

Stock code: 2302



Rectron Ltd.

2024 Annual Shareholders' Meeting
(On-Site meeting)

Agenda Handbook
(Translation)

Date: June 26, 2024

**Address : No.71, Zhongshan Rd., Tucheng Dist., New
Taipei City.
(Rectron Tucheng Factory)**

Table of Contents

Meeting Agenda	1
Report Items	2
Approval Items.....	7
Discussion Items	9

Appendix

1. 2023 Business Report.....	10
2. Audit Committee's 2023 Review Report.....	13
3. Auditor's Report and Financial Statements for the Year 2023	14
4. Regulations on Endorsements and Guarantees.	32
5. Amendment Revisions of Regulations on Endorsements and Guarantees	36
6. Regulation on Lending Funds to Others	39
7. Amendment Revisions of Regulation on Lending Funds to Others.....	42
8. Rules for Shareholders Meetings	45
9. Amendment Revisions of Rules for Shareholders Meetings	53
10. Articles of Incorporation	55
11. Directors' Shareholdings	63
12. Impact of The Effect of Stock Dividend Distributions on Operating Results, EPS, and Return on Equity; the information Related to Employees' and Directors' Compensation.....	64

Rectron Ltd.

Agenda of the 2024 Annual General Meeting

Date: 9:00 a.m. on June 26 (Wednesday), 2024

Address : No. 71, Zhongshan Rd., Tucheng Dist., New Taipei City. (Rectron Tucheng Factory)

1. Commencement (All Shareholders and their holder)

2. Chairman's Address

3. Report Items

- (1) 2023 Business Report.
- (2) Audit Committee's 2023 Review Report
- (3) Report on 2023 employees' profit sharing bonus and directors' compensation.
- (4) Report on 2023 Earnings Distribution-cash Dividend.
- (5) Report on 2023 Corporate Governance Items.

4. Approval Items

- (1) To accept 2023 Business Report and Financial Statements.
- (2) To approve the company 's 2023 earnings distribution.

5. Discussion Items

- (1) To Amend Regulations Making of Endorsements/Guarantees.
- (2) To Amend Regulations Governing Loaning of Funds
- (3) To Amend Convention Rules for Shareholders Meetings

6. Extraordinary Motions

7. Adjournment

Report Items

1. 2023 Business Report

Explanation: Please refer to Page 10-12 of the Meeting Agenda for the Business Report.

2. Audit Committee's 2023 Review Report.

Explanation: Audit Committee's 2023 Review Report attached as Page 13.

3. Report on 2023 employees' profit sharing bonus and directors' compensation.

Explanation: 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 2023, the company plans to allocate employee compensation and compensation for directors and supervisors as follows:

(1)Employee profit sharing: NTD 1,100,000, all will be paid in cash.

(2)Directors' Compensation: NTD 2,100,000, all will be paid in cash.

4. Report on 2023 Earnings Distribution-cash Dividend

Explanation: Pursuant to the resolution of the Board of Directors on March 15, 2024, the Company will distribute a cash dividend of NTD 51,553,893 for the fiscal year 2023, at a rate of NTD 0.31 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. Report on 2023 Corporate Governance Items.

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 6 of this manual.

Audit Committee and Internal Audit Manager Communication Report

(1)The Audit Committee was established on June 23, 2023.

(2)Communication between the Audit Committee and the internal audit supervisor during year 2023:

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
Mar. 24 2023	Internal audit business report from Oct 2022 to Dec 2022.	The Audit Committee has no specific recommendations.
May. 15, 2023	Internal audit business report from Jan 2023 to Mar 2023.	The Audit Committee has no specific recommendations.
Aug. 11, 2023	Internal audit business report from April 2023 to June 2023.	The Audit Committee has no specific recommendations.
Nov. 14, 2023	Internal audit business report from July 2023 to September 2023.	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 2023:

- (1) The distribution of directors' and employees' remuneration for the year 2023 was approved by the 19th Board of Directors at its 13th meeting held on March 15, 2024.
- (2) Please refer to page 6 of this manual for the amount of remuneration paid to the directors and employees in the year 2023.
- (3) Policies, individual remuneration details and amounts, and the relationship with performance evaluation results of the directors' remuneration received in 2023 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 2023, please refer to page 6 of this handbook.

Compensation for Directors and Independent Directors

December 31, 2023

Unit: NT\$,000

Job	Name	Director remuneration								Percentage of Total Net Profit After Tax of A, B, C, and D After-tax net profit of NT\$176,100 thousand		Remuneration Paid to Part-Time Employees								The total amount and proportion of A, B, C, D, E, F, and G, as well as their respective percentages of net income after tax. After-tax net profit of NT\$176,100 thousand		Compensation Paid to Directors by a Re-Invested Company Other than the Company's Subsidiary		
		Remuneration (A)		Pensions (B)		Director Compensation (Note 3)		Business execution expenses (D)				Compensation, Bonus Other Allowances		Retirement and severa pay (F)		Employee Compensation (G)								
										The Company	All companies in the financial report									The Company	All companies in the financial report		The Company	All companies in the financial report
		Cash dividend amount	Stock dividend amount	Cash dividend Amount	Stock dividend Amount																			
Director	Ruiye Xingye Co.,Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Chairman	Ruiye Xingye Co.,Ltd. Representative:Lin I-Chin.	0	0	0	0	525	525	0	0	525 0.60%	525 0.60%	576	2,506	0	0	0	0	0	0	0	1,101 1.27%	3,031 3.49%	None	
Director	Ruiye Xingye Co., Ltd. Representative: Lin Weng-Teng.	0	0	0	0	525	525	0	0	525 0.60%	525 0.60%	0	4,412	0	0	0	0	0	0	525 0.60%	4,937 5.68%	None		
Director	Ruiye Xingye Co.,Ltd. Representative:Pan Hsin Jen.	0	0	0	0	525	525	0	0	525 0.60%	525 0.60%	0	2,903	0	0	0	0	0	0	525 0.60%	3,428 3.95%	None		
Director	Ruiye Xingye Co.,Ltd. Representative:Li u Feng Ching.	0	0	0	0	0	0	360	360	360 0.41%	360 0.41%	0	0	0	0	0	0	0	0	360 0.41%	360 0.41%	None		
Director	Ruiye Xingye Co.,Ltd. Representative:Lin Jui Ping.	0	0	0	0	525	525	60	60	585 0.67%	585 0.67%	1,777	2,388	95	95	0	0	0	0	2,457 2.83%	3,068 3.53%	None		
Independent Director	Lin, Ruey-Tou	0	0	0	0	0	0	600	600	600 0.69%	600 0.69%	0	0	0	0	0	0	0	0	600 0.69%	600 0.69%	None		
	Maa Kwo-Juh	0	0	0	0	0	0	600	600	600 0.34%	600 0.34%	0	0	0	0	0	0	0	0	600 0.34%	600 0.14%	None		
	Lee, Shiao-Chen	0	0	0	0	0	0	120	120	60 0.03%	60 0.03%	0	0	0	0	0	0	0	0	120 0.14%	120 0.14%	None		
	Chang, Chia Jung	0	0	0	0	0	0	65	65	65 0.07%	65 0.07%	0	0	0	0	0	0	0	0	65 0.07%	65 0.07%	None		

Approval Items

Proposal 1

Proposed by the Board

Proposal: Adoption of the 2023 Business Report and Financial Statements.

Explanation:

- 1.The financial statements of the company for the year 2023 (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 10 to Page 12) and Attachment 3 (Page 14 to Page 31) of the Minutes.

Resolution:

Proposal 2

Proposed by the Board

Proposal: The Company's 2023 earning Distribution.

Explanation:

- 1.The company's 2023 after-tax profit is NTD 86,868,570, which includes the beginning retained earnings of NTD 971,208 and the actuarial gains and losses from defined benefits for 2023 of NTD 200,896. After deducting the statutory surplus appropriation of NTD 8,666,767 and the special surplus appropriation of NTD 27,068,740, the distributable earnings for this distribution are NTD 51,903,375. The proposed shareholder dividend is NTD 51,553,893 (equivalent to NTD 0.31 per share in cash dividends), and the remaining undistributed earnings are NTD 349,482. Please refer to page 8 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 Chairman will be fully authorized by the shareholders' meeting to handle such adjustments.
- 5.The distribution of earnings in this distribution will prioritize the 2023 profits.

Rectron Ltd.
Profit Distribution Statement
Year 2023

Beginning balance	971,208
Additions:	
Actuarial gains and losses on defined benefit plans	(200,896)
Equity instruments at fair value through other comprehensive income from subsidiary disposal	0
Net income for the period	86,868,570
Total distributable earnings for the period	87,638,882
Deductions: Appropriations	
Legal reserve	(8,666,767)
Special reserve	(27,068,740)
Distributable earnings for the current year.	51,903,375
Distribution items:	
Shareholders' dividends - Cash	51,553,893
Undistributed earnings at the end of the period	349,482

Person in Charge : Lin I-Chin

Manager : Lin I-Chin

Accountant: Lin Jui-Ping

Resolution:

Discussion Items

Proposal 1

Proposal by the Board of Directors

Proposal : To Amend Regulations Governing Endorsements and Guarantees.

