and Attachment 3 (Page 18 to Page 18-11) of the Minutes.

3. Your acknowledgment is kindly requested.

Resolution:

### **Case 2 (Proposal by the Board of Directors)**

Subject: Adoption of the Proposal for Distribution of 2022 Profits.

Explanation: 1. The company's 2022 after-tax profit is NTD 176,100,337, which includes the beginning retained earnings of NTD 544,655 and the actuarial gains and losses from defined benefits for 2022 of NTD 144,479. After deducting the statutory surplus appropriation of NTD 17,624,482 and the special surplus appropriation of NTD 25,151,476, the distributable earnings for this distribution are NTD 134,013,513. The proposed shareholder dividend is NTD 133,042,305 (equivalent to NTD 0.8 per share in cash dividends), and the remaining undistributed earnings are NTD 971,208. Please refer to page 7 of this manual for the profit distribution table.

2. The calculation of cash dividends in this distribution follows the "rounding down to the nearest whole unit" method, and the total amount of fractional dividends less than one unit will be included in the company's other income.

3. After the approval of this cash dividend distribution by the shareholders' meeting, the Board of Directors will be authorized to determine the ex-dividend date and other related matters.

4. If there are any changes in the company's share capital in the future that affect the number of shares outstanding, resulting in a change in the dividend payout rate, the Board of Directors will be fully authorized by the shareholders' meeting to handle such adjustments.

5. The distribution of earnings in this distribution will prioritize the 2022 profits.

6. Your acknowledgment is kindly requested.

**Rectron Ltd.**  
**Profit Distribution Statement**  
**Year 2022**

|  |                    |
|--|--------------------|
| Beginning balance  | <b>544,655</b>     |
| Additions:   |                    |
| Actuarial gains and losses on defined benefit plans  | 144,479            |
| Equity instruments at fair value through other comprehensive income from subsidiary disposal | 0                  |
| Net income for the period  | 176,100,337        |
| <b>Total distributable earnings for the period</b>   | <b>176,789,471</b> |
| Deductions: Appropriations   |                    |
| Legal reserve  | (17,624,482)       |
| Special reserve  | (25,151,476)       |
| <b>Distributable earnings for the current year.</b>  | <b>134,013,513</b> |
| Distribution items:  |                    |
| Shareholders' dividends - Cash   | 133,042,305        |
| <b>Undistributed earnings at the end of the period</b>                                       | <b>971,208</b>     |

Person in Charge : Lin I-Chin    Manager : Lin I-Chin    Responsible Accountant: Lin Jui-Ping

Resolution:

## **Discussion Matters**

### **Case 1 (Proposal by the Board of Directors)**

Subject : Amendment to the Company's Articles of Incorporation.

Explanation: 1. In order to meet the operational needs of the company, it is proposed to amend certain provisions of the company's bylaws.

2. Please refer to Appendix Four and Appendix Five (page 19 to page 32) for the comparison table of the amended articles of the bylaws.

3. Let's open the floor for discussion.

Resolution:

## Election Matters

### (Proposed by the Board of Directors)

Subject: Supplementary election of one independent director

Explanation: 1. In accordance with Taiwan Stock Exchange Letter No. 10800242211, which amends the "Guidelines for the Establishment and Exercise of Powers by the Board of Directors of Listed Companies," it is stipulated that the Chairman and the General Manager or equivalent positions shall not be the same person, spouses, or relatives within the first degree of kinship. The number of independent directors shall be no less than 4 by December 31, 2023.

2. According to Article 16 of our company's articles of incorporation, the number of independent directors shall not be less than 3 and shall not be less than one-fifth of the total number of directors. We propose to hold a by-election during the 2023 Shareholders' Meeting to fill one independent director position. The newly elected independent director will serve from June 16, 2023, to June 22, 2025.

3. The list of candidates for the independent director position is as follows:

| Nominee Category     | Nominee Name    | Education        | Experience   | Current Position   | Government or Corporate Representation | Shareholding Amount (in shares) | Has the nominee served as an independent director for three consecutive terms | Reason for nominating the nominee for another term as an independent director |
|----------------------|-----------------|------------------|--|--|--|---------------------------------|---|---|
| Independent Director | Chang Chia Jung | Associate Degree | Financial Manager, TAIWAN TSENG-CHOW ENGINEERING CO.,LTD | Financial Manager, TAIWAN TSENG-CHOW ENGINEERING CO.,LTD | None                                   | 0                               | No  | Not applicable  |

4. This election is conducted in accordance with the "Director Appointment Procedure" of our company. Please refer to Attachment 7 (Page 43 to Page 44) of this handbook.

5. Please proceed with the election.

Election Results:

## **Other Proposals**

### **(Proposed by the Board of Directors)**

Subject : Motion to Lift Restriction on Newly Appointed Independent Director's Non-Competition Agreement

Explanation:1. According to Article 209 of the Company Act, "Directors shall disclose the important content of their acts within the scope of the company's business to the shareholders' meeting and obtain their permission."

2. In order to leverage the expertise and relevant experience of our newly appointed independent director, it is proposed to seek the approval of the shareholders' meeting to lift the non-competition restriction imposed on them. The details are as follows:

| Job Title            | Name            | Current Position   |
|----------------------|-----------------|--|
| Independent Director | Chang Chia Jung | Financial Manager, TAIWAN TSENG-CHOW ENGINEERING CO.,LTD |

3. Please discuss.

Resolution:

## **Special Motion**

## **Meeting Adjourned**

## Attachments 1

# Rectron Ltd. Annual Business Report

Herein, we provide the business performance report for Rectron Ltd. for the fiscal year 2022 as follows:

In the fiscal year 2022, the Company recorded a total operating revenue of 877,633 thousand NT dollars, representing an increase of 18% compared to the fiscal year 2021's 745,850 thousand NT dollars. This growth was primarily attributed to the indirect impact of the trade war between the United States and China, which resulted in increased orders from customers, particularly in the Electronics Division targeting the U.S. market. Additionally, the successful development of high-end medical masks, strategic adjustments in product sales mix and customer structure, along with effective cost control measures, contributed to a 37% growth in operating gross profit, reaching 343,849 thousand NT dollars in 2022 compared to 251,630 thousand NT dollars in 2021. Consequently, the Company achieved a net profit of 176,100 thousand NT dollars in 2022, representing a significant growth of 107% compared to the net profit of 84,972 thousand NT dollars in 2021.

Since the outbreak of the COVID-19 pandemic, global economies have faced significant challenges. The disruptions in the supply chain have led to continuous increases in raw material prices and transportation costs, indirectly intensifying inflationary pressures. Furthermore, the escalating risks in international geopolitical and military conflicts, such as the Russia-Ukraine war, have resulted in prolonged hostilities and expansions, affecting the smoothness of the supply of critical raw materials and subsequently impacting global economic activities related to production and consumption. These factors contribute to the overall operational risks and uncertainties for the Company in the fiscal year 2023.

However, with the increasing global consensus on energy conservation and carbon reduction in response to climate change, the green energy industry has become one of the essential sectors for development in various countries. The demand for energy-efficient products, including electric vehicles and solar panels, has been on the rise. Rectron has proactively tapped into this market niche by intensifying efforts in targeting relevant customer segments, aiming to increase revenue and enhance the Company's profitability.

## 1. Operating Results for the Year 2022

### 1. Implementation of Business Plan: :

Unit: NT\$1,000 ; %

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

### 2. Budget Execution Status :

In accordance with the guidelines for handling publicly forecasted financial information by listed companies, the Company is not required to disclose financial forecasts for the fiscal year 2022.

#### (1) Financial Income and Expenditure

Unit: NT\$1,000

| Item                                    | Year 2022 | Year 2021 | Variance Amount |
|---|-----------|-----------|-----------------|
| Net Cash Flow from Operating Activities | 328,956   | 44,434    | 284,522         |
| Net Cash Flow from Investing Activities | (66,132)  | (81,916)  | 15,784          |
| Net Cash Flow from Financing Activities | (189,356) | (94,525)  | (94,831)        |

#### (2) Profitability Analysis

Unit: %

| Item                           | Year 2022         | Year 2021 |
|--------------------------------|-------------------|-----------|
| Return on Assets (%)           | 8.23              | 4.02      |
| Return on Equity (%)           | 9.66              | 4.80      |
| Equity Ratio (%)               | Operating Profit  | 10.27     |
|                                | Profit before Tax | 12.31     |
| Profit Margin (%)              | 20.07             | 11.39     |
| Earnings per Share (EPS) (NTD) | 1.06              | 0.51      |

#### (3) Research and Development Status

Recognizing the importance of brand value, the Company places great emphasis on product development and long-term investment in core technological capabilities to meet the demands of end customers. Over the past two years, the Company has allocated approximately 1% of its operating revenue to research and development, continuously developing new products and improving existing ones, laying the technological foundation for the Company's sustainable development.

## **2. Summary of Business Plan for the Year 2023**

### **1. Business Policy and Objectives**

Given the increasing geopolitical and military conflicts in recent times, particularly the outbreak and prolonged nature of the Russia-Ukraine war, there are additional variables impacting global economic activities such as production and consumption. Furthermore, the aggressive interest rate hikes by the U.S. Federal Reserve to curb inflation have added uncertainty to the global economic growth momentum in 2023. As a result, our company's operational direction for the year will be more conservative and cautious.

In addition to continuously enhancing our competitiveness in terms of quality, price, and delivery, our business policy for 2023 will focus on cultivating high-profit-margin customers, investing in process automation to improve production efficiency, and advancing towards lean manufacturing processes. In terms of market positioning, we will not only strive to develop markets for high-end products in Europe and the United States but also strengthen our presence in markets such as India. Our product applications will concentrate on the growing demand for energy-efficient industries such as electric vehicles and solar panels, with the aim of increasing our revenue and profitability.

### **2. Projected Sales Volume and Basis**

We anticipate a 3% increase in sales volume for the year 2023 compared to 2022. This projection is mainly driven by the sustained rise in U.S. inflation and the continuous aggressive interest rate hikes by the U.S. Federal Reserve, which indirectly increase operational risks for businesses and reduce consumer purchasing power. In light of these factors, our overall business strategy will be more cautious, resulting in a relatively conservative estimate of the overall sales volume.

### **3. Important Product and Sales Policies**

- (1) Continuously establish VMI (Vendor Managed Inventory) mechanism for 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. Future Company Development Strategies**

1. Customer-Oriented Approach: Work closely with market-leading manufacturers to jointly develop new products and create value for the company.
2. Deepen Engagement with Existing Customers: Expand product lines tailored to current customers and provide diverse product services.
3. Vertical Integration: Capitalize on and strengthen the company's vertical integration manufacturing advantage, from materials, parts, and components to system products, to reduce manufacturing costs and enhance competitiveness.
4. Establish Development and Mass Production capabilities for critical components to gain irreplaceable competitive advantages. °

### **4. Impacts from External Competitive Environment, Regulatory Environment, and Overall Business Environment**

#### 1. External Competitive Environment

Due to the rapidly changing external environment and industry fluctuations, the company's competition is no longer limited to Taiwan but extends globally. Leveraging its long-standing presence and competitive advantage in European and American high-value customer channels, the company continues to reduce costs, 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. The finance, equity, audit, and legal departments are able to stay informed about important policy or legal changes. They cooperate with internal control systems and operational activities to ensure full compliance with legal requirements, ensuring the smooth operation of the company. Currently, there are no significant impacts on the company's finances and operations resulting from changes in domestic or international regulatory environments.

#### 3. Impacts from the Overall Business Environment

In terms of the overall business environment, the company is facing inflationary pressures and the gradual decoupling of the two major economies, China and the United States. The United States has adopted protectionist measures, adding uncertainties to the globalized economy. The company will focus on strengthening customer service value and product cost competitiveness to adapt to changes in the overall business environment.

In recent years, the company has achieved continuous growth on a stable foundation. We are committed to creating greater profits for shareholders. Despite facing diverse challenges in the future, the company maintains a positive and proactive attitude, continuously seeking progress and innovation, and deepening brand value. We aim to achieve the best business performance and maximize profits for shareholders.

We wish all shareholders good health and happiness.

Sincerely,

Person in Charge : Lin I-Chin

Manager : Lin I-Chin

Accountant: Lin Jui-Ping

**Attachment 2**

**Rectron Ltd.  
Audit Committee Review Report**

The Board of Directors has submitted the Company's 2022 operating report, financial statements and consolidated financial statements, and earnings distribution proposal. The financial statements and consolidated financial statements have been audited and issued an audit report by An-Ho & Associates, Certified Public Accountants, appointed by the Board of Directors.

The aforementioned operating report, financial statements and consolidated financial statements, and earnings distribution proposal have been reviewed by the Audit Committee and found to be in compliance. Therefore, in accordance with Article 219 of the Company Law and Article 14-4 of the Securities and Exchange Act, this report is hereby prepared.

Please review and inspect.

Sincerely,

Rectron Ltd  
2023 Annual Shareholders' Meeting

Rectron Ltd.

chairperson of the Audit Committee: Maa Kwo-Juh

March 24, 2023

**Attachment 3**

**Auditor's Report and Financial Statements (including  
Consolidated Financial Statements) for the year 2022.**

## **Representation Letter**

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

## INDEPENDENT AUDITORS' REPORT

Rectron LTD. Board of Directors –

### Auditor's Opinion

The consolidated balance sheets of Rectron LTD. and its subsidiaries (Rectron Group) as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the periods ended December 31, 2022 and 2021, along with the accompanying notes to the consolidated financial statements (including the summary of significant accounting policies), have been audited by our auditors.

In our auditors' opinion, based on their audit findings and other auditors' reports (please refer to the Other Matters section), the aforementioned consolidated financial statements have been prepared in accordance with the Financial Reporting Standards for Issuers of Securities and the International Financial Reporting Standards, endorsed and issued by the Financial Supervisory Commission, and are fairly presented to reflect the financial position of Rectron Group as of December 31, 2022 and 2021, and the financial performance and cash flows for the periods ended December 31, 2022 and 2021.

### Basis of Audit Opinion

We, as auditors, have conducted our audit work in accordance with the Regulations Governing the Audit Signatures of Certified Public Accountants and the Auditing Standards. Our CPA's responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the consolidated financial statements. The personnel of our accounting firm, who are subject to independence regulations, have maintained independence in accordance with the Code of Ethics for Professional Accountants and fulfilled other responsibilities prescribed by the regulations. They have maintained a professional and objective stance in relation to Rectron LTD. and its subsidiaries. We believe that we have obtained adequate and appropriate audit evidence to form the basis of our audit opinion.

### Key audit matters

The key audit matters refer to those matters that, in the auditor's professional judgment, are of most significance in the audit of the consolidated financial statements of Rectron Group for the year ended 2022. Such items have been taken into consideration in the process of auditing the overall consolidated financial reports and forming audit opinions. The accountant does not express opinions on such items separately. Our CPA determined to address the following key auditing matters in the accountant's report:

#### 1. Revenue Recognition

Please refer to Note 4 (13) of the consolidated financial statements for details on the accounting policy for revenue recognition. Additionally, refer to Note 6 (14) of the consolidated financial statements for a breakdown of revenue by customer contracts.

## Explanation of Key Audit Matters

The recognition of revenue is a critical area of focus in our audit of Rectron Group's consolidated financial statements for the year ended 2022. The company's primary source of revenue is derived from the manufacturing and sale of various rectifiers, semiconductor components, and medical devices. The risk lies in ensuring the accuracy and reliability of revenue recognition. The company's viability and ongoing operations depend on a consistent inflow of cash generated from revenue. Therefore, the company's business strategy and operational management are centered around revenue. Consequently, the testing of revenue recognition is a significant assessment area for our audit of Rectron Group's financial statements.

