



Test Rite International Co., Ltd.

2021 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System :

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

Test Rite's Annual Report is available at

<http://www.testitegroup.com>

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I. Letter to Shareholders

Dear shareholders,

2021 in retrospect: Test Rite reported revenue of NT\$43.8 billion in 2021, while net profit after tax came in at NT\$783 million, with a basic EPS of NT\$1.58. The COVID-19 pandemic has changed people's lifestyle, With the proper global sourcing and strategy for the new normal of life, our revenue showed a YoY increase of 4.7%.

Our trading unit's revenue was NT\$25.2 billion and the total shipment amount was NT\$39 billion in 2021, a YoY increase of 9% and 9.3%, respectively. Even though the COVID-19 pandemic continued to ravage the world, our shipments remained robust. As the COVID-19 pandemic changed the rules of the global supply chain in 2021, our trading business used flexible procurement strategies to provide customers with the best supply solutions in response to market conditions. Amid the pandemic, the global supply chain continued to face challenges such as lack of workers and raw materials and supply and demand imbalance in ocean freight. Test-Rite strived to overcome these challenges. Having been operating with integrity for many years, Test-Rite has established the global supply chain and maintained stable cooperation with marine transporters and forwarders. Therefore, we will keep shipments flexible and stable to remain a trustworthy partner of European and American retail customers. In the future, Test-Rite will take advantage of our edges and experience acquired from tackling COVID-19 to provide our global customers with better services.

Our Taiwan retail business reported revenue of NT\$16.7 billion in 2021, a 0.5% increase from 2020. This showed that Taiwan's retail sales, both online and offline channels, remained robust despite the rising COVID cases domestically. In the post-pandemic era, rigid demand from the stay-at-home economy promoted the sales of online and offline channels. Our TR Plus website sales continued to grow, which registered revenue NT\$2.14 billion in 2021, up 22% YoY. As the government raise the COVID-19 alert to Level 3 in May 2021, people cooperated to take the epidemic prevention measures and stay at home, causing the number of store shoppers to drop. Therefore, Taiwan retail business revenue decreased significantly compared with that last year. Facing the impacts of reduced social interaction and outdoor activities, Test-Rite not only made quick adjustments to allocate the resources of online and offline channels, but also cooperated with the delivery service provider to meet various customer needs. Test-Rite retail business took active measures to keep the sales from dropping and also primed for retaliatory consumption, thereby delivering a stellar performance in 2021. In the post-pandemic era, recurrences of the pandemic have become the new normal. There is nothing permanent except the change in people's lifestyles; that is, people have spent more time staying at home. Therefore, it will bring the benefit to our retail business's development.

As of the end of 2021, Test-Rite Group operated 26TLW (DIY) stores, 25 community stores, 26 HOLA stores, 3 Crate & Barrel stores, and 8 hoi! stores in Taiwan.

The following is Test-Rite's consolidated operating results in 2021, along with the business plan for the year and future business strategies. We also discuss the potential impact of external competition, government regulations, and the macroeconomic environment.

1. Operating results in 2021

(1) Operating results based on the business plan for 2021 (consolidated):

(NT\$ mn)	2021	2020	YoY Change by Value	YoY Change (%)
Net sales	43,757	41,791	1,966	4.7%
COGS	(33,051)	(31,130)	1,921	6.2%
Gross profit	10,706	10,661	45	0.4%
Operating expense	(9,946)	(9,512)	434	4.6%
Operating profit	760	1,149	(389)	(33.9%)
Non-operating profit/(loss)	252	(190)	442	232.6%
Net profit before tax	1,012	959	53	5.5%
Net profit after tax	818	807	11	1.3%
Recurring net profit attributed to TRIC	783	792	(9)	(1.2%)

(2) Operating results based on the business plan for 2021 (standalone):

(NT\$ mn)	2021	2020	YoY Change by Value	YoY Change (%)
Net sales	22,888	20,219	2,669	13.20%
COGS	(19,858)	(17,021)	2,837	16.67%
Gross profit	3,030	3,198	(168)	(5.25%)
Operating expense	(2,941)	(2,747)	194	7.06%
Operating profit	89	451	(362)	(80.27%)
Non-operating profit/(loss)	825	415	410	98.80%
Net profit before tax	914	866	48	5.54%
Net profit after tax	783	792	(9)	(1.13%)

(3) Key balance sheet and profitability metrics (consolidated)

Item/Year		2021	2020	YoY Change (%)
Balance Sheet	Total Liability/Total Asset	81.80%	82.00%	(0.20%)
	Current Ratio	110.36%	104.46%	5.9%
Profitability	ROE	11.63%	12.24%	(0.61%)
	Net Margin	1.87%	1.93%	(0.06%)
	EPS	1.58	1.6	(1.25%)

(4) Research & Development

The company is not belong the manufacturing industry. Therefore, there is no disclosure information about R&D activities.

2. 2021 business plan and future development strategies

(1) Business plan and managerial principles:

A. Trading Business:

- Reinforce our existing relationships with key accounts to increase shipments.
- Continue to develop the new categories and strengthens product specialization and differentiation.

- Maintain strategic cooperation with our vendors and strengthen the supply chain.
 - Tap into Southeast Asia to strengthen the global sourcing capability.
 - Continue to maintain the relationship with existing trading customers, and develop new customers actively.
 - Expand the trading network by setting up logistic centers across Europe, America, and Asia.
- B. Retail Business
- Expand community stores to get closer to consumers' life and serve customers in the nearby communities.
 - Implement the COVID-19 pandemic control seriously and follow the sales and development of products related to the pandemic.
 - Create the products differentiation and strength its' advantages.
 - Improve the service products and provide one-to-one service of LINE increase customer stickiness.
 - Innovate based on the home furnishings industry's value chain to satisfying customer needs.
 - Continue to work with brands to launch unique products.
- (2) Future development strategies:
- A. Trading Business
- Leverage product development, procurement, and supply chain management to offer best-in-class value-added products and services to our customers.
 - Strengthen self-development and designed capabilities, enhance customer experience, develop differentiated product functions, and respond quickly to meet market demand.
 - Fortify existing relationships with customers in both our principal and agency businesses and aggressively pursue potential business opportunities.
 - Continue to promote a global supply-chain strategy in response to an evolving trading environment worldwide.
 - Seek M&A opportunities in the trade and retail businesses to complement organic growth of existing businesses.
- B. Retail Business
- Develop various co-branding strategies to create trending topics and distinctive products.
 - Strengthen brand's market memory and differentiated service experience in stores.
 - Develop communities, provide services, be attentive to consumer demands, and leverage more innovative services.
 - Focus on furniture products in online channels and maximize the types of products.
 - Strive the agency of new products and brands.
- (3) Anestimate of the quantity of sales goods:
 Test-Rite reported revenue of NT\$9.78 billion in 1Q22. Our trading business will continue to keep close contact with our customers and use flexible procurement strategies to provide customers with the best supply solutions in response to market conditions. Our retail business will continue expanding community stores. We will link large stores and community stores through satellite store to attract different target audience, which is expected to boost sales.

3. Potential impact of external competition, government regulations, and the macroeconomic environment

In 2021, Taiwan's export and investment amounts increase by 6.45% yoy which reached a record high, surpassing last ten years driven by rapid recovery of the global economy and trade. The epidemic heated up in May 2021 so the Level 3 epidemic alert was extended nationwide. The government encourage people to get vaccinated which hope to control the COVID-19 and support the growth momentum of Taiwan's domestic consumption and overseas trade With the benefits of low

interest rate, the new wave of capital inflows and the stable economic boom, the total number of houses transferred in 2021 increased by 6.75% YoY to 348,000. The booming housing market and growth of transaction volume bring positive impact on the home industry. Amid the pandemic, person-to-person contact was reduced under strict prevention policies, which triggered the zero-contact business opportunities. The proportion of consumption at home has increased greatly, and the stay-at-home economy is expected to boom after the end of the pandemic. The policy of raising interest rates and cooling off the housing market may put more pressure on real estate and related industries, but the proportion of old houses is very high in Taiwan. The house's average age is about 32 years in Taiwan. The houses of three of the six municipal cities are more than 30 years old, which creates a high demand for repair. High house prices also make it difficult to purchase houses. Therefore, the refurbishment of dilapidated houses becomes an ideal choice and also adds fuel to the repair market. Our retail business will leverage our strengths to provide consumers with a user-friendly, professional sales network that offers a variety of products and services, both offline and online.

2021 is the second year of the outbreak of the COVID-19, unlike the dark age of the early epidemic. The U.S. GDP growth rate decreased by 5.7% in 2021 which is the strongest growth since 1984. It reflected the low base period of the outbreak of the epidemic in 2020 and the steady recovery of various economic activities in 2021. The new wave of epidemic challenges, labor shortages, supply chain disruptions and rising inflationary pressures will be the next ordeal for the U.S. economy. The euro zone economy is strong because of the effective control for Covid 19, monetary easing policies so it can resist the rising energy price, supply chain bottlenecks and the new wave of COVID-19. The Eurozone growth rate decreased by 5.2% in 2021 but the Europe's situation is challenged in the short term. It will be observed whether the rising price caused by reopening after the epidemic in recent. China's economic growth rate of 8.1% in 2021 which not only exceeded China's predetermined target of 6%, but also returned to a level in a decade. After outbreaking of the COVID-19 pandemic, consumers spend a lot of times to stay at home. Therefore, they buy more furniture, consumer electronics and other goods made in China. Although China's foreign trade performance is outstanding in 2021, the higher commodity prices, the real estate debt crisis and the policy of Zero-COVID may cause the pace of China's economic growth to continue to slow down which is still overcoming challenges.

In 2021, with the promotion of vaccination against COVID-19 in various countries around the world, the lifting lockdowns in Europe and the United States, it drives global market demand and the world economy will recover strongly. Observing national and international economic situation in recent, the virus variation "Omicron" has spread rapidly around the world. The world is facing the new wave of epidemic challenges, resulting in labor shortages, unstable supply chains and rising inflationary pressures, which continue to affect global economic performance. However, the test capacity became advanced, the increased vaccination coverage resulted in a decline in the amount of intensive infections and deaths. Major countries will no restart strict epidemic prevention measures easily, and the global economy will be expected to maintain the pace of recovery in 2022.

Lastly, all employees of Test Rite Group will spare no efforts to adequately plan and manage our trading, retail and other group businesses in an honest, sincere and dedicated manner, with the objective to improve our balance sheet and further enhance return on equity (ROE). We, the

management team of Test Rite, on behalf of all our employees, would like to take this opportunity to thank shareholders for your continued support and encouragement.

