

Stock code: 2302



**Rectron Ltd.**

**2025 Annual Shareholders' Meeting**  
(On-Site meeting)

**Agenda Handbook**  
(Translation)

**Date: May 29, 2025**

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

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# **Rectron Ltd.**

## **Agenda of the 2025 Annual General Meeting**

**Date:** 9:00 a.m. on May 29 (Thursday), 2025

**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) 2024 Business Report.
- (2) Audit Committee's 2024 Review Report
- (3) Report on 2024 employees' profit sharing bonus and directors' compensation.
- (4) Report on 2024 Earnings Distribution-cash Dividend.
- (5) Report on 2024 Director's Remuneration.

### **4. Approval Items**

- (1) To accept 2024 Business Report and Financial Statements.
- (2) To approve the company 's 2024 earnings distribution.

### **5. Discussion Items**

- (1) To Amend Regulations Articles of Incorporation.
- (2) To Amend Regulations Governing Loaning of Funds .

### **6. Election matters**

### **7. Other proposals**

### **8. Extraordinary Motions**

### **9. Adjournment**

# Report Items

## 1. 2024 Business Report

Explanation: Please refer to Page 14-17 of the Meeting Agenda for the Business Report.

## 2. Audit Committee's 2024 Review Report.

Explanation: Audit Committee's 2024 Review Report attached as Page 18.

## 3. Report on 2024 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 2024, the company plans to allocate employee compensation and compensation for directors and supervisors as follows:

(1)Employee profit sharing: NTD 1,900,000, all will be paid in cash.

(2)Directors' Compensation: NTD 2,900,000, all will be paid in cash.

This case was reviewed by the Remuneration Committee on March 11, 2025, and approved by the Board of Directors, and is being submitted to the Shareholders' Meeting in accordance with the law.

## 4. Report on 2024 Earnings Distribution-cash Dividend

Explanation: Pursuant to the resolution of the Board of Directors on March 11, 2025, the Company will distribute a cash dividend of NTD 96,455,671 for the fiscal year 2024, at a rate of NTD 0.58 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 2024 Director's Remuneration .

Explanation: Report on Director's Remuneration, including remuneration policies, individual remuneration details, amounts, and the correlation with performance evaluation results. Please refer to page 3 of this manual.

**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 2024:

- (1) The distribution of directors' and employees' remuneration for the year 2024 was approved by the 19th Board of Directors at its 19th meeting held on March 11, 2025.
- (2) Please refer to page 5 of this manual for the amount of remuneration paid to the directors and employees in the year 2024.
- (3) Policies, individual remuneration details and amounts, and the relationship with performance evaluation results of the directors' remuneration received in 2024 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 2024, please refer to page 5 of this handbook.

# Compensation for Directors and Independent Directors

December 31, 2024

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\$125,531 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\$125,531thousand		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	None
Chairman	Ruiye Xingye Co.,Ltd. Representative:Lin I-Chin.	150	150	0	0	700	700	0	0	850 0.68%	850 0.68%	583	3,732	0	0	0	0	0	0	1,433 1.14%	4,582 3.65%	None		
Director	Ruiye Xingye Co., Ltd. Representative: Lin Weng-Teng.	150	150	0	0	800	800	0	0	950 0.76%	950 0.76%	0	5,243	0	36	0	0	0	0	950 0.76%	6,229 4.96%	None		
Director	Ruiye Xingye Co.,Ltd. Representative:Pan Hsin Jen.	150	150	0	0	700	700	0	0	850 0.68%	850 0.68%	0	4,359	0	20	0	0	0	0	850 0.68%	5,229 4.17%	None		
Director	Ruiye Xingye Co.,Ltd. Representative:Li u Feng Ching.	0	0	0	0	0	0	360	360	360 0.29%	360 0.29%	0	0	0	0	0	0	0	0	360 0.29%	360 0.29%	None		
Director	Ruiye Xingye Co.,Ltd. Representative:Lin Jui Ping.	150	150	0	0	700	700	0	0	850 0.68%	850 0.68%	1,748	3,9398	95	95	0	0	0	0	2,693 2.15%	4,884 3.89%	None		
Independent Director	Lin, Ruey-Tou	0	0	0	0	0	0	600	600	600 0.48%	600 0.48%	0	0	0	0	0	0	0	0	600 0.48%	600 0.48%	None		
	Maa Kwo-Juh	0	0	0	0	0	0	600	600	600 0.48%	600 0.48%	0	0	0	0	0	0	0	0	600 0.48%	600 0.48%	None		
	Lee, Shiue-Chen	0	0	0	0	0	0	120	120	120 0.10%	120 0.10%	0	0	0	0	0	0	0	0	120 0.10%	120 0.10%	None		
	Chang, Chia Jung	0	0	0	0	0	0	120	120	120 0.10%	120 0.10%	0	0	0	0	0	0	0	0	120 0.10%	120 0.10%	None		

## Approval Items

### Proposal 1

**Proposed by the Board**

Proposal: Adoption of the 2024 Business Report and Financial Statements.

Explanation:

- 1.The financial statements of the company for the year 2024 (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. Huang Xin-ting, 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 14 to Page 17) and Attachment 3 (Page 19 to Page 35) of the Minutes.

Resolution:

### Proposal 2

**Proposed by the Board**

Proposal: The Company's 2024 earning Distribution.

Explanation:

- 1.The company's 2024 after-tax profit is NTD 125,530,955, which includes the beginning retained earnings of NTD 349,482 and the actuarial gains from defined benefits for 2024 of NTD 615,091. After deducting the statutory surplus appropriation of NTD 12,614,605 and the special surplus appropriation of NTD 16,152,085, the distributable earnings for this distribution are NTD 97,728,838. The proposed shareholder dividend is NTD 96,455,671 (equivalent to NTD 0.58 per share in cash dividends), and the remaining undistributed earnings are NTD 1,273,167. 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 2024 profits.
- 6.This case was reviewed by the Audit Committee on March 11, 2025, and approved by the Board



of Directors, and is being submitted to the Shareholders' Meeting in accordance with the law.