### Corresponding audit program :

The main audit procedures performed by the auditor for the above-mentioned key audit matters include testing the controls and effectiveness of the sales and cash collection cycle, as well as sampling the accuracy of recognizing sales revenue around the balance sheet date, which involves verifying warehouse dispatch records and comparing contractual terms. The auditor also evaluates whether control over the goods has been transferred at the appropriate recognition point.

## 2. inventory valuation

Regarding inventory valuation, please refer to Note 4 (8) "Inventory" for the accounting policy. For the accounting estimates and assumptions related to inventory valuation and their uncertainties, please refer to Note 5 (2). Further explanation on the assessment of inventory valuation can be found in Note 6 (4) "Inventory" of the consolidated financial statements.

### Explanation of Key Audit Matters

The valuation of inventory for Rectron Group is subject to the risk of cost exceeding its net realizable value due to fluctuations in international raw material prices and market supply and demand conditions, which may result in significant fluctuations in product selling prices and sales volumes. Therefore, the testing of inventory valuation is considered as one of the important assessment matters in the auditor's examination of Rectron Group's financial statements.

### Corresponding audit program :

The main audit procedures performed by the auditor for the above-mentioned key audit matters include reviewing the inventory aging report, analyzing the changes in inventory aging over different periods, assessing the reasonableness of Rectron Group's accounting policies and their implementation, conducting trend analysis on the treatment of obsolete inventory, understanding the basis and methods of inventory valuation, and comparing relevant variances to identify any significant abnormalities.

## Other Matters

Inclusion of certain subsidiaries' financial statements in Rectron Group's consolidated financial report that were audited by other auditors and not by the auditor. Therefore, with respect to the financial statements of those subsidiaries listed in the above-mentioned consolidated financial report, the amounts presented are based on the audit reports of other auditors. The total assets of those subsidiaries as of December 31, 2022, and December 31, 2021, accounted for 4% of the total consolidated assets, and the net sales for the period from January 1, 2022, to December 31, 2022, and January 1, 2021, to December 31, 2021, accounted for 16% of the total consolidated net sales.

Rectron LTD.has prepared separate financial statements for the years ended December 31, 2022, and

December 31, 2021, and an audit report with an unqualified opinion and an other matters paragraph has been issued by the auditor, which is available for reference.

## **Responsibility of the Management and the Governing Body for the Consolidated Financial Reports**

The management is responsible for the preparation of the appropriate consolidated financial statements, which are in accordance with the Financial Reporting Standards for Issuers of Securities and approved and issued by the Financial Supervisory Commission, as well as the applicable International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretive Bulletins. They are also responsible for maintaining necessary internal controls related to the preparation of the consolidated financial statements to ensure that they are free from material misstatement caused by fraud or error.

In preparing the consolidated financial statements, the management's responsibility also includes assessing the ability of the Rectron Group to continue as a going concern, making relevant disclosures, and adopting the going concern basis of accounting unless there are intentions to liquidate the Rectron Group or cease its operations, or unless there are no other practical alternative courses of action other than liquidation or cessation.

The governance body of Rectron Group, including the Audit Committee, has the responsibility to oversee the financial reporting process.

## **Responsibility of the CPA to Audit Consolidated Financial Reports**

The purpose of the accountant's audit of the consolidated financial reports is to obtain reasonable assurance of whether the consolidated financial reports as a whole are substantially misrepresented due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but audit procedures performed in accordance with auditing standards cannot guarantee that material misstatements due to fraud or error in the consolidated financial reports will be detected. Misstatements may arise from fraud or errors. A misrepresentation of an individual amount or sum of transfers is considered significant if it is reasonably expected to affect the economic decisions made by consolidated users of financial reports.

Our auditor exercised professional judgment and skepticism in accordance with the auditing standards.

We also performed the following tasks:

1. We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. The understanding of the internal controls relevant to the audit was obtained to design appropriate audit procedures based on the circumstances at that time. However, it should be noted that the objective was not to express an opinion on the effectiveness of the internal controls of Rectron Group.
3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the audit evidence obtained, a conclusion was reached regarding the appropriateness of management's use of the going concern basis of accounting and whether there were any significant



uncertainties that may cast significant doubt on Rectron Group's ability to continue as a going concern. If the accountant considers that there is significant uncertainty in such events or circumstances, he/she shall, in the audit report, alert the users of the consolidated financial reports to the disclosure of the consolidated financial reports or amend the audit opinion if such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, it should be noted that future events or circumstances could arise that may jeopardize Rectron Group's ability to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including related notes), and determine whether the consolidated financial statements appropriately represent the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the group in order to express an opinion on the consolidated financial statements. The auditor is responsible for guiding, supervising, and executing the audit of the group engagement and forming an audit opinion on the group's financial statements.

The auditor communicates with the governance body regarding matters such as the planned audit scope and timing, as well as significant audit findings (including significant deficiencies in internal controls identified during the audit process).

The auditor also provides the governance body with a statement that the personnel responsible for independence within the auditor's firm have complied with the independence requirements in the Code of Ethics for Professional Accountants, and communicates with the governance body on all relationships and other matters that could be considered to affect the auditor's independence (including relevant safeguards).

Based on communications with the governance unit, the auditor has determined the key audit matters for the audit of Rectron Group's consolidated financial statements for the year ended in the Republic of China 2022. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

The engagement partners on the audit resulting in this independent auditors' report are Shih-Chin and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)

March 24, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Rectron LTD.and its  
subsidiaries  
Consolidated Balance Sheets  
As of December 31, 2022 and 2021

Unit: Thousands of New Taiwan Dollars

| Asset  | 2022.12.31          |            | 2021.12.31       |            |      | Liabilities and Equity  | 2022.12.31          |            | 2021.12.31       |            |
|--|---------------------|------------|------------------|------------|------|---|---------------------|------------|------------------|------------|
|  | Amount              | %          | Amount           | %          |      |   | Amount              | %          | Amount           | %          |
| <b>Current Asset:</b>  |                     |            |                  |            |      | <b>Current Liability:</b>   |                     |            |                  |            |
| 1100 Cash and cash equivalents (Note 6(1))   | \$ 245,962          | 12         | 187,464          | 9          | 2100 | Short-term borrowings (Note 6 (8))                                | \$ 30,000           | 1          | 117,000          | 6          |
| 1110 Financial assets at fair value through profit or loss - Current (Note 6(2) and 17)                          | 25,657              | 1          | 691              | -          | 2130 | Current portion of lease liabilities (Note 6 (14))                | 1,941               | -          | 1,997            | -          |
| 1150 Notes receivable, net (Note 6(3) and 14)  | 2,083               | -          | 2,506            | -          | 2170 | Accounts payable  | 129,538             | 6          | 111,294          | 6          |
| 1170 Accounts receivable, net (Note 6(3), 14, and 7)   | 156,377             | 7          | 179,445          | 8          | 2200 | Other current liabilities (Note 6 (12) and 7)                     | 36,063              | 2          | 35,914           | 2          |
| 1200 Other receivables   | 3,178               | -          | 8,028            | -          | 2230 | Current income tax liabilities                                    | 25,821              | 1          | 3,115            | -          |
| 1220 Current income tax assets   | 1,679               | -          | 1,751            | -          | 2280 | Current lease liabilities   | 3,018               | -          | 2,346            | -          |
| 130X Inventory (Note 6(4))   | 141,704             | 7          | 176,443          | 8          | 2300 | Other current liabilities   | <u>1,266</u>        | -          | <u>1,101</u>     | -          |
| 1410 Prepayments   | 23,375              | 1          | 7,054            | -          |      |   | <u>227,647</u>      | <u>10</u>  | <u>272,767</u>   | <u>14</u>  |
| 1479 Other current assets - Other  | <u>2,166</u>        | -          | <u>3,587</u>     | -          |      | <b>Non-current liabilities :</b>                                  |                     |            |                  |            |
|  | <u>602,181</u>      | <u>28</u>  | <u>566,969</u>   | <u>25</u>  | 2580 | Non-current lease liabilities                                     | 3,768               | -          | 1,834            | -          |
| <b>Non-Current Asset:</b>  |                     |            |                  |            | 2640 | Net defined benefit liabilities - Non-current (Note 6(10))        | 3,509               | -          | 5,583            | -          |
| 1517 Non-current financial assets measured at fair value through other comprehensive income (Note 6(2) and (17)) | 54,229              | 3          | 58,420           | 3          | 2570 | Deferred tax liabilities (Note 6(11))                             | 62,679              | 3          | 62,679           | 3          |
|  |                     |            |                  |            | 2600 | Other non-current liabilities (Note 7)                            | <u>7,376</u>        | -          | <u>7,031</u>     | -          |
| 1600 Property, plant, and equipment (Note 6(5) and 8)  | 497,837             | 23         | 514,703          | 25         |      |   | <u>77,332</u>       | <u>3</u>   | <u>77,127</u>    | <u>3</u>   |
| 1755 Right-of-use assets (Note 6(6), 7, and 8)   | 15,603              | 1          | 13,071           | 1          |      | <b>Total liabilities</b>  | <u>304,979</u>      | <u>13</u>  | <u>349,894</u>   | <u>17</u>  |
| 1760 Net investment properties (Note 6(7), 7, and 8)   | 975,678             | 45         | 984,046          | 46         |      |   |                     |            |                  |            |
|  |                     |            |                  |            |      | <b>Equity attributable to owners of the parent (Note 6(12)) :</b> |                     |            |                  |            |
| 1840 Deferred tax assets (Note 6(XI))  | 1,321               | -          | -                | -          | 3110 | Share capital - common stock                                      | 1,663,029           | 78         | 1,663,029        | 77         |
| 1990 Other non-current assets - Other (Note 6(3))  | <u>7,170</u>        | -          | <u>10,631</u>    | -          | 3200 | Capital surplus   | 9                   | -          | 9                | -          |
|  | <u>1,551,838</u>    | <u>72</u>  | <u>1,580,871</u> | <u>75</u>  | 3310 | Legal reserve   | 34,364              | 2          | 25,812           | 1          |
|  |                     |            |                  |            | 3320 | Special surplus reserve   | 34,924              | 2          | 58,466           | 3          |
|  |                     |            |                  |            | 3351 | Retained earnings   | 176,788             | 8          | 85,554           | 4          |
|  |                     |            |                  |            | 3400 | Other equity  | <u>(60,074)</u>     | <u>(3)</u> | <u>(34,924)</u>  | <u>(2)</u> |
|  |                     |            |                  |            |      | <b>Total equity</b>   | <u>1,849,040</u>    | <u>87</u>  | <u>1,797,946</u> | <u>83</u>  |
| <b>Total assets</b>  | <u>\$ 2,154,019</u> | <u>100</u> | <u>2,147,840</u> | <u>100</u> |      | <b>Total liabilities and equity</b>                               | <u>\$ 2,154,019</u> | <u>100</u> | <u>2,147,840</u> | <u>100</u> |

(Please refer to notes of the consolidated  
financial reports attached)

Rectron Ltd. and its subsidiaries  
Consolidated Statements of Consolidated Profit or Loss  
For the years 2022 and January 1 to December 31, 2021

Unit: NTD 1,000

|      |   | Year 2022  |      | Year 2021 |      |
|------|---|------------|------|-----------|------|
|      |   | Amount     | %    | Amount    | %    |
| 4000 | Operating revenue (Notes 6 (14) and 7)  | \$ 877,633 | 100  | 745,850   | 100  |
| 5000 | Operating costs (Note 6(4) and (10))  | 533,784    | 61   | 494,220   | 66   |
|      | Operating gross profit  | 343,849    | 39   | 251,630   | 34   |
|      | Operating expenses (Notes 6 (3), (10), (15) and 12):  |            |      |           |      |
| 6100 | Selling expenses  | 42,625     | 5    | 27,712    | 4    |
| 6200 | Management expense  | 119,962    | 14   | 130,870   | 18   |
| 6300 | Research and development expenses.  | 10,522     | 1    | 11,175    | 1    |
|      |   | 173,109    | 20   | 169,757   | 23   |
|      | Operating net profit  | 170,740    | 19   | 81,873    | 11   |
|      | Non-operating revenue and expenditure (Notes 6 (16) and 7):   |            |      |           |      |
| 7010 | Other revenue   | 2,208      | -    | 3,582     | -    |
| 7020 | Other Profits and Losses  | 32,834     | 4    | 6,883     | 1    |
| 7050 | Financial costs   | (1,137)    | -    | (1,709)   | -    |
|      | Non-operating revenue and expenditure (Notes 6 (16) and 7):   | 33,905     | 4    | 8,756     | 1    |
|      | Profit before tax   | 204,645    | 23   | 90,629    | 12   |
| 7950 | Less: Income tax expense (Note 6 (11))  | 28,545     | 3    | 5,657     | 1    |
|      | Net profit for the period   | 176,100    | 20   | 84,972    | 11   |
| 8300 | Other Consolidated Profit or Loss:  |            |      |           |      |
| 8310 | Items Not to Be Reclassified Into Profit or Loss  |            |      |           |      |
| 8311 | Defined benefit plan - remeasurement amount   | 144        | -    | 118       | -    |
| 8316 | Investments in equity instruments measured at fair value through other comprehensive income in the financial statements. is not Unrealized gains or losses on equity instruments measured at fair value through other comprehensive income. | 440        | -    | 1,727     | -    |
| 8349 | Less: Income tax related to items that are not reclassified   | -          | -    | -         | -    |
|      | Total of Non-recurring items recognized directly in equity  | 584        | -    | 1,845     | -    |
| 8360 | Items may be subsequently reclassified to profit/loss   |            |      |           |      |
| 8361 | Exchange differences on translation of foreign financial statements   | (14,105)   | (2)  | 24,991    | 3    |
| 8367 | Debt instruments measured at fair value through other comprehensive income in the financial statements. is not Unrealized gains or losses on equity instruments measured at fair value through other comprehensive income.                  | (11,485)   | (1)  | (2,748)   | -    |
| 8399 | Less: Income tax related to items that may be reclassified  | -          | -    | -         | -    |
|      | Total of Items may be subsequently reclassified to profit/loss  | (25,590)   | (3)  | 22,243    | 3    |
| 8300 | Current Other Comprehensive Income  | (25,006)   | (3)  | 24,088    | 3    |
| 8500 | Total comprehensive income for the period   | \$ 151,094 | 17   | 109,060   | 14   |
|      | Net profit for the period attributable to:  |            |      |           |      |
| 8610 | Owners of the parent company  | \$ 176,100 | 20   | 84,972    | 11   |
|      | Total comprehensive income attributable to:   |            |      |           |      |
| 8710 | Owners of the parent company  | \$ 151,094 | 17   | 109,060   | 14   |
|      | Earnings per share (NTD) (Note 6(13))   |            |      |           |      |
| 9750 | Basic earnings per share  | \$ 1.06    | 1.06 | 0.51      | 0.51 |
| 9810 | Diluted earnings per share  | \$ 1.06    | 1.06 | 0.51      | 0.51 |

(Please refer to notes of the consolidated financial reports attached)

Consolidated Statement of Changes in Equity for  
Rectron LTD.and its subsidiaries  
For the years 2022 and January 1 to December 31, 2021