Chairman Judy Lee

II. Company Profile

2.1 Date of Incorporation: August 10th, 1978

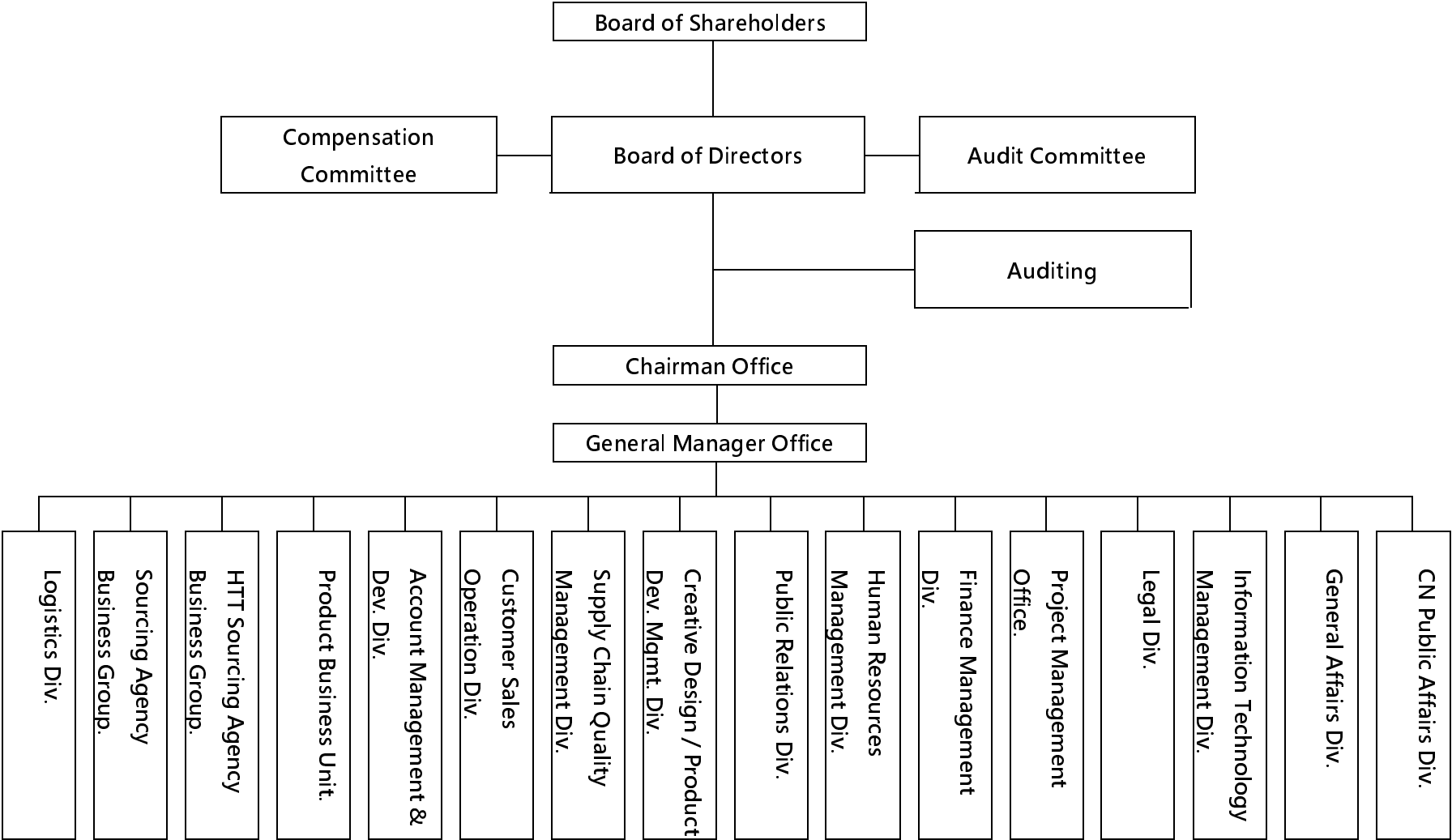
2.2 Company History

Year	Milestones
1978-91	Establishment and Growth
1988-90	“Best Supplier Award from Wal-Mart”
1993	Test Rite IPO (2908TT) –Taiwan Stock Exchange
1996-98	Launch of Retail Business B&Q TLW Taiwan 50-50 JV with Kingfisher HOLA – “House of Living Art”
2000	Packing facilities established in Shanghai and Shenzhen
2001	Named “The Best 200 Small Companies” by Forbes
2004	Retail: Inception of HOLA China
2006	HOLA (2921TT) IPO –Taiwan OTC Exchange Acquisition of Tong-Lung Metal (OTC listed 8705 TT)
2007	Nei-Hu HQ Building Sale-and-Leaseback Purchase of Kingfisher's 50% joint venture stake of TLW Taiwan (US\$100mn)
2009	4-in-1 Merger of Taiwan Retail channels: TLW (DIY), HOLA, Freer, and HOLA Casa
2010	Accelerate pace of store openings of HOLA China Canceled 14.8mn treasury shares
2011	Décor House grand opening in September Received Best Supplier Award from Wal-Mart Received Best Cooperation Partner Award from Michaels
2012	Sold TLM to Stanley Black & Decker (Proceed of NT\$2.3bn) Merged outstanding shares of TR USA (US\$13.8mn) Opened of discount household channel TAYOHYA in Taiwan
2013	Acquired International Art, a trading company with specialization in Seasonal, House ware, Garden tools, and stationary Received 2013 Outstanding Services Award from Michaels
2014	Established warehousing and distribution center in the Shanghai Free-Trade Zone
2015	Completed M&A transaction for shares in German trading subsidiary Introduced the first Crate & Barrel store in Taiwan
2016	TLW new concept store in XiTun Taichung and Test Rite International makes strategic alliance with the Hillman Group
2017	The TR Plus website was launched for the integration of online and offline selling channels
2018	Test-Rite Group cooperate with Taobao to introduce a new retail concept and launch new brand “hoi! good living”
2019	HOLA China announced that it would accelerate the closing of stores trenchthen logistic strategy in U.S layout the supply chain of Southeast Asia
2020	Expand the community stores
2021	TLW forayed into Taiwan’s outlying island

III. Corporate Governance Report

3.1 Organization Systematic

3.1.1 Organization Systematic Chart



3.1.2 Major Corporate Functions

Chairman's Office	Foster smooth operation of the Group and strengthen business management mechanisms, to assist the Chairperson in day-to-day administration of the Company, to arrange business schedules, and to carry out designated projects.
General Manager's Office	Responsible for evaluation/formulation of business strategies and other related matters of the company.
Auditing	Responsible for internal audit functions; ensure the established internal control system is effectively carried out and implemented by the Company and its subsidiaries.
China Public Affairs Department	China-related general affairs and external relations management.
General Affairs Department	Group general administration and management, capital equipment, and building general management.
Information Technology Management Department	Implementation and planning of computer hardware equipment and software planning, program design, and implementation for internal corporate applications for the Group.
Legal Department	Management of corporate counsel, litigation; reviewing of contracts, trademark patents, legal affairs, and regulatory compliance.
Project Management Office Department	Strategy and project management, process management, and optimization of operations.
Finance Management Department	Corporate governance implementation, investor relationship management, bank relationship management, fund allocation management, group insurance and risk management, shareholder services management, implementation of corporate governance, accounting management, P&L analysis, Group budgeting and investment planning.
Human Resources Management Department	Planning and integration of Human resource planning and integration, employee benefits planning and implementation, industrial relations coordination, and staff education, training, and development.
Public Relations Department	Group public relations maintain media exposure and brand image management.
Creative Design / Product Dev. Mgmt. Department	Provide research and development designs, artwork, and marketing strategies for new products.
Supply Chain Quality Management Department	Support related operations of quality assurance, quality control and supplier evaluation of linear departments.
Customer Sales Operation Department	Assist with related operations of trading business products.
Account Management & Dev Department	Supporting product client related business.
Product Business Unit	Supporting trading products.
HTT Sourcing Agency Business Group	Test-Rite has the strategic partnerships with our customers to and carry out the agency business on behalf of its to provide customer's product quality and service.
Sourcing Agency Business Group	Agency business promotion; provision of information and services for customers.
Logistics Development	Support for logistics management and other related operations of business units.

3.2 Directors and Management Team

3.2.1 Directors

As of April 17, 2022

Title	Nationality	Name	Gender/ years old	Date Elected	Term - Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Republic of China	Ms. Judy Lee	Female seventy one to eight ten year old	2021.08.27	3	1983.07.04	32,911,294	6.45	32,911,294	6.45	31,795,550	6.24	0	0.00	President of Test Rite Int'l Co., Ltd.; Director of Test Rite Retail Co. Ltd. ; Director of Tong Long Metal Industry Co., Ltd. ; Department of Bank and Insurance/ Tanking University	Note 1	Director Director	Tony Ho Robin Ho	Family Family	Note 8
Director	Republic of China	Mr. Tony Ho	Male seventy one to eight ten year old	2021.08.27	3	1983.07.04	31,795,550	6.24	31,795,550	6.24	32,911,294	6.45	0	0.00	Chairman of Test Rite Int'l Co., Ltd.; Chairman of Test Rite Retail Co. Ltd.; Chairman of Tong Long Metal Industry Co., Ltd.; National Taiwan University & Furan University/EMBA Classes	Note 2	Director Director	Judy Lee Robin Ho	Family Family	
Director	Republic of China	Ms. Robin Ho	Female forty one to fifty year old	2021.08.27	3	2010.06.15	1,989,579	0.39	1,989,579	0.39	469 ,000	0.09	0	0.00	COO of Test Rite Int'l Co., Ltd., Department of Business/ Management University of Southern California; MBA of Fujian Catholic University Graduate Institute of Management	Note 3	Director Director	Tony Ho Judy Lee	Family Family	
Independent Director	Republic of China	Mr. Yung-Chi Lai	Male sixty one to seventy year old	2021.08.27	3	2018.06.19	0	0.00	0	0.00	0	0.00	0	0.00	Senior examination for Tax administration highest level qualification; CPA exam passed; Taxation and Tariff Committee officer; National Award of Outstanding SMEs evaluation committee member; Member of National Health Insurance Supervisory Committee, Department of Health, Executive Yuan; Member of Labor Pension fund Supervisory Committee, Council of Labor Affairs, Executive Yuan; Members of Presidential office Economic Development Advisory Conference; Supervisor of National Association of Small & Medium enterprises R.O.C.; Executive Supervisor of Taiwan Provincial Association of Accountants; National Chengchi University Finance graduate school master.	Note 4	-	-	-	
Independent Director	Republic of China	Mr. Ting-Yang Liu	Male fifty one to sixty year old	2021.08.27	3	2015.06.15	0	0.00	0	0.00	0	0.00	0	0.00%	Principal of Taipei University of Maritime Technology; Dean of Graduate Institute of Human Resource and Knowledge ; Dean of Student Affairs of I-Shou University, Researcher of Centre for Human Resource Development and Management Studies at Peking University; Independent director of HER CHEE Industrial Co.,Ltd.; Independent director of Takoma Technologies, Inc.; Alliant International University, Doctor of Education	Note 5				
Independent Director	Republic of China	Mr. Hsin Hsien Huang	Male sixty one to seventy year old	2021.08.27	3	2021.08.27	0	0.00	0	0.00	0	0.00	0	0.00	Judge, Chiayi, Taoyuan, and Shilin District Courts 、 Director and member of Compensation Committee of Test Rite Int' l Co., Ltd. 、 Member of committee of the Taipei City Center for Prevention of Domestic Violence and Sexual Assault 、 Department of Law, Soochow University	Note 6	-	-	-	

Title	Nationality	Name	Gender/ years old	Date Elected	Term - Years	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independe nt Director	Republic of China	Mr. I-Chuan Li	Male fifty one to sixty year old	2021.08.27	3	2021.08.27	0	0.00	0	0.00	0	0.00	0	0.00	Associate vice president, audit ffice and department of Finance, Pacific Sogo Department 、Independent director and member of Remuneration Committee of Success Prime Corporation 、PhD, Business Administratioon, Macau.	Note 7	-	-	-	

Note:

- Director of Test Rite Retail Co., Ltd. 、Director of Test-Rite Home Service Co., Ld. 、Director of Testrite Brand Agency Co., Ltd. 、Director of Test Rite C&B Co., Ltd.. 、Director of Chung Cin Enterprise Co., Ltd. 、Chairman of Lih Chiou Co., Ltd. 、Chairman of International Art Co., Ltd. 、Chairman of Test Rite Business Development Corporation(China) Co., Ltd. 、Chairman of B&S Link (Shanghai) Co., Ltd. 、Chairman of HOLA Shanghai Retail & Trading Co., Ltd. 、Chairman of Light Up Shanghai Retailing Co., Ltd 、Chairman of Pro-Quality Service Limited Corporation 、Chairman of Energy Retailing Co., Ltd. 、Chairman of Test Rite (China) Investment Co., Ltd. 、Director of Test Rite Int'l (U.S.) Co., Ltd. 、Director of Test Rite Products Corp. 、Director of Homezone International Corporation 、Director of Test Rite Int` l (Canada) Ltd. 、Director of Test-Rite Int` l (Australia) Pty Ltd. 、Director of Test Rite Pte Ltd. 、Director of Test Rite Products (Hong Kong) Ltd.. 、Director of Test-Rite (UK) Ltd. 、Director of Fortune Miles Trading Inc. 、Director of Upmaster International Co., Ltd. 、Director of Energy Path International Co., Ltd. 、Director of Test-Rite Development GmbH 、Director of Avida Company Limited 、Director of Lucky Rite Company Ltd. 、Supervisor of Quality Master Co., Ltd..
- Chairman of Test Rite Retail Co., Ltd. 、Director of Test-Rite Home Service Co., Ltd. 、Chairman of Testrite Brand Agency Co., Ltd. 、Chairman of Test Rite C&B Co., Ltd. 、Chairman of Chung Cin Enterprise Co., Ltd. . 、Chairman of Lih Teh International Co., Ltd 、Chairman of Fusion International Distribution Inc、Director of Test Rite Int'l (U.S.) Co., Ltd. 、Director of Test Rite Products Corp. 、Chairman of Homezone International Corporation 、Director of Test Rite Int` l (Canada) Ltd. 、Director of Test Rite Int'l (Australia) Pty. 、Director of Test Rite Products (Hong Kong) Ltd. 、Director of Test Rite Retailing Limited 、Director of Perfect Group International Limited 、Director of Test Rite South American Co., Ltd. 、Director of Test Rite Trading Co., Ltd. 、Director of Test Rite Retailing Co., Ltd. 、Director of B&S Link Corporation 、Director of Test Rite International Investment Co., Ltd. 、Director of Upmaster International Co., Ltd. 、Director of Test-Rite Development GmbH.
- Director of Test Rite Retail Co., Ltd 、Chairman of Lih Chiou Co., Ltd 、Chairman of HOLA Homefurnishings Co., Ltd. 、Chairman of B&S Link Co., Ltd 、Chairman of Home Tech Co., Ltd.. 、Director of International Art Co., Ltd. 、Director of Chung Cin Enterprise Co., Ltd. 、Director of Chung Cin Lohas Property Management Co., Ltd. 、Director of Test Cin M&E Engineering Co., Ltd. 、Director of Test Rite Business Development Corporation (China) Co., Ltd. 、Director of B&S Link (Shanghai) Co., Ltd. 、Director of Light Up Shanghai Retailing Co., Ltd. 、Director of Energy Retailing Co., Ltd. 、Director of Test Rite (China) Investment Co., Ltd. 、Director of Pro-Quality Service Limited Corporation 、Director of Test Rite Int'l (Australia) Pty. 、Director of Test-Rite (UK) Ltd. 、Director of Test-Rite Development GmbH 、Director of Test Rite tepro GmbH 、GM of Test-Rite International (U.S.)Co., Ltd 、Director of Quality Master Co., Ltd.
- Member of Test-Rite Audit Committee and chairman 、Member of Test-Rite Remuneration Committee and Chairman 、Partner and Director of Baker Tilly Clock & Co 、Director of Chinese Management Association.
- Member of Test-Rite Audit Committee 、Member of Test-Rite Remuneration Committee 、Professor of Graduate Institute of Human Resource and Knowledge Management at National Kaohsiung Normal University 、Visiting professor of School of Business at Macau University of Science and Technology 、Director of Li-Chih Valuable Svhoool 、Advisors of Taipei City Government 、Member of Level Biotechnology Inc Committee 、Member of Level Biotechnology Inc Remuneration Committee. 、Member of Level Biotechnology Inc. Audit Committee 、Independent Director of Level Biotechnology Inc.
- Member of Test-Rite Audit Committee 、Member of Test-Rite Remuneration Committee 、Director of Jian Yuan law firm 、Director of JinghuaSociety Cultural Foundation 、Independent Director /member of Compensation Committee/ member of Audit Committee of PLANET Technology Corporation.
- Member of Test-Rite Audit Committee 、Member of Test-Rite Remuneration Committee 、President of XhangYue Constructon Corporate 、President of Lan Bou Wan Development Co., Ltd. 、Director of PLANET Technology Corporation.
- The chairperson acted on behalf of chief executive officer after the former CEO retired in 2020. Test-Rite group's business covered the trading and retail which is the unique business model so it continued to evaluate and cultivate successor. The company added a new independent director in 2021 and more than half of the directors who are not the company's senior management and employees.