**Rectron Ltd.**  
**Profit Distribution Statement**  
**Year 2024**

Beginning balance	<b>349,482</b>
Additions:	
Actuarial gains and losses of defined benefits	615,091
Net income for the period	125,530,955
Total distributable earnings for the period	<b>126,495,528</b>
Deductions: Appropriations	
Legal reserve	(12,614,605)
Special reserve	(16,152,085)
Distributable earnings for the current year.	<b>97,728,838</b>
Distribution items:	
Shareholders' dividends - Cash	96,455,671
Undistributed earnings at the end of the period	<b>1,273,167</b>

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 the Articles of Incorporation.

Explanation:

- 1.I In accordance with the Financial Supervisory Commission's letter No. 1130385442, the Taiwan Stock Exchange's letter No. 1120014763 dated August 23, 2023, and Article 14, Paragraph 6 of the Securities and Exchange Act, it is proposed to amend certain provisions of the company's "Articles of Incorporation".
- 2.Please refer to Appendix 4 、 5 (page 36 to page 46) 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 47 to page 51) for the comparison table of the amended articles of the bylaws.

Resolution:

## Election matters

### Proposal

### Proposal by the Board of Directors

Proposal : Election of the 20th Board of Directors

Explanation:

1. The term of the 19th Board of Directors of the company will expire on June 22, 2025, and a full re-election is required by law.
2. In accordance with Articles 16 and 24 of the company's Articles of Incorporation, it is proposed to elect 9 directors (including 4 independent directors). The newly elected directors will assume office immediately after election, with a term from May 29, 2025, to May 28, 2028, a term of 3 years, and re-election is allowed.
3. The election of directors and independent directors will follow a candidate nomination system, with shareholders selecting from the list of nominees.
4. This re-election will be conducted in accordance with the company's procedures for electing directors. Please refer to Appendix 9 of the Meeting Handbook (page 44 to page 45).
5. The list of candidates for directors (including independent directors) is as follows:

Nominee Category	Nominee	Educational Background	Experience	Current Position	Shares Held (Unit: Shares)	Has the nominee served three consecutive terms as an independent director	Reason for Continuing the Nomination of a Nominee who has Served Three Consecutive Terms as an Independent Director
Director	Ruiye Xingye Co.,Ltd. Representative: Lin I-Chin.	Master	Rectron Chairman and General Manager	Rectron Chairman and General Manager	42,788,288	Not Applicable	Not Applicable
Director	Ruiye Xingye Co., Ltd. Representative: Lin Weng-Teng.	College	Rectron Chairman Rectron Director	Rectron Director		Not Applicable	Not Applicable
Director	Ruiye Xingye Co.,Ltd. Representative: Pan Hsin-Jen.	University	Rectron Director Rectron Electronic Enterprises, Inc Director and General Manager	Rectron Director Rectron Electronic Enterprises, Inc Director and General Manager		Not Applicable	Not Applicable
Director	Ruiye Xingye Co.,Ltd. Representative: Lin Jui-Ping.	University	Audit Manager at KPMG United Accounting Firm. RECTRON Director General Manager of the Electronic Business Division and Deputy General Manager of the General Management Department at RECTRON LTD	RECTRON Director General Manager of the Electronic Business Division and Deputy General Manager of the General Management Department at RECTRON LTD		Not Applicable	Not Applicable
Director	Ruiye Xingye Co.,Ltd. Representative: Liu Nien-Fu.	University	RECTRON Director and General Manager of the Electronics Business Division	RECTRON Director and General Manager of the Electronics Business Division		Not Applicable	Not Applicable

Independent director	Lin Ruey-Tou	University	Former Legislator, Taipei City Councilor. Rectron Independent Director	Rectron Independent Director	0	YES	Mr. Lin Ruey-Tou, the candidate for independent director, has served as an independent director of the company for three consecutive terms. Considering his expertise in finance and his deep knowledge of relevant laws, regulations, and corporate governance, which have significantly benefited the company, Mr. Lin is again nominated as a candidate for independent director. This will allow him to continue utilizing his expertise in performing his duties as an independent director and provide professional advice for the board's oversight.
Independent director	Maa Kwo-Juh	Master	KPMG Chief Consultant Chairman and CEO of KPMG Taiwan. President of the Professional Association of Corporate Governance. Adjunct Professor at the Department of Law, National Chengchi University. Adjunct Professor at the Department of Law, National Taiwan University. Rectron Independent Director. Wisdom Marine Group Independent Director. Pontens Semiconductor co.,Ltd. Independent Director. Chih Yeh Consultancy Limited CEO.	Rectron Independent Director. Wisdom Marine Group Independent Director. Pontens Semiconductor co.,Ltd. Independent Director. Chih Yeh Consultancy Limited CEO.	0	NO	Not Applicable
Independent director	Lee Shiue-Chen	University	Audit Manager at KGMP United Accounting Firm, Finance. Finance and	Rectron Independent Director. Deputy General Manager of Fulai	0	NO	Not Applicable

			Accounting Manager at Hung Kuo Group. Deputy General Manager of Fulai Construction Co., Ltd. Rectron Independent Director	Construction Co., Ltd.			
Independent director	Chang Chia-Jung	College	Taiwan Tseng-Chow Engineering CO.,LTD. Financial Manager Rectron Independent Director	Rectron Independent Director Taiwan Tseng-Chow Engineering CO.,LTD. Financial Manager	0	NO	Not Applicable

6.Kindly elect

Election results:

## Other proposals

### Proposal

### Proposal by the Board of Directors

Proposal : Lifting the Non-Compete Restrictions for the New Directors (Including Independent Directors) and Their Representatives

Explanation:

1. According to Article 209 of the Company Law, 'A director who conducts an act that falls within the scope of the company's business for themselves or others must explain the important details of the act to the shareholders' meeting and obtain their approval.'
2. In order to leverage the expertise and relevant experience of the company's directors, it is proposed to seek shareholder approval to lift the non-compete restrictions for the newly appointed directors (including independent directors). The details of the non-compete restriction lifting are as follows:

Position title	Name	Currently holding other positions in different companies
Director	Lin I-Chin	Bigwig Perfect International Co.,Ltd Chairman
Director	Lin Weng-Teng	Juiye Enterprise Co.,Ltd. Chairman
Independent director	Maa Kwo-Juh	CHIH YEH CONSULTANCY LIMITED CEO. Wisdom Marine Group Independent Director Independent Director Pontens Semiconductor co.,Ltd. Independent Director Independent Director
Independent director	Lee Shiue-Chen	Deputy General Manager of Fulai Construction Co., Ltd.
Independent director	Chang Chia-Jung	Taiwan Tseng-Chow Engineering CO.,LTD. Financial Manage

Resolution:

## Extraordinary Motions

## Adjournment

## Appendix 1

### Rectron Ltd. Annual Business Report

#### 1. Operating Results for 2024

##### (1) Results of Business Plan Implementation:

Our company and each of our subsidiaries are primarily engaged in the manufacturing and sale of rectifiers. For 2024, our company's earnings per share after tax were TWD 0.75. 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 2024 compared to 2023:

Items:	Year 2024	Year 2023	Increase (Decrease) Amount	
	Amount	Amount	Difference Amount	Percentage Change %
Operating Revenue	757,457	716,545	40,912	6%
Operating Costs	481,413	459,141	22,272	5%
Gross Profit from Operations	276,044	257,404	18,640	7%
Operating Expenses	199,273	186,106	13,167	7%
Net Profit (Loss) from Operations	76,771	71,298	5,473	8%
Non-Operating Income and Expenses	78,834	35,157	43,677	124%
Consolidated Profit (Loss) before Tax	155,605	106,455	49,150	46%
Income Tax Expenses	30,074	19,586	10,488	54%
Consolidated Net Profit (Loss)	125,531	86,869	38,662	45%

#### 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 2024.

##### (1) Financial Income and Expenditure

Unit: NT\$1,000

Item	Year 2024	Year 2023	Percentage Change %
Interest Revenue	15,692	4,948	217%
Interest Expense	301	594	(49%)

##### (2) Profitability is

Unit: %

Item		Year 2024	Year 2023	Percentage Change %
Return on Assets (%)		5.05	3.89	30%
Return on Equity (%)		6.96	4.79	45%
Equity Ratio (%)	Operating Profit	4.62	4.29	8%
	Profit before Tax	9.36	6.40	46%
Profit Margin (%)		16.57	12.12	37%
Earnings per Share (EPS) (NTD)		0.75	0.52	44%



### (3) Research and Development Status

In 2024 and 2023, the company's R&D expenses were NT\$6,675 thousand and NT\$12,463 thousand, respectively, accounting for 1% and 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. 2024 Business Plan

### (1) Business Policy

- A.Strengthen the marketing system and expand market presence by proactively building and enhancing specialized marketing teams both domestically and internationally. Deepen collaborations with strategic partners to broaden distribution channels and application markets, thereby further boosting the company's overall revenue performance.
- B.Promote process automation and enhance production stability by continuously introducing and upgrading automated manufacturing equipment. This approach reduces risks associated with labor shortages, meets diverse customer demands, and ensures the stable delivery of high-quality products.
- C.Strengthen the integration of IT and industrialization to leverage the benefits of big data. Accelerate the convergence of information technology and industrial processes by establishing a comprehensive production and sales database. Utilize big data for integrated analysis to enhance decision-making efficiency and further strengthen the company's overall competitiveness.
- D.Expanding the automotive product line to capture growth opportunities. We continue to invest in the development of automotive-grade small-signal components, with a strong focus on the automotive electronics market. By building a comprehensive product portfolio, we aim to meet diverse market demands and strengthen our position in this rapidly growing sector.

### (2) Projected Sales Volume and Basis

The company forecasts that sales volume for the 2025 fiscal year will remain on par with 2024. This is mainly due to the expectation that the newly elected U.S. President, Donald Trump, will implement policies aimed at bringing manufacturing back to the U.S., which will likely involve a series of tariff measures. As a result, the globalization of supply chains may gradually decline, potentially leading to increased inflationary pressures and slower economic growth, which could further impact market demand. In response to the uncertainties in the external environment, the company will continue to adhere to a prudent and stable operational approach, effectively managing business risks to maintain operational stability.

### (3) Important Product and Sales Policies

The production and sales policy of our company is a combination of planned and order-based production strategies. Based on changes in industry conditions, market supply and demand, internal production capacity, and inventory levels, we continuously develop rolling production and sales plans. These plans are dynamically adjusted with inventory control measures to maintain optimal inventory levels and enhance operational efficiency.

### **3. Future Company Development Strategies**

- (1)Customer-Centric Approach: Creating Value in Partnership with Market Leaders. Adhering to a customer-oriented business philosophy, we actively collaborate with leading market brands to jointly develop innovative products. This ongoing partnership helps us continuously enhance the company's value and market position.
- (2)Deepening Customer Relationships and Expanding a Diverse Product and Service Portfolio. We focus on strengthening our existing customer base by extending a diversified product line that addresses their specific needs. Through offering one-stop solutions, we aim to enhance customer loyalty and deepen our collaborations.
- (3)Strengthening Key Technologies to Build Competitive Manufacturing Advantages. We are actively investing in the research, development, and mass production capabilities of key components, enhancing product technology content and supply flexibility. This further strengthens the company's competitive advantage within the industry value chain.

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

#### **(1)External Competitive Environment**

The diode industry is highly competitive, influenced by global economic conditions and rapid technological advancements, resulting in a fast-changing market environment. The company faces increasing competitive pressure from businesses worldwide. In response to this challenge, our company leverages years of experience in the high-end European and American markets, where we have established strong distribution channels and a professional customer base. We continue to enhance our market competitiveness through cost control, product differentiation design, and high-quality services, further boosting customer loyalty and the stability of our partnerships.