Unit: NTD 1,000

|  | Equity Attributable to Owners of the Parent |                 |                   |                    |                           |  |   |                 | Total equity     |       |
|--|---|-----------------|-------------------|--------------------|---------------------------|--|---|-----------------|------------------|-------|
|  | Share capital<br>Common<br>share<br>capital | Capital surplus | Retained earnings |                    |                           | Translation<br>adjustments<br>of foreign<br>operations | Other equity items<br>Unrealized gains (losses)<br>on financial assets<br>measured at fair<br>value through<br>other<br>comprehensive<br>income |                 |                  | Total |
|  |   |                 | Legal<br>reserve  | Special<br>reserve | Undistributed<br>earnings |  | income  | Total           |                  |       |
| <b>Balance as of January 1, 2021</b>   | \$ 1,663,029                                | 9               | 16,089            | 20,997             | 97,228                    | (66,039)   | 7,573   | (58,466)        | 1,738,886        |       |
| Net profit for the period  | -   | -               | -                 | -                  | 84,972                    | -  | -   | -               | 84,972           |       |
| Current Other Comprehensive Income   | -   | -               | -                 | -                  | 118                       | 24,991   | (1,021)   | 23,970          | 24,088           |       |
| Total comprehensive income for the period  | -   | -               | -                 | -                  | 85,090                    | 24,991   | (1,021)   | 23,970          | 109,060          |       |
| Appropriation and Distribution of Earnings:  |   |                 |                   |                    |                           |  |   |                 |                  |       |
| Appropriation to legal reserve   | -   | -               | 9,723             | -                  | (9,723)                   | -  | -   | -               | -                |       |
| Appropriation to special earnings reserve  | -   | -               | -                 | 37,469             | (37,469)                  | -  | -   | -               | -                |       |
| Cash dividend for common stock   | -   | -               | -                 | -                  | (50,000)                  | -  | -   | -               | (50,000)         |       |
| Equity Instruments measured at Fair Value through Other Comprehensive Income (OCI) upon disposal | -   | -               | -                 | -                  | 428                       | -  | (428)   | (428)           | -                |       |
| <b>Balance as of December 31, 2021</b>   | 1,663,029                                   | 9               | 25,812            | 58,466             | 85,554                    | (41,048)   | 6,124   | (34,924)        | 1,797,946        |       |
| Net profit for the period  | -   | -               | -                 | -                  | 176,100                   | -  | -   | -               | 176,100          |       |
| Other comprehensive income for the period  | -   | -               | -                 | -                  | 144                       | (14,105)   | (11,045)  | (25,150)        | (25,006)         |       |
| Total comprehensive income for the period  | -   | -               | -                 | -                  | 176,244                   | (14,105)   | (11,045)  | (25,150)        | 151,094          |       |
| Appropriation and Distribution of Earnings:  |   |                 |                   |                    |                           |  |   |                 |                  |       |
| Appropriation to legal reserve   | -   | -               | 8,552             | -                  | (8,552)                   | -  | -   | -               | -                |       |
| Reversal of special reserve  | -   | -               | -                 | (23,542)           | 23,542                    | -  | -   | -               | -                |       |
| Cash dividends on ordinary shares  | -   | -               | -                 | -                  | (100,000)                 | -  | -   | -               | (100,000)        |       |
| <b>As of December 31, 2022 balance.</b>  | <b>\$ 1,663,029</b>                         | <b>9</b>        | <b>34,364</b>     | <b>34,924</b>      | <b>176,788</b>            | <b>(55,153)</b>  | <b>(4,921)</b>  | <b>(60,074)</b> | <b>1,849,040</b> |       |

(Please refer to notes of the consolidated financial reports attached)

Rectron Ltd. and its subsidiaries  
Consolidated Statement of Cash Flows

For the years 2022 and January 1 to December 31, 2021

Unit: NTD 1,000

| Cash Flow from Operating Activities:  | Year 2022       | Year 2021              |
|---|-----------------|------------------------|
| <b>Net profit before tax for the period</b>                                     | \$ 204,645      | 90,629                 |
| <b>Adjustments:</b>   |                 |                        |
| Revenue, expense, and loss items  |                 |                        |
| Depreciation expenses   | 53,040          | 53,590                 |
| Amortization expense  | 4,749           | 4,145                  |
| Expected Credit Impairment Reversal Profits                                     | <b>(2,165)</b>  | <b>(2,151)</b>         |
| Interest expense  | 1,137           | 1,709                  |
| Interest income   | <b>(1,698)</b>  | <b>(3,282)</b>         |
| Dividend income   | <b>(510)</b>    | <b>(300)</b>           |
| Disposition loss of real estate, plant and equipment                            | 173             | -                      |
| Reclassification of property, plant, and equipment to expenses                  | -               | 1,321                  |
| Impairment loss on financial assets   | 5,508           | -                      |
| Foreign exchange (gain) loss on financial assets                                | <b>(2,462)</b>  | 330                    |
| Total income (expense) items  | <u>57,772</u>   | <u>55,362</u>          |
| Changes in assets/liabilities related to operating activities                   |                 |                        |
| Net changes in assets related to operating activities :                         |                 |                        |
| Notes receivable  | 423             | 2,409                  |
| Accounts receivable   | 25,233          | <b>(41,011)</b>        |
| Other receivables   | 5,761           | <b>(1,172)</b>         |
| Inventory   | 34,739          | <b>(47,812)</b>        |
| Prepayments   | <b>(16,321)</b> | 3,306                  |
| Other Current Assets  | <u>1,421</u>    | <u>1,011</u>           |
| And Total Net Changes in Assets Related to Operating Activities                 | <u>51,256</u>   | <u><b>(83,269)</b></u> |
| Net changes in liabilities related to operating activities:                     |                 |                        |
| Current Contract Liabilities  | <b>(56)</b>     | 644                    |
| Accounts payable  | 18,244          | <b>(11,841)</b>        |
| Other accounts receivable   | 2,732           | 1,498                  |
| Other current liabilities   | 165             | <b>(326)</b>           |
| Net defined benefit liabilities   | <b>(1,930)</b>  | <b>(930)</b>           |
| And Total Net Changes in Liabilities Related to Operating Activities            | <u>19,155</u>   | <u><b>(10,955)</b></u> |
| And Total Net Changes in Assets and Liabilities Related to Operating Activities | <u>70,411</u>   | <u><b>(94,224)</b></u> |
| Total Adjusted Items  | <u>128,183</u>  | <u><b>(38,862)</b></u> |
| Cash inflow generated from operations   | 332,828         | 51,767                 |
| Interests received  | 1,537           | 3,282                  |
| Dividends received  | 219             | 300                    |
| Interests paid  | <b>(1,182)</b>  | <b>(1,722)</b>         |
| Income taxes paid   | <b>(4,446)</b>  | <b>(9,193)</b>         |
| <b>Net cash inflow from operating activities</b>                                | <u>328,956</u>  | <u>44,434</u>          |

Rectron Ltd. and its subsidiaries  
**Consolidated Statement of Cash Flows**  
(Continued)

Unit: NTD 1,000

|   | Year 2022         | Year 2021       |
|---|-------------------|-----------------|
| <b>Cash Flow from Investment Activities:</b>  |                   |                 |
| Acquisition of financial assets at fair value through other comprehensive income                  | (3,260)           | (26,123)        |
| Financial assets measured at fair value through other comprehensive income (FVOCI) upon disposal. | -                 | 4,085           |
| Financial assets measured at FVPL upon acquisition  | (64,690)          | (691)           |
| Disposal of financial assets measured at FVPL.  | 34,216            | -               |
| Acquisition of property, plants, and equipment  | (32,474)          | (61,790)        |
| Disposal of property, plants, and equipment   | 1,072             | 2,712           |
| Increase in other non-current assets  | (1,287)           | (109)           |
| Dividends received  | 291               | -               |
| <b>Net cash outflows from investment activities</b>   | <b>(66,132)</b>   | <b>(81,916)</b> |
| Cash flows from financing activities:   | 65,000            | 20,000          |
| Increase in short-term borrowings.  |                   |                 |
| Decrease in short-term borrowings.  | (152,000)         | (60,000)        |
| Increase in deposits as collateral.   | 345               | -               |
| Decrease in deposits as collateral.   | -                 | (1,351)         |
| Principal repayment of leases   | (2,701)           | (3,174)         |
| Cash dividends paid   | (100,000)         | (50,000)        |
| <b>Net cash outflow from financing activities</b>   | <b>(189,356)</b>  | <b>(94,525)</b> |
| Effect of exchange rate changes on cash and cash equivalents                                      | (14,970)          | 22,805          |
| <b>Net increase (decrease) in cash and cash equivalents for the current period.</b>               | 58,498            | (109,202)       |
| Beginning balance of cash and cash equivalents.   | 187,464           | 296,666         |
| Ending balance of cash and cash equivalents for the period.                                       | <b>\$ 245,962</b> | <b>187,464</b>  |

(Please refer to notes of the consolidated financial reports attached)

## INDEPENDENT AUDITORS' REPORT

Rectron LTD. Board of Directors –

### Auditor's Opinion

The balance sheets of Rectron LTD.and its subsidiaries (Rectron Ltd.) as of December 31, 2022 and 2021, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the periods ended December 31, 2022 and 2021, along with the accompanying notes to the financial statements (including the summary of significant accounting policies), have been audited by our auditors.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis of Audit Opinion

We, as auditors, have conducted our audit work in accordance with the Regulations Governing the Audit Signatures of Certified Public Accountants and the Auditing Standards. Our CPA s responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the financial statements. The personnel of our accounting firm, who are subject to independence regulations, have maintained independence in accordance with the Code of Ethics for Professional Accountants and fulfilled other responsibilities prescribed by the regulations. They have maintained a professional and objective stance in relation to Rectron LTD.and its subsidiaries. We believe that we have obtained adequate and appropriate audit evidence to form the basis of our audit opinion.

### Key audit matters

The key audit matters refer to those matters that, in the auditor's professional judgment, are of most significance in the audit of the financial statements of Rectron Ltd. for the year ended 2022. Such items have been taken into consideration in the process of auditing the overall financial reports and forming audit opinions. The accountant does not express opinions on such items separately. Our CPA determined to address the following key auditing matters in the accountant' s report:

#### 1. Revenue Recognition

Please refer to Note 4 (13) of the financial statements for details on the accounting policy for revenue recognition. Additionally, refer to Note 6 (14) of the financial statements for a breakdown of revenue by customer contracts.

### Explanation of Key Audit Matters

The recognition of revenue is a critical area of focus in our audit of Rectron Ltd.'s financial statements for the year ended 2022. The company's primary source of revenue is derived from the manufacturing and sale of various rectifiers, semiconductor components, and medical devices. The risk lies in ensuring the accuracy and reliability of revenue recognition. The company's viability and ongoing operations depend on a consistent inflow of cash generated from revenue. Therefore, the company's business strategy and operational management are centered around revenue. Consequently, the testing of revenue recognition is a significant assessment area for our audit of Rectron Ltd.'s financial statements.

Corresponding audit program :

The main audit procedures performed by the auditor for the above-mentioned key audit matters include testing the controls and effectiveness of the sales and cash collection cycle, as well as sampling the accuracy of recognizing sales revenue around the balance sheet date, which involves verifying warehouse dispatch records and comparing contractual terms. The auditor also evaluates whether control over the goods has been transferred at the appropriate recognition point.

### 2. inventory valuation

Regarding inventory valuation, please refer to Note 4 (8) "Inventory" for the accounting policy. For the accounting estimates and assumptions related to inventory valuation and their uncertainties, please refer to Note 5 (2). Further explanation on the assessment of inventory valuation can be found in Note 6 (4) "Inventory" of the financial statements.

### Explanation of Key Audit Matters

The valuation of inventory for Rectron Ltd. is subject to the risk of cost exceeding its net realizable value due to fluctuations in international raw material prices and market supply and demand conditions, which may result in significant fluctuations in product selling prices and sales volumes. Therefore, the testing of inventory valuation is considered as one of the important assessment matters in the auditor's examination of Rectron Ltd.'s financial statements.

Corresponding audit program :

The main audit procedures performed by the auditor for the above-mentioned key audit matters include reviewing the inventory aging report, analyzing the changes in inventory aging over different periods, assessing the reasonableness of Rectron Ltd.'s accounting policies and their implementation, conducting trend analysis on the treatment of obsolete inventory, understanding the basis and methods of inventory valuation, and comparing relevant variances to identify any significant abnormalities.

### Other Matters

Inclusion of certain subsidiaries' financial statements in Rectron financial report that were audited by other auditors and not by the auditor. Therefore, with respect to the financial statements of those subsidiaries listed in the above-mentioned financial report, the amounts presented are based on the audit reports of other auditors. The total assets of those subsidiaries as of December 31, 2022, and December 31, 2021, accounted for 8% and 7% of the total assets, and the net sales for the period from January 1, 2022, to December 31, 2022, and January 1, 2021, to December 31, 2021, accounted for 34% and 33% of the total net sales.



## **Responsibility of the Management and the Governing Body for the Financial Reports**

The management is responsible for the preparation of the appropriate financial statements, which are in accordance with the Financial Reporting Standards for Issuers of Securities and approved and issued by the Financial Supervisory Commission, as well as the applicable International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretive Bulletins. They are also responsible for maintaining necessary internal controls related to the preparation of the financial statements to ensure that they are free from material misstatement caused by fraud or error.

In preparing the financial statements, the management's responsibility also includes assessing the ability of the Rectron Ltd. to continue as a going concern, making relevant disclosures, and adopting the going concern basis of accounting unless there are intentions to liquidate the Rectron Ltd. or cease its operations, or unless there are no other practical alternative courses of action other than liquidation or cessation.

The governance body of Rectron Ltd., including the Audit Committee, has the responsibility to oversee the financial reporting process.

## **Responsibility of the CPA to Audit Financial Reports**

The purpose of the accountant's audit of the financial reports is to obtain reasonable assurance of whether the financial reports as a whole are substantially misrepresented due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but audit procedures performed in accordance with auditing standards cannot guarantee that material misstatements due to fraud or error in the financial reports will be detected. Misstatements may arise from fraud or errors. A misrepresentation of an individual amount or sum of transfers is considered significant if it is reasonably expected to affect the economic decisions made by users of financial reports.

Our auditor exercised professional judgment and skepticism in accordance with the auditing standards.

We also performed the following tasks:

1. We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or errors, designed and performed audit procedures according to those risks, and obtained audit evidence that can sufficiently and appropriately form the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for the one resulting from error because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. The understanding of the internal controls relevant to the audit was obtained to design appropriate audit procedures based on the circumstances at that time. However, it should be noted that the objective was not to express an opinion on the effectiveness of the internal controls of Rectron Ltd..
3. We evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by management.
4. Based on the audit evidence obtained, a conclusion was reached regarding the appropriateness of management's use of the going concern basis of accounting and whether there were any significant uncertainties that may cast significant doubt on Rectron Ltd.'s ability to continue as a going concern. If the accountant considers that there is significant uncertainty in such events or circumstances, he/she shall, in the audit report, alert the users of the financial reports to the disclosure of the financial reports or amend the audit opinion if such disclosure is inappropriate. Our conclusions are based on the audit evidence obtained up to the date of this accountant's report. However, it should be noted that future events or circumstances could arise that may jeopardize Rectron Ltd.'s ability to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the financial statements (including related notes), and determine whether the financial statements appropriately represent the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Ltd. in order to express an opinion on the financial statements. The auditor is responsible for guiding, supervising, and executing the audit of the Ltd. engagement and forming an audit opinion on the Ltd.'s financial statements.

The auditor communicates with the governance body regarding matters such as the planned audit scope and timing, as well as significant audit findings (including significant deficiencies in internal controls identified during the audit process).

The auditor also provides the governance body with a statement that the personnel responsible for independence within the auditor's firm have complied with the independence requirements in the Code of Ethics for Professional Accountants, and communicates with the governance body on all relationships and other matters that could be considered to affect the auditor's independence (including relevant safeguards).