Explanation:

- 1.In order to meet the operational needs of the company, it is proposed to amend c **To Amend Regulations Governing Endorsements and Guarantees.**
- 2.Please refer to Appendix 4 、 5 (page 32 to page 38) for the comparison table of the amended articles of the bylaws.

Resolution:

Proposal 2

Proposal by the Board of Directors

Proposal : To Amend Regulations on Lending Funds to Others.

Explanation:

- 1.In order to meet the operational needs of the company, it is proposed to amend Regulations on Lending Funds to Others
- 2.Please refer to Appendix 6 、 7 (page 39 to page 44) for the comparison table of the amended articles of the bylaws.

Resolution:

Proposal 3

Proposal by the Board of Directors

Proposal : To Amend Convention Rules for Shareholders Meetings.

Explanation:

- 1.Pursuant to the Taiwan Stock Exchange Letter No. 1120004167, issued March 17,2023, to amend Convention Rules for Shareholders Meeting.
- 2.Please refer to Appendix 8 、 9 (page 45 to page 54) for the comparison table of the amended articles of the bylaws.

Resolution:

Extraordinary Motions

Adjournment

Rectron Ltd.
Annual Business Report

1. Operating Results for 2023

(1) Results of Business Plan Implementation:

Our company and each of our subsidiaries are primarily engaged in the manufacturing and sale of rectifiers. For 2023, our company's earnings per share after tax were TWD 0.52. The following table shows a comparative analysis of our company's consolidated net operating revenue, gross profit, operating profit, pre-tax profit, net profit for the period, comprehensive income for the period, and earnings per share after tax for 2023 compared to 2022:

Unit: NT\$1,000 ; %

Items:	Year 2023	Year 2022	Increase (Decrease) Amount	
	Amount	Amount	Difference Amount	Percentage Change %
Operating Revenue	716,545	877,633	(161,088)	-18%
Operating Costs	459,141	533,784	(74,643)	-14%
Gross Profit from Operations	257,404	343,849	(86,445)	-25%
Operating Expenses	186,106	173,109	12,997	8%
Net Profit (Loss) from Operations	71,298	170,740	(99,442)	-58%
Non-Operating Income and Expenses	35,157	33,905	1,252	4%
Consolidated Profit (Loss) before Tax	106,455	204,645	(98,190)	-48%
Income Tax Expenses	19,586	28,545	(8,959)	-31%
Consolidated Net Profit (Loss)	86,869	176,100	(89,231)	-51%

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 2023.

(1) Financial Income and Expenditure

Unit: NT\$1,000

Item	Year 2023	Year 2022	Percentage Change %
Interest Revenue	3,391	1,462	131%
Interest Expense	576	1,115	-48%

(2) Profitability is

Unit: %

Item		Year 2023	Year 2022	Percentage Change %
Return on Assets (%)		3.89	8.23	-53%
Return on Equity (%)		4.79	9.66	-50%
Equity Ratio (%)	Operating Profit	4.29	10.27	-58%
	Profit before Tax	6.4	12.31	-48%
Profit Margin (%)		12.12	20.07	-40%
Earnings per Share (EPS) (NTD)		0.52	1.06	-51%

(3) Research and Development Status

In 2023 and 2022, the company's R&D expenses were NT\$1,001 million and NT\$1,229 million, respectively, accounting for 0.2% of revenue in each period. This is mainly used to introduce automated packaging processes and replace and innovate processes. In the future, the company will continue to move toward optimizing product processes, developing new products, and enhancing automated production processes in order to expand the flexible use of production capacity.

2. 2023 Business Plan

(1) Business Policy

- A.Strengthen professional marketing teams at home and abroad, and actively expand agency channels and application markets through strengthening partnerships, thereby increasing the company's revenue.
- B.Continuously introduce and update automated process equipment to reduce the risk of manpower shortage, meet customer needs, and provide products more stably.
- C.Strengthen the integration of informatization and industrialization, optimize the information and industrial databases, and maximize production and sales efficiency through the organization and analysis of big data, thereby enhancing the company's competitive advantages.
- D.Continuously develop automotive small signal products and provide full-range product line services for automotive electronics.

(2) Projected Sales Volume and Basis

The company's expected sales volume in 2024 will increase by 5% compared to 2023, mainly due to the low base in 2023 when the overall global economic environment was not good, and the expectation that AI artificial intelligence will drive the overall supply chain, indirectly stimulating increased demand from end customers. However, the overall operating policy of the company is still based on the principle of prudence.

(3)Important Product and Sales Policies

The production and sales policy of our company is a combination of planned and order-based production strategies. This approach is based on market trends, overall industry development, supply and demand dynamics, our established production capacity, and rolling inventory levels. By aligning with these factors, we aim to optimize our inventory levels.

In summary, the company employs a dual approach, considering both planned production and responding to specific orders, to manage its production and inventory effectively. This strategy allows them to adapt to market conditions while maintaining optimal stock levels.

3. Future Company Development Strategies

- (1)Customer-Centric Approach and Collaboration with Market Leaders: Focus on customer needs, closely collaborate with market-leading companies, and jointly develop new products to create company value.
- (2)Deepening Existing Customer Relationships and Diversifying Product Services: Expand product lines for existing customers, providing a variety of product services to meet their diverse needs.

(3)Establishment of Key Component Development and Mass Production Capabilities: Develop and manufacture critical components to enhance competitive advantage¹

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 dynamics, companies face competition from around the world. Despite this, our company leverages its years of experience in serving high-value European and American customer segments. We continue to control costs to gain a competitive advantage and create value through our products, services, and differentiation. Our goal is to secure customer loyalty and stability.

Understanding the external competitive landscape is crucial for any organization's success. By analyzing factors such as industry dynamics, market trends, and competitor behavior, companies can adapt their strategies effectively.

(2)Regulatory Environment

Our company adheres to national policies and legal regulations. The financial, equity, audit, and legal units are well-informed about significant policy changes or legal updates. We collaborate with the company's internal control system and operational activities to ensure full compliance with legal requirements. This ensures the smooth operation of the company

(3)Impacts from the Overall Business Environment

In terms of overall business environment, the impact of geopolitical factors has increased, and the ongoing escalation of trade barriers between China and the United States has added complexity. Additionally, the globalized economy introduces further variables. Our company's strategic focus lies in enhancing customer service value for high-value customer segments and improving product cost competitiveness to adapt to the changing business landscape.

In recent years, our company has continued to grow steadily on a solid foundation. Our commitment remains centered on creating greater profits for shareholders. Despite the diverse challenges that lie ahead, we maintain a positive and proactive attitude, constantly seeking progress and innovation. By deepening our brand value, we aim to achieve optimal business performance and maximize shareholder returns.¹

Navigating the ever-changing business landscape requires agility and strategic adaptation. By prioritizing customer value and cost competitiveness, your company positions itself for success even amidst challenge

W ish all shareholders good health and happiness.

Sincerely,

Person in Charge : Lin I-Chin

Manager : Lin I-Chin

Accountant: Lin Jui-Ping

Rectron Ltd.
Audit Committee Review Report

The Board of Directors has submitted the Company's 2023 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
2024 Annual Shareholders' Meeting

Rectron Ltd.

chairperson of the Audit Committee: Maa Kwo-Juh

March 15, 2024

Appendix 3

Auditor's Report and Financial Statements (including Consolidated Financial Statements) for the year 2023

Representation Letter

The entities that are required to be included in the combined financial statements of Rectron LTD. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Rectron LTD. Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Rectron LTD.
Corporation Chairman: Lin I-Chin
Date: March 15, 2024

Independent Auditors' Report

To the Board of Directors of RECTRON LTD. Company :

Opinion

We have audited the consolidated financial statements of RECTRON LTD (“the Group”), which comprise the statement of balance sheets as of December 31, 2022 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2022 and 2023, 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 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 Ltd. for the year ended 2023. 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 (m) of the consolidated financial statements for details on the accounting policy for revenue recognition. Additionally, refer to Note 6 (n) of the consolidated financial statements for a breakdown of revenue by customer contracts.

Key Audit Matters

Rectron LTD. primarily derives its revenue from the manufacturing and sale of various rectifiers and other semiconductor components. The risk lies in the accuracy of revenue recognition. The Group's viability and ongoing operations depend on a consistent inflow of cash generated from revenue. Therefore, the Group's business strategy and operational management start with revenue. Consequently, testing revenue recognition is one of the key assessment areas for auditors in conducting the financial statement audit of Rectron LTD.

Auditing procedures performed:

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

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 consolidated financial statements.