2. Major shareholders of the institutional shareholders

As of April 17, 2022

1、Professional qualifications of directors and independent analysis of Independent director：

Criteria Name	Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Direct
Ms. Judy Lee (Chairman)	● Education& Experience, please refer to 8~9 (1) Basic Information of Directors ● Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company Law	NA	0
Mr. Tony Ho (Director)	● Education& Experience, please refer to 8~9 (1) Basic Information of Directors ● Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company Law	NA	0
Ms. Robin Ho ((Director)	● Education& Experience, please refer to 8~9 (1) Basic Information of Directors ● Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company La	NA	0
Mr.Yung-Chi Lai (Independent Director)	● Education& Experience, please refer to 8~9 (1) Basic ● A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company La	● Independence Analysis of the company's independent directors. ● Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates；hold shares of the corporation；is not a director or supervisor of the Corporation or any of its affiliates. ● Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	0

Mr. Ting-Yang Liu (Independent Director)	● Education& Experience, please refer to 8~9 (1) Basic ● An instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University ● Not been the person of any conditions defined Article30 of the Company La	◆ Independence Analysis of the company's independent directors. ◆ Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates ; hold shares of the corporation : is not a director or supervisor of the Corporation or any of its affiliates. ◆ Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	1
Mr. Huang, Hsin Hsien (Independent Director)	● Education& Experience, please refer to 8~9 (1) Basic ● A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who Has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company La	◆ Independence Analysis of the company's independent directors. ◆ Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates ; hold shares of the corporation : is not a director or supervisor of the Corporation or any of its affiliates. ◆ Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	1
Mr. Li, I-Chuan (Independent Director)	● Education& Experience, please refer to 8~9 (1) Basic ● Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company La	◆ Independence Analysis of the company's independent directors. ◆ Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates ; hold shares of the corporation : is not a director or supervisor of the Corporation or any of its affiliates. ◆ Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	0

2、Director Diversity and Independence:

- (1).Board Diversity Policy: to strengthen corporate governance and improve board structure, the company 's governance princile and Procedures for Election of Directors should be taken into consideration, including diversity ,but not limited to gender balance, professional qualifications and skills.
- (2).The policy objective and the implementation of results 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.

Policy objective	Implementation of results
Independence : 1、the number of independent directors or outside directors : more than half . 2、consecutive term:In order to ensure that independent directors can exercise their functions and powers objectively and avoid reducing their independence due to long-term tenure, unless there are special easons (the Company requires the aid of the expertise and relevant experience of the directors), the terms of independent are up to nine consecutive years.	1、Presently,with 4 independent directors accounting for 4/7 and 4 external directors accounting for 4/7 over half of our Board. 2、Presently the independent directors have not served for more than 9 consecutive years.
Gender balance : The company pays attention to gender equality of board composition with at least one female director.	Two female directors accounted for 2/7 of all directors.
Professional knowledge and skills: Each board member shall have the necessary abilities that must be present in the board are as 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 erspective. 7. Leadership ability.8. Decision-making ability.	The current board members generally possess the necessary knowledge, skills and qualities to perform their duties, and have a wealth of professional knowledge and practical experience in industry, corporate management, finance, taxation and accounting, and human resources so as to give full play to operational decision-making, risk supervision and management and effective performance of directors' functions.

- 3、Independence: The company has 7 directors (Including independence directors). To improve the company's governance performance, the company voluntarily appoint independent directors to provide additional 4 seats for independent directors , more than half of all directors. In addition, the company shall review the qualifications of independence directors annually. In order to ensure that independent directors can exercise their functions and powers objectively and avoid reducing their independence due to long-term tenure, the terms of independent are up to nine consecutives years, All the company's independence directors comply the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". The relationship between directors and independence directors may not exit the provisions of paragraph 3 and4 of Article 26-3 of Securities and Exchange Act.

4、The incumbent Board members diversification policy and practicable:

Diversified Core projects Name of Directors	Gendor	Nationality	Age		Independent Director Term(Years)			As an employee	The ability to make judgm ents about opera tions	Accountin g and financial analysis	Business managem ent ability	Crisis mana geme nt ability	Knowledge of the industry	An inter nati onal mar ket pers pect ive	Leadership Decision- making ability	La w	Professional ability
			<50	>50	<3	3~9	>9										
Ms. Judy Lee Chairman	Female	Republic of China		V				V	V	V	V	V	V	V	V	V	Knowledge of the industry
Mr. Tony Ho Director	Male	Republic of China		V				V	V	V	V	V	V	V	V	V	Judgments about operations
Ms. Robin Ho Director	Female	Republic of China	V					V	V	V	V	V	V	V	V	V	Business management
Mr. Yung-Chi Lai Independent Directo	Male	Republic of China		V		V			V	V	V	V	V		V	V	Crisis management
Mr. Ting-Yang Liu Independent Directo	Male	Republic of China		V		V			V		V	V	V	V	V	V	Leadership Decision-making
Mr. Hsin-Hsien Huang Independent Director	Male	Republic of China		V	V						V	V	V	V	V	V	Leadership Decision-making
Mr. I-Chuan Li Independent Director	Male	Republic of China		V	V				V	V	V	V	V		V		Knowledge of the industry

3.2.2 Management Team

As of April 17, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Strategy and new business development CEO	Republic of China	Tony Ho	Male	1975.09.01	31,795,550	6.24%	32,911,294	6.45%	0	0.00%	President of Test Rite Int'l Co., Ltd.; National Taiwan University & Furan University/EMBA Classes	Note 1	Corporate governance and risk control CEO Chief Operating Officer (COO)	Judy Lee Robin Ho	Spouse Family	(Note 7)
Corporate governance and risk control CEO	Republic of China	Judy Lee	Female	1975.09.01	32,911,294	6.45%	31,795,550	6.24%	0	0.00%	President of Test Rite Int'l Co., Ltd.; Department of Bank and Insurance/ Tanking University	Note 2	Strategy and new business development CEO Chief Operating Officer (COO)	Tony Ho Robin Ho	Spouse Family	(Note 7)
Chief Operating Officer (COO)	Republic of China	Robin Ho	Female	2009.5.1	1,989,579	0.39%	469,000	0.09%	0	0.00%	VP of Test Rite Int'l Co., Ltd. MBA, Fujian Catholic University	Note 3	Strategy and new business development CEO Corporate governance and risk control CEO	Tony Ho Judy Lee	Family Family	
Business Development General Manager	Republic of China	Shelley Chen	Female	2007.5.1	681	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Department of International Trade/ Ming Chan College	-	-	-	-	
Vice President	Republic of China	John Peng	Male	1998.9.1	300,955	0.06%	0	0%	0	0.00%	Product Manager of Test Rite Int'l Co., Ltd. Yangmei Senior high school	Note 4	-	-	-	
Vice President	Republic of China	Bob Yueh	Male	2009.3.1	13,454	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Department of Industrial Engineering/ Feng Chia University	-	-	-	-	
Vice President	Republic of China	Edward Kao	Male	2009.3.1	412,405	0.08%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd.; MBA, New Jersey Institute of Technology	-	-	-	-	
Vice President	Republic of China	Maggy Chen	Female	2011.12.5	354,512	0.07%	147	0.00%	0	0.00%	General manager of Freer Inc. , Department of Business Management, Soochow University	-	-	-	-	
Vice President	Republic of China	Linda Lin	Female	2003.1.1	0	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Department of Accounting Statistics/ Ming Chua College	Note 5	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	Republic of China	Lancy Wu	Female	2007.5.1	11,184	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Master of Department of Business Administration, National Taipei University	-	-	-	-	
Vice President	Republic of China	Monica Chen	Female	2009.6.15	130,408	0.03%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Department of Accounting Statistics/Shih Chine College	-	-	-	-	
Vice President	Republic of China	Eddie Wei	Male	2013.2.18	0	0.00%	0	0.00%	0	0.00%	Creative Design Director of Wisefame International Ltd.; Design Director of GoerTek Inc. Master, Department of Industrial Design/ Shih Chine University	-	-	-	-	
Vice President	Republic of China	Lori Huang	Female	2018.3.19	0	0.00%	0	0.00%	0	0.00%	Taiwan Mobile Co., Ltd., Vice Director National Sun Yat-sen University Department of Information Management	-	-	-	-	
Vice President	Republic of China	Eric Chang	Male	2016.7.1	0	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Tung Hai University MBA	Note 6	-	-	-	
Vice President	Republic of China	Jamie Kuo	Female	2017.4.1	1,000	0.00%	0	0.00%	0	0.00%	Hwa Fong Rubber Ind. Co., Ltd. Tanking University/ department of economics	-	-	-	-	
Vice President	Republic of China	Agnes Shih	Female	2019.1.1	8	0.00%	0	0.00%	0	0.00%	Chinese Culture Univar Department of Korean Language and Literature	-	-	-	-	
Director	Republic of China	Johnson Lee	Male	2011.12.6	81,766	0.02%	0	0.00%	0	0.00%	AVP B&S Link Co., Ltd.; Department of Electronic Engineering / Technology and Science Institute of Northern Taiwan	-	-	-	-	
Director	Republic of China	Hampfrey Wang	Male	2012.7.2	0	0.00%	0	0.00%	0	0.00%	AVP of B&Q International Co., Ltd. Department of History/ National Taiwan University	-	-	-	-	
Director	Republic of China	Celine Hsien	Female	2015.3.1	0	0.00%	0	0.00%	0	0.00%	Sales Manager of International AIM. Department of Business Management/ National Central University	-	-	-	-	
Director	Republic of China	Bruce Shen	Male	2016.02.23	0	0.00%	0	0.00%	0	0.00%	PR manager of Lenovo Ltd.	-	-	-	-	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Department of Mass Communication, Tamkang University					
Director	Republic of China	Antyia Tsai	Female	2017.2.3	917	0.00%	0	0.00%	0	0.00%	MultiStar Industry co., Industry co., Ltd. Private Chinese Culture University/department of Chinese language and literature	-	-	-	-	
Director	Republic of China	Harrison Yang	Male	2017.6.1	649	0.00%	0	0.00%	0	0.00%	Sinyi Realty Inc. Ming Chi University of Technology/Industrial Engineering and Management	-	-	-	-	
Director	Republic of China	Lisa Lin	Female	2018.7.11	356,772	0.07%	967	0.00%	0	0.00%	Ming Chuan University, Department of Accounting and Information Technology	-	-	-	-	
Director	Republic of China	Elaine Shih	Female	2019.5.20	0	0.00%	0	0.00%	0	0.00%	Manager of Test Rite Int'l Co., Ltd. Chunky University of Film and Arts /department of international trade	-	-	-	-	
Director	Republic of China	Melody Wu	Female	2019.6.3	204,991	0.04%	0	0.00%	0	0.00%	Senior Manager of Test Rite Int'l Co., Ltd. Tanking University/ department of Industrial Economics	-	-	-	-	
Director	Republic of China	Noelia.Lu	Female	2019.9.2	803	0.00%	0	0.00%	0	0.00%	Purchase Director of JASONS Market Place Tanking University/ department of Spanish	-	-	-	-	
Director	Republic of China	Serena Lin	Female	2021.1.15	0	0.00%	0	0.00%	0	0.00%	Parade Technologies, Ltd. Aston University human resource management master.	-	-	-	-	
Director	Republic of China	Nora Huang	Female	2021.4.6	0	0.00%	0	0.00%	0	0.00%	Vietnam Paihong Company Tamkang University department of economy	-	-	-	-	
Director	Republic of China	Miya Hsu	Female	2021.12.2	0	0.00%	0	0.00%	0	0.00%	PricewaterhouseCoopers Taiwan National Chung Hsing University Accounting master.	-	-	-	-	

Note :