#### **(2)Regulatory Environment**

Our company strictly adheres to relevant domestic and international laws and industry policies. We have established comprehensive mechanisms for financial management, shareholder services, auditing, and legal affairs to closely monitor regulatory trends and policy changes. Following internal control systems and operational procedures, we ensure that all business activities fully comply with legal requirements. Currently, there have been no significant regulatory changes that have materially affected the company's finances or operations, and the overall business remains stable.

#### **(3)Impacts from the Overall Business Environment**

The current macroeconomic environment is filled with uncertainty, with rising geopolitical risks and the continuation of trade barriers between China and the U.S., putting pressure on the global supply chain to undergo reconfiguration. In response to these changes, our company will continue to focus on high-value-added product markets, strengthen overall service and technical support for core customers, and enhance manufacturing efficiency and cost control capabilities. This approach will help maintain our competitive advantage and ensure stable adaptation to external environmental changes.

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.

Wish 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 2024 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 KPMG Taiwan, 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  
2025 Annual Shareholders' Meeting

Rectron Ltd.

chairperson of the Audit Committee: Maa Kwo-Juh

March 11, 2025

## Appendix 3

### **Auditor's Report and Financial Statements (including Consolidated Financial Statements) for the year 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, 2023 and 2024, 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, 2023 and 2024, 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 2024. 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.

The accountant considers whether the disclosure of revenue recognition-related information by the Rectron LTD Group is appropriate.

## 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 the reports of other auditors. The investments in those investees accounted for using the equity method constituting 2% and 3% of total assets at December 31, 2024 and 2023, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting 12% and 11% 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, 2024 and 2023, 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 Hsin-Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)  
March 11, 2025

### **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.

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

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

**Rectron LTD.**

**Consolidated Balance Sheets**

**December 31,2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2024		December 31, 2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>					
<b>Current assets:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 564,394	21	561,703	24
1110	Current financial assets at fair value through profit or loss (note 6(b))	132,575		34,517	1
1150	Trade notes receivable net (note 6(c) and (n))	793		417	
1170	Trade receivables net (note 6(c), and (o))	140,210	5	90,374	4
1200	Other receivables	4,218	-	1,622	-
1220	Total current tax assets	439	-	307	-
130X	Inventories (note 6(d))	126,046	5	135,578	60
1410	Prepayments(Notes 7)	6,849	-	6,883	-
1479	Other current assets	<u>4,201</u>	<u>-</u>	<u>3,261</u>	<u>-</u>
		<u>979,725</u>	<u>35</u>	<u>834,662</u>	<u>35</u>
<b>Non-current assets:</b>					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	55,867	2	57,636	2
1600	Property, plant and equipment (note 6(f) 7,8 and 9)	635,790	24	458,587	20
1755	Right-of-use assets (note 6(g))	16,060	1	15,759	1
1760	Investment property (note 6(h) , 7 and 8)	955,984	37	963,889	42
1990	Other non-current assets	<u>2,357</u>	<u>-</u>	<u>3,769</u>	<u>-</u>
		1,666,058	64	1,499,640	65
<b>Total assets</b>		<u><u>\$ 2,645,783</u></u>	<u><u>100</u></u>	<u><u>2,334,302</u></u>	<u><u>100</u></u>

		December 31, 2024		December 31, 2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (note 6(i))	\$ -	-	15,000	1
2130	Current contract liabilities (note 6(o) and 7)	38	-	68	-
2170	Trade payables	131,353	5	75,697	3
2200	Other payables(Note 7 and 9)	219,520	8	32,533	1
2230	Current tax liabilities	16,994	1	6,915	-
2280	Current lease liabilities(Note 7)	3,330	-	4,419	-
2300	Other current liabilities(Note 9)	<u>364,004</u>	<u>14</u>	<u>351,322</u>	<u>15</u>
		<u>735,239</u>	<u>28</u>	<u>485,954</u>	<u>20</u>
<b>Non-current liabilities</b>					
2580	Non-current lease liabilities(note 7 )	4,570	-	3,102	-
2640	Net defined benefit liability, non-current (note 6(j))	84	-	2,209	-
2570	Deferred tax liabilities(note 6(k))	67,201	3	62,684	3
2600	Other non-current liabilities (note 7 )	<u>4,653</u>	<u>-</u>	<u>4,756</u>	<u>-</u>
		<u>76,508</u>	<u>3</u>	<u>72,751</u>	<u>3</u>
<b>Total liabilities</b>		<u>811,747</u>	<u>31</u>	<u>558,705</u>	<u>23</u>
<b>Equity (notes 6(l)):</b>					
3110	Ordinary shares	1,663,029	63	1,663,029	71
3200	Capital surplus	9	-	9	-
3310	Legal reserve	60,655	2	51,988	2
3320	Special reserve	87,143	3	60,074	3
3351	Retained earnings	126,4960	5	87,640	4
3400	Other equity	<u>(103,296)</u>	<u>(4)</u>	<u>(87,143)</u>	<u>(3)</u>
<b>Total equity</b>		<u>1,834,036</u>	<u>69</u>	<u>1,775,597</u>	<u>77</u>
<b>Total liabilities and equity</b>		<u><u>\$ 2,645,783</u></u>	<u><u>100</u></u>	<u><u>2,334,302</u></u>	<u><u>100</u></u>