Auditing procedures performed:

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

We did not audit the consolidated financial statements of certain investees, which represented investments in other entities accounted for using the equity method of the Group. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on reports of other auditors. The investments in those investees accounted for using the equity method constituting 3% and 4% of total assets at December 31, 2023 and 2022, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting 11% and 16% of total profit before tax for the years then ended respectively.

Rectron Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion with other matters paragraph.

Responsibilities of Management and Those Charged with Governance for the consolidated financial statements

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 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.

Auditor's Responsibilities for the Audit of the consolidated financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rectron LTD. internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Rectron LTD. ability to continue as a going concern. If we determine that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2024

Notes to Readers

The accompanying Parent Company Only Consolidated financial statements are intended only to present the financial position, financial performance and its 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 review such Parent Company Only Consolidated financial statements are those generally accepted and applied in the Republic of China.

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(English Translation of Consolidated financial statements Originally Issued in Chinese.)

Rectron LTD.

Consolidated Balance Sheets

December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 561,703	24	245,962	12
1110	Current financial assets at fair value through profit or loss (note 6(b))	34,517	1	25,657	1
1150	Trade notes receivable net (note 6(c) and (n))	417		2,083	
1170	Trade receivables net (note 6(c), and (o))	90,374	4	156,377	7
1200	Other receivables	1,622	-	3,178	-
1220	Total current tax assets	307	-	1,679	-
130X	Inventories (note 6(d))	133,578	6	141,704	7
1410	Prepayments(Notes 7)	6,883	-	23,375	1
1479	Other current assets	<u>3,2618</u>	<u>-</u>	<u>2,166</u>	<u>-</u>
		<u>834,662</u>	<u>35</u>	<u>602,181</u>	<u>28</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	57,636	2	54,229	3
1600	Property, plant and equipment (note 6(f) 7,8 and 9)	458,587	20	497,837	23
1755	Right-of-use assets (note 6(g))	15,759	1	15,603	1
1760	Investment property (note 6(h) , 7 and 8)	963,889	42	975,678	45
1840	Deferred tax assets(note 6(k))	-	-	1,321	-
1990	Other non-current assets	<u>3,769</u>	<u>-</u>	<u>7,170</u>	<u>-</u>
		1,499,640	65	1,551,838	72
Total assets		<u><u>\$ 2,334,3021</u></u>	<u><u>100</u></u>	<u><u>2,154,019</u></u>	<u><u>100</u></u>

		December 31, 2023		December 31, 2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(i))	\$ 15,000	1	30,000	1
2130	Current contract liabilities (note 6(o) and 7)	68	-	1,941	-
2170	Trade payables	75,697	3	129,538	6
2200	Other payables(Note 7)	32,533	1	36,063	2
2230	Current tax liabilities	6,915	-	25,821	1
2280	Current lease liabilities(Note 7)	4,419	-	3,018	-
2300	Other current liabilities(Note 9)	<u>351,322</u>	<u>15</u>	<u>1,266</u>	<u>-</u>
		<u>485,954</u>	<u>20</u>	<u>277,647</u>	<u>10</u>
Non-current liabilities					
2580	Non-current lease liabilities(note 7)	3,102	-	3,768	-
2640	Net defined benefit liability, non-current (note 6(j))	2,209	-	3,509	-
2570	Deferred tax liabilities(note 6(k))	62,684	3	62,679	3
2600	Other non-current liabilities (note 7)	<u>4,756</u>	<u>-</u>	<u>7,376</u>	<u>-</u>
		<u>72,751</u>	<u>3</u>	<u>77,332</u>	<u>3</u>
Total liabilities		<u>558,705</u>	<u>23</u>	<u>304,979</u>	<u>13</u>
Equity (notes 6(l)):					
3110	Ordinary shares	1,663,029	71	1,663,029	78
3200	Capital surplus	9	-	9	-
3310	Legal reserve	51,988	2	34,364	2
3320	Special reserve	60,074	3	34,924	2
3351	Retained earnings	87,640	4	176,788	8
3400	Other equity	<u>(87,143)</u>	<u>(3)</u>	<u>(60,074)</u>	<u>(3)</u>
Total equity		<u>1,775,597</u>	<u>77</u>	<u>1,849,040</u>	<u>87</u>
Total liabilities and equity		<u><u>\$ 2,334,302</u></u>	<u><u>100</u></u>	<u><u>2,154,019</u></u>	<u><u>100</u></u>

Rectron LTD.

Consolidated Statement of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Common Share)

		For the three months ended March 31			
		2023	%	2022	%
4000	Operating revenue (notes 6(n) and 7)	\$ 716,545	100	877,633	100
5000	Operating costs (notes 6(d) and 6(j))	459,141	64	533,784	61
	Gross profit from operations	257,404	36	343,849	39
	Operating expenses (notes 6(c) 、6(j) 、6(o) and 12):				
6100	Selling expenses	46,591	6	42,625	5
6200	Administrative expenses	127,052	18	119,962	14
6300	Research and development expenses	12,463	2	10,522	1
	Total operating expenses	186,106	26	173,109	20
	Net operating income	71,298	10	170,740	19
	Non-operating income and expenses (notes 6(p) and 7):				
7010	Other income	5,539	1	2,208	-
7020	Other gains and losses	30,212	4	32,834	4
7050	Finance costs	(594)	-	(1,137)	-
	Total non-operating income and expenses	35,157	5	33,905	4
	Profit before tax	106,455	15	204,645	23
7950	Total tax expense (note 6(l))	19,586	3	28,545	3
	Profit	86,869	12	176,100	20
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	(201)		144	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(454)		440	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(655)	-	584	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
8361	Exchange differences on translation	(27,951)	(4)	(14,105)	(2)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	1,336	-	(11,485)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(26,615)	(4)	(25,590)	(3)
8300	Other comprehensive income, net	(27,270)	(4)	(25,006)	(3)
8500	Comprehensive income	\$ 59,599	8	151,094	17
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	\$ 86,869	12	176,100	20
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 59,599	8	151,094	17
	Earnings per common share (expressed in dollars) (note 6(m))				
9750	Basic earnings per share	\$ 0.52		1.06	
9810	Diluted earnings per share	\$ 0.52		1.06	

(English Translation of Consolidated financial statements Originally Issued in Chinese.)

Rectron LTD.

Consolidated Statement of Changes in Equity

For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	Attributable to owners of parent								
	Retained earnings					Other equity			
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2022	\$ 1,663,029	9	25,812	58,466	85,554	(41,048)	6,124	(34,924)	1,797,946
Net income	-	-	-	-	176,100	-	-	-	176,100
Other comprehensive income	-	-	-	-	144	(14,105)	(11,045)	(25,150)	(25,006)
Total comprehensive income	-	-	-	-	176,244	(14,105)	(11,045)	(25,150)	151,094
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	8,552	-	(8,552)	-	-	-	-
Reversal of special reserve	-	-		(23,542)	23,542	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(100,000)	-	-	-	(100,000)
Balance at December31, 2022	\$ 1,663,029	9	34,364	34,924	176,788	(55,153)	(4,921)	(60,074)	1,849,040
Net income	-	-	-	-	86,869	-	-	-	86,869
Other comprehensive income	-	-	-	-	(201)	(27,951)	882	(27,069)	(27,270)
Total comprehensive income	-	-	-	-	86,668	(27,951)	882	(27,069)	59,599
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	17,624	=	(17,624)	-	-	-	-
Special reserve appropriated	-	-	-	25,150	(25,150)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(133,042)	-	-	-	(133,042)
Balance at December 31, 2023	\$ 1,663,029	9	51,988	60,074	87,640	(83,104)	(4,039)	(87,143)	1,775,597