1. Chairman of Test Rite Retail Co., Ltd. 、 Director of Test-Rite Home Service Co., Ltd. 、 Chairman of Testrite Brand Agency Co., Ltd. 、 Chairman of Test Rite C&B Co., Ltd. 、 Chairman of Chung Cin Enterprise Co., Ltd. 、 Chairman of Lih Teh International Co., Ltd. 、 Director of Test Rite Int'l (U.S.) Co., Ltd. 、 Director of Test Rite Products Corp. 、 Director of Homezone International Corporation 、 Director of Test Rite Int'l (Canada) Ltd. 、 Director of Test Rite Int'l (Australia) Pty. 、 Director of Test Rite Products (Hong Kong) Ltd. 、 Director of Test Rite Retailing Limited 、 Director of Perfect Group International Limited 、 Director of Test Rite South American Co., Ltd. 、 Director of Test Rite Trading Co., Ltd. 、 Director of Test Rite Retailing Co., Ltd. 、 Director of B&S Link Corporation 、 Director of Upmaster International Co., Ltd. 、 Director of Test-Rite Development GmbH.
2. Director of Test Rite Retail Co., Ltd. 、 Director of Hola Homefurnishings Co., Ltd. 、 Director of Testrite Brand Agency Co., Ltd. 、 Director of Test Rite C&B Co., Ltd. 、 Director of Chung Cin Enterprise Co., Ltd. 、 Chairman of Lih Chiou Co., Ltd. 、 Chairman of International Art Co., Ltd. 、 Chairman of Test Rite Business Development Corporation(China) Co., Ltd. 、 Chairman of B&S Link (Shanghai) Co., Ltd. 、 Chairman of HOLA Shanghai Retail & Trading Co., Ltd. 、 Chairman of Light Up Shanghai Retailing Co., Ltd. 、 Chairman of Pro-Quality Service Limited Corporation 、 Chairman of Energy Retailing Co., Ltd. 、 Chairman of Test Rite (China) Investment Co., Ltd. 、 Director of Test Rite Products Corp. 、 Director of Homezone International Corporation 、 Director of Test Rite Int'l (Canada) Ltd. 、 Director of Test-Rite Int'l (Australia) Pty Ltd. 、 Director of Test Rite Pte Ltd. 、 Director of Test Rite Products (Hong Kong) Ltd.. 、 Director of Test-Rite (UK) Ltd. 、 Director of Fortune Miles Trading Inc. 、 Director of Upmaster International Co., Ltd. 、 Director of Energy Path International Co., Ltd. 、 Director of Test-Rite Development GmbH 、 Director of Avida Company Limited 、 Director of Lucky Rite Company Ltd.. 、 Supervisor of Quality Master Co., Ltd.
3. .Director of Test Rite Retail Co., Ltd. 、 Chairman of Fusion International Distribution Inc. 、 Chairman of Hola Homefurnishings Co., Ltd. 、 Chairman of B&S Link Co., Ltd. 、 Chairman of Home Intelligence Co., Ltd. 、 Director of Light Up Shanghai Retailing Co., Ltd. 、 Director of Chung Cin Enterprise Co., Ltd. 、 Director of Chung Cin Lohas Property Management Co., Ltd. 、 Director of Test Cin M&E Engineering Co., Ltd. 、 Director of Test Rite Business Development Corporation (China) Co., Ltd. 、 Director of B&S Link (Shanghai) Co., Ltd. 、 Director of HOLA Shanghai Retail & Trading Co. 、 Director of Energy Retailing Co., Ltd. 、 Director of Test Rite (China) Investment Co., Ltd. 、 Director of Pro-Quality Service Limited Corporation 、 Director of Test Rite Int'l (Australia) Pty. 、 Director of Test-Rite (UK) Ltd. 、 Director of Test Rite International (Thailand) Ltd 、 Director of Test-Rite Development GmbH 、 Director of Test Rite tepro GmbH 、 GM of Test-Rite International (U.S.)Co., Ltd 、 Director of Quality Master Co., Ltd.
4. Supervisor of HOLA Shanghai Retail & Trading Co., Ltd. 、 Supervisor of Light Up Shanghai Retailing Co., Ltd. 、 GM of Energy Retailing Co., Ltd.
5. Supervisor of Test Rite Retail Co., Ltd. 、 Supervisor of Test-Rite Home Service Co., Ltd. 、 Supervisor of Testrite Brand Agency Co., Ltd. 、 Supervisor of Test Rite C&B Co., Ltd. 、 Supervisor of Chung Cin Enterprise Co., Ltd.
6. Supervisor of Lih Teh International Co., Ltd. 、 Supervisor of Pro-quality Service Co., Ltd. 、 Supervisor of Lih Chiou Co., Ltd. 、 Supervisor of B&S Link Co., Ltd. 、 Syoervisor of Home Tech Co., Ltd. 、 Superisor of International Art Co., Ltd. 、 Superisor of Hola Homefurnishings Co., Ltd.
7. The chairperson acted on behalf of chief executive officer after the former CEO retired in 2020. Test-Rite group's business covered the trading and retail which is the unique business model so it continued to evaluate and cultivate successor. The company added a new independent director in 2021 and more than half of the directors who are not the company's senior management and employees.

3.3 Remuneration of Directors, President, and Vice Presidents

3.3.1 Remuneration of Directors

As of Dec. 31, 2021 : Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of total remuneration (A+B+C+D) to net income(%)		Relevant remuneration received by directors who are also employees						Ratio of total compensation (A+B+C+D+E+F+G) and net income(%)				Compensation paid to directors from an invested company other than the company's subsidiary		
		Base Compensation (A)		Severance Pay (B)		Directors and supervisors' remunerations(C)		Allowances (D)				Salary, Bonuses, and Allowances(E)		Severance Pay (F)		Employee compensation (G)								
		The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company		From All Consolidated entities						
Director	Ms. Judy Lee	0	0	0	0	9,373	9,373	186	186	1.22%	1.22%	25,600	54,544	108	108	1,900	0	1,900	0	37,167	4.75%	66,111	8.45%	0
	Mr. Tony Ho																							
	Ms. Robin Ho																							
	Property Int'l Co. Ltd. Representative: Mr. Wen-Tzong, Chen																							
Independent Director	Mr..Yung-Chi Lai	1,750	1,750	0	0	4,686	4,686	354	354	0.87%	0.87%	0	0	0	0	0	0	0	0	6,790	0.87%	6,790	0.87%	0
	Mr. Ting-Yang Liu																							
	Mr. Hsin-Hsien Huang																							
	Mr. I-Chuan Li																							
	Ms. Jo Yeh																							
1. Please state the policy, system, standards and structure of independent directors' remuneration, and describe the correlation with the amount of remuneration according to the responsibilities, risks, and investment time: Please refer Annual Report (page 24) 2. In addition to the above remuneration, director remuneration shall be disclosed about the directors' compensation for their services in the most recent year,such as a consultant of the parent company, companies in the consolidated financial statement or invested company : None.																								

Note 1 : The Company's contribution to employee's pension account, not actual amount paid.

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	From All Consolidated Entities	The company	From All Consolidated Entities
Under NT\$ 1,000,000	Mr. Hsin-Hsien Huang 、 Mr. I-Chuan Li 、 Property Int’ l Co., Ltd. Representative ： Mr. Wen-Tzong Chen	Mr. Hsin-Hsien Huang 、 Mr. I-Chuan Li 、 Property Int’ l Co., Ltd. Representative ： Mr. Wen-Tzong Chen	Mr. Hsin-Hsien Huang 、 Mr. I-Chuan Li 、 Property Int’ l Co., Ltd. Representative ： Mr. Wen-Tzong Chen	Mr. Hsin-Hsien Huang 、 Mr. I-Chuan Li 、 Property Int’ l Co., Ltd. Representative ： Mr. Wen-Tzong Chen
NT\$1,000,000 ~ NT\$2,000,000	Mr. Ting-Yang Liu 、 Ms. Jo Yeh	Mr. Ting-Yang Liu 、 Ms. Jo Yeh	Mr. Ting-Yang Liu 、 Ms. Jo Yeh	Mr. Ting-Yang Liu 、 Ms. Jo eh 、
NT\$2,000,000 ~ NT\$3,500,000	Ms. Judy Lee 、 Mr. Tony Ho 、 Mr. Yung-Chi Lai 、 Ms. Robin Ho	Ms. Judy Lee 、 Mr. Tony Ho 、 Mr. Yung-Chi Lai 、 Ms. Robin Ho	Mr. Yung-Chi Lai	Mr. Yung-Chi Lai
NT\$3,500,000 ~ NT\$5,000,000	-	-	-	-
NT\$5,000,000 ~ NT\$10,000,000	-	-	Ms. Robin Ho	
NT\$10,000,000 ~ NT\$15,000,000	-	-	Ms. Judy Lee 、 Mr. Tony Ho	Ms. Robin Ho
NT\$15,000,000 ~ NT\$30,000,000	-	-	-	Mr. Tony Ho
NT\$30,000,000 ~ NT\$50,000,000	-	-	-	Ms. Judy Lee
NT\$50,000,000 ~ NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	9	9	9	9

3.3.2 Compensation of President and Vice Presidents

As of Dec. 31, 2021: Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee compensation (D)				Ratio of total compensation (A+B+C+D) and net income (%)		Compensation paid to the president and vice president from an invested company other than the company's subsidiary
		The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company		From All Consolidated entities		The company	From All Consolidated entities	
								Cash	Stock	Cash	Stock			
CEO of strategy & new business development	Tony Ho	58,061	89,083	35,850	35,850	18,007	18,007	4,242	0	4,242	0	116,160 14.84%	147,182 18.00%	0
CEO of Corporate Governance and risk management	Judy Lee													
Chief Operating Officer (COO)	Robin Ho													
Business Development General Manager	Shelly Chen													
Vice President	Jane Peng													
Vice President	Bob Yueh													
Vice President	Edward Kao													
Vice President	Maggy Chen													
Vice President	Linda Lin													
Vice President	Lancy Wu													
Vice President	Monica Chen													
Vice President	Lori Huang													
Vice President	Eddie Wei													
Vice President	Eric Chang													
Vice President	Jamie Kuo													
Vice President	Agnes Shih													
Vice President	Daniel Lin*													
Vice President	Sabrina Kuo**													
Vice President	CC Fan**													
Vice President	Jennie.Hsu**													
Vice President	James-KJ Chen**													

* VP Daniel.lin in Jun 2021.

** VP Sabrina Kuo in Jan 2021; VP CC Fan in Mar 2021; VP Jennie.Hsu in May 2021; VP James-KJ Chen in Nov 2021.

Bracket	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Sabrina Kuo	Sabrina Kuo
NT\$1,000,000 ~ NT\$2,000,000	Jennie Hsu 、 Daniel.lin	Jamie.Kuo 、 Daniel.lin
NT\$2,000,000 ~ NT\$3,500,000	CC Fan 、 John Peng 、 Lancy Wu 、 James-KJ Chen 、 Agnes Shih 、 Jamie.Kuo 、 Eddie Wei	CC Fan 、 John Peng 、 Lancy Wu 、 James-KJ Chen 、 Agnes Shih 、 Jamie.Kuo 、 Eddie Wei
NT\$3,500,000 ~ NT\$5,000,000	Bob Yueh 、 Lori Huang 、 Linda Lin	Bob Yueh 、 Lori Huang 、 Linda Lin
NT\$5,000,000 ~ NT\$10,000,000	Tony Ho 、 Robin Ho 、 Monica Chen 、 Eric Chang	Monica Chen 、 Eric Chang
NT\$10,000,000 ~ NT\$15,000,000	Maggy Chen 、 Judy Lee 、 Shelly Chen	Tony Ho 、 Robin Ho 、 Maggy Chen 、 Shelly Chen
NT\$15,000,000 ~ NT\$30,000,000	Edward Kao	Judy Lee 、 Edward Kao
NT\$30,000,000 ~ NT\$50,000,000	-	-
NT\$50,000,000 ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	21	21

3.3.3 Employee profit sharing granted to the management team

As of Dec. 31, 2021; Unit: NT\$ thousands

	Title	Name	Stock Dividends	Cash Dividends	Total	Proportion of total amount to net profits after tax (%)
Executive Officers	CEO of strategy & new business development	Tony Ho	0	4,683,117	4,683,117	0.60%
	CEO of Corporate Governance and risk management	Judy Lee				
	Chief Operating Officer (COO)	Robin Ho				
	Business Development General Manager	Shelly Chen				
	Vice President	John Peng				
	Vice President	Bob Yueh				
	Vice President	Edward Kao				
	Vice President	Maggy Chen				
	Vice President	Linda Lin				
	Vice President	Lancy Wu				
	Vice President	Monica Chen				
	Vice President	Lori Huang				
	Vice President	Eddie Wei				
	Vice President	Eric Chang				
	Vice President	Jamie Kuo				
	Vice President	Agnes Shih				
	Vice President	Daniel.lin*				
	Vice President	Sabrina Kuo**				
	Vice President	CC Fan**				
	Vice President	Jennie Hsu**				
	Vice President	James-KJ Chen**				
	Director	Johnson Lee				
	Director	Hampfrey Wang				
	Director	Celine Hsien				
	Director	Bruce Shen				
	Director	Antyia Tsai				
	Director	Harrison Yang				
	Director	Elaine Shih				
	Director	Melody Wu				
	Director	Noelia Lu				
	Director	Serena.Lin*				
	Director	Nora.Huang*				
	Director	Miya.Hsu*				
	Director	Austin Li**				
	Director	Greg Chang**				

*VP Daniel.Lin in Jun 2021;Dir Serena.Lin in Jan 2021;Dir Nora.Huang in Apr 2021;Dir Miya.Hsu in Dec 2021.