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

**Rectron LTD.**

**Consolidated Statement of Comprehensive Income**

**For the Years Ended December 31, 2024 and 2023**

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

		For the three months ended December 31			
		<u>2024</u>	<u>%</u>	<u>2023</u>	<u>%</u>
4000	Operating revenue (notes 6(n) and 7)	\$ 757,457	100	716,545	100
5000	Operating costs (notes 6(d) and 6(j))	<u>481,413</u>	<u>64</u>	<u>459,141</u>	<u>64</u>
	Gross profit from operations	<u>276,044</u>	<u>36</u>	<u>257,404</u>	<u>36</u>
	Operating expenses (notes 6(c) 、 6(j) 、 6(o) and 12):				
6100	Selling expenses	55,325	7	46,591	6
6200	Administrative expenses	137,273	18	127,052	18
6300	Research and development expenses	<u>6,675</u>	<u>1</u>	<u>12,463</u>	<u>2</u>
	Total operating expenses	<u>199,273</u>	<u>26</u>	<u>186,106</u>	<u>26</u>
	Net operating income	<u>76,771</u>	<u>10</u>	<u>71,298</u>	<u>10</u>
	Non-operating income and expenses (notes 6(p) and 7):				
7010	Other income	16,457	2	5,539	1
7020	Other gains and losses	62,678	8	30,212	4
7050	Finance costs	<u>(301)</u>	<u>-</u>	<u>(594)</u>	<u>-</u>
	Total non-operating income and expenses	<u>78,834</u>	<u>10</u>	<u>35,157</u>	<u>5</u>
	Profit before tax	155,605	20	106,455	15
7950	Total tax expense (note 6(l))	<u>30,074</u>	<u>4</u>	<u>19,586</u>	<u>3</u>
	Profit	<u>125,531</u>	<u>16</u>	<u>86,869</u>	<u>12</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	615		(201)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,639		(454)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>2,254</u>	<u>-</u>	<u>(655)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss:				
8361	Exchange differences on translation	(15,152)	(2)	(27,951)	(4)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(2,640)	-	1,336	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(17,792)</u>	<u>(2)</u>	<u>(26,615)</u>	<u>(4)</u>
8300	Other comprehensive income, net	<u>(15,538)</u>	<u>(2)</u>	<u>(27,270)</u>	<u>(4)</u>
8500	Comprehensive income	<u>\$ 109,993</u>	<u>14</u>	<u>59,599</u>	<u>8</u>
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	<u>\$ 125,531</u>	<u>16</u>	<u>86,869</u>	<u>12</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	<u>\$ 109,993</u>	<u>14</u>	<u>59,599</u>	<u>8</u>
	Earnings per common share (expressed in dollars) (note 6(m))				
9750	Basic earnings per share	<u>\$ 0.75</u>		<u>0.52</u>	
9810	Diluted earnings per share	<u>\$ 0.75</u>		<u>0.52</u>	

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

**Rectron LTD.**

**Consolidated Statement of Changes in Equity**

**For the Years Ended December 31, 2024 and 2023**  
(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, 2023	\$ 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 December31, 2023	\$ 1,663,029	9	51,988	60,074	87,640	(83,104)	(4,039)	(87,143)	1,775,597
Net income	-	-	-	-	125,531	-	-	-	125,531
Other comprehensive income	-	-	-	-	615	(15,152)	(1,001)	(16,153)	(15,538)
Total comprehensive income	-	-	-	-	126,146	(15,152)	(1,001)	(16,153)	109,993
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	8,667	-	(8,667)	-	-	-	-
Special reserve appropriated	-	-	-	27,069	(27,069)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(51,554)	-	-	-	(51,554)
Balance at December 31, 2024	\$ 1,663,029	9	60,655	87,143	126,496	(98,256)	(5,040)	(103,296)	1,834,036

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

**For the Years Ended December 31, 2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollars)

	<b>For the Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from(used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 155,605	106,455
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	49,333	50,949
Amortization expenses	2,724	3,708
Expected credit losses (gains)	(2,279)	(3,616)
Interest expenses	301	594
Interest income	(15,692)	(4,948)
Dividend income	(765)	(591)
Loss (gain) on disposal of property, plant and equipment	1,087	(9)
Gain on disposal of investments	(37)	-
Net losses (gains) on financial assets at fair value through profit or loss	(29,757)	(11,828)
Foreign exchange loss (gain) on financial assets	(752)	(2,233)
Impairment loss on non-financial assets	8,500	-
Property, plant and equipment transferred to expenses	6,130	75
Total adjustments to reconcile profit	18,793	36,567
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(376)	1,666
Trade receivables	(47,557)	69,619
Other receivables	375	1,358
Inventories	9,532	6,126
Prepayments	34	16,492
Other current assets	(940)	(1,095)
Total changes in operating assets	(38,932)	94,166
Changes in operating liabilities:		
Current contract liabilities	(30)	(1,873)
Trade payables	55,656	(53,841)
Other payables	6,923	(3,530)
Other current liabilities	-	52
Net defined benefit liability	(1,510)	(1,501)
Other non-current liabilities	(103)	-
Total changes in operating liabilities	60,936	(60,693)
Total changes in operating assets and liabilities	22,004	33,473
Total adjustments	40,797	70,040
Cash inflow generated from operations	196,402	176,495
Interest received	15,980	3,167
Dividends received	765	591
Interest paid	(322)	(594)
Income taxes paid	(15,610)	(36,093)
<b>Net cash flows from operating activities</b>	<b>197,215</b>	<b>143,566</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(3,176)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,259	-
Acquisition of financial assets at fair value through profit or loss	(122,687)	(30,146)
Proceeds from disposal of financial assets at fair value through profit or loss	54,386	33,114
Acquisition of property, plant and equipment	(44,161)	(6,144)
Proceeds from disposal of property, plant and equipment	-	78
Refund of advance payments for construction projects	-	4,888
Decrease in other non-current assets	(1,312)	(307)
Decrease in other current liability	(382)	356,849
<b>Net cash flows used in investing activities</b>	<b>(110,897)</b>	<b>355,156</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	18,000	50,000
Decrease in short-term borrowings	(33,000)	(65,000)
Decrease in guarantee deposits received	-	(2,620)
Payments of lease liabilities	(2,592)	(3,290)
Cash dividends paid	(51,554)	(133,042)
<b>Net cash flows used in financing activities</b>	<b>(69,146)</b>	<b>(153,952)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(14,481)</b>	<b>(29,029)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,691</b>	<b>315,741</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>561,703</b>	<b>245,962</b>
<b>Cash and cash equivalents at the end of period</b>	<b>\$ 564,394</b>	<b>561,703</b>

## **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, 2023 and 2024, 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, 2023 and 2024, 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 2024. 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 5% and 7% of total assets at December 31, 2024 and 2023, respectively, and the related share of profit of subsidiaries, associates and joint ventures accounted for using the equity method constituting (10)% and (6)% 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 Hsin-Ting Huang.