Rectron LTD.**Consolidated Statement of Cash Flows**

For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December 31,	
	2023	2022
Cash flows from(used in) operating activities:		
Profit before tax	\$ 106,455	204,645
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	50,949	53,040
Amortization expenses	3,708	4,749
Expected credit losses (gains)	(3,616)	(2,165)
Interest expenses	594	1,137
Interest income	(4,948)	(1,698)
Dividend income	(591)	(510)
Loss (gain) on disposal of property, plant and equipment	(9)	173
Net losses (gains) on financial assets at fair value through profit or loss	(11,828)	5,508
Foreign exchange loss (gain) on financial assets	2,233	(2,462)
Property, plant and equipment transferred to expenses	75	-
Total adjustments to reconcile profit	<u>36,567</u>	<u>57,772</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	1,666	423
Trade receivables	69,619	25,233
Other receivables	1,358	5,761
Inventories	6,126	34,739
Prepayments	16,492	(16,321)
Other current assets	(1,095)	1,421
Total changes in operating assets	<u>94,166</u>	<u>51,256</u>
Changes in operating liabilities:		
Current contract liabilities	(1,873)	(56)
Trade payables	(53,841)	18,244
Other payables	(3,530)	2,732
Other current liabilities	52	165
Net defined benefit liability	(1,501)	(1,930)
Total changes in operating liabilities	<u>(60,693)</u>	<u>19,155</u>
Total changes in operating assets and liabilities	<u>33,473</u>	<u>70,411</u>
Total adjustments	<u>70,040</u>	<u>128,183</u>
Cash inflow generated from operations	176,495	332,828
Interest received	3,167	1,537
Dividends received	591	219
Interest paid	(594)	(1,182)
Income taxes paid	(36,093)	(4,446)
Net cash flows from operating activities	<u>143,566</u>	<u>328,956</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,176)	(3,260)
Acquisition of financial assets at fair value through profit or loss	(30,146)	(64,690)
Proceeds from disposal of financial assets at fair value through profit or loss	33,114	34,216
Acquisition of property, plant and equipment	(6,144)	(32,474)
Proceeds from disposal of property, plant and equipment	78	1,072
Refund of advance payments for construction projects	4,888	-
Decrease in other non-current assets	(307)	(1,287)
Decrease in other non-current liability	356,849	-
Dividends received	-	291
Net cash flows used in investing activities	<u>355,156</u>	<u>(66,132)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	50,000	65,000
Decrease in short-term borrowings	(65,000)	(152,000)
Increase in guarantee deposits received	-	345
Decrease in guarantee deposits received	(2,620)	-
Payments of lease liabilities	(3,290)	(2,701)
Cash dividends paid	(133,042)	(100,000)
Net cash flows used in financing activities	<u>(153,952)</u>	<u>(189,356)</u>
Effect of exchange rate changes on cash and cash equivalents	(29,029)	(14,970)
Net increase (decrease) in cash and cash equivalents	315,741	58,498
Cash and cash equivalents at the beginning of period	245,962	187,464
Cash and cash equivalents at the end of period	<u>\$ 561,703</u>	<u>245,962</u>

Independent Auditors' Report

To the Board of Directors of RECTRON LTD. Company :

Opinion

We have audited the consolidated financial statements of RECTRON LTD (“the Company”), which comprise the statement of balance sheets as of December 31, 2022 and 2023, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2023, 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 2023. 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 (m) of the financial statements for details on the accounting policy for revenue recognition. Additionally, refer to Note 6 (o) of the financial statements for a breakdown of revenue by customer contracts.

Key Audit Matters

Rectron LTD. primarily derives its revenue from the manufacturing and sale of various rectifiers and other semiconductor components. The risk lies in the accuracy 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 start with revenue. Consequently, testing revenue recognition is one of the key assessment areas for auditors in conducting the financial statement audit of Rectron LTD.

Auditing procedures performed:

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

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.

Auditing procedures performed:

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

We did not audit the financial statements of certain investees, which represented investments in other entities accounted for using the equity method of the Company. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those investees, is based solely on the reports of other auditors. The investments in those investees accounted for using the equity method constituting 7% and 8% of total assets at December 31, 2023 and 2022, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting (6)% and 34% of total profit before tax for the years then ended respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rectron LTD. internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Rectron LTD. ability to continue as a going concern. If we determine that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on Rectron Ltd. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 15, 2024

Notes to Readers

The accompanying Parent Company Only Financial Statements are intended only to present the financial position, financial performance and its 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 review such Parent Company Only Financial Statements are those generally accepted and applied in the Republic of China.

The independent Auditors' Report and the accompanying Parent Company Only 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 Parent Company Only Financial Statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Rectron LTD.

Balance Sheets

December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2023		December 31, 2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 67,998.	3	88,578	4
1170	Trade receivables net (note 6(c), and (o))	54,575	3	108,281	5
1180	Accounts receivable due from related parties, net (Notes 6(o) and 7)	4,660	-	14,358	1
1200	Other receivables	1,060	-	1,867	-
1210	Other receivables due from related parties, net (Notes 7)	248	-	208	-
130X	Inventories (note 6(d))	58,297	3	40,806	2
1410	Prepayments(Notes 7)	414	-	650	-
1479	Other current assets	<u>1,730</u>	<u>-</u>	<u>1,588</u>	<u>-</u>
		<u>188,982</u>	<u>9</u>	<u>256,336</u>	<u>12</u>
Non-current assets:					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	57,636	3	54,229	3
1550	Investments accounted for using equity method (Note 6(e))	561,628	28	569,100	27
1600	Property, plant and equipment (note 6(f) 7,8 and 9)	272,362	14	285,105	14
1755	Right-of-use assets (note 6(g))	275	-	240	-
1760	Investment property (note 6(h) , 7 and 8)	904,974	46	910,412	44
1990	Other non-current assets	<u>2,315</u>	<u>-</u>	<u>5,277</u>	<u>-</u>
		1,799,190	91	1,824,363	88
Total assets		<u><u>\$ 1,988,172</u></u>	<u><u>100</u></u>	<u><u>2,080,699</u></u>	<u><u>100</u></u>

		December 31, 2023		December 31, 2022	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and Equity					
Current liabilities:					
2100	Short-term borrowings (note 6(i))	\$ 15,000	1	30,000	1
2130	Current contract liabilities (note 6(o) and 7)	-	-	682	-
2170	Trade payables	21,154	1	40,195	2
2180	Accounts payable to related parties (Note 7)	77,716	4	49,863	2
2200	Other payables	20,668	1	19,035	1
2220	Other payables to related parties (Note 7)	238	-	151	-
2230	Current tax liabilities	6,580	-	20,076	1
2280	Current lease liabilities	71	-	214	-
2300	Other current liabilities(Note 7)	<u>1,298</u>	<u>-</u>	<u>1,266</u>	<u>-</u>
		<u>142,725</u>	<u>7</u>	<u>161,482</u>	<u>7</u>
Non-current liabilities					
2640	Net defined benefit liability, non-current (note 6(k))	2,209	-	3,509	-
2570	Deferred tax liabilities(note 6(l))	62,679	3-	62,679	-
2580	Non-current lease liabilities	206	-	-	3
2600	Other non-current liabilities (note 7)	<u>4,756</u>	<u>-</u>	<u>3,989</u>	<u>-</u>
		<u>69,850</u>	<u>3</u>	<u>70,177</u>	<u>3</u>
	Total liabilities	<u>212,575</u>	<u>10</u>	<u>231,659</u>	<u>10</u>
Equity (notes 6(m)):					
3110	Ordinary shares	1,663,029	84	1,663,029	81
3200	Capital surplus	9	-	9	-
3310	Legal reserve	51,988	3	34,364	2
3320	Special reserve	60,074	3	34,924	2
3351	Retained earnings	87,640	4	176,788	8
3400	Other equity	<u>(87,143)</u>	<u>(4)</u>	<u>(60,074)</u>	<u>(3)</u>
	Total equity	<u>1,775,597</u>	<u>90</u>	<u>1,849,040</u>	<u>90</u>
	Total liabilities and equity	<u><u>\$ 1,988,172</u></u>	<u><u>100</u></u>	<u><u>2,080,699</u></u>	<u><u>100</u></u>

Rectron LTD.**Statement of Comprehensive Income****For the Years Ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollar, except for Earnings per Common Share)**

		For the three months ended March 31			
		2023	%	2022	%
4000	Operating revenue(notes 6(o)and 7)	\$ 548,781	100	634,715	100
5000	Operating costs (notes 6(d) 、 6(k)and 7)	<u>412,849</u>	<u>75</u>	<u>493,295</u>	<u>78</u>
	Gross profit from operations	135,932	25	141,420	22
5910	Loss: Unrealized profit (loss) from sales	(901)	-	(58)	-
5920	Add: Realized profit (loss) on from sales	<u>(58)</u>	<u>-</u>	<u>(54)</u>	<u>-</u>
		<u>136,775</u>	<u>25</u>	<u>141,424</u>	<u>22</u>
	Operating expenses (notes6(k) 、 6(p)and 7):				
6100	Selling expenses	13,203	2	10,871	2
6200	Administrative expenses	147,400	9	41,407	7
6300	Research and development expenses	1,001	-	1,229	-
6450	Impairment loss determined in accordance with IFRS 9	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total operating expenses	<u>61,631</u>	<u>11</u>	<u>53,507</u>	<u>9</u>
	Net operating income	<u>75,144</u>	<u>14</u>	<u>87,917</u>	<u>13</u>
	Non-operating income and expenses(notes 6(q)and 7):				
7010	Other income	4,791	1	2,851	-
7020	Other gains and losses	4,434	1	28,289	4
7050	Finance costs	(576)	-	(1,115)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	<u>20,963</u>	<u>4</u>	<u>79,836</u>	<u>13</u>
7950	Total non-operating income and expenses	<u>29,612</u>	<u>6</u>	<u>109,861</u>	<u>17</u>
	Profit before tax	104,756	20	197,778	30
	Total tax expense (note 6(l))	<u>17,887</u>	<u>3</u>	<u>21,678</u>	<u>3</u>
	Profit	<u>86,869</u>	<u>17</u>	<u>176,100</u>	<u>27</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss:				
8311	Gains (losses) on remeasurements of defined benefit plans	(201)	-	144	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(454)</u>	<u>-</u>	<u>440</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(655)</u>	<u>-</u>	<u>584</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	1,336	-	(11,485)	(2)
8380	Share of other comprehensive income of subsidiaries for using equity method, components of other comprehensive income that will be reclassified to profit or loss	<u>(27,951)</u>	<u>(5)</u>	<u>(14,105)</u>	<u>(2)</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(26,615)</u>	<u>(5)</u>	<u>(25,590)</u>	<u>(4)</u>
8300	Other comprehensive income, net	<u>(27,270)</u>	<u>(5)</u>	<u>(25,006)</u>	<u>(4)</u>
	Comprehensive income	<u>\$ 59,599</u>	<u>12</u>	<u>151,094</u>	<u>23</u>
	Earnings per common share (expressed in dollars) (note 6(n))				
9750	Basic earnings per share	\$ <u>0.52</u>		<u>1.06</u>	
9810	Diluted earnings per share	\$ <u>0.52</u>		<u>1.06</u>	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese.)