**VP Sabrina Kuo in Jan 2021;VP CC Fan in Mar 2021;VP Jennie Hsu in May 2021;VP James-KJ Chen in Nov 2021;Dir Austin Li in Feb 2021;Dir Greg Chang in May 2021.

3.3.4 Comparison of Remuneration for Directors Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors Presidents and Vice Presidents

1. The ratio of total remuneration paid by the company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors presidents and vice presidents of the Company, to the net income in the individual financial statements .

Title \ Year	Ratio of total remuneration paid to directors presidents and vice presidents in the individual financial statements to net income (%) - Companies in the consolidated financial statements	
	2020	2021
Directors	7.54%	9.31%
Presidents and Vice Presidents	15.35%	18.00%

2. Guiding principles for compensation to directors and management executives:

The remuneration of directors of the Company and the Group under consolidated financial statements includes transportation expenses, earning distribution for the remuneration of directors remuneration to concurrent employees. Transportation expenses are determined based on industry standards and are paid based on the attendances of directors. With respect to the remuneration of directors of the Company and the Group under consolidated financial statements, transportation expenses are determined based on industry standards, and are paid according to the attendance status of the directors in the board meetings. Earnings distributed to the directors are determined based on the provisions of the Articles of Incorporation of the Company and of the Group under consolidated financial statements. The proposals for the distribution of earnings are drafted by the Board of Directors and approved at the board of directors. As for the remuneration to individual directors the board of directors will firstly approve the total remuneration amount. The Remuneration Committee of the Company will then review the individual remuneration based on the relevant company policies and the Self-Evaluation or Peer Evaluation of directors. The involvement and contribution to company's operation, the proposed remuneration will be submitted to the Board of Directors for approval before making the payment. The remuneration to the managerial staff (i.e., the president and the vice president, etc.) includes salary, cash awards and employee bonuses, etc. The Human Resources Department is responsible for establishing and adjusting the remuneration standards based on the internal compensation policies and performance management guidelines, while also considering the external benchmarks, industrial standards, and remuneration standards in companies in similar fields. The proposed remuneration for managerial staff shall be reviewed by the Remuneration Committee of the Company and further submitted to the Board of Directors for approval before making the payment.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

A total of 8 meetings of the board of directors were held in the previous period (Year 2021). Director attendance was as follows :

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【 B / A 】	Remarks
Chairman	Ms. Judy Lee	8	0	100%	
Director	Mr. Tony Ho	7	1	86%	
Director	Ms. Robin Ho	8	0	100%	
Director	Property International Company Limited Representative: Mr. Wen-Tzong Chen	5	0	100%	2021/8/27resigned
Independent Director	Mr. Ting-Yang Liu	8	0	100%	
Independent Director	Mr.Yung-Chi Lai	8	0	100%	
Independent Director	Ms. Jo Yeh	5	0	100%	2021/8/27resigned
Independent Director	Mr. Hsin Hsien Huang	3	0	100%	2021/8/27joined
Independent Director	Mr. I-Chuan Li	3	0	100%	2021/8/27joined

Other notable items :

- If the operation of the board of directors is one of the following circumstances, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified.
 - If there are the circumstances referred to in Article 14-3 of Securities : Matters are not applicable since the Company has already established an Audit Committee.Please refer the practice of the audit committee , explained Article 14-5 of the Securities and Exchange Act (page 24)
 - Except before the opening of the matter, resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings : None
- If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, abuses for avoidance and voting should be specified: of As described in the table below.

Name of director	Content of proposal	Reason for abstention from voting participation	The result for each motion
Ms. Judy Lee Mr. Tony Ho Ms. Robin Ho	Motion for the distribution of performance-based bonuses to the Company's individual managers for 2020.	Chairwoman Judy Lee and Director Tony Ho and Director Robin Ho exercised measures to avoid a conflict of interest, as they also serve as managers.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.
All directors	Motion for the distribution of compensation to the Company's directors for 2020.	Assessment of supervisory compensation for each of the directors,each director will on an individual basis avoid conflicts of interest.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.
Mr.Yung-Chi Lai Mr. Ting-Yang Liu Ms. Jo Yeh	Annual remuneration distribution of members of the company's functional committee.	Assessment of supervisory compensation for each of the company's functional committee,Each director will on	Directors of the were recused from the discussion and voting,all other directors in

		an individual basis avoid conflicts of interest.	attendance passed the motion without objection.
Ms. Judy Lee Mr. Tony Ho Ms. Robin Ho	Passed the managerial officer's salary adjustment for 2021.	Chairwoman Judy Lee and Director Tony Ho and Director Robin Ho exercised measures to avoid a conflict of interest, as they also serve as managers.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.
Ms. Judy Lee Mr. Tony Ho Ms. Robin Ho	Motion for the Company's 2021 year-end bonus allocation.	Chairwoman Judy Lee and Director Tony Ho and Director Robin Ho exercised measures to avoid a conflict of interest, as they also serve as managers.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.

3. Self-evaluation Board of Directors :

Frequency of evaluation	Duration of evaluation	Scope of evaluation	Method of evaluation	Contents of evaluation and outcome
One per Year	2021.1.1~ 2021.12.31	Evaluation of performance by the board of directors	The self-evaluation by the board of directors	The extent of participation in the company's business operations, board composition & structure of the board of directors, appointment and continued refresher and higher education programs for directors, internal control system .The evaluation results are divided into 4 levels: Excellent, Grade A, Fair, and Improvement Required. 2021 the evaluation results : Excellent
One per Year	2021.1.1~ 2021.12.31	Evaluation of performance by the individual board of directors members	Individual self-evaluation by the directors	Domination of the Company's targets and duties, awareness of director responsibilities and powers, extent of participation in the Company's business operation, management and communications of the internal relationship, profession and continued refresher and higher education program of directors, internal control system. The evaluation results are divided into 4 levels: Excellent, Grade A, Fair, and Improvement Required.

				2021 the evaluation results : Excellent
One per Year	2021.1.1~ 2021.12.31	Evaluation of performance by the board of functional committee(s)(Audit committee & companion committee)	The self-evaluation by the of Audit committee & companion committee members	Domination of the Company's targets and duties, awareness of the Committee members on responsibilities and powers, extent of participation in the Company's business operation, management and communications of the internal relationship, expertise of Committee members and continued refresher and higher education program, internal control system. The evaluation results are divided into 4 levels: Excellent, Grade A, Fair, and Improvement Required. 2021 the evaluation results : Excellent

4. Measures taken to strengthen the functionality of the Board :

- (1) The composition of the Company's Board of Directors is in terms of diversity, professional knowledge and skills, and independence and gender equality, in accordance with the Company's Code of Governance and the regulations pertaining to the election of directors.
- (2) The Company has established an Audit and Compensation Committee to exercise the relevant powers and functions as prescribed by law, and the Board of Directors, through the division of labor among functional committees, actively strengthens the functions of the directors to implement corporate governance.
- (3) On April 24, 2019, the Board of Directors approved the establishment of standard operating procedures for handling directors' requests and appointed Senior Vice President Linda Lin with extensive experience in financial and accounting management as the head of corporate governance. She is responsible for supervising and implementing corporate governance operations, coordinating information exchange between directors and managerial departments, providing directors with the necessary information to carry out business and performing their duties, and enhancing the effectiveness of the Board.
- (4) The Company arranges for the responsible manager to report to the Board on the status of the development strategies and ad-hoc implementation of the Test Rite Group.
- (5) In order to implement the spirit of corporate governance and effectively enhance the transparency of information, the Company fully discloses operational and financial information in annual reports, on its corporate website, and on M.O.P.S., and hosts investor conference the irregularly.
- (6) To encourage directors to participate actively in various corporate governance courses, the Company also arranges lecturers to provide lessons at the Company to enrich their knowledge on an ongoing basis.
- (7) In order to implement corporate governance and enhance the function of the Board of Directors, the Company has established performance objectives to strengthen the operational efficiency of its Board, and in accordance with the Company's Board Performance Evaluation Method, the performance evaluation of the Board of Directors, Board members, and functional committees is performed at the beginning of each year.

3.4.2 Independent Directors is as follows:

2021 total of five meetings of the of Audit Committee

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【 B/A 】	Remarks
Chairman	Mr.Yung-Chi Lai	5	0	100%	
Independent Director	Mr. Ting-Yang Liu	5	0	100%	
Independent Director	Ms. Jo Yeh	3	0	100%	2021/8/27 resigned
Independent Director	Mr. Hsin Hsien Huang	2	0	100%	2021/8/27 joined
Independent Director	Mr. I-Chuan Li	2	0	100%	2021/8/27 joined

Other notable items:

- The operation of Audit Committee has any circumstance as the following. It should state the date of Audit Committee 、 the content of the proposal 、 the resolution of Audit Committee and how the company treat the Audit Committee's opinion.

(a)If there are the circumstances referred to in Article 14-5 of Securities :

Date and Session of Meeting	The details of meeting agenda	An independent director has a dissenting ,qualified opinion or material recommendations	Audit Committee Resolution and the Company's response to the Audit Committee
2021.03.25 (No.1 in 2021)	Reported of internal audit's business for Q4 2020. Reported of Group internal audit's business for 2020. Passed the motion to amend the "Company's Internal Control System" and "Details on Implementation of Internal Audit". Passed the motion for the statement of the Company's internal control system for 2020. Reported on Test Rite Co, Ltd.'s Operational highlights and consolidated financial results for 2020. Passed the motion for profit-sharing for 2020.	N	Audit Committee :all participating Committee members without an objection, and submitted to the board of directors for final decision. board of directors : Directors approved the proposal unanimously.
2021.05.12 (No.2 in 2021)	Reported of internal audit's business for Q1 2021. Passed the remuneration of the consolidated financial results for Q1 2021.	N	
2021.08.11 (No.3 in 2021)	Reported of internal audit's business for Q2 2021. Passed the remuneration of the consolidated financial results for Q2 2021. Passed that it change CPA whose independence 、 suitability evaluation and engagement since 2021 Q2.	N	
2021.11.10 (No.4 in 2021)	Reported of internal audit's business for Q3 2021. Passed the remuneration of the consolidated financial results for Q3 2021.	N	

2021.12.22 (No.5 in 2021)	Reported of Company's internal audit plan for 2022. Passed the motion to amend the "Company's Internal Control System" and "Details on Implementation of Internal Audit". Passed the motion for the Company's operational plan and budget for 2022. Passed the CPA whose independence and suitability evaluation and engagement. Passed the indirect investments to Test Rite Tepro GmbH through our subsidiary, Test-Rite Development GmbH.	N	
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(b) Except for the aforesaid matter, other matter was unapproved by the Audit Committee. However, the matter was approved by two-thirds or more of all the directors : None.

2. Independent directors disclose whose avoidance of personal interest. The disclose contain that Independent directors' name, the motion's content and the reason for personal interest avoidance and the participation of voting : None.

3. Independent directors communicate with chief audit Executive and CPA.

(ex: The company's results of the company's financial and business conditions ,matters and method.) :

(a) Except the monthly audit report, the internal auditing team shall submit the quarterly audit report of the auditing implementation and annual group auditing report to each independent director. If need be the chief audit Executive should contact with the independent directors.

(b) The audit report shall contain the tracked deficiency in internal control and irregularities which needs to be improved. Moreover, it should be prepared the quarterly report and sent to each independent director.

(c) On March 12, 2021, the independent directors communicated with the certified public accountants and the head of internal audit on the Key Audit Matters in the 2020 financial report and the forthcoming new regulations, the introduction of a new law, restatement of management's responsibility for financial statement, business continuity planning ,audit report etc.

4. Annual key functions and operations :

(1) Annual key functions

1 、 Audit amendments to the internal control system.

2 、 Audit of the effectiveness of the internal control system.

3 、 Audit amendments to the Acquisition and Disposal ,Engaging in Derivatives Trading, Lending Funds to Others , the handling procedures for financial or operational actions of material significance.

4 、 Audit of the Major asset or derivatives trading 、 Lending Funds or Endorsement and Guarantee.

5 、 Audit the offering, issuance, or private placement of any equity-type securities.

6 、 Audit the independence, suitability assessment and appointment of a certified public accountant.

7 、 Audit appointment or discharge of a financial, accounting, or internal auditing officer.

8 、 Audit of the financial report.

9 、 Communicate of internal audit report with the head of internal audit.

10 、 Communicate the results of annual financial statement audits and other statutory requirements, etc. with certified public accountants.