Based on communications with the governance unit, the auditor has determined the key audit matters for the audit of Rectron Ltd.'s financial statements for the year ended in the Republic of China 2022. We described these matters in the accountant's report, unless the laws and regulations prohibit such disclosure or under rare condition that we decide not to communicate a given matter because the negative impact from such communication may override its public benefits under reasonable assumption.

The engagement partners on the audit resulting in this independent auditors' report are Shih-Chin and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)

March 24, 2023

#### Notes to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

**Rectron LTD.**  
**Balance Sheets**  
**As of December 31, 2022 and 2021**

Unit: Thousands of New Taiwan Dollars

| Asset   | 2022.12.31          |            | 2021.12.31       |            |      | Liabilities and Equity  | 2022.12.31          |            | 2021.12.31       |            |
|---|---------------------|------------|------------------|------------|------|---|---------------------|------------|------------------|------------|
|   | Amount              | %          | Amount           | %          |      |   | Amount              | %          | Amount           | %          |
| <b>Current Asset:</b>   |                     |            |                  |            |      | <b>Current Liability:</b>   |                     |            |                  |            |
| 1100 Cash and cash equivalents (Note 6(1))  | \$ 88,578           | 4          | 42,133           | 2          | 2100 | Short-term borrowings (Note 6 (9) and 8)                          | \$ 30,000           | 1          | 117,000          | 7          |
| 1170 Accounts receivable, net (Note 6(3), (15))   | 108,281             | 5          | 96,114           | 5          | 2130 | Current portion of lease liabilities (Note 6 (15) and 7)          | 682                 | -          | -                | -          |
| 1180 Accounts receivable due from related parties, net (Note 6(15), and 7)                              | 14,358              | 1          | 28,445           | 1          | 2170 | Accounts payable  | 40,195              | 2          | 25,645           | 1          |
| 1200 Other receivables  | 1,867               | -          | 675              | -          | 2180 | Accounts payable due from related parties, net (Note 7)           | 49,863              | 2          | 2,241            | -          |
| 1210 Other receivables due from related parties, net (Note 7)   | 208                 | -          | 107,242          | 5          | 2200 | Other current liabilities (Note 6 (12) and 7)                     | 19,035              | 1          | 22,537           | 1          |
| 130X Inventory (Note 6(4))  | 40,806              | 2          | 48,134           | 2          | 2220 | Other current liabilities due from related parties, net (Note 7)  | 151                 | -          | 188              | -          |
| 1410 Prepayments(Note 7)  | 650                 | -          | 952              | -          | 2230 | Current income tax liabilities (Note 6 (12))                      | 20,076              | 1          | 3,115            | -          |
| 1479 Other current assets - Other   | 1,588               | -          | 2,780            | -          | 2280 | Current lease liabilities   | 214                 | -          | 586              | -          |
|   | <u>256,336</u>      | <u>28</u>  | <u>326,47</u>    | <u>25</u>  | 2300 | Other current liabilities (Note 7)                                | 1,266               | -          | 1,100            | -          |
| <b>Non-Current Asset:</b>   |                     |            |                  |            |      |   | <u>161,482</u>      | <u>7</u>   | <u>172,412</u>   | <u>9</u>   |
|   |                     |            |                  |            |      | <b>Non-current liabilities :</b>                                  |                     |            |                  |            |
|   |                     |            |                  |            | 2580 | Non-current lease liabilities                                     | -                   | -          | 215              | -          |
|   |                     |            |                  |            | 2640 | Net defined benefit liabilities - Non-current (Note 6(11))        | 3,509               | -          | 5,583            | -          |
|   |                     |            |                  |            |      |   |                     |            |                  |            |
|   |                     |            |                  |            |      |   |                     |            |                  |            |
| 1517 Non-current financial assets measured at fair value through other comprehensive income (Note 6(2)) | 54,229              | 3          | 58,420           | 3          | 2570 | Deferred tax liabilities (Note 6(12))                             | 62,679              | 3          | 62,679           | 3          |
|   |                     |            |                  |            | 2600 | Other non-current liabilities (Note 7)                            | 3,989               | -          | 3,726            | -          |
| 1550 Investments accounted for using equity method (note 6(5))  | 569,100             | 27         | 438,704          | 22         |      |   | <u>70,177</u>       | <u>3</u>   | <u>72,203</u>    | <u>3</u>   |
| 1600 Property, plant, and equipment (Note 6(6) , 7, 8and 9)   | 285,105             | 14         | 294,457          | 14         |      | <b>Total liabilities</b>  | <u>231,659</u>      | <u>10</u>  | <u>244,615</u>   | <u>12</u>  |
| 1755 Right-of-use assets (Note 6(7))  | 240                 | -          | 791              | -          |      |   |                     |            |                  |            |
| 1760 Net investment properties (Note 6(8), 7)   | 910,412             | 44         | 915,851          | 46         |      |   |                     |            |                  |            |
|   |                     |            |                  |            |      | <b>Equity attributable to owners of the parent (Note 6(13)) :</b> |                     |            |                  |            |
|   |                     |            |                  |            | 3110 | Share capital - common stock                                      | 1,663,029           | 81         | 1,663,029        | 82         |
| 1990 Other non-current assets - Other   | 5,277               | -          | 7,863            | -          | 3200 | Capital surplus   | 9                   | -          | 9                | -          |
|   | <u>1,824,363</u>    | <u>88</u>  | <u>1,716,086</u> | <u>85</u>  | 3310 | Legal reserve   | 34,364              | 2          | 25,812           | 1          |
|   |                     |            |                  |            | 3320 | Special surplus reserve   | 34,924              | 2          | 58,466           | 3          |
|   |                     |            |                  |            | 3351 | Retained earnings   | 176,788             | 8          | 85,554           | 4          |
|   |                     |            |                  |            | 3400 | Other equity  | (60,074)            | (3)        | (34,924)         | (2)        |
|   |                     |            |                  |            |      | <b>Total equity</b>   | <u>1,849,040</u>    | <u>90</u>  | <u>1,797,946</u> | <u>88</u>  |
| <b>Total assets</b>   | <u>\$ 2,080,699</u> | <u>100</u> | <u>2,042,561</u> | <u>100</u> |      | <b>Total liabilities and equity</b>                               | <u>\$ 2,080,699</u> | <u>100</u> | <u>2,042,561</u> | <u>100</u> |

(Please refer to notes of the financial reports attached)

Rectron Ltd. and its subsidiaries  
Statements of Profit or Loss  
For the years 2022 and January 1 to December 31, 2021

Unit: NTD 1,000

|      |   | Year 2022         |            | Year 2021      |           |
|------|---|-------------------|------------|----------------|-----------|
|      |   | Amount            | %          | Amount         | %         |
| 4000 | Operating revenue (Notes 6 (15) and 7)  | \$ 634,715        | 100        | 475,170        | 100       |
| 5000 | Operating costs (Note 6(4) and (11) and 7)  | <u>493,295</u>    | <u>78</u>  | <u>397,585</u> | <u>84</u> |
|      | <b>Operating gross profit</b>   | <u>141,420</u>    | <u>22</u>  | <u>77,585</u>  | <u>16</u> |
| 5910 | Less: Unrealized profit (loss)from sales (Note 7)   | (58)              | -          | (54)           | -         |
| 5920 | Add: Realized profit (loss)from sales (Note 7)  | <u>(54)</u>       | <u>-</u>   | <u>(1,935)</u> | <u>-</u>  |
|      |   | <u>141,424</u>    | <u>22</u>  | <u>75,704</u>  | <u>16</u> |
|      | <b>Operating expenses (Notes 6 (11), (16) and 7):</b>   |                   |            |                |           |
| 6100 | Selling expenses  | 10,871            | 2          | 10,087         | 2         |
| 6200 | Management expense  | 41,407            | 7          | 42,434         | 9         |
| 6300 | Research and development expenses.  | <u>1,229</u>      | <u>-</u>   | <u>2,503</u>   | <u>1</u>  |
|      |   | <u>53,507</u>     | <u>9</u>   | <u>55,024</u>  | <u>12</u> |
|      | <b>Operating net profit</b>   | <u>87,917</u>     | <u>13</u>  | <u>20,680</u>  | <u>4</u>  |
|      | <b>Non-operating revenue and expenditure (Notes 6 (17) and 7):</b>  |                   |            |                |           |
| 7010 | Other revenue   | 2,851             | -          | 3,176          | 1         |
| 7020 | Other Profits and Losses  | 28,289            | 4          | (2,978)        | (1)       |
| 7050 | Financial costs   | (1,115)           | -          | (1,674)        | -         |
| 7070 | Share of profit of associates accounted for using equity method   | <u>79,836</u>     | <u>13</u>  | <u>70,337</u>  | <u>15</u> |
|      |   | <u>109,861</u>    | <u>17</u>  | <u>68,861</u>  | <u>15</u> |
|      | <b>Profit before tax</b>  | 197,778           | 30         | 89,541         | 19        |
| 7950 | Less: Income tax expense (Note 6 (12))  | <u>21,678</u>     | <u>3</u>   | <u>4,569</u>   | <u>1</u>  |
|      | <b>Net profit for the period</b>  | <u>176,100</u>    | <u>27</u>  | <u>84,972</u>  | <u>18</u> |
| 8300 | <b>Other Profit or Loss:</b>  |                   |            |                |           |
| 8310 | <b>Items Not to Be Reclassified Into Profit or Loss</b>   |                   |            |                |           |
| 8311 | Defined benefit plan - remeasurement amount   | 144               | -          | 118            | -         |
| 8316 | Investments in equity instruments measured at fair value through other comprehensive income in the financial statements. is not Unrealized gains or losses on equity instruments measured at fair value through other comprehensive income. | 440               | -          | 1,727          | -         |
| 8349 | Less: Income tax related to items that are not reclassified   | <u>-</u>          | <u>-</u>   | <u>-</u>       | <u>-</u>  |
|      | <b>Total of Non-recurring items recognized directly in equity</b>   | <u>584</u>        | <u>-</u>   | <u>1,845</u>   | <u>-</u>  |
| 8360 | <b>Items may be subsequently reclassified to profit/loss</b>  |                   |            |                |           |
| 8361 | Exchange differences on translation of foreign financial statements   | (14,105)          | (2)        | 24,991         | 5         |
| 8367 | Debt instruments measured at fair value through other comprehensive income in the financial statements. is not Unrealized gains or losses on equity instruments measured at fair value through other comprehensive income.                  | (11,485)          | (2)        | (2,748)        | (1)       |
| 8399 | Less: Income tax related to items that may be reclassified  | <u>-</u>          | <u>-</u>   | <u>-</u>       | <u>-</u>  |
|      | <b>Total of Items may be subsequently reclassified to profit/loss</b>   | <u>(25,590)</u>   | <u>(4)</u> | <u>22,243</u>  | <u>4</u>  |
| 8300 | <b>Current Other Comprehensive Income</b>   | <u>(25,006)</u>   | <u>(4)</u> | <u>24,088</u>  | <u>4</u>  |
| 8500 | <b>Total comprehensive income for the period</b>  | <u>\$ 151,094</u> | <u>23</u>  | <u>109,060</u> | <u>22</u> |
|      | <b>Net profit for the period attributable to:</b>   |                   |            |                |           |
|      | <b>Earnings per share (NTD) (Note 6(14))</b>  |                   |            |                |           |
| 9750 | <b>Basic earnings per share</b>   | <u>\$ 1.06</u>    |            | <u>0.51</u>    |           |
| 9810 | <b>Diluted earnings per share</b>   | <u>\$ 1.06</u>    |            | <u>0.51</u>    |           |

(Please refer to notes of the financial reports attached)

Statement of Changes in Equity for  
Rectron LTD.and its subsidiaries  
For the years 2022 and January 1 to December 31, 2021

Unit: NTD 1,000

|  | Equity Attributable to Owners of the Parent |                 |                   |                    |                           |  |   |                 | Total equity     |       |
|--|---|-----------------|-------------------|--------------------|---------------------------|--|---|-----------------|------------------|-------|
|  | Share capital<br>Common<br>share<br>capital | Capital surplus | Retained earnings |                    |                           | Translation<br>adjustments<br>of foreign<br>operations | Other equity items<br>Unrealized gains (losses)<br>on financial assets<br>measured at fair<br>value through<br>other<br>comprehensive<br>income |                 |                  | Total |
|  |   |                 | Legal<br>reserve  | Special<br>reserve | Undistributed<br>earnings |  | income  | Total           |                  |       |
| <b>Balance as of January 1, 2021</b>   | \$ 1,663,029                                | 9               | 16,089            | 20,997             | 97,228                    | (66,039)   | 7,573   | (58,466)        | 1,738,886        |       |
| Net profit for the period  | -   | -               | -                 | -                  | 84,972                    | -  | -   | -               | 84,972           |       |
| Current Other Comprehensive Income   | -   | -               | -                 | -                  | 118                       | 24,991   | (1,021)   | 23,970          | 24,088           |       |
| Total comprehensive income for the period  | -   | -               | -                 | -                  | 85,090                    | 24,991   | (1,021)   | 23,970          | 109,060          |       |
| Appropriation and Distribution of Earnings:  |   |                 |                   |                    |                           |  |   |                 |                  |       |
| Appropriation to legal reserve   | -   | -               | 9,723             | -                  | (9,723)                   | -  | -   | -               | -                |       |
| Appropriation to special earnings reserve  | -   | -               | -                 | 37,469             | (37,469)                  | -  | -   | -               | -                |       |
| Cash dividend for common stock   | -   | -               | -                 | -                  | (50,000)                  | -  | -   | -               | (50,000)         |       |
| Equity Instruments measured at Fair Value<br>through Other Comprehensive Income (OCI)<br>upon disposal | -   | -               | -                 | -                  | 428                       | -  | (428)   | (428)           | -                |       |
| <b>Balance as of December 31, 2021</b>   | 1,663,029                                   | 9               | 25,812            | 58,466             | 85,554                    | (41,048)   | 6,124   | (34,924)        | 1,797,946        |       |
| Net profit for the period  | -   | -               | -                 | -                  | 176,100                   | -  | -   | -               | 176,100          |       |
| Other comprehensive income for the period  | -   | -               | -                 | -                  | 144                       | (14,105)   | (11,045)  | (25,150)        | (25,006)         |       |
| Total comprehensive income for the period  | -   | -               | -                 | -                  | 176,244                   | (14,105)   | (11,045)  | (25,150)        | 151,094          |       |
| Appropriation and Distribution of Earnings:  |   |                 |                   |                    |                           |  |   |                 |                  |       |
| Appropriation to legal reserve   | -   | -               | 8,552             | -                  | (8,552)                   | -  | -   | -               | -                |       |
| Reversal of special reserve  | -   | -               | -                 | (23,542)           | 23,542                    | -  | -   | -               | -                |       |
| Cash dividends on ordinary shares  | -   | -               | -                 | -                  | (100,000)                 | -  | -   | -               | (100,000)        |       |
| <b>As of December 31, 2022 balance.</b>  | <b>\$ 1,663,029</b>                         | <b>9</b>        | <b>34,364</b>     | <b>34,924</b>      | <b>176,788</b>            | <b>(55,153)</b>  | <b>(4,921)</b>  | <b>(60,074)</b> | <b>1,849,040</b> |       |

(Please refer to notes of the financial reports attached)