Rectron LTD.

Statement of Changes in Equity

For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	Attributable to owners of parent								
	Retained earnings					Other equity			
	Ordinary share	Capital surplus	Legal reserve	Special reserve	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2022	\$ 1,663,029	9	25,812	58,466	85,554	(41,048)	6,124	(34,924)	1,797,946
Net income	-	-	-	-	176,100	-	-	-	176,100
Other comprehensive income	-	-	-	-	144	(14,105)	(11,045)	(25,150)	(25,006)
Total comprehensive income	-	-	-	-	176,244	(14,105)	(11,045)	(25,150)	151,094
Appropriation and distribution of retained earnings:									
Legal reserve appropriated			8,552		(8,552)				
Reversal of special reserve				(23,542)	23,542				
Cash dividends of ordinary share	-	-	-	-	(100,000)	-	-	-	(100,000)
Balance at December 31, 2022	\$ 1,663,029	9	34,364	34,924	176,788	(55,153)	(4,921)	(60,074)	1,849,040
Net income	-	-	-	-	86,869	-	-	-	86,869
Other comprehensive income	-	-	-	-	(201)	(27,951)	882	(27,069)	(27,270)
Total comprehensive income	-	-	-	-	86,668	(27,951)	882	(27,069)	59,599
Appropriation and distribution of retained earnings:									
Legal reserve appropriated			17,624		(17,624)				
Special reserve appropriated				25,150	(25,150)				
Cash dividends of ordinary share	-	-	-	-	(133,042)	-	-	-	(133,042)
Balance at December 31, 2023	\$ 1,663,029	9	51,988	60,074	87,640	(83,104)	(4,039)	(87,143)	1,775,597

Rectron LTD.**Statement of Cash Flows**

For the Years Ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended December 31,	
	2023	2022
Cash flows from(used in) operating activities:		
Profit before tax	\$ 104,756	197,778
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	18,237	19,584
Amortization expenses	2,542	2,586
Expected credit losses (gains)	27	-
Interest expenses	576	1,115
Interest income	(3,391)	(1,462)
Dividend income	(303)	(291)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(20,963)	(79,836)
Unrealized profit (loss) from sales	(901)	(58)
Realized loss (profit) on from sales	58	54
Foreign exchange loss (gain) on financial assets	2,233	(2,462)
Loss (gain) on disposal of property, plant and equipment	-	(3,998)
Gain or loss on disposal of fixed assets	-	15,339
Gain on disposal of unrealized gains on assets	(1,673)	-
Property, plant and equipment transferred to expenses	75	-
Total adjustments to reconcile profit	<u>(3,483)</u>	<u>(49,429)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Trade receivables	53,679	(12,167)
Accounts receivable due from related parties	9,698	14,087
Other receivables	1,005	(281)
Other receivables due from related parties	(40)	78,730
Inventories	(17,491)	7,328
Prepayments	236	302
Other current assets	<u>(142)</u>	<u>1,192</u>
Total changes in operating assets	<u>46,945</u>	<u>89,191</u>
Changes in operating liabilities:		
Current contract liabilities	(682)	682
Trade payables	(19,041)	14,550
Accounts payable to related parties	27,853	47,622
Other payables	1,633	(3,088)
Other payables to related parties	87	(37)
Other current liabilities	32	166
Net defined benefit liability	<u>(1,501)</u>	<u>(1,930)</u>
Total changes in operating liabilities	<u>8,381</u>	<u>57,965</u>
Total changes in operating assets and liabilities	<u>55,326</u>	<u>147,156</u>
Total adjustments	<u>51,843</u>	<u>97,727</u>
Cash inflow generated from operations	156,599	295,505
Interest received	1,611	169
Interest paid	(576)	(1,161)
Income taxes paid	<u>(31,383)</u>	<u>(4,717)</u>
Net cash flows from operating activities	<u>126,251</u>	<u>289,796</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(3,176)	(3,260)
Acquisition of investments accounted for using equity method	-	(80,000)
Acquisition of property, plant and equipment	(4,711)	(10,623)
Proceeds from disposal of property, plant and equipment		9,270
Refund of advance payments for construction projects	4,888	-
Increase (Decrease) in other receivables due from related parties		28,304
Decrease in other non-current assets	420	-
Dividends received	<u>3,303</u>	<u>291</u>
Net cash flows used in investing activities	<u>724</u>	<u>(56,027)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	50,000	65,000
Decrease in short-term borrowings	(65,000)	(152,000)
Increase in guarantee deposits received	767	263
Payments of lease liabilities	(280)	(587)
Cash dividends paid	<u>(133,042)</u>	<u>(100,000)</u>
Repayment of lease principal		
Net cash flows used in financing activities	<u>(147,555)</u>	<u>(187,324)</u>
Net increase (decrease) in cash and cash equivalents	<u>(20,580)</u>	<u>46,445</u>
Cash and cash equivalents at the beginning of period	<u>88,578</u>	<u>42,133</u>
Cash and cash equivalents at the end of period	<u>\$ 67,998</u>	<u>88,578</u>

Regulations Governing Endorsements and Guarantees by Rectron Ltd. (Pre-revision)

Article 1: All endorsement and guarantee matters of the Company shall be handled in accordance with these regulations.

Article 2: The endorsements and guarantees referred to in these regulations include

1. Financing endorsements and guarantees:

- Discounted promissory note financing.
- Endorsements or guarantees for other companies for financing purposes.
- Issuance of promissory notes to non-financial enterprises as collateral for the Company's own financing.

2. Customs duty endorsements and guarantees, which refer to endorsements or guarantees related to customs matters for the Company or other companies.

3. Other endorsements and guarantees, which refer to those that cannot be classified under the previous two categories.

If the Company provides movable or immovable property as collateral for loans to other companies by establishing pledges or mortgages, it shall also be handled in accordance with these regulations.

Article 3: The Company may provide endorsements and guarantees to the following companies:

1. Companies with business transactions with the Company.
2. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
3. Companies that directly and indirectly hold more than 50% of the Company's voting shares.

Companies in which the Company directly and indirectly holds more than 90% of the voting shares may provide endorsements and guarantees to each other, and the amount shall not exceed 10% of the Company's net worth. However, endorsements and guarantees between companies in which the Company directly and indirectly holds 100% of the voting shares are not subject to this limitation.

For endorsements and guarantees due to contractual mutual insurance needs between peers or co-constructors based on project contracts, or for joint investment relations where all investing shareholders endorse guarantees for the invested company in proportion to their shareholdings, the restrictions in the previous two items do not apply.

The term "investment" in the preceding paragraph refers to direct investment by a publicly issued company or investment through a company that holds 100% of the voting shares.

Article 4: The subsidiaries and parent companies referred to in these regulations shall be defined in accordance with the regulations on the preparation of financial reports for securities issuers. The Company's financial reports are prepared in accordance with International Financial Reporting Standards. The term "net worth" referred to in these regulations means the equity attributable to the owners of the parent company as stipulated in the balance sheet under the regulations on the preparation of financial reports for securities issuers.