(2) 2021 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

3.4.3 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies”

Item	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
1.Has the Company implemented a Corporate Governance Code of Practice?	✓		The Company's has implemented a Corporate Governance Code of Practice. The Code of Practice is disclosed on the Company's official website and MOPS.	Compliance
2.Shareholding Structure & Shareholders’ Rights (1)What are the Company’s methods of handling shareholder suggestions or complaints? (2)Does the Company possess a list of major shareholders and an it’s of their ultimate owners? (3)What are the risk management mechanisms and “firewall” between the Company and its affiliates? (4)Has the company established internal regulations to ban its personnel from selling and buying securities with information undisclosed to the market?	✓		(1) The Company has a spokesperson and deputy spokesperson, and has set up a mailbox dedicated to investors to handle investor-related issues. (2) The Company has a dedicated team responsible for carrying out shareholder-related services, and has appointed a shareholder services agent from a securities firm to assist with matters related to shareholder services. The Company also has access to the list of major shareholders and ultimate controllers of major shareholders. (3) The Company has established and implemented the following internal control guidelines: Subsidiary Supervision Guidelines, Internal Control System for the Supervision of Subsidiaries and Auditing for the Supervision of Subsidiaries. (4) The Company has established its “Procedures for Handling Material Inside Information” to address related norm, and all personnel of the Company have signed an internal personnel statement, stating that they will never engage in any illegal insider-trading activities, and that they will take sole responsibility for all related laws and regulations.	Compliance
3.Composition and Responsibilities of the Board of Directors (1)Has the board of directors established and implemented diversification policy objectives measures in its member setup? (2)In addition to setting up a remuneration committee and audit committee in accordance with the law, has the Company voluntarily established any other functional committee? (3)Has the Company established a performance rating method for its Board of Directors, and conducted performance ratings accordingly on an annual basis? (4)Does the Company evaluate its CPAs’ independence on a regular basis?	✓		(1) According to Chapter three- Structure of Board of Directors, in our Code of Governance, and Article 2-1 in our Rules for Election of Directors, the nominated and selected candidates shall be considered diversified policy objectives: independence, gender equity and possession the necessary knowledge, skills, and literacy to perform duties. The diversity and its application shall be disclosed in Company's website. For the policy objective and the implementation of results, please refer to the description of “Diversity and Independence of the Board of Directors” on page 13 . (2) Corporate governance related functions have been carried out by the Board of Directors and the Audit Committee respectively, and other functional committees have been planned.	Compliance

Item	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
			(3) On November 9, 2017, the Board of Directors approved the establishment of the Board of Directors performance evaluation method and its evaluation method. The execution of the Board of Directors performance evaluation is conducted by the financial department. The Board of Directors conducts an internal evaluation at the end of each year and reports the results of the performance evaluation before the first quarter of the following year. The performance evaluation letter of the Board of Directors consists of 5 major aspects, while the performance evaluation letter of the Board members consists of 6 major aspects. The evaluation results are divided into 4 levels: Excellent, Grade A, Fair, and Improvement Required. The Company completed the 2021 Annual Performance Assessment of the Board of Directors, Board Members and Functional Committees by the end of January 2022. On January 14, 2022, the Board of Directors reported on the results of the 2021 Annual Performance Assessment of the Board of Directors, Board Members and Functional Committees as follows: 1. The Board of Directors performance evaluation results are Excellent; 2. The performance results of the members of the Board of Directors are excellent Assessment; 3. Functional Committee (Compensation Committee) Assessment with an excellent performance result; 4. Functional committee (Audit Committee) Assessment performance results are excellent; (4) The board of Audit approves tha CPA whose independence and suitability evaluation and engagement, following the statement of independence issued by the certified public accountants, hereby states that the accountants and auditors have complied with the applicable independence requirement to be unbiased, impartial, and independent. Furthermore, the certified public accountants hired under the internal self-assessment practice are notdirectors/supervisors or shareholders of the company and have	

Item	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
			not received salaries from the company. Renewal of the contract with certified public accountants will not be discussed unless certain criteria, such as not being a stakeholder of the company and not having served as a certified public accountant of the company for seven consecutive years, are met.	
4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?	✓		The Company has set up financial division to be responsible for corporate governance. The board of directors approved the process of procedure for the director's requirement standard and appoint the company's Company Secretary on April 24, 2019. The Board of Directors resolved to set the standard procedure for director's requirement and appointed Senior Vice President Linda Lin, who has 25 years of experience in financial and accounting management of public companies, to be responsible for supervising and implementing corporate governance operations, including coordinating the exchange of information between directors and managers, providing timely and sufficient information required for directors to carry out their duties, ensuring board procedures and compliance with all applicable laws and regulations, enhancing board effectiveness, assisting directors in complying with laws and regulations, handling matters related to board and shareholders' meetings, and company registration and change registration, among others. The highlights of corporate governance related matters in 2021 are as follows: 1. Convening the board meeting and annual general meeting. 2. Convene investor conferences. 3. Board members have completed at least 6 credits of training courses. 4. Convening the communication meetings between the independent Directors, the head of internal audit, and the certified public accountant. 5. Complete the Self-Evaluation or Peer Evaluation of board of directors and director members. 6. Completing performance evaluation of the board and directors. Corporate governance supervisor training hours totaling 12 hours	Compliance

Item	Implementation Status					Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum			
			Date of Study	Hosting Institution	Name of Course/Program	
			2021/7/27	Accounting Research and Development Foundation	The trend and risk Management response strategies of Interest rate benchmark reform.	
			2021/8/3	Accounting Research and Development Foundation	e-commerce “profitability Models of trend and the thinking of internal auditing in Fintech Times.	
			2021/11/22	Taiwan Corporate Governance Association	2022 global and industry outlook.	
			2021/11/22	Taiwan Corporate Governance Association	How do directors and supervisors supervise the company to do a good job in Trade secret risk management to strengthen the corporate governance.	
5. Company whether versus established and Stakeholder (Including but not limited to shareholder & employees & client & suppliers) effective communication channels and public relations departments with stakeholders, responded the important issues of Corporate social responsibility?	✓		The Company has a spokesperson and deputy spokesperson, shareholder services and public relations departments, as well as a mailbox dedicated to investors, the purpose of which is to establish an effective channel of communications with its stakeholders.			Compliance
6.Has the Company assigned a professional stock transfer agent to handle affairs related to the shareholders' meetings?	✓		The Company has assigned the Stock Agency Department of Yuanta Financial Holdings to handle tasks related to shareholders' meetings.			Compliance
7.Information Disclosure (1) Has the Company established a corporate website to disclose information regarding the company’s financials, business and corporate governance status? (2) What are the other information disclosure channels (e.g., maintaining an English-language website, appointing responsible personnel to handle information collection and	✓		(1) The Company has set up a corporate website at http://www.testritgroup.com to disclose information about its financial business and corporate governance information. A link to public information of the competent authorities is available at http://mops.twse.com.tw . (2) In addition to a corporate website written in Chinese, the Company has also established an English version of the website; the Company has also disclosed information on the MOPS website in accordance			Compliance

Item	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
disclosure, appointing spokespersons, and webcasting investors’ conference) that the Company has devised? (3) Does the company release the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial report and the monthly operating situation within the prescribed time limit ?			with regulatory requirements, appointed a spokesperson, and completed various reporting requirements. Excerpts of briefings of institutional investor conferences can be found at our corporate website. (3) The Company's annual financial report and first, second and third quarter financial reports, as well as the operating conditions for each month, are announced and reported on the public information disclosure website and simultaneously uploaded to the Company's corporate website.	
8.Other important information to facilitate better understanding of the company’s corporate governance practices (e.g., employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and insurance purchased for directors and supervisors):	✓		(1) Employee rights : Based on the Company's principles of integrity and good faith, the Company takes proper care of employees and abides by the Labor Standards Act promulgated by the government to protect the legitimate rights and interests of employees, and to provide equal employment opportunities. Our Employee Welfare Committee has implemented an employee pension system that offers employee group insurance, and organizes various training courses for employees, etc. (2) Employee wellness : 1.In terms of employee benefit, Welfare Committee provides employees with supplementary items of wedding, funeral, injury, emergency relief.To encourage employees to keep learning, balance the life and work, it not only establishes the association and provide subsidies but also provides flexible welfare subsidies to stimulate employees to make the skill development, cultivate interest, stress reduction for health care or the flexible and diversified travel subsidy for employees’ choice. In addition, the company holds family shopping days for employees in each quarter, offering special discounts for employees, their relatives and friends to purchase daily necessary products such as home repairment, decorations or daily life. 2.In terms of employee benefit, Welfare Committee provides employees with supplementary items of wedding, funeral, injury, emergency relief. To encourage employees to keep learning, balance the life and work, it not only establishes the association and provide subsidies but also provides flexible welfare subsidies	Compliance

Item	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
			to stimulate employees to make the skill development, cultivate interest, stress reduction for health care or the flexible and diversified travel subsidy for employees’ choice. In addition, the company holds family shopping days for employees in each quarter, offering special discounts for employees, their relatives and friends to purchase daily necessary products such as home repairment, decorations or daily life. (3) In terms of employees’ health care superior to the regulation, Test-Rite arranges the physical check-up for employees regularly (biennial) . In addition, it hires nurses in accordance with the law and offers on-site health physicians by screening potential object with higher health risks. Therefore, nurses will provide health care and preventive health education, etc., to continue to pay attention to protect the health of employees. (3) Investor relations : The Company discloses relevant information in accordance with the law and has appointed a dedicated investor relations officer who is responsible for managing investor relations and associated activities, in order to protect the interests of investors and stakeholders and to fulfill our corporate responsibility to shareholders. (4) Supplier relations and rights of stakeholders : The Company's business philosophy lies in achieving mutual success with our suppliers. We have always maintained a positive and healthy relationship with each supplier, and all requests made to vendors and stakeholders have been reasonable. We always offer communication opportunities and respect the legitimate rights and interests of all parties involved. (5) Directors and supervisors of the Company have continuously attended courses related to Corporate Governance: 1. On May 7, 2021, Independent Director Liu Ting-Yang participated in A three-hour course on “ The changes in the 5G Era” : Industrial upgrading, Business Applications for the Future, and New Normal in the era of pandemic Covid-19 by the Taiwan Corporate Governance Association. 2. On August 6, 2021, Independent Director Liu Ting-Yang participated in a three-hour course “How to take into account the	

Item	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
			risks of intelligent security and create a win-win-win situation in your enterprise's digital transformation journey" by the Taiwan Corporate Governance Association. 3. On November 22, 2021, Chairwoman Judy Lee, Director Tony Ho, Director Robin Ho, Independent Director Yung-Chi, Hsin Hsien, I-Chuan Lai participated in a three-hour course on “2022 global and industry outlook” by the Taiwan Corporate Governance Association. 4. On November 22, 2021, Chairwoman Judy Lee, Director Tony Ho, Director Robin Ho, Independent Director Yung-Chi, Hsin Hsien, I-Chuan Lai participated in a three-hour course on “How do directors and supervisors supervise the company to do a good job in Trade secret risk management to strengthen the corporate governance” by the Taiwan Corporate Governance Association. (6) Implementation of risk management policies and risk measurement standards: The Company's internal control, risk management system, and essential management regulations and guidelines are subject to approval by the Board of Directors. For the status of implementation of other relevant risk management policies and risk measurement standards, please refer to the "Risk Management" section of this Annual Report. (7) Customer policy implementation: The Company adheres to the provisions of the contracts that we enter into with customers, and is committed to protecting consumer rights and to providing good service quality. (8) Insurance coverage purchased by the Company on liability of directors and supervisors: The Company has purchased liability insurance coverage for directors and supervisors and complete the Directors' Liabilities Insurance report by the Board of Directors' meeting at August 11th, 2021.	
9.The improvement status for the result of Corporate Governance Evaluation (Not included in the assessment by the company did not need to fill) Our corporate governance in 2021, the improvement actions are: The company completed to introduce Taiwan Intellectual Property Management system in 2020 and had the verification of Intellectual Property Management System on December 11, 2020, Passed the TIPS (A-level) 2016 edition verification again on November 12, 2021. The issue was reported to				Compliance

Item	Implementation Status			Deviations from “Corporate Governance Best- Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
the board of directors on December 22, 2021.Uploading the financial reporting disclosure (English version) within 16 days before the date of the shareholders meeting.				

3.4.4 Composition, Responsibilities and Operations of Remuneration Committee :

1. Information on the Company's Remuneration Committee members is detailed below :

As of Dec , 31, 2021

Criteria Title (Note 1) Name		Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an remuneration committee member
Chairman and Independent director	Mr. Yung-Chi Lai	Education& Experience, please refer to 8~9 (1) Basic.	●Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates ; hold shares of the corporation ; is not a director or supervisor of the Corporation or any of its affiliates. ●Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	0
Independent director	Mr. Ting-Yang Liu			1
Independent director	Mr. Hsin-Hsien Huang			1
Independent director	Mr. I-Chuan Li			0

2. The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors:

- (1) Prescribe and periodically review the performance review and remuneration policy, system, standards, and Culture for directors, supervisors and managerial officers.
- (2) Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

3. Operations of Remuneration Committee :

- (1) The Company's remuneration committee includes 4 members.
- (2) The Remuneration Committee members' respective tenures are from August 27, 2021, to August 26, 2024. The Remuneration Committee convened one regular meetings in the 2021. The Committee members' attendance status is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【 B/A 】	Remark
Chairman	Mr. Yung-Chi Lai	1	0	100%	
Member	Mr. Ting-Yang Liu	1	0	100%	
Member	Mr. Hsin-Hsien Huang	1	0	100%	2021/8/27 joined
Member	Mr. I-Chuan Li	1	0	100%	2021/8/27 joined

Other notable items:

- 1.If the directors' meetings objected to or modified the proposal of remuneration committee : None.
- 2.If the remuneration committee member objected to or subject to qualified opinion and recorded or declared in writing : None.