**Rectron Ltd. and its subsidiaries**  
**Statement of Cash Flows**

For the years 2022 and January 1 to December 31, 2021

Unit: NTD 1,000

**Cash Flow from Operating Activities:**

|   | <b>Year 2022</b>      | <b>Year 2021</b>       |
|---|-----------------------|------------------------|
| <b>Net profit before tax for the period</b>                                     | \$ 197,778            | 89,541                 |
| <b>Adjustments:</b>   |                       |                        |
| Revenue, expense, and loss items  |                       |                        |
| Depreciation expenses   | 19,584                | 22,182                 |
| Amortization expense  | 2,586                 | 1,709                  |
| Interest expense  | 1,115                 | 1,674                  |
| Interest income   | <b>(1,462)</b>        | <b>(1,214)</b>         |
| Dividend income   | <b>(291)</b>          | <b>(280)</b>           |
| Share of loss (profit) of associates accounted for using equity method          | <b>(79,836)</b>       | <b>(70,337)</b>        |
| Unrealized profit loss sales  | (58)                  | (54)                   |
| Realized profit loss from sales   | 54                    | 1,935                  |
| Foreign Exchange (Gain) Loss on Financial Assets                                | (2,462)               | 758                    |
| Disposition loss of real estate, plant and equipment                            | (3,998)               | -                      |
| Unrealized Gain on Disposal of Assets   | <b>15,339</b>         | -                      |
| Reclassification of Prepaid Equipment Payments to Expenses                      | <u>-</u>              | <u>1,321</u>           |
| Total income (expense) items  | <u>(49,429)</u>       | <u>(42,306)</u>        |
| Changes in assets/liabilities related to operating activities                   |                       |                        |
| Net changes in assets related to operating activities :                         |                       |                        |
| Notes receivable  | -                     | 64                     |
| Accounts receivable   | (12,167)              | <b>(11,882)</b>        |
| Accounts receivable due from related parties                                    | 14,0487               | <b>(19,331)</b>        |
| Other receivables   | (281)                 | <b>(40)</b>            |
| Other receivables due from related parties                                      | 78,730                | <b>(6,059)</b>         |
| Inventory   | 7,328                 | <b>(7,907)</b>         |
| Prepayments   | <b>320</b>            | 25,153                 |
| Other Current Assets  | <u>1,192</u>          | <u>6,795</u>           |
| And Total Net Changes in Assets Related to Operating Activities                 | <u>89,191</u>         | <u><b>(13,207)</b></u> |
| Net changes in liabilities related to operating activities:                     |                       |                        |
| Current Contract Liabilities  | <b>682</b>            | (50)                   |
| Accounts payable  | 14,550                | <b>(12,319)</b>        |
| Accounts payable due from related parties                                       | 47,622                | <b>2,241</b>           |
| Other accounts receivable   | (3,088)               | 2,097                  |
| Other accounts receivable due from related parties                              | (37)                  | -                      |
| Other current liabilities   | 166                   | <b>(140)</b>           |
| Net defined benefit liabilities   | <u><b>(1,930)</b></u> | <u><b>(930)</b></u>    |
| And Total Net Changes in Liabilities Related to Operating Activities            | <u>57,965</u>         | <u><b>(9,101)</b></u>  |
| And Total Net Changes in Assets and Liabilities Related to Operating Activities | <u>147,156</u>        | <u><b>(22,308)</b></u> |
| Total Adjusted Items  | <u>97,727</u>         | <u><b>(64,614)</b></u> |
| Cash inflow generated from operations   | 295,505               | 24,927                 |
| Interests received  | 169                   | 1,079                  |

Rectron Ltd. and its subsidiaries  
**Statement of Cash Flows (Continued)**  
For the years 2022 and January 1 to December

Unit: NTD 1,000

|  | <b>Year 2022</b>        | <b>Year 2021</b>     |
|--|-------------------------|----------------------|
| Interests paid   | (1,161)                 | (1,688)              |
| Income taxes paid  | <u>(4,717)</u>          | <u>(2,046)</u>       |
| <b>Net cash inflow from operating activities</b>                                 | <u>289,796</u>          | <u>22,272</u>        |
| <b>Cash Flow from Investment Activities:</b>                                     |                         |                      |
| Acquisition of financial assets at fair value through other comprehensive income | (3,260)                 | (22,466)             |
| Acquisition of Equity Method Investments   | (80,000)                | -                    |
| Acquisition of property, plants, and equipment                                   | (10,632)                | (8,762)              |
| Disposal of property, plants, and equipment                                      | 9,270                   | -                    |
| Other accounts receivable due from related parties                               | 28,304                  | (8,174)              |
| Increase in other non-current assets   | -                       | (203)                |
| Dividends received   | <u>291</u>              | <u>280</u>           |
| <b>Net cash outflows from investment activities</b>                              | <u>(56,027)</u>         | <u>(39,325)</u>      |
| <b>Cash flows from financing activities:</b>                                     |                         |                      |
| Increase in short-term borrowings.   | 65,000                  | 20,000               |
| Decrease in short-term borrowings.   | (152,000)               | (60,000)             |
| Increase (Decrease) in deposits as collateral.                                   | 263                     | <b>(1,388)</b>       |
| Other accounts payable due from related parties                                  | -                       | 76                   |
| Principal repayment of leases  | (587)                   | (1,213)              |
| Cash dividends paid  | <u>(100,000)</u>        | <u>(50,000)</u>      |
| <b>Net cash outflow from financing activities</b>                                | <u>(187,324)</u>        | <u>(92,525)</u>      |
| Net increase (decrease) in cash and cash equivalents for the current period.     | 46,445                  | (109,578)            |
| Beginning balance of cash and cash equivalents.                                  | <u>42,133</u>           | <u>151,711</u>       |
| Ending balance of cash and cash equivalents for the period.                      | <b>\$ <u>88,578</u></b> | <b><u>42,133</u></b> |

(Please refer to notes of the financial reports attached)

## Attachment 4

# Rectron Ltd.. Bylaws (pre-amendment)

## Chapter 1: General Provisions

Article 1: This company is organized in accordance with the provisions of the Company Law and is named "Rectron International Technology Co., Ltd."

Article 2: The business scope of the company includes the following :

- (1) CC01080 - Electronic Component Manufacturing.
- (2) F119010 - Wholesale of Electronic Materials.
- (3) F219010 - Retail of Electronic Materials.
- (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 Information Software.
- (11) F218010 - Retail of Information Software.
- (12) E605010 - Computer Equipment Installation.
- (13) E604010 - Machinery Installation.
- (14) CC01060 - Manufacture of Wired Communication Equipment.
- (15) F113020 - Wholesale of Electrical Appliances.
- (16) F213010 - Retail of Electrical Appliances.
- (17) F113070 - Wholesale of Telecommunication Equipment.
- (18) F213060 - Retail of Telecommunication Equipment.
- (19) H701010 - Residential and Building Development and Leasing.
- (20) H701020 - Industrial Plant Development and Leasing.
- (21) H701040 - Development of Specific Professional Zones.



- (22) H701050 - Investment in the Construction of Public Infrastructure.
- (23) I102010 - Investment Advisory Services.
- (24) I103060 - Management Consulting Services.
- (25) CB01030 - Pollution Prevention Equipment Manufacturing.
- (26) F113100 - Wholesale of Pollution Prevention Equipment.
- (27) F213100 - Retail of Pollution Prevention Equipment.
- (28) J101030 - Waste Removal Services.
- (29) J101040 - Waste Treatment Services.
- (30) J101060 - Waste (Wastewater) Treatment Services.
- (31) J101090 - Waste Cleanup Services.
- (32) CD01030 - Automobile and its Parts Manufacturing.
- (33) F114030 - Wholesale of Automobile and Motorcycle Parts.
- (34) F214030 - Retail of Automobile and Motorcycle Parts.
- (35) J901020 - General Hotel Services.
- (36) F501030 - Beverage Shop Services.
- (37) F501060 - Restaurant Services.
- (38) F104110 - Wholesale of Fabrics, Clothing, Shoes, Hats, Umbrellas, and Accessories.
- (39) F204110 - Retail of Fabrics, Clothing, Shoes, Hats, Umbrellas, and 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 Cultural and Educational Products, Musical Instruments,  
and Recreational Goods.
- (43) F209060 - Retail of Cultural and Educational Products, Musical Instruments, and  
Recreational Goods.
- (44) F111090 - Wholesale of Building Materials.
- (45) F211010 - Retail of Building Materials.
- (46) E801010 - Interior Decoration Services.
- (47) I503010 - Landscape and Interior Design Services.
- (48) CF01011 - Medical Equipment Manufacturing.

(49) F108031 - Wholesale of Medical Equipment.

(50) F208031 - Retail of Medical Equipment.

(51) ZZ99999 - In addition to permitted businesses, may engage in business activities not prohibited or restricted by laws and regulations.

Article 2.1: The company shall handle endorsements and guarantees to external parties in accordance with the "Implementation Rules for Endorsement Guarantees."

Article 2.2: The total amount of investments made by the company in subsidiary businesses shall not be subject to the restriction of exceeding 40% of the total paid-in capital as stipulated in Article 13 of the Company Act.

Article 3: The company is headquartered in Taipei City, and when necessary, the board of directors may decide to establish branch offices domestically or internationally.

Article 4: Deleted.

## **Chapter 2: Shares**

Article 5: The total capital of the company is set at NT\$4 billion, divided into 400 million shares, with a par value of NT\$10 per share, to be issued in installments as deemed necessary by the board of directors.

Article 6: The company's stock certificates shall be signed or sealed by directors representing the company, numbered, and issued after being verified by a bank authorized to certify the issuance of stock certificates according to the law. Registered shares issued by the company may be exempt from printing physical stock certificates or may be printed in batches for each issuance, provided that they are registered or held by a securities central depository institution.

Article 7: Shareholders shall provide the company with their true names and addresses and complete a seal registration card, which shall be submitted to the company or a designated stock transfer agent for record. The seal registered on the card shall serve as proof for receiving dividends, bonuses, or exercising shareholder rights in writing. In case of loss or damage of the seal, the procedures specified in the "Guidelines for Handling Shareholder Affairs of Publicly Issued Stock Companies" shall apply.

Article 8: The handling of stock affairs by the company shall comply with the relevant regulations of the competent authority.

### **Chapter 3: Shareholders' Meeting**

Article 9: Within 60 days before each regular shareholders' meeting, within 30 days before each extraordinary shareholders' meeting, and within 5 days prior to the record date for the distribution of dividends, bonus shares, or other benefits as determined by the company, share transfers shall be suspended.

Article 10: The shareholders' meeting of the company shall be divided into the following two types:

- (1) Regular shareholders' meeting: It shall be convened at least once a year within six months after the end of each fiscal year.
- (2) Extraordinary shareholders' meeting: It shall be convened by the board of directors when necessary.

Article 10-1: The shareholders' meeting of the company may be conducted via video conference or other methods announced by the Ministry of Economic Affairs.

Article 11: The notice for convening the regular shareholders' meeting shall be sent to all shareholders at least 30 days in advance, stating the meeting date, venue, and matters to be discussed. For holders of non-registered shares, it shall be announced at least 45 days in advance.

The notice for convening the extraordinary shareholders' meeting shall be sent to all shareholders at least 15 days in advance, stating the meeting date, venue, and matters to be discussed. For holders of non-registered shares, it shall be announced at least 30 days in advance.

Article 12: Shareholders who are unable to attend the shareholders' meeting in person may issue a proxy form issued by the company, stating the authorized scope and appointing a representative to attend on their behalf. The voting rights of the appointed representative shall be handled in accordance with the Company Act and relevant laws and regulations.

When the company holds a shareholders' meeting, it may adopt a written or

electronic method for exercising its voting rights, and the relevant procedures shall be handled in accordance with the Company Law and the regulations of the competent authority.

Article 13: The chairman of the shareholders' meeting shall be the chairman of the board of directors. In the absence of the chairman, a director designated by the chairman shall act as the proxy. If the chairman fails to designate a proxy, the directors shall elect one person as the proxy.

Article 14: Each shareholder of the company has one voting right per share, except as otherwise provided in Article 179 of the Company Act.

Article 15: Unless otherwise provided by the Company Act, the resolutions of the shareholders' meeting of the company shall require the attendance of more than half of the total number of issued shares represented by shareholders and the approval of more than half of the voting rights represented by the attending shareholders. °

## **Chapter 4: Board of Directors**

Article 16: The Board of Directors of the company shall consist of five to nine directors. The nomination of candidates shall be based on a candidate nomination system, and the directors shall be elected from the list of director candidates by the shareholders' meeting. The term of office is three years, and consecutive re-election is allowed. Among the aforementioned board seats, the number of independent directors shall not be less than three, and shall not be less than one-fifth of the total number of directors. The selection of independent directors shall be based on the candidate nomination system, and they shall be elected from the list of independent director candidates by the shareholders' meeting. The professional qualifications, shareholding, concurrent positions restrictions, nomination and election procedures, and other applicable matters concerning independent directors shall be handled in accordance with the relevant regulations of the securities regulatory authority. The election of independent directors and non-independent directors shall be conducted separately, and the number of elected directors shall be calculated accordingly.

Article 17: The total number of shares held by all directors of the company shall be handled in accordance with relevant laws and regulations.

Article 18: The company shall have one Chairman of the Board, who shall be elected by the directors. The Chairman of the Board serves as the Chairman of the shareholders' meeting and the Board of Directors internally, and represents the company externally. In the event that the Chairman of the Board is unable to perform their duties, one director shall be designated by the Chairman of the Board to act as their proxy. If no proxy is designated, one director shall be selected by the directors as the proxy.

Article 19: The Board of Directors shall be convened by the Chairman of the Board and chaired by the Chairman of the Board. In the absence of the Chairman of the Board, one director designated by the Chairman of the Board from among the directors shall act as the proxy. If no designation is made, one director shall be selected by the directors as the proxy. In the event that a director is unable to attend the Board of Directors meeting, the provisions of Article 205 of the Company Law regarding the proxy attendance of directors shall apply.

The convocation of the aforementioned Board of Directors meeting shall include stating the reasons and notifying each director in writing, by fax, or by electronic mail (e-mail) or other means at least seven days in advance. However, in case of an emergency, the meeting may be convened at any time. °

Article 20: The board of directors, unless otherwise specified by the Company Law, shall have a quorum of more than half of the directors present, and decisions shall be made with the consent of more than half of the directors present.

Article 21: The powers of the board of directors of the Company are as follows:

- (1) Approval of important regulations;
- (2) Approval of business plans;
- (3) Approval of budgets and final accounts;
- (4) Formulation of profit distribution plans;
- (5) Formulation of capital increase or decrease plans;
- (6) Approval of establishment, mortgage, and sale of real estate;
- (7) Appointment and dismissal of executives;
- (8) Approval of various important business and contract matters;
- (9) Approval of adjustments to the Company's internal organization, establishment,

- revocation, or changes to branch offices;
- (10) Other powers granted by the Company Law and the shareholders' meeting. ◦

Article 22: Deleted.

Article 23: The board of directors may resolve to purchase liability insurance for all directors.

## **Chapter 5: Audit Committee**

Article 24: The Company shall establish an audit committee in accordance with Article 14-4 of the Securities Exchange Act. The audit committee shall consist of all independent directors and shall be responsible for the supervisory duties prescribed by the Company Law, Securities Exchange Act, and other applicable laws and regulations.

Article 25: Deleted.

Article 26: Deleted.

## **Chapter 6: Managers**

Article 27: The Company may appoint managers in accordance with Article 29 of the Company Law. The appointment, dismissal, and remuneration of managers shall be handled in accordance with the relevant provisions. The Company shall have one CEO and several deputy CEOs.