Article 5: The limits and norms for endorsements and guarantees are as follows:

1. The total amount of endorsements and guarantees by the Company shall not exceed 50% of the Company's net worth, and the amount of endorsements and guarantees for a single enterprise shall not exceed 20% of the Company's net worth. The total amount of endorsements and guarantees by the Company and its subsidiaries shall not exceed 50% of the Company's net worth, and the amount of endorsements and guarantees for a single enterprise shall not exceed 20% of the Company's net worth, based on the most recent audited financial statements. For business-related endorsements and guarantees, the balance shall not exceed the transaction amount with the enterprise in the most recent year.
2. Subsidiaries in which the Company directly and indirectly holds more than 90% of the voting shares, before providing endorsements and guarantees as per the second paragraph of Article 3, must submit to the Company's board of directors for resolution. However, endorsements and guarantees between companies in which the Company directly and indirectly holds 100% of the voting shares are not subject to this limitation.
3. If the endorsement and guarantee object is a subsidiary whose net worth is less than half of the paid-in capital, in addition to the above regulations, the Company's internal auditors shall audit the endorsement and guarantee procedures and their implementation at least quarterly, and make written records. If significant violations are found, they shall immediately notify the Audit Committee in writing.
4. If the endorsement and guarantee amount exceeds the above standards due to business needs, it shall be approved by the board of directors, and more than half of the directors shall jointly guarantee the Company's possible losses due to the excess, and the standard shall be amended and submitted to the shareholders' meeting for ratification. If the shareholders' meeting disagrees, a plan to eliminate the excess within a certain period must be made.
5. If the endorsement and guarantee amount exceeds the limit due to changes in the basis for calculating the limit, or if the endorsement and guarantee object originally meets the provisions of Article 3 but no longer meets the provisions later, an improvement plan for the excess or for the endorsement and guarantee amount for the object shall be made, and the related improvement plan shall be submitted to the Audit Committee and completed according to the plan schedule. Endorsement and guarantee matters shall be resolved by the board of directors and reported to the shareholders' meeting for record.

For subsidiaries with no par value or a par value other than NT\$10 per share, the paid-in capital for calculation according to the third item of the preceding paragraph shall be the sum of the capital and the capital surplus - issuance premium.

Article 6: When handling endorsements and guarantees, the handling department shall first evaluate the risk of the endorsements and guarantees and make an evaluation record. The review procedures are as follows:

1. Whether the reason for the endorsement and guarantee is sufficient.
2. Whether the amount of the endorsement and guarantee is necessary based on the financial condition of the guaranteed company.
3. The impact on the Company's operational risks, financial condition, and shareholders' equity.
4. Whether to obtain collateral and the evaluated value of the collateral, if necessary.
5. Whether the cumulative amount of endorsements and guarantees is still within the limit.
6. Any other possible factors that may harm the Company's interests.

The handling department shall submit a written report stating the endorsed and guaranteed company, object, type, reason, and amount, along with relevant evaluation materials, to the board of directors for resolution.

Article 7: For external guarantees by the Company, the special seal registered with the Ministry of Economic Affairs as the exclusive endorsement and guarantee seal shall be used. The seal shall be kept by the responsible person approved by the board of directors, and shall only be used or issued in accordance with the Company's operational procedures.

Article 8: The finance department shall, in accordance with the regulations of the competent authority, announce and report the balance of the Company's and its subsidiaries' endorsements and guarantees for the previous month by the 10th of each month.

Article 9: If the balance of endorsements and guarantees meets any of the following standards, it shall be announced and reported within two days from the date of occurrence:

1. The balance of endorsements and guarantees by the Company and its subsidiaries reaches more than 50% of the Company's most recent financial statement net worth.
2. The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches more than 20% of the Company's most recent financial statement net worth.
3. The balance of endorsements and guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more, and the sum of endorsements and guarantees, equity method investment book value, and fund loans for that enterprise reaches more than 30% of the Company's most recent financial statement net worth.
4. The newly added endorsement and guarantee amount by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5% of the Company's most recent financial statement net worth.

If the subsidiary is not a domestic publicly issued company and has matters to announce and report as per item four of the preceding paragraph, the Company shall do so on its behalf.

The date of occurrence referred to in these regulations means the contract signing date, payment date, board resolution date, or any other date that determines the endorsement and guarantee object and amount, whichever is earlier.

Article 10: When handling endorsement and guarantee matters, a reference book shall be established to record in detail the endorsed and guaranteed objects, amounts, board approval dates or chairman approval dates, endorsement and guarantee dates, and matters requiring careful evaluation in accordance with regulations for reference.

Article 11: The Company's internal auditors shall audit the implementation of endorsement and guarantee procedures at least quarterly and make written records. If significant violations are found, they shall immediately notify the Audit Committee in writing.

Article 12: If the Company's subsidiaries need to handle endorsements and guarantees for business needs, the Company shall instruct the subsidiaries to formulate their own endorsement and guarantee regulations in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and report to the Company for approval before handling them according to the established procedures.

Article 13: The Company shall evaluate or recognize contingent losses from endorsements and guarantees and disclose endorsement and guarantee information appropriately in the financial report, and provide relevant materials to the certifying accountants for necessary audit procedures.

Article 14: The Company's managers and responsible personnel shall be penalized for violating endorsement and guarantee procedures, and if they cause losses to the Company, they shall be held accountable for compensation. If necessary, they shall be dismissed and legal action shall be taken.

Article 15: These procedures shall be implemented with the consent of the Audit Committee and the approval of the board of directors, and submitted to the shareholders' meeting for approval. If a director expresses objections and there are records or written statements, the Company shall submit the objections to the Audit Committee and the shareholders' meeting for discussion. The same applies to amendments.

When submitting to the board of directors for discussion, the opinions of the independent directors shall be fully considered. If the independent directors have any objections or reservations, they shall be recorded in the minutes of the board meeting.

Rectron Ltd**Comparison Table of Amended Regulations on Endorsements and Guarantees**

Article	Original articles	The amended articles	the basis and reasons for the amendments
Article 5	<p>Limits and Regulations for Handling Endorsements and Guarantees:</p> <p>The total amount of endorsements and guarantees by the Company shall not exceed 50% of the Company's net worth, and the amount for a single enterprise shall not exceed 20% of the Company's net worth. The combined total amount of endorsements and guarantees by the Company and its subsidiaries shall not exceed 50% of the Company's net worth, and the amount for a single enterprise shall not exceed 20% of the Company's net worth, based on the most recent audited financial statements. For endorsements and guarantees due to business relationships, the remaining balance shall not exceed the transaction amount with the enterprise in the most recent year.</p> <p>Subsidiaries in which the Company directly and indirectly holds more than 90% of the voting shares, before providing endorsements and guarantees as per the second paragraph of Article 3, must submit the matter to the Company's board of directors for resolution. However, endorsements and guarantees between companies in which the Company directly and indirectly holds 100% of the voting shares are not subject to this limitation. If the endorsement and guarantee object</p>	<p>Limits and Regulations for Handling Endorsements and Guarantees:</p> <p>The total amount of endorsements and guarantees by the Company and the amount for a single enterprise shall not exceed three times the Company's net worth. For endorsements and guarantees due to business relationships, the amount shall not exceed the transaction amount with the enterprise in the most recent year, in addition to the above limit.</p> <p>The combined total amount of endorsements and guarantees by the Company and its subsidiaries shall not exceed five times the Company's net worth, and the amount for a single enterprise shall not exceed three times the Company's net worth.</p> <p>Before subsidiaries in which the Company directly and indirectly holds more than 90% of the voting shares provide endorsements and guarantees as per the second paragraph of Article 3, the matter must be submitted to the Company's board of directors for resolution.</p>	To meet the operational needs of the company.

	<p>is a subsidiary whose net worth is less than half of the paid-in capital, in addition to the above regulations, the Company's internal auditors shall audit the endorsement and guarantee procedures and their implementation at least quarterly, and make written records. If significant violations are found, they shall immediately notify the Audit Committee in writing.</p> <p>If the endorsement and guarantee amount exceeds the above standards due to business needs, it shall be approved by the board of directors, and more than half of the directors shall jointly guarantee the Company's possible losses due to the excess, and the standard shall be amended and submitted to the shareholders' meeting for ratification. If the shareholders' meeting disagrees, a plan to eliminate the excess within a certain period must be made.</p> <p>If the endorsement and guarantee amount exceeds the limit due to changes in the basis for calculating the limit, or if the endorsement and guarantee object originally meets the provisions of Article 3 but no longer meets the provisions later, an improvement plan for the excess or for the endorsement and guarantee amount for the object shall be made, and the related improvement plan shall be submitted to the Audit Committee and completed according to the plan schedule. Endorsement and guarantee matters shall be resolved by the board of directors and reported to the shareholders' meeting for record.</p>	<p>However, endorsements and guarantees between companies in which the Company directly and indirectly holds 100% of the voting shares are not subject to this limitation.</p> <p>The aforementioned net worth is based on the most recent audited financial statements. If the endorsement and guarantee object is a subsidiary whose net worth is less than half of the paid-in capital, in addition to the above regulations, the Company's internal auditors shall audit the endorsement and guarantee procedures and their implementation at least quarterly, make written records, and if significant violations are found, immediately notify the Audit Committee in writing.</p> <p>If the endorsement and guarantee amount exceeds the above standards due to business needs, it shall be approved by the board of directors, and more than half of the directors shall jointly guarantee the Company's possible losses due to the excess. The standard shall be amended and submitted to the shareholders' meeting for ratification. If the shareholders' meeting disagrees, a plan to eliminate the excess within a certain period must be made.</p> <p>If the endorsement and guarantee amount exceeds the limit due to changes in the basis</p>	
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	<p>For subsidiaries with no par value or a par value other than NT\$10 per share, the paid-in capital for calculation according to the third item of the preceding paragraph shall be the sum of the capital and the capital surplus - issuance premium.</p>	<p>for calculating the limit, or if the endorsement and guarantee object originally meets the provisions of Article 3 but no longer meets the provisions later, an improvement plan for the excess or for the endorsement and guarantee amount for the object shall be made. The related improvement plan shall be submitted to the Audit Committee and completed according to the plan schedule. Endorsement and guarantee matters shall be resolved by the board of directors and reported to the shareholders' meeting for record.</p> <p>For subsidiaries with no par value or a par value other than NT\$10 per share, the paid-in capital for calculation according to item three of the preceding paragraph shall be the sum of the capital and the capital surplus - issuance premium.</p>	
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Appendix 6

Operating Procedures for Loans of Funds to Others by Rectron Ltd. (Pre-revision)

Article 1: Purpose To establish a clear procedure for the Company's loans of funds to others, these procedures are formulated.