Directors' meetings	Contents of Resolutions	Committee Opinions	Resolutions result and of Company's process of the opinions to members
2021.01.29	Passed the motion for company managers' performance-based bonus allocation for 2020.	N	Audit Committee: all participating Committee members without an objection, and submitted to the board of directors for final decision. board of directors : Directors approved the proposal unanimously.
2021.03.25	Passed the motion for allocation of compensation for the Company's directors, and for the Company's employee bonus 2021.	N	
2021.06.29	Passed the managerial officer's salary adjustment for 2021.	N	
2021.11.10	Passed the motion for managers' profit sharing of employee's benefits for 2020 and year-end bonus allocation for 2021.	N	

3.4.5 Implementation of the promotion of sustainable development and the differences and reasons regarding the code of Practice for sustainable development of TWSE/TPEX-listed Companies

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanatory memorandum	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated or concurrently unit with top management in charge, which is authorized and supervised by the board of directors to handle ESG issues?	✓		To strengthen Test Rite’s ESG implementation, it sets up the Corporate Social Responsibility Committee to serve as the internal authority with establishing independent team responsible for corporate governance, corporate commitment, social participation, and environmental protection. The Committee Chairman serves as the overall convener. The Group Public Relations Department is responsible for administrative affairs, and the Group Auditing Office takes on the task of monitoring and evaluation. The Committee presents the ESG progress and plan to the Board of Directors at least once a year. The Company plans to reorganize CSR committee to be Sustainable Development Committee in 2022.	Compliance
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		Test Rite engages in effective communication with all stakeholders through various channels and then collects and sorts through issues of interest based on four dimensions: sustainability context, importance, comprehensiveness, and inclusivity of stakeholders. In addition, studies on representative international and domestic enterprises and trade and retail industries newly published were reviewed to evaluate the trends of the major issues and identify the stakeholders’ views on the new material issues. The CSR Committee was responsible for the evaluations of major impact on economy, environment and society, and the	Compliance

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanatory memorandum	
			related departments would develop the effective management policies accordingly.	
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to enhance the efficiency of all resources utilization and use renewable materials which have low impact on the environment? (3) Does the Company assess the potential risks and Opportunities climate change brings to the company, now and in the future, and take measures to respond to climate-related issues? (4) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and does it formulate policies on carbon and water reduction, or waste management?	✓		(1) In building green-service-based distribution channels, our company strives to increase the employees' awareness and implementation of the 5R principles of environmental protection: Reduce, Reuse, Recycle, Rethink and Reject. We develop actionable measures to reduce environmental impact by embedding environmental considerations in service design. TLW aims to have 100% mid and large stores certified as Green Stores by the EPA. All community stores newly opening in 2021 have been working to get certification within 6 months. (2) Test Rite endeavors to enhance the efficiency of energy utilization through electricity and fuel management, green transportation, teleconference, and paperless operations. In 2021, we have completed our solar energy installation in headquarter and southern Taiwan. (3) Test Rite completed the TCFD (Task Force on Climate-related Financial Disclosures) project and included a full inventory and evaluation of how each risk and opportunity would affect the Company's operations and responding strategy measures, increasing and strengthening the climate change management capabilities of the Company. (4) Test Rite compiled statistics on Greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulated policies on carbon and water reduction, or waste management.	Compliance

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanatory memorandum	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Does the Company formulate and implement reasonable employee benefits measures (including compensation, leaves and other benefits), and appropriately reflect operational performance or achievement in employee compensation? (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? (4) Does the company provide its employees with career development and training sessions? (5) Does the Company comply with relevant laws, regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer interests protection policies and customer complaint procedures? (6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation situation?	✓		(1)Test Rite's human rights protection policies follow the globally recognized human rights standards of the United Nations Global Compact, the UN's Universal Declaration of Human Rights, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. Thus, our management policies include setting work regulations, attendance record management guidelines, sexual harassment prevention and penalty regulations, suggestion and complaint filing channels, and other related management policies and procedures, to protect the legal rights of employees and respect basic labor human rights principles. In terms of promotion, the company requires 100% of Taiwanese employees to participate in gender equality training courses inclusive of sexual harassment prevention education from on board training to annual on-job training, and also regularly review the gender ratio of employees and management roles in major regions/business entities. (2)Test Rite’s employee wages are agreed upon prior to employment and based on stipulated wage standards. Test Rite gurantees wages no lower than the minimum wage required by central competent authorities. Wages are determined based on employees’ education, work experience, professional knowledge and skills, years of service, and personal performance, coordinated by HR. Test Rite’s benefit system applies to both full-time and part-time employees. Part-time employees receive the same benefits	Compliance

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanatory memorandum	
			as full-time employees. The company also reflects operation results and work performance on the employee's salary. (3)Test Rite has established an Occupational Safety and Health Committee, which is run independently and is directly supervised and managed by the Chairperson (general manager) who exercises planning, execution, checks, and improvement functions. Test Rite encourages its employees to expand their knowledge on safety and health, thereby preventing potential hazardous factors in the workplace from inflicting bodily harm and disasters. Thus, ongoing employee training on occupational safety and health is conducted every year. (4)Test Rite perceives its employees as valuable assets. Aside from providing excellent benefits and care for our employees, comprehensive career development plans, and a performance-based promotion system are also in place. In addition, Test Rite values employee growth. Therefore, Test Rite University was established to elevate employees' professional skills and knowledge and encourage employees to seek alternative channels to further their studies. (5)Test Rite complies with relevant laws, regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer interests protection policies and customer complaint procedures. (6)All Test Rite’s suppliers are requested to fulfill ESG management. Test Rite also developed our own Supplier Code of Conduct. It is an important set of standards against	

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanatory memorandum	
			which we evaluate our suppliers. We also refer to it when setting out rules and specific control measures for suppliers. Test Rite has based the Supplier Code of Conduct on international norms and our clients’ basic expectations of our suppliers’ social and environmental impact.	
5. Does the Company refer to internationally accepted reporting standards or guidelines when compiling reports on the Company’s non-financial information such as the corporate ESG reports? Have the aforementioned reports been verified or certified by a third-party verification unit?	✓		The content of 2021 ESG report published by Test Rite Group references the “Core option” of the Sustainability Reporting Standards announced by the Global Reporting Initiatives (GRI) in 2016. The content of this report plans to obtain the third-party assurance.	Compliance
6. If the Company has established its own corporate sustainable development codes of conduct based on "Corporate sustainable development codes of practice of listed companies," describe its operations and discrepancies with the standards: The Board of Directors of the Company has adopted the Code of Practice on Corporate Social Responsibility for Compliance on 16 December 2016 and has /followed this Code the subsequent amendments to promote the external and internal operation. The above-mentioned code has been revised to "Test Rite Corporate Sustainable Development Code of Practice" on 23 March 2022, approved by the board of directors.				
7. Other important information that helps understand the operation of corporate sustainable development (1) Community participation and service: To give back to communities and support community development, Test Rite stores around Taiwan tap into their resources and expertise to participate in hundreds of community activities every year. Starting from two years ago, TLW has geared up efforts to deepen community engagement. Through expanding the community-based store network, we bring ourselves closer to the daily lives of consumers. Moreover, with the community stewards helping residents in the neighborhoods shop online, a consumer-friendly, accessible service network is formed, linking the dots across TLW’s large stores and community stores, which serve as satellites in the network, to improve the quality of home living in Taiwan. (2) Test Rite Group has partnered with the World Peace Association for 4 years to organize the “Adopt-a-Wish for Christmas” event, marshaling colleagues from the Taiwan headquarters and retail stores to grant the Christmas wishes written down by the Association's sponsored children. 1,034 Christmas presents were sent to 15 cities around Taiwan in 2021, to help children from disadvantaged and vulnerable households realize their dreams. Test Rite has sent out over 3,134 gifts in the recent 4 years. With the regular reporting to the board of directors to review the annual operating results and future plans- reported on November 11, 2021 and the				

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Explanatory memorandum	
key point and the result as the following: 1.definite and material management approach: EGS risk assessment and strategy formulation, facing up to the response of climate change, the report of the status and improving communication with stakeholders. 2.Expanding the social impact: echo SDGs, promotion community housekeeping and services and active cooperation with government institutions at various levels and external units.				

3.4.6 Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/Typed Listed Companies" and Reasons: The Company has established a code for business integrity and honesty, and promotes this policy from time to time in order to prevent staff negligence, which could cause them to mistakenly go against company regulations and affect the Company's goodwill and face the personal risk of criminal charges.

Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanatory memorandum	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies? (2) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes Preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/Typed Listed companies? (3) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	✓		(1) The board of directors approved Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct that the company shall has the Act Announcement of Insider trading and Ethical Corporate Management Best Practice Principles to Insiders(i.e., directors and managerial officers) and Quasi-insiders(i.e., group's executive manager and finance and accounting staffs) and sign the statement of Insider trading and Ethical Corporate Management Best Practice Principles at the beginning of every year. In January 2021, the company already disseminated the regulation to a total of 120 directors, managers and Quasi-insiders (i.e., group executives and accountants) to sign the declaration of insider trading and ethical Corporate Management Best Practice Principles as the following: (a)the regulation related with insider trading for confidentiality duty of the insider and Quasi-insiders.(b) ethical corporate management best practice principles and the penalties and handling of violations of laws and regulations. (2) With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. (3) The company should disclose its policy in its internal rules which prohibits the use and	consistent

			acceptance of bribery, illegal campaign contributions, improper charity donations, the offering or accepting of unreasonable gifts, hospitality, or any other improper benefits. Violators are punished pursuant to regulations. The Company has invested in crime insurance. Any violator of the Business Integrity Policy (or relevant regulations) will be severely disciplined, including immediate dismissal and termination of business relationship	
2. Corporate Conduct and Ethics Compliance Practice (1) Has the Company implemented measures to prevent doing business with those who hold unethical records, and also included business conduct and ethics-related clauses in its business contracts? (2) Did the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan? (3) Has the Company established policies to prevent conflict of interest and provided appropriate channels for communication and complaint? (4) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit? (5) Does the Company host routine internal and external training geared towards business integrity practices?	✓		(1) The Company has incorporated the relevant provisions on the integrity of behavior into all commercial agreements. (2) The Company shall establish its "Code of Ethics for Business Management" within this year and shall assign a full-time business unit to take charge of its implementations and to report the actual status to the Board of Directors from periodically (at least once a year). (3) From time to time, the Company communicates with its employees on the integrity of business operations and reminds them to observe the principles of honesty and to abide by the law. The Company also provides an email address and telephone number Department for reporting violations. (4) The board of directors approved ethical Corporate Management Best Practice Principles and subordinated to approved and regular auditing planning. (5) The company has disseminated the “ Letter ofUndertaking of Integrity” and “ Trade Secrets” to all employees of the group. In April and October,	consistent

			3,725 and 3,828 employees, respectively, completed signing electronically. In addition, the company declared Ethical Management philosophy to external vendors. All our vendors and all employees finished to sign the Letter of Undertaking of Integrity. periodically (at least twos a year).	
3. Has the Company established channels for reporting any ethical irregularities and set up appropriate punitive measures for violations of the policies? (1) Has the Company set in place specific reporting and rewarding systems, as well as constructed a pipeline to facilitate in reporting, and assigned appropriate specialist staff for handle the personnel being reported on? (2) Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation? (3) Has the Company taken measures to ensure that whistleblowers are not subjected to inappropriate treatment from the reporting actions?	✓		(1) The Company has the set of the “Procedures for Ethical Management and Guidelines for Conduct” that stipulated the handling whistleblowing reports and whistleblowing Channels for personnel ‘s unethical conduct. (2) The Company has the set of the “Reporting and Investigation Operation Process” violations may be reported through the designated email address or telephone number provided by the Human Resources Department. Where necessary, employees are welcome to contact HR directly. (3) The company has preserving confidentiality and allowing anonymous reporting to protect the whistleblowers from improper punishment for reporting matters.	consistent
4. Information Disclosure Has the Company disclosed information regarding its corporate social responsibility, which pertains to the Company’s relevance and reliability, on its corporate website and the MOPS?	✓		The Company implements Business Integrity Policy and Procedures for Ethical Management and Guidelines for Conduct, and publicly announced this information on our official website. The Company has clearly disclosed its corporate values of integrity, accountability, modesty, customer-driven and high performance on our company website.	consistent
5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancies between the policies and their implementation. : None.				
6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., promoting and demonstrating the company’s commitment to keeping in line with ethical standards, providing training to its business partners, and reviewing the company’s corporate conduct and ethics policy). On November 11, 2013, the Board of Directors approved the establishment of the Code of Conduct for Ethical Operation. On December 16, 2016, the Board of Directors approved the establishment of the Procedures and Guidelines for Ethical Operation. On November 09, 2018, the Board of Directors approved the amendment of the Code of Conduct for Ethical Operation and the Procedures and Guidelines for Ethical Operation applicable to Group companies and				

organizations. On March 25, 2021, the Board of Directors approved the revision of the Code of Conduct and the Procedures and Guidelines for Conducting Business with Integrity and published on the Company's website as required by law. The dedicated unit reports the result of supervision implementation to the board of directors once a year, and have the report to board of directors on November 10, 2021. The Highlights of the report is the Honesty and Integrity plan and implementation. We have been, from time to time, communicating with our suppliers our corporate values of integrity, accountability, modesty, customer-driven and high performance. We have also incorporated the relevant provisions on the integrity of behavior into our commercial agreements.