Article 28: The CEO of the Company shall be responsible for handling all Company affairs under the direction of the Chairman of the Board. In the event that the CEO is on leave or unable to perform their duties, the Chairman of the Board shall designate one of the deputy CEOs to act on their behalf.

Article 29: Managers shall carry out all Company business as directed by the Board of Directors in accordance with the Articles of Incorporation and shall have the authority to sign on behalf of the Company in relation to such business. They shall also have the authority to appoint or dismiss personnel not covered by the provisions of Article 27 of this chapter. ◦

## **Chapter 7: Accounting**

Article 30: At the end of each fiscal year, the board of directors shall prepare the following documents and submit them to the regular shareholders' meeting for approval:

- (1) Operating report.
- (2) Financial statements.
- (3) Proposal for profit distribution or deficit offsetting.

Article 31: If the Company has made profits in the fiscal year, an allocation of not less than one percent shall be set aside as employee compensation and not more than two percent as director and supervisor remuneration. However, if the Company has accumulated losses, an amount shall be reserved in advance for offsetting the losses, and employee compensation and director and supervisor remuneration shall be allocated based on the aforementioned proportions.

The distribution of employee compensation and director and supervisor remuneration shall be approved by a resolution of the board of directors with the presence of at least two-thirds of the directors and the consent of more than half of the directors present, and shall be reported to the shareholders' meeting. The distribution of employee compensation may be made in the form of stocks or cash and may include subsidiary company employees who meet certain conditions. The specific recipients and allocation ratios shall be determined by the board of directors.

Article 31-1: In the annual financial statements of the Company, after paying taxes and donations in accordance with the law and offsetting accumulated losses, an additional 10 percent shall be allocated to the statutory surplus reserve. However, if the statutory surplus reserve has reached the amount of the Company's paid-in capital, it may no longer be allocated. The remaining amount shall be allocated or reversed to the special surplus reserve in accordance with laws and regulations. If there are still retained earnings along with undistributed earnings from previous periods, they shall be considered distributable earnings. The Board of Directors shall propose a distribution plan for the retained earnings to be distributed as dividends to shareholders, which shall be submitted to the shareholders' meeting for approval. The Company may, based on financial, operational, and business factors, distribute dividends to shareholders that are not less than 10 percent of the distributable earnings for the year. However, if the accumulated distributable earnings are less than 3 percent of the paid-in capital, no distribution shall be made. The distribution

of dividends may be made in the form of cash dividends or stock dividends, with priority given to cash dividends for the distribution of retained earnings. The ratio of cash dividends shall not be lower than 10 percent of the total dividend amount. The distribution of dividends mentioned above, when made in the form of cash, shall be authorized by a resolution of the Board of Directors with the approval of at least two-thirds of the directors present, with a majority of the attending directors. The Board of Directors shall also report to the shareholders' meeting.

Article 32: The remuneration of directors shall be determined by the Board of Directors based on their level of participation and contribution to the Company's operations, in accordance with the usual industry standards.

## **Chapter 8: Supplementary Provisions**

Article 33: The organizational regulations of the Board of Directors, the headquarters, and branch offices of the Company shall be established by the Board of Directors.

Article 34: Matters not covered in this Articles of Incorporation shall be handled in accordance with the provisions of the Company Law.

Article 35: These Articles of Incorporation shall become effective upon approval by the shareholders' meeting, and any amendments shall also be subject to the same process.

Article 36: These Articles of Incorporation were established on January 19, 1976 ,

First Amendment: March 1, 1977.

Second Amendment: May 20, 1977.

Third Amendment: November 21, 1977.

Fourth Amendment: July 29, 1979.

Fifth Amendment: March 21, 1981.

Sixth Amendment: April 30, 1982.

Seventh Amendment: March 28, 1983.

Eighth Amendment: September 30, 1983.

Ninth Amendment: April 5, 1984.

Tenth Amendment: April 20, 1987.

Eleventh Amendment: April 29, 1988.

Twelfth Amendment: April 29, 1989.

Thirteenth Amendment: May 19, 1990.



Fourteenth Amendment: June 11, 1991.  
Fifteenth Amendment: June 18, 1992.  
Sixteenth Amendment: June 22, 1993.  
Seventeenth Amendment: September 16, 1994.  
Eighteenth Amendment: June 3, 1995.  
Nineteenth Amendment: February 17, 1996.  
Twentieth Amendment: October 16, 1996.  
Twenty-first Amendment: September 26, 1997.  
Twenty-second Amendment: June 3, 1998.  
Twenty-third Amendment: March 30, 1999.  
Twenty-fourth Amendment: June 29, 2000.  
Twenty-fifth Amendment: June 29, 2001.  
Twenty-sixth Amendment: June 27, 2002.  
Twenty-seventh Amendment: June 27, 2003.  
Twenty-eighth Amendment: June 25, 2004.  
Twenty-ninth Amendment: June 30, 2005.  
Thirtieth Amendment: June 30, 2006.  
Thirty-first Amendment: June 22, 2007.  
Thirty-second Amendment: June 19, 2009.  
Thirty-third Amendment: June 25, 2010.  
Thirty-fourth Amendment: June 28, 2015.  
Thirty-fifth Amendment: June 26, 2015.  
Thirty-sixth Amendment: June 28, 2016.  
Thirty-seventh Amendment: June 28, 2017.  
Thirty-eighth Amendment: June 21, 2019.  
Thirty-ninth Amendment: June 23, 2020.  
Fortieth Amendment: August 30, 2021.  
Forty-first Amendment: June 23, 2022.

**Rectron Ltd.**

**Chairman: LIN I-CHIN**

**Attachment 5**

**Rectron Ltd.**  
**Comparison Table of Amendments to the " Company Bylaws "**

| Article   | Original Text   | Revised Text  | Reasons for Revision and Basis                        |
|-----------|---|---|---|
| Article 2 | <p>The business scope of our company is as follows:</p> <p>(1) CC01080 Electronic Component Manufacturing Industry.</p> <p>(2) F119010 Electronic Material Wholesale Industry.</p> <p>(3) F219010 Electronic Material Retail Industry.</p> <p>(4) F113030 Precision Instrument Wholesale Industry.</p> <p>(5) F213040 Precision Instrument Retail Industry.</p> <p>(6) F401010 International Trade Industry.</p> <p>(7) I301010 Information Software Services Industry.</p> <p>(8) I301020 Data Processing Services Industry.</p> <p>(9) I301030 Electronic Information Supply Services Industry.</p> <p>(10) F118010 Information Software Wholesale Industry.</p> <p>(11) F218010 Information Software Retail Industry.</p> <p>(12) E605010 Computer Equipment Installation Industry.</p> <p>(13) E604010 Mechanical Installation Industry.</p> <p>(14) CC01060 Wired Communication Equipment Manufacturing Industry.</p> <p>(15) F113020 Electrical Appliance Wholesale Industry.</p> <p>(16) F213010 Electrical Appliance Retail Industry.</p> <p>(17) F113070 Telecommunication Equipment Wholesale Industry.</p> <p>(18) F213060 Telecommunication Equipment Retail Industry.</p> <p>(19) H701010 Residential and Building Development and Leasing Industry.</p> <p>(20) H701020 Industrial Plant Development and Leasing Industry.</p> <p>(21) H701040 Specific Professional Zone Development Industry.</p> <p>(22) H701050 Investment and Construction of Public Infrastructure Industry.</p> <p>(23) I102010 Investment Consulting Industry.</p> <p>(24) I103060 Management Consulting Industry.</p> <p>(25) CB01030 Pollution Prevention Equipment Manufacturing Industry.</p> | <p>The business scope of our company is as follows:</p> <p>(1) CC01080 Electronic Component Manufacturing Industry.</p> <p>(2) F119010 Electronic Material Wholesale Industry.</p> <p>(3) F219010 Electronic Material Retail Industry.</p> <p>(4) F113030 Precision Instrument Wholesale Industry.</p> <p>(5) F213040 Precision Instrument Retail Industry.</p> <p>(6) F401010 International Trade Industry.</p> <p>(7) I301010 Information Software Services Industry.</p> <p>(8) I301020 Data Processing Services Industry.</p> <p>(9) I301030 Electronic Information Supply Services Industry.</p> <p>(10) F118010 Information Software Wholesale Industry.</p> <p>(11) F218010 Information Software Retail Industry.</p> <p>(12) E605010 Computer Equipment Installation Industry.</p> <p>(13) E604010 Mechanical Installation Industry.</p> <p>(14) CC01060 Wired Communication Equipment Manufacturing Industry.</p> <p>(15) F113020 Electrical Appliance Wholesale Industry.</p> <p>(16) F213010 Electrical Appliance Retail Industry.</p> <p>(17) F113070 Telecommunication Equipment Wholesale Industry.</p> <p>(18) F213060 Telecommunication Equipment Retail Industry.</p> <p>(19) H701010 Residential and Building Development and Leasing Industry.</p> <p>(20) H701020 Industrial Plant Development and Leasing Industry.</p> <p>(21) H701040 Specific Professional Zone Development Industry.</p> <p>(22) H701050 Investment and Construction of Public Infrastructure Industry.</p> <p>(23) I102010 Investment Consulting Industry.</p> <p>(24) I103060 Management Consulting Industry.</p> <p>(25) CB01030 Pollution Prevention Equipment Manufacturing Industry.</p> | <p>To align with the needs of company operations.</p> |

| Article    | Original Text  | Revised Text  | Reasons for Revision and Basis                 |
|------------|--|---|--|
|            | <p>(26) F113100 Pollution Prevention Equipment Wholesale Industry.<br/> (27) F213100 Pollution Prevention Equipment Retail Industry.<br/> (28) J101030 Waste Disposal Industry.<br/> (29) J101040 Waste Treatment Industry.<br/> (30) J101060 Wastewater (Sewage) Treatment Industry.<br/> (31) J101090 Waste Cleanup Industry.<br/> (32) CD01030 Automobile and Its Components Manufacturing Industry.<br/> (33) F114030 Automobile and Motorcycle Parts Distribution Wholesale Industry.<br/> (34) F214030 Automobile and Motorcycle Parts Distribution Retail Industry.<br/> (35) J901020 General Hotel Industry.<br/> (36) F501030 Beverage Shop Industry.<br/> (37) F501060 Restaurant Industry.<br/> (38) F104110 Fabric, Clothing, Shoes, Hats, Umbrellas, and Accessories Wholesale Industry.<br/> (39) F204110 Fabric, Clothing, Shoes, Hats, Umbrellas, and Accessories Retail Industry.<br/> (40) F105050 Furniture, Bedding, Kitchenware, and Interior Furnishing Wholesale Industry.<br/> (41) F205040 Furniture, Bedding, Kitchenware, and Interior Furnishing Retail Industry.<br/> (42) F109070 Stationery, Musical Instruments, and Sporting Goods Wholesale Industry.<br/> (43) F209060 Stationery, Musical Instruments, and Sporting Goods Retail Industry.<br/> (44) F111090 Building Materials Wholesale Industry.<br/> (45) F211010 Building Materials Retail Industry.<br/> (46) E801010 Interior Decoration Industry.<br/> (47) I503010 Landscape and Interior Design Industry.<br/> (48) CF01011 Medical Equipment Manufacturing Industry.<br/> (49) F108031 Medical Equipment Wholesale Industry.<br/> (50) F208031 Medical Equipment Retail Industry.<br/> (51) ZZ99999 In addition to licensed businesses, the company may engage in businesses not prohibited or restricted by law.</p> | <p>(26) F113100 Pollution Prevention Equipment Wholesale Industry.<br/> (27) F213100 Pollution Prevention Equipment Retail Industry.<br/> (28) J101030 Waste Disposal Industry.<br/> (29) J101040 Waste Treatment Industry.<br/> (30) J101060 Wastewater (Sewage) Treatment Industry.<br/> (31) J101090 Waste Cleanup Industry.<br/> (32) CD01030 Automobile and Its Components Manufacturing Industry.<br/> (33) F114030 Automobile and Motorcycle Parts Distribution Wholesale Industry.<br/> (34) F214030 Automobile and Motorcycle Parts Distribution Retail Industry.<br/> (35) J901020 General Hotel Industry.<br/> (36) F501030 Beverage Shop Industry.<br/> (37) F501060 Restaurant Industry.<br/> (38) F104110 Fabric, Clothing, Shoes, Hats, Umbrellas, and Accessories Wholesale Industry.<br/> (39) F204110 Fabric, Clothing, Shoes, Hats, Umbrellas, and Accessories Retail Industry.<br/> (40) F105050 Furniture, Bedding, Kitchenware, and Interior Furnishing Wholesale Industry.<br/> (41) F205040 Furniture, Bedding, Kitchenware, and Interior Furnishing Retail Industry.<br/> (42) F109070 Stationery, Musical Instruments, and Sporting Goods Wholesale Industry.<br/> (43) F209060 Stationery, Musical Instruments, and Sporting Goods Retail Industry.<br/> (44) F111090 Building Materials Wholesale Industry.<br/> (45) F211010 Building Materials Retail Industry.<br/> (46) E801010 Interior Decoration Industry.<br/> (47) I503010 Landscape and Interior Design Industry.<br/> (48) ZZ99999 In addition to licensed businesses, the company may engage in businesses not prohibited or restricted by law.</p> |  |
| Article 16 | The Board of Directors of the Company shall consist of five to nine directors, nominated by candidates   | The Board of Directors of the Company shall consist of five to twelve directors, and the nomination system for  | To align with the needs of company operations. |

| Article    | Original Text  | Revised Text  | Reasons for Revision and Basis   |
|------------|--|---|--|
|            | <p>under a nomination system, and elected by the shareholders' meeting. The term of office is three years, and consecutive re-election is allowed.</p> <p>Among the aforementioned director positions, the number of independent directors shall not be less than three, and not less than one-fifth of the total number of directors. The election of independent directors shall be conducted through a nomination system, and selected from the list of candidates nominated by the shareholders' meeting. The qualifications, shareholding requirements, concurrent positions restrictions, nomination and election procedures, and other matters to be complied with by independent directors shall be handled in accordance with relevant regulations of the securities regulatory authority.</p> <p>The election of independent directors shall be conducted together with non-independent directors, and the number of elected directors shall be calculated separately for each category.</p> | <p>candidates shall be adopted. The election of directors shall be conducted by the shareholders' meeting from the list of director candidates, and their term of office shall be three years with the possibility of consecutive re-election.</p> <p>Among the aforementioned director positions, the number of independent directors shall not be less than three, and it shall not be less than one-fifth of the total number of directors. The selection of independent directors shall follow the nomination system for candidates, and they shall be elected by the shareholders' meeting from the list of independent director candidates. The qualifications, shareholding requirements, restrictions on concurrent positions, nomination and election procedures, and other matters to be complied with by independent directors shall be handled in accordance with relevant regulations of the securities regulatory authority.</p> <p>The election of independent directors and non-independent directors shall be conducted together, and the number of elected positions shall be counted separately.</p> |  |
| Article 18 | <p>The Company shall have one Chairman of the Board, who shall be elected by the directors. The Chairman of the Board serves as the President of the shareholders' meeting and the Board of Directors, and represents the company externally. In the event that the Chairman of the Board is unable to perform their duties due to reasons, one director shall be designated by the Chairman to act as a proxy. If no proxy is designated, one director shall be mutually elected by the directors to act as a proxy.</p>  | <p>The Company shall have one Chairman of the Board, who shall be elected by the directors, and may also elect one Vice Chairman of the Board in the same manner. The Chairman of the Board serves as the President of the shareholders' meeting and the Board of Directors, and represents the company externally. In the event that the Chairman of the Board takes leave or is unable to perform their duties due to reasons, the Vice Chairman of the Board shall act as a proxy. If there is no Vice Chairman or the Vice Chairman is also on leave or unable to perform their duties, one director shall be designated by the Chairman to act as a proxy. If the Chairman of the Board does not designate a proxy, one director shall be mutually elected by the directors to act as a proxy.</p>   | <p>To align with the needs of company operations.</p>                      |
| Article 36 | <p>This Articles of Incorporation was established on January 19, 1976, First amendment: March 1, 1977. (Second to fortieth amendments omitted)<br/>Forty-first amendment: June 23, 2022.</p>   | <p>This Articles of Incorporation was established on January 19, 1976, First amendment: March 1, 1977. (Second to forty-first amendments omitted)<br/>Forty-second amendment: June 16,</p>  | <p>The number of amendments and their respective dates shall be added.</p> |

| Article | Original Text | Revised Text | Reasons for Revision and Basis |
|---------|---------------|--------------|--------------------------------|
|         |               | 2023.        |                                |

## Attachment 6

### **Rectron Ltd. Shareholders' Meeting Rules**

#### **Article 1**

In order to establish a good governance system for the shareholders' meeting, enhance supervisory functions, and strengthen management capabilities, these rules are established in accordance with Article 5 of the Corporate Governance Best Practice Principles for Listed and OTC Companies for compliance purposes.