Article 2: Eligible Recipients and Evaluation Criteria for Loans of Funds to Others

Eligible Recipients: (1) Companies or businesses with business dealings with the Company. (2) Companies or businesses in need of short-term financing. "Short-term" refers to a period of one year or one business cycle, whichever is longer. For loans of funds between overseas companies in which the Company directly or indirectly holds 100% voting rights, the loan period shall not exceed five years.

Evaluation Criteria for Loans of Funds to Others: (1) Loans of funds due to business dealings with the Company. (2) Loans of funds for short-term financing needs are limited to the following situations:

1. Subsidiaries in which the Company holds more than 50% of the shares requiring short-term financing for business needs.
2. Companies or businesses needing short-term financing for purchasing materials or business turnover.
3. Other loans approved by the Company's board of directors.

Article 3: Definition of Subsidiaries, Parent Companies, and Net Worth The terms "subsidiary" and "parent company" shall be defined in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The Company's financial reports are prepared in accordance with International Financial Reporting Standards. The term "net worth" refers to the equity attributable to the owners of the parent company as defined by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Article 4: Total Loan Amount and Limits for Individual Recipients

1. The total amount of loans by the Company shall not exceed 40% of the Company's net worth.
2. For companies or businesses with business dealings with the Company, the individual loan amount shall not exceed the highest accumulated purchase (sales) amount between both parties in the past 12 months.
3. For short-term financing needs between the Company and other companies or businesses, the loan amount shall not exceed 10% of the Company's net worth. The term "loan amount" refers to the cumulative balance of short-term financing by the Company.
4. Loans of funds between the Company and its parent or subsidiary companies, or between subsidiaries, shall be subject to board resolutions and may authorize the chairman to make multiple disbursements or cyclical usage within a certain limit and period not exceeding one year. The certain limit mentioned, unless complying with the sixth item of this article, the authorization limit for loans of funds to a single enterprise by the Company or its subsidiaries shall not exceed 10% of the net worth as per the latest financial statement of the company. Loans of funds between overseas companies in which the Company directly or indirectly holds 100% voting rights, individual and total loan amounts shall not exceed the

net worth of the lending enterprise. If company personnel violate the regulations, they shall be jointly liable with the borrower for repayment; if the company incurs damages, they shall be responsible for compensation.

Article 5: Loan Procedures and Review Process The procedures for loans of funds by the Company are as follows:

1. Application: The borrower shall apply in writing and provide necessary company and financial information.
2. Credit Investigation: Upon receipt of the application, the finance department shall investigate and evaluate the borrower's business, financial status, debt repayment ability, credit, profitability, loan purpose, and future prospects, and prepare a report including:
 1. Necessity and rationality of the loan
 2. Credit and risk assessment of the borrower
 3. Impact on the Company's operational risk, financial status, and shareholders' equity
 4. Whether to obtain collateral and the assessed value of collateral
3. Security: The Company shall obtain a promissory note for the loan amount, and, if necessary, handle mortgage or pledge of movable or immovable property. If the borrower provides a guarantee from an individual or company with sufficient financial resources and credit, the board of directors may consider the finance department's credit report. The guarantee provisions shall not apply to the Company's 100% owned subsidiaries.
4. Authorization: The loan of funds shall be processed after approval by the chairman, the consent of the audit committee, and the board of directors' resolution. When submitting to the board of directors, opinions of independent directors shall be fully considered, and their clear opinions and reasons for dissent shall be included in the board records.
5. Insurance: Collateral, except for land and securities, shall be insured against fire, and ships and vehicles shall have comprehensive insurance. The insurance amount shall not be lower than the collateral value, and the policy shall name the Company as the beneficiary. The handling officer shall notify the borrower to continue insurance before expiration.
6. Disbursement: After approval and upon borrower signing the contract and submitting the promissory note (or installment repayment), and completing the mortgage registration of collateral, the loan may be disbursed.

Article 6: Loan Terms and Interest Calculation

1. Each loan term shall not exceed one year.
2. The loan interest rate shall not be lower than the highest short-term borrowing rate of the Company from financial institutions. Interest shall be paid monthly. This provision does not apply to the Company's 100% owned subsidiaries.

Article 7: Detailed Records The Company shall establish a reference book to record the loan recipient, amount, board resolution date, loan date, and matters that should be prudently assessed according to relevant regulations. The announcement and reporting procedures shall be handled within the time limit prescribed by the competent authority.

Article 8: Internal Audit Internal auditors shall audit the loan procedures and implementation at least quarterly, make written records, and notify all supervisors in writing of any major violations.

Article 9: Subsequent Control Measures and Overdue Debt Handling

1. After loan disbursement, the Company shall monitor the financial, business, and credit status of the borrower and guarantor. If there is a significant change in collateral value, it shall be reported to the chairman immediately for appropriate action.
2. The borrower shall repay the principal and interest at maturity, after which the promissory note and collateral mortgage shall be cancelled and returned to the borrower.
3. The borrower shall repay the principal and interest at maturity.

Article 10: Control Procedures for Subsidiary Loans to Others

If a subsidiary needs to loan funds to others due to business needs, it shall establish its own "Operating Procedures for Loans of Funds to Others" according to the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and submit it to the Company for approval and implementation.

Article 11: Announcement and Reporting Procedures

1. The finance department shall announce and report the loan balances of the Company and its subsidiaries by the 10th of each month.
2. If the loan balances of the Company and its subsidiaries reach any of the following standards, announcement and reporting shall be made within two days from the occurrence:
(1) The loan balance reaches 20% or more of the Company's net worth. (2) The loan balance to a single enterprise reaches 10% or more of the Company's net worth. (3) The newly added loan amount reaches NT\$10 million or more and 2% or more of the Company's net worth. If the subsidiary is not a domestic public company, the Company shall announce and report matters that meet the criteria of the third item. The occurrence date refers to the date of contract signing, payment, board resolution, or other dates that confirm the loan recipient and amount, whichever is earlier.

Article 12: Handling Changes Leading to Non-compliance If changes lead to non-compliance with these procedures or exceed the limits, an improvement plan shall be formulated, submitted to the audit committee, and completed according to the plan schedule.

Article 13: Evaluation and Provision for Bad Debts The Company shall evaluate loan situations and set aside adequate provisions for bad debts, disclose relevant information in financial reports, and provide related data to the certifying accountant for necessary auditing.

Article 14: Penalties for Managers and Handling Personnel Managers and handling personnel who violate these procedures shall be punished, and if they cause losses to the Company, compensation shall be sought. If necessary, they shall be dismissed and legal action taken.

Article 15: Implementation and Approval These procedures shall be implemented after approval by the audit committee, the board of directors, and the shareholders' meeting. When submitting to the board of directors, the opinions of all directors shall be fully considered, and dissenting opinions recorded or in written statements shall be sent to the audit committee and the shareholders' meeting for discussion. The same applies to amendments.