KPMG

Taipei, Taiwan (Republic of China)  
March 11, 2025

### **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 31,2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollar)

		December 31, 2024		December 31, 2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>					
<b>Current assets:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 39,442	2	67,998	3
1170	Trade receivables net (note 6(c), and (o))	104,236	5	54,575	3
1180	Accounts receivable due from related parties, net (Notes 6(o) and 7)	17,062	1	4,660	-
1200	Other receivables	478	-	1,060	-
1210	Other receivables due from related parties, net (Notes 6(e) and 7)	333,355	17	248	-
130X	Inventories (note 6(d))	47,250	2	58,297	3
1410	Prepayments(Notes 7)	593	-	414	-
1479	Other current assets	<u>1,498</u>	<u>-</u>	<u>1,7308</u>	<u>-</u>
		<u>543,914</u>	<u>27</u>	<u>188,9827</u>	<u>9</u>
<b>Non-current assets:</b>					
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	55,867	3	57,636	3
1550	Investments accounted for using equity method (Note 6(e))	238,691	12	561,628	28
1600	Property, plant and equipment (note 6(f) 7,8 and 9)	259,483	13	272,362	14
1755	Right-of-use assets (note 6(g))	2,441	-	275	-
1760	Investment property (note 6(h) , 7 and 8)	899,536	45	904,974	46
1990	Other non-current assets	<u>1,505</u>	<u>-</u>	<u>2,315</u>	<u>-</u>
		1,457,523	73	1,799,190	91
<b>Total assets</b>		<u><u>2,001,437</u></u>	<u><u>100</u></u>	<u><u>\$ 1,988,172</u></u>	<u><u>100</u></u>

		December 31, 2024		December 31, 2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (note 6(i))	-	-	15,000	1
2170	Trade payables	45,912	2	21,154	1
2180	Accounts payable to related parties (Note 7)	9,663	-	77,716	4
2200	Other payables	25,307	1	20,668	1
2220	Other payables to related parties (Note 7)	55	-	238	-
2230	Current tax liabilities	15,665	1	6,580	-
2280	Current lease liabilities	896	-	71	-
2300	Other current liabilities(Note 7)	<u>925</u>	<u>-</u>	<u>1,298</u>	<u>-</u>
		<u>98,423</u>	<u>4</u>	<u>142,725</u>	<u>7</u>
<b>Non-current liabilities</b>					
2640	Net defined benefit liability, non-current (note 6(k))	84	-	2,209	-
2570	Deferred tax liabilities(note 6(l))	62,679	3	62,679	3-
2580	Non-current lease liabilities	1,562	-	206	-
2600	Other non-current liabilities (note 7 )	<u>4,653</u>	<u>-</u>	<u>4,756</u>	<u>-</u>
		<u>68,978</u>	<u>3</u>	<u>69,850</u>	<u>3</u>
	<b>Total liabilities</b>	<u>167,401</u>	<u>7</u>	<u>212,575</u>	<u>10</u>
<b>Equity (notes 6(m)):</b>					
3110	Ordinary shares	1,663,029	84	1,663,029	84
3200	Capital surplus	9	-	9	-
3310	Legal reserve	60,655	3	51,988	3
3320	Special reserve	87,143	5	60,07	3
3351	Retained earnings	126,496	6	87,640	4
3400	Other equity	<u>(103,296)</u>	<u>(5)</u>	<u>(87,14</u>	<u>(4)</u>
	<b>Total equity</b>	<u>1,834,036</u>	<u>93</u>	<u>1,775,59</u>	<u>90</u>
	<b>Total liabilities and equity</b>	<u><u>\$ 2,001,437</u></u>	<u><u>100</u></u>	<u><u>1,988,17</u></u>	<u><u>100</u></u>

## Rectron LTD.

## Statement of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

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

		For the three months ended March 31			
		2024	%	2023	%
4000	Operating revenue(Notes 6(o) and 7)	\$ 628,471	100	548,781	100
5000	Operating costs (Notes 6(d) 、6(k) and 7)	447,833	71	412,849	75
	Gross profit from operations	180,638	29	141,420	25
5910	Loss: Unrealized profit (loss) from sales	1,529	-	(901)	-
5920	Add: Realized profit (loss) on from sales	(901)	-	(58)	-
		178,208	29	136,775	25
	Operating expenses (Notes 6(k) 、6(p) and 7):				
6100	Selling expenses	138,527	3	13,203	2
6200	Administrative expenses	50,569	8	47,400	9
6300	Research and development expenses	263	-	1,001	-
6450	Impairment loss determined in accordance with IFRS 9	30	-	27	-
	Total operating expenses	69,389	11	61,631	11
	Net operating income	108,819	18	75,144	14
	Non-operating income and expenses(Notes 6(q) and 7):				
7010	Other income	5,751	1	4,791	1
7020	Other gains and losses	12,603	2	4,434	1
7050	Finance costs	(243)	-	(576)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net	22,683	4	20,963	4
7950	Total non-operating income and expenses	40,794	7	29,612	6
	Profit before tax	149,613	25	104,756	20
	Total tax expense (Note 6(l))	24,082	4	17,887	3
	Profit	125,531	21	86,869	17
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	615	-	(201)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,639	-	(454)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	2,254	-	(655)	-
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	(2,640)	-	1,336	-
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	(15,152)	(2)	(14,105)	(5)
	Total components of other comprehensive income that will be reclassified to profit or loss	(17,792)	(2)	(26,615)	(5)
8300	Other comprehensive income, net	(15,538)	(2)	(27,270)	(5)
	Comprehensive income	\$ 109,993	19	59,599	23
	Earnings per common share (expressed in dollars) (Note 6(n))				
9750	Basic earnings per share	\$ 0.75		0.52	
9810	Diluted earnings per share	\$ 0.75		0.52	