#### **Article 2**

Except where otherwise provided by laws or the Articles of Incorporation, the rules set forth in these regulations shall govern the proceedings of the shareholders' meeting of the Company.

#### **Article 3**

Unless otherwise stipulated by laws, the shareholders' meeting of the Company shall be convened by the Board of Directors.

Any changes in the methods of convening the shareholders' meeting shall be resolved by the Board of Directors and implemented no later than the dispatch of the shareholders' meeting notice.

The Company shall, thirty days prior to the regular shareholders' meeting or fifteen days prior to the special shareholders' meeting, transmit electronically to the Public Information Observation System the shareholders' meeting notice, proxy forms, relevant recognition matters, discussion topics, election or dismissal of directors, and other agenda items along with explanatory materials. The shareholders' meeting manual and supplemental materials shall be prepared as electronic files and transmitted to the Public Information Observation System no later than twenty-one days prior to the regular shareholders' meeting or fifteen days prior to the special shareholders' meeting. Fifteen days before the shareholders' meeting, the shareholders' meeting manual and supplemental materials shall be prepared and made available for shareholders' inspection at any time, and they shall be displayed at the Company's premises and at the professional shareholder services agency appointed by the Company. They shall also be distributed at the shareholders' meeting venue.

Notices and announcements shall specify the purpose of the meeting; with the consent of the concerned parties, such notices may be provided electronically.

The matters of appointing or dismissing directors, amending the articles of incorporation, reducing capital, applying for the cessation of public offering, director's non-competition permission, surplus capital increase, legal reserve capital increase, company dissolution, merger, division, or matters specified in Article 185, paragraph 1 of the Company Act, Article 26-1 and Article 43-6 of the Securities Exchange Act, Guidelines for the Handling of Offering and Issuance of Securities by Issuers, Article 56-1 and Article 60-2, shall be enumerated and described in the meeting notice, and may not be proposed as ad hoc motions.

The meeting notice shall clearly state that the purpose of the shareholders' meeting is a comprehensive election of directors and the date of assumption of office. After the completion of the director election at the same meeting, the date of assumption of office may not be changed through ad hoc motions or other means.

Shareholders holding more than one percent of the total issued shares may submit proposals for regular shareholders' meetings, limited to one item. Proposals exceeding one item shall not be included in the agenda. In addition, proposals submitted by shareholders falling under any of the provisions of Article 172-1, paragraph 4 of the Company Act may be excluded from the agenda by the board of directors. Shareholders may submit advisory proposals aimed at urging the company to enhance public interests or fulfill social responsibilities, and the procedural limitations set forth in Article 172-1 of the Company Act shall apply, limiting the proposals to one item.

The company shall announce the acceptance of shareholders' proposals, the methods of written or electronic submission, the designated location, and the acceptance period, no later than the record date prior to the convening of the regular shareholders' meeting. The acceptance period shall not be less than ten days.

Proposals submitted by shareholders shall be limited to a maximum of 300 words. Proposals exceeding 300 words shall not be included in the agenda. The proposing shareholders should personally attend or appoint a representative to attend the regular shareholders' meeting and participate in the discussion of the respective proposal.

The company shall notify the proposing shareholders of the handling results prior to the notice date of the shareholders' meeting, and include the proposals that comply with this provision in the meeting notice. For proposals that are not included in the agenda, the board of directors shall provide an explanation during the shareholders' meeting regarding the reasons for non-inclusion.

#### **Article 4**

Shareholders may issue a proxy, using the company's provided proxy form, stating the scope of authorization and the appointed proxy to attend the shareholders' meeting.

Each shareholder may issue only one proxy form, appointing one person as the proxy. The proxy form should be delivered to the company no later than five days prior to the meeting. In case of multiple proxy forms, the one delivered first shall prevail. However, the previous proxy may be revoked without being subject to this deadline.

After the delivery of the proxy form to the company, if a shareholder intends to attend the shareholders' meeting in person or exercise voting rights in writing or electronically, they should notify the company in writing of the revocation of the proxy no later than two days before the meeting. In case of late revocation, the voting rights exercised by the appointed proxy shall prevail.

After the delivery of the proxy form to the company, if a shareholder intends to attend the shareholders' meeting via video conferencing, they should notify the company in writing of the revocation of the proxy no later than two days before the meeting. In case of late revocation, the voting rights exercised by the appointed proxy shall prevail. ◦

#### **Article 5**

The location of the shareholders' meeting should be at the company's registered address or at a convenient and suitable location for shareholders to attend. The meeting shall not

commence earlier than 9:00 am or later than 3:00 pm. The selection of the meeting location and time should take into account the opinions of independent directors.

In the case of a virtual shareholders' meeting, the restrictions on the meeting location mentioned in the preceding paragraph do not apply. ◦

#### **Article 6**

The Company shall specify in the meeting notice the time and location for shareholders, solicitors, and appointed agents (hereinafter referred to as "shareholders") to register, as well as other matters of attention. In the case of a virtual shareholders' meeting, the Company shall record the methods for shareholders to participate and exercise their rights, the procedures for handling disruptions or difficulties in accessing the virtual meeting platform or participating via video conferencing, and the dates and other matters to be noted in the event of a postponement or continuation of the meeting. Furthermore, for shareholders who encounter difficulties in participating via video conferencing, appropriate alternative measures shall be provided.

The registration of shareholders shall be conducted at least thirty minutes before the start of the meeting. The registration location shall be clearly indicated, and sufficient and competent personnel shall be assigned to handle the registration. For virtual shareholders' meetings, the registration of shareholders shall be conducted on the shareholders' meeting virtual platform at least thirty minutes before the meeting starts. Shareholders who have completed the registration shall be deemed as personally attending the shareholders' meeting. Shareholders shall attend the shareholders' meeting by presenting their attendance certificate, attendance sign-in card, or other attendance documents. The Company shall not arbitrarily require shareholders to provide additional proof beyond the documents relied upon for attendance. The Delegates who are required to present a solicitation proxy, they shall also carry identification documents for verification.

The company should provide a sign-in book for shareholders to register their attendance or allow shareholders to submit sign-in cards as a substitute for signing in.

The company should provide the agenda, annual reports, attendance certificates, speaking slips, voting slips, and other meeting materials to attending shareholders. In the case of director elections, separate ballots should be provided.

When the shareholder is a government or a legal entity, the representative attending the shareholder meeting is not limited to one person. When a legal entity is entrusted to attend the shareholder meeting, only one person can be appointed as the representative.

For shareholder meetings conducted via video conferencing, shareholders who wish to attend via video should register with the company at least two days prior to the meeting. ◦

When a shareholder meeting is conducted via video conferencing, the company should upload the agenda, annual reports, and other relevant materials to the shareholder meeting video conferencing platform at least thirty minutes before the start of the meeting. The company should continue to disclose these materials on the platform until the end of the meeting.

#### **Article 7**

If the shareholder meeting is convened by the board of directors, the chairman of the board shall preside over the meeting. In the event that the chairman of the board is absent or unable to perform their duties, the chairman shall designate another director as a proxy. If



the chairman fails to designate a proxy, the directors shall elect one among themselves to act as a proxy.

If the shareholder meeting is convened by a person other than the board of directors, the chairman shall be the convenor. If there are multiple convenors, they shall mutually select one person to act as the chairman.

The company may appoint appointed lawyers, accountants, or relevant personnel to attend the shareholder meeting. °

### **Article 8**

The company shall record and archive the entire process of shareholder registration, meeting proceedings, and voting process, including continuous audio and video recording without interruption, starting from the registration of shareholders.

The audiovisual materials mentioned above should be kept for at least one year. However, if a shareholder initiates a lawsuit pursuant to Article 189 of the Company Law, they should be kept until the conclusion of the litigation.

If the shareholder meeting is conducted through video conferencing, the company should record and archive the registration, enrollment, registration, questioning, voting, and company vote counting results of the shareholders. The entire video conference should also be continuously recorded without interruption.

The company is responsible for properly preserving the aforementioned data, recordings, and videos during the specified period and may entrust the custody of the recordings and videos to a designated party responsible for handling video conference affairs.

### **Article 9**

The attendance at the shareholder meeting shall be based on the number of shares held. The number of shares for attendance calculation shall be based on the signature book, submitted attendance cards, and the number of shares reported on the video conferencing platform. Additionally, shares for which voting rights are exercised in writing or electronically shall be included in the calculation.

Once the scheduled meeting time has arrived, the chairman should promptly announce the start of the meeting and simultaneously disclose relevant information such as the number of shares without voting rights and the total shares in attendance.

However, if there is an insufficient representation of shareholders present, where the total number of shares issued does not reach a majority, the chairman may announce a postponement of the meeting. The meeting may be postponed up to two times, with a total postponement time not exceeding one hour. If, after two postponements, there is still an insufficient representation of shareholders present, where the attendance does not reach one-third of the total number of shares issued, the chairman shall declare the meeting adjourned. If the shareholder meeting is conducted through a video conferencing, the company shall also announce the adjournment on the video conferencing platform.

If, after two postponements, there is still an insufficient representation of shareholders present, where the attendance does not reach one-third of the total number of shares issued, the chairman may exercise the power of fictitious resolution in accordance with Article 175, Paragraph 1 of the Company Law. The chairman shall notify all shareholders of the fictitious resolution and convene another shareholder meeting within one month. In the case of a video conference shareholder meeting, shareholders who wish to attend via video conference should register with the company again in accordance with Article 6.

During the ongoing meeting, if the represented shares by attending shareholders reach a majority of the total number of shares issued, the chairman may resubmit the fictitious resolution for voting in accordance with Article 174 of the Company Law.

#### **Article 10**

If the shareholders' meeting is convened by the board of directors, the agenda shall be determined by the board of directors. All relevant proposals, including ad hoc motions and amendments to original proposals, shall be voted on separately. The meeting shall proceed in accordance with the scheduled agenda, and no changes shall be made without the resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the board of directors, the provisions of the preceding paragraph shall apply.

During the meeting, the chairman shall not adjourn the meeting without a resolution, before the conclusion of the agenda (including ad hoc motions). If the chairman violates the rules of procedure and adjourns the meeting, other members of the board of directors shall promptly assist the attending shareholders in accordance with the legal procedures to elect, with the consent of the majority of the voting rights represented by the attending shareholders, one person to serve as the chairman and continue the meeting.

The chairman shall provide sufficient explanations and opportunities for discussion regarding the proposals, amendments, or ad hoc motions raised by the shareholders. When it is deemed that sufficient discussion has taken place, the chairman may announce the cessation of discussion, put the matter to a vote, and allocate an appropriate voting period. °

#### **Article 11**

Prior to speaking at the shareholders' meeting, a speaking slip must be filled out with the shareholder's agenda, shareholder account number (or attendance certificate number), and name. The speaking order shall be determined by the chairman.

Shareholders who only provide a speaking slip without speaking shall be deemed as not having spoken. If the content of the speech does not match the information on the speaking slip, the content of the speech shall prevail.

For the same proposal, each shareholder's speech shall not exceed two times, and each time shall not exceed five minutes, unless with the consent of the chairman. However, if the shareholder's speech violates the rules or goes beyond the scope of the topic, the chairman may stop the speech.

When attending shareholders' speech, other shareholders shall not speak or interfere unless they obtain the consent of the chairman and the speaking shareholder. Violators shall be stopped by the chairman. °

When a corporate shareholder appoints two or more representatives to attend a shareholders' meeting, only one person may speak on the same agenda item.

After shareholders have spoken, the chairman may personally respond or designate relevant individuals to provide answers.

In the case of a shareholders' meeting held through video conferencing, shareholders participating via video may submit written questions on the shareholders' meeting video conferencing platform from the time the chairman announces the start of the meeting until the announcement of adjournment. Each agenda item allows a maximum of two questions, with a limit of 200 words per question, excluding the provisions in the first to fifth clauses.

If the questions raised in the preceding clause do not violate the regulations or go beyond the scope of the agenda, they should be disclosed on the shareholders' meeting video conferencing platform for public awareness. °

### **Article 12**

Voting at a shareholders' meeting shall be based on the number of shares held by each shareholder.

The shares held by shareholders without voting rights shall not be included in the total number of issued shares for the purpose of resolutions.

Shareholders who have a conflict of interest that may be detrimental to the company's interests shall not participate in the voting and shall not act as proxies to exercise their voting rights on behalf of other shareholders.

The shares for which voting rights are not exercised shall not be included in the total voting rights of the attending shareholders.

Except for trust institutions or share registry agencies approved by the securities regulatory authority, a person acting as a proxy for two or more shareholders shall not exercise voting rights exceeding 3% of the total voting rights of the issued shares. Any excess voting rights beyond this limit shall not be counted.

### **Article 13**

Each shareholder has one voting right per share, except for those who are restricted or excluded from voting rights as listed in Article 179, Paragraph 2 of the Company Law.

When the company convenes a shareholders' meeting, electronic means shall be adopted, and shareholders may also exercise their voting rights through written means. The methods of exercising voting rights through written or electronic means shall be specified in the notice of the shareholders' meeting. Shareholders who exercise their voting rights through written or electronic means shall be deemed to be present at the shareholders' meeting.

However, regarding ad hoc motions and amendments to original proposals during the shareholders' meeting, such exercise of voting rights shall be deemed as abstention.

Shareholders who exercise their voting rights through written or electronic means shall deliver their expressions of intention to the company at least two days before the meeting. In the case of multiple submissions, the earliest submission shall prevail. However, the declaration of revocation of the previous expression of intention shall not be subject to this deadline.

After shareholders exercise their voting rights through written or electronic means, if they wish to personally attend or attend via video conference at the shareholders' meeting, they should revoke their previous exercise of voting rights in the same manner as the initial exercise, at least two days before the meeting. If the revocation is made after the deadline, the exercise of voting rights through written or electronic means shall prevail. If shareholders exercise their voting rights through written or electronic means and appoint a proxy to attend the shareholders' meeting, the voting rights exercised by the appointed proxy shall prevail.

Unless otherwise provided by the Company Law or the company's articles of incorporation, resolutions shall be passed with the approval of the majority of the voting rights of the attending shareholders. During the voting, the chairman or the designated person shall announce the total voting rights of the attending shareholders for each agenda item, and the shareholders shall vote on each agenda item. The results of shareholders' approvals,

objections, and abstentions shall be entered into the Public Information Observation System on the same day as the shareholders' meeting.