Appendix 7

Rectron Ltd

Comparison Table of Amended Provisions for the Procedures of Lending Funds to Others

Article	Original articles Original	The amended articles	the basis and reasons for the amendments
Article 2:	<p>Eligible Recipients and Evaluation Criteria for Loans of Funds to Others</p> <p>1. Eligible Recipients:</p> <p>(1) Companies or businesses with business dealings with the Company.</p> <p>(2) Companies or businesses in need of short-term financing. "Short-term" refers to a period of one year or one business cycle, whichever is longer. For loans of funds between overseas companies in which the Company directly or indirectly holds 100% voting rights, the loan period shall not exceed five years.</p> <p>2. Evaluation Criteria for Loans of Funds to Others:</p> <p>(1) Loans of funds due to business dealings with the Company.</p> <p>(2) Loans of funds for short-term financing needs are limited to the following situations:</p> <p>(a) Subsidiaries in which the Company holds more than 50% of the shares requiring short-term financing for business needs.</p> <p>(b) Companies or businesses needing short-term financing for purchasing materials or business turnover.</p> <p>(c) Other loans approved by the Company's board of directors.</p>	<p>Eligible Recipients</p> <p>1. Entities Eligible for Loans</p> <p>(1) Companies or firms that have business dealings with our company.</p> <p>(2) Companies or firms that require short-term financing. The financing amount must not exceed 40% of our company's net worth.</p> <p>2. Definition of Short-Term</p> <p>The term "short-term" refers to a period of one year. However, if a company's business cycle exceeds one year, the business cycle will be used as the standard.</p> <p>3. Definition of Financing Amount</p> <p>The financing amount referred to in Clause 2 of the first item is the cumulative balance of our company's short-term financing amounts.</p> <p>4. Exceptions for Wholly-Owned Foreign Subsidiaries</p> <p>Direct and indirect loans between our company and wholly-owned foreign subsidiaries, or loans between wholly-owned foreign subsidiaries and our company, are not subject to the limitation in Clause 2 of the first item. The loan period for these transactions should not exceed five years as a general principle.</p>	<p>To meet the operational needs of the company.</p>

Article 4:	<p>Total Loan Amount and Limits for Individual Recipients</p> <p>1.The total amount of loans by the Company shall not exceed 40% of the Company's net worth.</p> <p>2.For companies or businesses with business dealings with the Company, the individual loan amount shall not exceed the highest accumulated purchase (sales) amount between both parties in the past 12 months.</p> <p>3.For short-term financing needs between the Company and other companies or businesses, the loan amount shall not exceed 10% of the Company's net worth. The term "loan amount" refers to the cumulative balance of short-term financing by the Company.</p> <p>4.Loans of funds between the Company and its parent or subsidiary companies, or between subsidiaries, shall be subject to board resolutions and may authorize the chairman to make multiple disbursements or cyclical usage within a certain limit and period not exceeding one year. The certain limit mentioned, unless complying with the sixth item of this article, the authorization limit for loans of funds to a single enterprise by the Company or its subsidiaries shall not exceed 10% of the net worth as per the latest financial statement of the company. Loans of funds between overseas companies in which the Company directly or indirectly holds 100% voting rights, individual and total loan amounts shall not exceed the net worth of the lending enterprise. If company personnel violate the regulations, they shall be jointly liable with the borrower for repayment; if the company incurs damages, they shall be responsible for compensation.</p>	<p>Total Loan Amount and Limit per Individual Entity</p> <p>1.Total Loan Amount</p> <p>The total amount of funds our company lends to others shall not exceed 40% of our company's net worth.</p> <p>(1)For companies or firms that have business dealings with our company, the total loan amount shall not exceed the higher of the total purchase (sales) amount between both parties over the past twelve months.</p> <p>(2)For companies or firms that require short-term financing, the loan amount shall not exceed 40% of our company's net worth.</p> <p>2. Loan Limit per Individual Entity</p> <p>(1)For companies or firms that have business dealings with our company, the loan amount for an individual entity shall not exceed the higher of the total purchase (sales) amount between both parties over the past twelve months and shall not exceed 10% of our company's net worth.</p> <p>(2)For companies or firms that require short-term financing, the loan amount for an individual entity shall not exceed 40% of our company's net worth.</p> <p>3.Loans Between Wholly-Owned Foreign Subsidiaries</p> <p>For loans between our wholly-owned foreign subsidiaries, or loans from wholly-owned foreign subsidiaries to public companies, the limits are as follows:</p> <p>(1)The total loan amount shall not exceed 200% of the lending company's net worth.</p> <p>(2)The loan amount for an individual entity shall not exceed 200% of the lending</p>	To meet the operational needs of the company.
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		<p>company's net worth.</p> <p>4. Determination of Net Worth The net worth referred to above shall be based on the most recent financial statements audited or reviewed by an accountant for our company or the relevant company.</p> <p>5. Loans Between Parent Company and Subsidiaries or Between Subsidiaries</p> <p>Loans between our company and its parent or subsidiary companies, or between subsidiary companies, must be resolved by the board of directors. The board may authorize the chairman to disburse or use the funds on a revolving basis within a certain limit and for a period not exceeding one year for the same borrower.</p> <p>6. Authorization Limit Except as provided in Clause II, Item IV of this section, the authorized loan limit for a single enterprise by our company or its subsidiaries shall not exceed 10% of the net worth as shown in the most recent financial statements of the company.</p> <p>7. Liability for Non-Compliance If the company's responsible person violates the regulations, they shall be jointly and severally liable with the borrower for repayment. If the company suffers any damage as a result, the responsible person shall also be liable for compensation.</p>	
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**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.

Appendix 9**Rectron Ltd.****Comparison Table of Amended Provisions for the Shareholders' Meeting Rules**

Article	Original articles Original	The amended articles	the basis and reasons for the amendments
Article 3	<p>Unless otherwise stipulated by law, the shareholders' meeting of the company shall be convened by the board of directors.</p> <p>(The following text is omitted.)</p>	<p>Unless otherwise stipulated by law, the shareholders' meeting of the company shall be convened by the board of directors. For the company to hold a virtual shareholders' meeting, it must be stipulated in the articles of incorporation, resolved by the board of directors, and conducted with the attendance of more than two-thirds of the directors and the approval of more than half of the attending directors, except as otherwise provided by the Regulations Governing the Administration of Shareholder Services of Public Companies.</p> <p>(The following text is omitted.)</p>	Revised in accordance with regulatory requirements .
Article 6	<p>The company shall specify in the meeting notice the check-in time and location for shareholders, solicitors, and proxy agents (hereinafter referred to as shareholders), as well as other necessary details. For a shareholders' meeting held via video conference, the notice must include the methods for shareholders to participate and exercise their rights, the procedures to follow in the event of technical issues with the video conferencing platform or participation due to force majeure, the date and other necessary details if the meeting needs to be postponed or continued. Additionally, if a virtual shareholders' meeting is held, the notice must include</p>	<p>The company shall specify in the meeting notice the check-in time and location for shareholders, solicitors, and proxy agents (hereinafter referred to as shareholders), as well as other necessary details. For a shareholders' meeting held via video conference, the notice must include the methods for shareholders to participate and exercise their rights, the procedures to follow in the event of technical issues with the video conferencing platform or participation due to force majeure, the date and other necessary details if the meeting needs to be postponed or continued. Additionally, if a virtual</p>	Revised in accordance with regulatory requirements

	<p>appropriate alternative measures for shareholders who have difficulty participating via video conference.</p> <p>(The following text is omitted.)</p>	<p>shareholders' meeting is held, the notice must include appropriate alternative measures for shareholders who have difficulty participating via video conference. Except as provided in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the company shall provide necessary equipment and assistance for shareholders to connect to the meeting and specify the period during which shareholders can apply to the company for such assistance and other related necessary details.</p> <p>(The following text is omitted.)</p>	
Article 21	<p>The above is omitted.</p> <p>When the company holds a virtual shareholders' meeting, appropriate alternative measures should be provided for shareholders who have difficulty attending the meeting via video conference</p>	<p>(The above text is omitted.)</p> <p>When the company holds a virtual shareholders' meeting, appropriate alternative measures should be provided for shareholders who have difficulty attending the meeting via video conference. Except as provided in Paragraph 6, Article 44-9 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the company shall at least provide the necessary equipment and assistance for shareholders to connect to the meeting and specify the period during which shareholders can apply to the company for such assistance and other related necessary details.</p>	Revised in accordance with regulatory requirements

**Rectron Ltd..
Bylaws**

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)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.
Forty-second Amendment: June 16, 2023.

Rectron Ltd.

Chairman: LIN I-CHIN

Appendix 11

Shareholdings of all directors

As of the record date of the shareholders' general meeting on April 28, 2024, the shareholding status of all directors is as follows:

Job title	Name	Number of shares held	Shareholding ratio
Chairman	JUIYE ENTERPRISE CO.,LTD Representative person : LIN I-Chin	42,788,288	25.73%
director	JUIYE ENTERPRISE CO.,LTD Representative person : Lin Weng-teng		
director	JUIYE ENTERPRISE CO.,LTD Representative person : Pan Hsin-Jen		
director	JUIYE ENTERPRISE CO.,LTD Representative person : Liu Feng-Ching		
director	JUIYE ENTERPRISE CO.,LTD 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%
Independent Director	Chang, Chia Jung	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 2024 (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).		0.31
	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 (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.		
	Annual average return on investment (reciprocal of the annual average price-earnings ratio).		
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 (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 15, 2024.

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 2024.

2. Proposed Distribution of Employee Remuneration and Director and Supervisor Remuneration for the Year 2023 as approved by the Board of Directors:

1. Proposed distribution of employee remuneration: NT\$1,100,000.

2. Proposed distribution of director and supervisor remuneration: NT\$2,100,000.