(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, 2024 and 2023**  
(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, 2023	\$ 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
Net income	-	-	-	-	125,531	-	-	-	125,531
Other comprehensive income	-	-	-	-	615	(15,152)	(1,001)	(16,153)	(15,538)
Total comprehensive income	-	-	-	-	126,146	(15,152)	(1,001)	(16,153)	109,993
Appropriation and distribution of retained earnings:									
Legal reserve appropriated			8,667		(8,667)				
Special reserve appropriated				27,069	(270,69)				
Cash dividends of ordinary share	-	-	-	-	(51,554)	-	-	-	(51,554)
Balance at December 31, 2024	\$ 1,663,029	9	60,655	87,143	126,496	(98,256)	(5,040)	(103,296)	1,834,036

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

**For the Years Ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the Years Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flows from(used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 149,613	104,756
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expenses	17,885	18,237
Amortization expenses	2,138	2,542
Expected credit losses (gains)	30	27
Interest expenses	243	576
Interest income	(4,382)	(3,391)
Dividend income	(455)	(303)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(22,683)	(20,963)
Unrealized profit gain (loss) from sales	1,529	(901)
Realized loss (profit) on from sales	901	58
Foreign exchange loss (gain) on financial assets	(753)	2,233
Gain on disposal of investments	(37)	-
Gain on disposal of realized gains on assets	(1,662)	(1,673)
Property, plant and equipment transferred to expenses	6,130	75
Total adjustments to reconcile profit	<u>(1,116)</u>	<u>(3,483)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Trade receivables	(49,691)	53,679
Accounts receivable due from related parties	(12,402)	9,698
Other receivables	582	1,005
Other receivables due from related parties	(3,407)	(40)
Inventories	11,047	(17,491)
Prepayments	(179)	236
Other current assets	232	(142)
Total changes in operating assets	<u>(53,818)</u>	<u>46,945</u>
Changes in operating liabilities:		
Current contract liabilities	-	(682)
Trade payables	24,758	(19,041)
Accounts payable to related parties	(68,053)	27,853
Other payables	4,639	1,633
Other payables to related parties	(183)	87
Other current liabilities	(373)	32
Net defined benefit liability	<u>(1,510)</u>	<u>(1,501)</u>
Total changes in operating liabilities	<u>(40,722)</u>	<u>8,381</u>
Total changes in operating assets and liabilities	<u>(94,540)</u>	<u>55,326</u>
Total adjustments	<u>(95,656)</u>	<u>51,843</u>
Cash inflow generated from operations	53,957	156,599
Interest received	2,640	1,611
Interest paid	(182)	(576)
Income taxes paid	<u>(14,997)</u>	<u>(31,383)</u>
<b>Net cash flows from operating activities</b>	<u>41,418</u>	<u>126,251</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(3,176)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,259	-
Acquisition of property, plant and equipment	(5,350)	(4,711)
Refund of advance payments for construction projects	-	4,888
Decrease in other non-current assets	(1,328)	420
Dividends received	<u>455</u>	<u>3,303</u>
<b>Net cash flows used in investing activities</b>	<u>(2,964)</u>	<u>724</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	18,000	50,000
Decrease in short-term borrowings	(33,000)	(65,000)
Increase in guarantee deposits received	(103)	767
Payments of lease liabilities	(353)	(280)
Cash dividends paid	<u>(51,554)</u>	<u>(33,042)</u>
Repayment of lease principal		
<b>Net cash flows used in financing activities</b>	<u>(67,010)</u>	<u>(147,555)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(28,556)</u>	<u>(20,580)</u>
<b>Cash and cash equivalents at the beginning of period</b>	<u>67,998</u>	<u>88,578</u>
<b>Cash and cash equivalents at the end of period</b>	<u>\$ 39,442</u>	<u>67,998</u>

**Rectron Ltd. Articles of Association (Pre-revision)**

**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 twelve 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**

**Rectron Ltd**  
**Comparison Table of Amendments to the Articles of Association**

Article	Original articles	The amended articles	the basis and reasons for the amendments
Article 16	<p>The Board of Directors of the company shall consist of five to twelve 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.</p> <p>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</p>	<p>The Board of Directors of the company shall consist of five to twelve 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.</p> <p>Among the aforementioned board seats, the number of independent directors shall not be less than three, and shall not be less than one- third 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</p>	In accordance with the regulations of the competent authority.

	of elected directors shall be calculated accordingly.	number of elected directors shall be calculated accordingly.	
Article 31	<p>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.</p> <p>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.</p>	<p>If the Company has made profits in the fiscal year (where 'profit' refers to the pre-tax profit after deducting the distribution of employee and director compensation) , 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. Of the employee compensation mentioned above, no less than thirty percent shall be allocated for the compensation of frontline employees. Employee compensation may be distributed in the form of stock or cash, and the recipients may include employees of subsidiaries who meet certain conditions. The specific conditions and distribution methods shall be determined by the Board of Directors.</p> <p>The above two matters shall be resolved by the Board of Directors and reported to the shareholders' meeting.</p>	In accordance with the regulations of the competent authority.

Article 36	<p>These Articles of Incorporation were established on January 19, 1976 , First Amendment: March 1, 1977. (The second to the forty-first omitted) Forty-second Amendment: June 16, 2023.</p>	<p>These Articles of Incorporation were established on January 19, 1976 , First Amendment: March 1, 1977. (The second to the forty-first omitted) Forty-second Amendment: June 16, 2023. Forty-third Amendment: May 29, 2024.</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

###### 1. Entities Eligible for Loans

- (1) Companies or firms that have business dealings with our company.
- (2) Companies or firms that require short-term financing. The financing amount must not exceed 40% of our company's net worth.

###### 2. Definition of Short-Term

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.