When there are amendments or alternative proposals to the same agenda item, the chairman shall determine the voting sequence in conjunction with the original proposal. If one of the proposals has been approved, the other proposals shall be deemed rejected and there is no need for further voting.

The chairman shall appoint the scrutineers and vote counters for the voting on resolutions, with the scrutineers being shareholders themselves.

The vote counting process for voting or election of resolutions at the shareholders' meeting should be conducted openly at the meeting venue. After the vote counting is completed, the results, including the number of votes, should be announced on the spot and recorded.

In the case of a shareholders' meeting conducted via video conference, a single vote counting shall be conducted after the chairman announces the end of voting, and the voting and election results shall be announced.

When the company convenes a virtual shareholders' meeting with video assistance, shareholders, solicitors, or authorized representatives who have registered to attend the meeting via video conference in accordance with Article 6 and wish to attend the physical shareholders' meeting in person should cancel their registration in the same manner as the original registration no later than two days before the meeting. If the cancellation is made after the deadline, they may only attend the shareholders' meeting via video conference. Shareholders who have exercised their voting rights in writing or electronically and have not revoked their expression of intention but participate in the shareholders' meeting via video conference shall not exercise their voting rights on the original resolutions or propose amendments to the original resolutions, except for ad hoc motions.

#### **Article 14**

When there is an election of directors at a shareholders' meeting, it shall be conducted in accordance with the relevant election regulations established by the company. The election results, including the list of elected directors and their respective votes, as well as the list of unsuccessful director candidates and their received votes, shall be announced on the spot. The election ballots for the aforementioned election matters shall be sealed and signed by the ballot inspectors, kept properly, and preserved for at least one year. However, if a lawsuit is filed by shareholders under Article 189 of the Company Law, they shall be preserved until the conclusion of the lawsuit.

#### **Article 15**

Resolutions of the shareholders' meeting shall be recorded in the minutes, which shall be signed or stamped by the chairperson. Within twenty days after the meeting, the minutes shall be distributed to all shareholders. The production and distribution of the minutes may be conducted electronically.

The distribution of the minutes mentioned in the preceding paragraph may be made through public announcement on the Public Information Observation System (PIOS).

The minutes shall accurately record the year, month, day, venue, name of the chairperson, method of decision-making, essential details of the proceedings, and voting results (including the total voting rights). In the case of director elections, the vote count for each candidate shall be disclosed. The minutes shall be permanently retained during the company's existence. ◦

When a shareholders' meeting is held via video conference, the minutes shall include the items specified in the preceding paragraph. Additionally, the minutes shall record the start and end time of the meeting, the method of convening the meeting, the names of the chairperson and the recorder, the alternative measures provided to shareholders who encounter difficulties in participating via video conference, and the procedures and outcomes for handling situations where the video conference platform or participation via video conference is disrupted due to force majeure events.

#### **Article 16**

When the number of shares held by solicitations and the number of shares represented by appointed proxies are obtained, as well as the number of shares represented by shareholders attending through written or electronic means, the company shall compile a statistical table in the prescribed format on the day of the shareholders' meeting for clear disclosure at the meeting venue. In the case of a video conference shareholders' meeting, the company shall upload the aforementioned information to the video conference platform at least thirty minutes before the start of the meeting and continue to disclose it until the end of the meeting.

When announcing the commencement of a video conference shareholders' meeting, the company shall disclose the number of shares represented by shareholders on the video conference platform. If there are additional statistics on the attendance during the meeting, the same disclosure applies.

For resolutions of the shareholders' meeting that constitute significant information as required by laws and regulations or the Taiwan Stock Exchange Corporation's rules, the company shall transmit the content to the Public Information Observation System within the prescribed time period.

#### **Article 17**

The staff responsible for organizing the shareholders' meeting should wear identification cards.

The chairman may direct security personnel or security guards to assist in maintaining order at the venue. Security personnel or security guards assisting in maintaining order should wear identification cards.

If there is an audio system at the venue, the chairman may prohibit shareholders from using equipment not provided by the company to speak.

Shareholders who violate the meeting rules, refuse to comply with the chairman's instructions, and disrupt the progress of the meeting may be requested to leave the venue by the chairman, with the assistance of security personnel or security guards.

#### **Article 18**

During the meeting, the chairman may decide to announce breaks at appropriate times. In the event of an irresistible circumstance, the chairman may temporarily suspend the meeting and announce a time to resume the meeting based on the situation.

If the scheduled agenda of the shareholders' meeting (including any ad hoc motions) is not concluded, and the meeting venue becomes unavailable, the shareholders' meeting may pass a resolution to find an alternative venue to continue the meeting.

In accordance with Article 182 of the Company Act, the shareholders' meeting may decide to postpone or continue the assembly within five days.

### **Article 19**

In the case of a shareholders' meeting conducted through video conferencing, the company is required to promptly disclose the voting results and election results of each agenda item on the shareholders' meeting video conferencing platform after the voting is completed. The disclosure should be made according to the regulations and should continue for at least fifteen minutes after the chairman announces the adjournment of the meeting.

### **Article 20**

When conducting a virtual shareholders' meeting, the chairman and the record-keeping personnel of the company should be located in the same place within the country. The chairman should also announce the address of the location at the beginning of the meeting.

### **Article 21**

If a shareholders' meeting is conducted through video conferencing, the company may provide shareholders with a pre-meeting connectivity test and offer real-time assistance during the meeting to address any technical communication issues.

In the case of a shareholders' meeting conducted via video conferencing, the chairman should announce, at the beginning of the meeting, any unforeseen circumstances due to force majeure that cause a disruption or obstacle to the video conferencing platform or participation through video conferencing. If such disruption persists for more than 30 minutes prior to the chairman's announcement to adjourn the meeting, the provisions of Article 182 of the Company Law regarding the postponement or continuation of the meeting do not apply.

When a shareholders' meeting is postponed or continued in accordance with the above provision, matters that have already been voted on, tallied, and announced regarding voting results or the list of elected directors do not need to be discussed or resolved again.

If the company postpones or continues a meeting in accordance with the provisions stated in the second clause, it should follow the relevant preparatory procedures as specified in Article 44-20, Paragraph 4, of the Guidelines for the Handling of Share Affairs of Public Issuing Companies. The shareholders who are entitled to attend the original shareholders' meeting should be listed in the shareholder register, which ceases transfer of shares.

For the attendance of shareholders at the meeting through proxy, the company should comply with the provisions stated in Article 12, second paragraph, and Article 13, third paragraph, of the Rules for Attendance at Shareholders' Meetings through Proxy of Public Issuing Companies, as well as the periods specified in Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Guidelines for the Handling of Share Affairs of Public Issuing Companies. The company should conduct the postponed or continued shareholders' meeting in accordance with the date specified in the second clause.

If the company holds a video-assisted shareholders' meeting and encounters a situation where it is unable to continue the video conference as stated in the second clause, but the total shares represented at the meeting, after deducting the shares attended through video conferencing, still meet the required quorum for decision-making, the shareholders' meeting may proceed without the need to postpone or continue the meeting as specified in the second clause.

When conducting a video shareholders' meeting, the company should provide appropriate alternative measures for shareholders who have difficulties attending the meeting through video conferencing.

**Article 22**

These regulations shall come into effect upon approval by the shareholders' meeting, and any amendments shall also be subject to the same process.

## Attachment 7

# Rectron Ltd. Procedure for Election of Directors

Article 1: The appointment of directors in the company shall be conducted in accordance with this procedure, unless otherwise specified by laws or the articles of incorporation.

Article 2: The appointment of directors in the company shall take into consideration the overall composition of the board. The composition of the board should be diverse, and appropriate diversity policies should be formulated based on the company's operations, business nature, and development needs. These policies may include, but are not limited to, the following two major aspects:

1. Basic criteria and values: Gender, age, nationality, and cultural background, among others.
2. Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, among others.

Members of the board should generally possess the knowledge, skills, and qualities necessary to fulfill their duties. The overall abilities that they should possess are as follows: :

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

The board of directors should have a majority of seats without any spousal or immediate family relationships within the second degree.

The composition of the board of directors of the company should be considered based on the results of performance evaluations, with potential adjustments as necessary. °

Article 3: The election of directors in the company shall be conducted through cumulative voting. The board of directors shall prepare election ballots equal to the number of directors to be elected and indicate the voting rights on each ballot. These ballots shall be distributed to the shareholders attending the shareholders' meeting, and the names of the electors may be represented by their registration numbers printed on the ballots.

Article 4: The election of directors in the company shall grant each share the right to vote equal to the number of directors to be elected. The votes may be concentrated to elect one person or distributed to elect multiple individuals.

Article 5: The election of directors in the company shall be conducted separately for independent directors and non-independent directors, according to the quotas specified in the company's articles of incorporation. The candidates with the highest number of votes representing their respective voting rights shall be elected in sequence. If two or more candidates have the same number of votes that exceed the designated quota, a random draw shall be conducted to determine the elected individuals. In the absence of a candidate, the chairman shall conduct the draw on their behalf.



- Article 6 : The qualification of independent directors of the Company shall comply with the provisions of Article 2, Article 3, and Article 4 of the "Regulations Governing the Appointment of Independent Directors of Public Companies."  
The selection of independent directors of the Company shall comply with the provisions of Article 5, Article 6, Article 7, Article 8, and Article 9 of the "Regulations Governing the Appointment of Independent Directors of Public Companies," and shall be handled in accordance with Article 24 of the "Corporate Governance Best Practice Principles for Listed and OTC Companies."
- Article 7 : Election ballots shall be issued by the Company and shall include the number of voting rights and the attendance certificate number or shareholder account number. For shareholders who exercise voting rights electronically, separate election ballots shall not be issued.
- Article 8 : Prior to the start of the election, the Chairman shall designate several persons with shareholder status to serve as scrutineers and vote counters to perform related duties. The Company shall prepare the ballot box, which shall be publicly inspected by the scrutineers before the voting.
- Article 9 : The election of directors of the Company shall follow the nomination system procedures stipulated in Article 192-1 of the Company Law.  
In the event that the number of directors falls below five due to removal, the Company shall fill the vacancies at the nearest shareholder meeting. However, if the number of director vacancies reaches one-third of the prescribed number in the Articles of Incorporation, the Company shall convene a special shareholder meeting to fill the vacancies within sixty days from the date of the occurrence.  
If the number of independent directors falls short of the requirement specified in Subparagraph 1 of Paragraph 2 of Article 14-2 of the Securities Exchange Act, the vacancies shall be filled at the nearest shareholder meeting. If all independent directors are removed, the Company shall convene a special shareholder meeting to fill the vacancies within sixty days from the date of the occurrence.
- Article 10 : The following circumstances render a ballot invalid:
- 1.The nominated candidate's name on the ballot does not match the list of director candidates after verification.
  - 2.The ballot is not prepared by the convener.
  - 3.The ballot is left blank and inserted into the ballot box.
  - 4.Besides marking the allocated voting rights, the ballot contains additional writings.
  - 5.The handwriting is illegible or has been altered.
- Article 11 : After the completion of the voting, the votes shall be counted on the spot. The Chairman shall announce the results immediately, including the list of elected directors and their respective vote counts. The elected directors shall be issued a notification letter by the Board of Directors of the Company.  
The election ballots for the aforementioned election matters shall be sealed and signed by the scrutineers, securely stored, and kept for a minimum of one year. However, if a lawsuit is filed by shareholders in accordance with Article 189 of the Company Law, the ballots shall be preserved until the conclusion of the litigation.
- Article 12 : This procedure shall be implemented upon approval by the shareholders' meeting, and the same shall apply when amendments are made.

## Attachment 8

### Shareholdings of all directors

As of the record date of the shareholders' general meeting on April 18, 2023, the shareholding status of all directors is as follows:

| Job title            | Name   | Number of shares held | Shareholding ratio |
|----------------------|--|-----------------------|--------------------|
| Chairman             | JUIYE ENTERPRISE CO.,LTD<br>Representative person : LIN I-Chin     | 42,788,288            | 25.73%             |
| director             | JUIYE ENTERPRISE CO.,LTD<br>Representative person : Lin Weng-teng  |                       |                    |
| director             | JUIYE ENTERPRISE CO.,LTD<br>Representative person : Pan Hsin-Jen   |                       |                    |
| director             | JUIYE ENTERPRISE CO.,LTD<br>Representative person : Liu Feng-Ching |                       |                    |
| director             | JUIYE ENTERPRISE CO.,LTD<br>Representative person : Lin Jui-Ping   |                       |                    |
| Independent Director | Lin,Ruey-Tou   | 0                     | 0%                 |
| Independent Director | Maa,Kwo-Juh  | 0                     | 0%                 |
| Independent Director | Lee,Shiue-Chen   | 0                     | 0%                 |
|                      | Total shareholdings of all directors                               | 42,788,288            | 25.73%             |

Note : 1.The company's paid-up capital is NT\$1,663,028,810, with a total issued share count of 166,302,881 shares.

2.According to Article 26 of the Securities and Exchange Act and the regulations on the shareholding percentage and verification for directors and supervisors of publicly traded companies, the minimum shareholding requirement for all directors is 9,978,173 shares, which has already met the statutory shareholding percentage standard.

## Attachment 9

**This proposed bonus share issue at the shareholders' meeting may have an impact on the company's operating performance, earnings per share, and return on investment.**

### 1. The impact of the proposed bonus share issue on the company's operating performance and earnings per share.

| I t e m   |  | Y e a r                                       | Year 2023<br>(Estimate)    |
|---|--|---|----------------------------|
| Initial paid-up capital at the beginning of the period.         |  |   | 1,663,028,810              |
| Distribution of bonus shares and dividends for the current year | Dividend per share in cash (NTD) (Note 1).   |   | 0.8                        |
|   | Bonus shares per share from capitalization of retained earnings (NTD) (Note 1).  |   | 0                          |
|   | Bonus shares per share from capitalization of capital surplus.   |   | 0                          |
| Changes in operating performance                                | Operating income (in thousands of NTD).  |   | Not applicable<br>(Note 2) |
|   | Percentage increase (decrease) in operating income compared to the same period last year.  |   |                            |
|   | Net income after tax (in thousands of NTD).  |   |                            |
|   | Percentage increase (decrease) in net income after tax compared to the same period last year.  |   |                            |
|   | Earnings per share (NTD).  |   |                            |
|   | Percentage increase (decrease) in earnings per share compared to the same period last year.  |   |                            |
| Projected earnings per share and price-earnings ratio           | If all bonus shares from capitalization of retained earnings are changed to cash dividends.  | Estimated earnings per share (EPS)            | Not applicable<br>(Note 2) |
|   |  | Estimated annual average return on investment |                            |
|   | If no capitalization of capital surplus is conducted.  | Estimated earnings per share (EPS)            |                            |
|   |  | Estimated annual average return on investment |                            |
|   | If no capitalization of capital surplus and all bonus shares from capitalization of retained earnings are distributed as cash dividends. | Estimated earnings per share (EPS)            |                            |
|   |  | Estimated annual average return on investment |                            |

Note 1: The estimated dividend and bonus share distribution is based on the earnings distribution table approved by the Board of Directors on March 24, 2023.

Note 2: According to the "Guidelines for Handling Public Financial Forecasts of Publicly Issued Companies," there is no requirement to disclose the financial forecast information for the year 2023.

### 2. Proposed Distribution of Employee Remuneration and Director and Supervisor Remuneration for the Year 2022 as approved by the Board of Directors:

1. Proposed distribution of employee remuneration: NT\$2,500,000.

2. Proposed distribution of director and supervisor remuneration: NT\$2,000,000.