###### 3. Definition of Financing Amount

The financing amount referred to in Clause 2 of the first item is the cumulative balance of our company's short-term financing amounts.

###### 4. Exceptions for Wholly-Owned Foreign Subsidiaries

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.

**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

##### Total Loan Amount and Limit per Individual Entity

###### 1. Total Loan Amount

The total amount of funds our company lends to others shall not exceed 40% of our company's net worth.

- (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.
- (2) For companies or firms that require short-term financing, the loan amount shall not exceed 40% of our company's net worth.

###### 2. Loan Limit per Individual Entity

- (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.

(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.

### 3.Loans Between Wholly-Owned Foreign Subsidiaries

For loans between our wholly-owned foreign subsidiaries, or loans from wholly-owned foreign subsidiaries to public companies, the limits are as follows:

(1)The total loan amount shall not exceed 200% of the lending company's net worth.

(2)The loan amount for an individual entity shall not exceed 200% of the lending company's net worth.

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.

### 5. Loans Between Parent Company and Subsidiaries or Between Subsidiaries

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.

### 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.

### 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.

**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 4:	<p>Total Loan Amount and Limit per Individual Entity</p> <p>1.Total Loan Amount (Omitted)</p> <p>2.Loan Limit per Individual Entity (Omitted)</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 company's net worth.</p> <p>4. Omitted</p> <p>5. Omitted</p> <p>6. Omitted</p> <p>7. Omitted</p>	<p>Total Loan Amount and Limit per Individual Entity</p> <p>1.Total Loan Amount (Omitted)</p> <p>2.Loan Limit per Individual Entity (Omitted)</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 500% of the lending company's net worth.</p> <p>(2)The loan amount for an individual entity shall not exceed 500% of the lending company's net worth.</p> <p>4. Omitted</p> <p>5. Omitted</p> <p>6. Omitted</p> <p>7. Omitted</p>	To meet the operational needs of the company.

**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 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.

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. Except for the circumstances stipulated in Article 44-9, Paragraph 6, of the Standards for Handling Stock Affairs of Companies with Public Issuance of Stocks, shareholders should at least be provided with connection equipment and necessary assistance, and the period during which shareholders can apply to the company and other related matters that should be noted should be stated.

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. Except for the circumstances stipulated in Article 44-9, Paragraph 6, of the Standards for Handling Stock Affairs of Companies with Public Issuance of Stocks, shareholders should at least be provided with connection equipment and necessary assistance, and the period during which shareholders can apply to the company and other related matters that should be noted should be stated.

#### **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. Procedures for Election of Directors**

#### **Article 1**

The selection and appointment of directors of the Company shall be conducted in accordance with these procedures, unless otherwise provided by laws or articles of association.

#### **Article 2**

The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

#### **Article 3**

The cumulative voting method shall be used for election of the directors at this Corporation.

The board of directors shall prepare electoral votes equal to the number of directors to be elected, add their weights, and distribute them to shareholders attending the shareholders' meeting. The names of the electors may be replaced by the attendance certificate numbers printed on the electoral votes.

#### **Article 4**

For the election of directors, each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

#### **Article 5**

The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

#### **Article 6**

The qualifications of the company's independent directors shall comply with the provisions of Articles 2, 3 and 4 of the "Regulations on the Establishment and Matters to be Observed of Independent Directors of Publicly Offered Companies".

The selection of independent directors of the company shall comply with the provisions of Article 5, Article 6, Article 7, Article 8 and Article 9 of the "Regulations on the Establishment and Matters to be Observed of Independent Directors of Publicly Offering Companies", and shall be handled in accordance with the provisions of Article 24 of the "Code of Practice for the Governance of Listed Companies"

#### **Article 7**

The electoral votes are produced and issued by the company and should indicate the number of voting rights and attendance certificate number or shareholder account number. Those who exercise their right to vote electronically will not be issued separate electoral votes.

#### **Article 8**

Before the election begins, the chairman shall designate a number of scrutineers and counters who should have shareholder status to perform various related duties. Ballot boxes are prepared by the company and open for inspection by scrutineers in public before voting.

#### **Article 9**

The election of directors of the company shall be conducted in accordance with the candidate nomination system procedures stipulated in Article 192-1 of the Company Law.

If directors are dismissed for any reason and there are fewer than five directors, the company shall hold a by-election at the latest shareholders' meeting. However, if the vacancy of directors reaches one-third of the number of seats specified in the articles of association, the company shall convene an extraordinary meeting of shareholders for by-election within 60 days from the date of occurrence. If the number of independent directors is insufficient as specified in the proviso of Article 14-2, Paragraph 1 of the Securities and Exchange Act, by-elections shall be held at the latest shareholders' meeting; when all independent directors are dismissed, an extraordinary shareholders' meeting shall be held for by-elections within 60 days from the date of the fact.

#### **Article 10**

A ballot is invalid under any of the following circumstances:

1. The candidate whose name is entered in the ballot does not conform to the director candidate list.
2. The ballot was not prepared by a person with the right to convene.
3. A blank ballot is placed in the ballot box.
4. Other words or marks are entered in addition to the number of voting rights allotted.
5. The writing is unclear and indecipherable or has been altered.

#### **Article 11**

After the voting is completed, the votes will be counted on the spot, and the results of the voting shall be announced by the chairman on the spot, including the list of elected directors and their election rights; the elected directors will be issued a notice of election by the company's board of directors.

The electoral votes for the election matters mentioned in the preceding paragraph shall be sealed and signed by the scrutineers, and then properly kept for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, it shall be kept until the conclusion of the lawsuit.

#### **Article 12**

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

**Appendix 10****Shareholdings of all directors**

As of the record date of the shareholders' general meeting on April 1, 2025, 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 Nien-Fu		
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.



## Appendix 11

**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 2025 (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).		0.58
	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 11, 2025.

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 2025.

### **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\$1,900,000.

2. Proposed distribution of director and supervisor remuneration: NT\$2,900,000.