7. Other important information to facilitate a better understanding of the company's corporate social responsibility practices: : sustainable development report.

3.4.7 If the company has set a corporate governance policy and other related regulations, give methods of inquiry for disclosure of this information. The Company has established procedures to process significant internal significant information and business integrity practices policy. This information is disclosed on the Company's internal data management system as well as on its official website (<http://www.testritegroup.com>). Special explanations dedicated to integrity practices can be found in the Conflict of Interest section, in which the Company's vision and management for integrity practices are expressed. Additionally, the Company also offers related corporate governance legal information for new directors and managers either when they are first recruited or from time to time.

3.4.8 Other Important Information Regarding Corporate Governance :

1. Managers' training records :

Position	Name	Date of Study	Hosting Institution	Name of Course/Program	Hours of Study
Chief Operating Officer (COO)	Robin Ho	2021/11/22	Taiwan Corporate Governance Association	2022 global and industry outlook.	3.0
		2021/11/22	Taiwan Corporate Governance Association	How do directors and supervisors supervise the company to do a good job in Trade secret risk management to strengthen the corporate governance.	3.0
		2021/11/22	Taiwan Corporate Governance Association	2022 global and industry outlook.	3.0
		2021/11/22	Taiwan Corporate Governance Association	How do directors and supervisors supervise the company to do a good job in Trade secret risk management to strengthen the corporate governance.	3.0
Auditing Supervisor	Lancy Wu	2021/3/31	Computer Audit Association	The development of Emerging technology and information security risk.	3.0
		2021/9/9	Accounting Research and Development Foundation	The latest "Corporate Governance 3.0 -the blueprint of sustainable development" the Practical Perspectives of Preparation of Financial Statements and response practice.	3.0
		2021/11/14	Computer Audit Association	New challenges of information securities in the AI era.	4.0
		2021/11/22	Taiwan Corporate Governance Association	2022 global and industry outlook.	3.0
		2021/11/22	Taiwan Corporate Governance Association	How do directors and supervisors supervise the company to do a good job in Trade secret risk management to strengthen the corporate governance.	3.0
		2021/12/22	Taiwan Corporate Governance Association	The 17th(2021) Corporate Governance Summit.	3.0

2. Employees' certification related to financial transparency :

Name	Certification
Lancy Wu	Qualified Internal Auditor (QIA) 、 Certified Internal Auditor (CIA) 、 Internal Control of Corporation Test of Securities and Futures Institute
Lynn Lee	Qualified Internal Auditor (QIA) 、 Certified Internal Auditor (CIA) 、 Certification in Risk Management Assurance (CRMA) 、 Internal Control of Corporation Test of Securities and Futures Institute
Johnny Huang	Internal Control of Corporation Test of Securities and Futures Institute 、 Internal Bank Controls the Basic Test for Compliance Certification
Vivian Ko	Internal Control of Corporation Test of Securities and Futures Institute
Ann chang	Internal Control of Corporation Test of Securities and Futures Institute
Jack Lin	Qualified Internal Auditor (QIA) 、 Internal Control of Corporation Test of Securities and Futures Institute
Amy Chen	Internal Control of Corporation Test of Securities and Futures Institute
Tiffany Chang	Internal Control of Corporation Test of Securities and Futures Institute
Raise Yen	Shares Officer Test of Securities and Futures Institute 、 Internal Control of Corporation Test of Securities and Futures Institute
Judy Chen	American accountant

3.4.9 Internal Control System :

Test Rite International Co., Ltd.

Statement of Declaration on Internal Control System

Date: March 23, 2022

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2021:

1. The Company's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement will be an integral part of the Company's Annual Report for the year 2021 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on March 23, 2022, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Test Rite International Co., Ltd.

Chairman : Judy Lee

President : Judy Lee

3.4.10 In the most recent year and up to the printing date of the annual report, if the Company and its internal personnel were punished according to law, or if the Company punished its internal personnel for violating the provisions of the internal control system, and the results of such punishment may have a significant impact on shareholders' equity or securities prices, the punishment content, major defects, and improvement status shall be specified: None

3.4.11 Major Resolutions of Shareholders' Meeting and Board Meetings

For the most recent year and up to the date of the printing of the Annual Report, the important resolutions of the Shareholders' Meeting and the Board of Directors, and their execution are as follows:

1. Important resolutions of the Shareholders' Meeting and their execution:

The 2021 Stockholder's General Meeting for Test Rite Corporation was held on August 27, 2021 at the Meeting Room, sixth floor, No. 23, Sec. 3, Hsinhu Rd., Neihu District, Taipei City. The matters passed by the shareholders in attendance and their execution are as follows:

(1) TO report 2020 employees' compensation and directors' remuneration.

(2) TO report the cash dividend distribution of 2020.cash dividend from NT\$1.07 per share. The chairman of the Board appointed that the ex-dividend is July 11, 2021 and the payable date is August 5, 2021.

(3) Acknowledged the sales report and financial reports and consolidated financial statements of the 2020 fiscal year. Execution Cum consolidated financial statements.

●Execution: resolved pass, consolidated financial statements have been published in the Market Observation Post System and the company's website.

(4) Acknowledged the proposal for distribution of 2020 earnings.

●Execution: resolved to pass.

(5) Passed the Amendment to Rules and Procedures of Shareholders Meeting.

●Execution: resolved pass, have been published in the Market Observation Post System and the company's website.

(6) Passed the Amendment to Rules for Election of Directors.

●Execution: resolved pass, have been published in the Market Observation Post System and the company's website.

(7) The sixteenth election of Directors.

●Result Directors roster : Judy Lee 、 Tony Ho 、 Robin Ho.

●result Independent Director roster : Yung Chi Lai 、 Ting-Yang Liu 、 Hsin-Hsien Huang 、 I-Chuan Li.

●Execution: The registration was approved by the Ministry of Economic Affairs and announced on the company's website in October 1, 2021.

(8) Acknowledged th removal of new directors' and their representatives' non-compete restrictions.

●Execution: resolved pass, have been published in the Market Observation Post System.

2. Important resolutions of the Board of Directors:

The Company has held 9 Board of Director Meetings, from May 12, 2021. to May 11, 2022. Abstracts of important resolutions are as follows:

Date of the Board of Directors Meeting	Abstract of Important Resolutions
May. 12.2021	Reported on Test Rite Co, Ltd's consolidated financial results for Q1 2021. Reported on Test Rite Co, Ltd's consolidated financial results for Q1 2021.
Jun. 29, 2021	Passed the motion for allocation of compensation for the Company's directors. Passed the motion for allocation of compensation for the Company's functional committee.
Aug. 11, 2021	Reported on Test Rite Co, Ltd's consolidated financial results for Q2 2021. Reported on Test Rite Co, Ltd's of internal audit's business for Q2 2021. The Company has purchased liability insurance coverage for directors. The board of directors approves that it change CPA whose independence 、 suitability evaluation and engagement since 2021 Q2. The company draw up the date and the place of 2021 shareholders' meeting.
Aug. 27, 2021	Passed the chairman elected by the Board of Directors. Passed the appointment of 5th remuneration committee members.

Nov. 10, 2021	Reported on Test Rite Co, Ltd's consolidated financial results for Q3 2021. Reported on Test Rite Co, Ltd's audit business report for Q3 2021. The report of Company's corporate social responsibilities plan and execution. Reported on the supervisory implement of the Company's ethical corporate management policies and prevention programs. Passed the motion for managers' profit sharing of employee's benefits for 2020, and year-end bonus allocation for 2021. Passed the amendment to Regulations of Repurchased Shares Transferred to Employees.
Dec. 22, 2021	The company's report of intellectual property management plan and implementation. Passed of amendments to the Company's Internal Control System and Internal Audit Implementation Rules. Passed the motion for the Company's operational plan and budget for 2022. Passed the motion to implement the Company's internal audit plan for 2022. Passed the approves CPA independence \ suitability evaluation and engagement since. The Board of has resolved to raise capital for Test Rite Tepro GmbH. through its subsidiaries Test-Rite Development GmbH.
Jan. 14, 2022	The company's performance evaluation report of board of directors, director and functional committee in 2021. Passed the motion for company managers' performance-based bonus allocation for 2021.
Mar. 23, 2022	Passed the motion for allocation of compensation for the Company's directors, and for the Company's employee bonus 2021. Reported on Test Rite Co, Ltd's Operational Highlights and consolidated financial results for 2021. Passed the motion for profit-sharing for 2021. Passed the motion for the statement of the Company's internal control system for 2021. Passed the motion for amendment of Procedures for Corporate Social Responsibility Best Practice Principles, Renamed as "Code of Practice for Sustainable Development". Passed the Amendment to Procedures for Acquisition and Disposal of Assets. Passed the Amendment to the Articles of Incorporation. Passed of partial amendments to the Rules and Procedures of Shareholders Meeting. Passed the motion to call for the Company's Stockholder's General Meeting for 2022.
May. 11, 2022	Reported on Test Rite Co, Ltd's consolidated financial results for Q1 2022. Passed the approves that it change CPA whose independence \ suitability evaluation and engagement since 2022 Q1. Passed the consolidated financial results for Q1 2022.

3.4.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors : None.

3.4.13 Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports : None.

3.5 Information of Accountant's Fees

Unit : NTD\$ thousand

Auditors	Name	Period	Audited fee	Non-audited fee	Total	Remark
Deloitte & Touche	HUNG-Bin Yu	2021/1 season	4,100	2,194	6,294	Non-audited fee : TP 955, Country-by-Country Report 780, Value Chain Analysis 300 and Other 159.
	CHI-Ming Hsu	2021/1~4 season				
	Ming-Yu Chiu	2021/2~4 season				

3.6 Information on replacement of certified public accountant : For CPA firm's internal adjustment.

3.7 Company Chairman, President, and financial / accounting manager held positions in the Company's audit firm or its affiliates within the past year : Non.

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders :

(Unit : Share)

Title	Name	2021		As of April 30, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairwoman	Judy Lee	0	0	0	0
Director	Tony Ho	0	0	0	0
Director	Robin Ho	0	0	0	0
Independent Director	Yung-Chi Lai	0	0	0	0
Independent Director	Ting-Yang Liu	0	0	0	0
Independent Director	Hsin-Hsien Huang*	0	0	0	0
Independent Director	I-Chuan Li*	0	0	0	0
Chief Operating Officer (COO)	Robin Ho	74,000	0	0	0
Business Development General Manager	Shelly Chen	0	0	0	0
VP	John Peng	0	0	0	0
VP	Bob Yueh	0	0	0	0
VP	Edward Kao	0	0	0	0
VP	Maggy Chen	0	0	0	0
VP	Linda Lin	0	0	0	0
VP	Lancy Wu	0	0	0	0
VP	Monica Chen	0	0	0	0
VP	Eddie Wei	0	0	0	0
VP	Lori Huang	0	0	0	0
VP	Eric Chang	0	0	0	0
VP	Jamie Kuo	1,000	0	0	0
VP	Agnes Shih	0	0	0	0
Dir	Johnson Lee	0	0	0	0
Dir	Humphrey Wang	0	0	0	0
Dir	Celine Hsien	0	0	0	0
Dir	Bruce Shen	0	0	0	0
Dir	Antyia.Tsai	0	0	0	0
Dir	Lisa Lin	(24,000)	0	0	0
Dir	Greg Chang	0	0	0	0
Dir	Elaine Shih	0	0	0	0
Dir	Melody Wu	0	0	0	0
Dir	Noelia Lu	0	0	0	0
Dir	Serena Lin	0	0	0	0

Title	Name	2021		As of April 30, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Dir	Nora Huang	0	0	0	0
Dir	Miya Hsu*	0	0	0	0

* Independent Director Hsin-Hsien Huang joined in August2021; Independent Director I-Chuan Li joined in August2021; Dir Miya hsu joined in December 2021.

Shares Trading with Related Parties : None.

Shares Pledge with Related Parties : None.

3.9 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders

Date: April 17, 2022

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Tsai Wang Enterprise Company Limited Representative: Ms. Lee, Ai-Chen	50,954,000	9.99	0	0	0	0	Judy Lee Quality Master Co., Ltd.	Relationship	-
Up Master Investment Co., Ltd. Representative: Ms. Lee, Ai-Chen	50,930,263	9.99	0	0	0	0	Judy Lee Quality Master Co., Ltd. Tsai Wang Enterprise Company Limited	Relationship	-
Tsai Ye Enterprise Company Limited Representative: Ms. Lee, Ai-Chen	50,930,000	9.99	0	0	0	0	Judy Lee	Relationship	-
Li Hsiung Co., Ltd. Representative: Ms. Lee, Li-Heng	50,920,389	9.99	0	0	0	0	Judy Lee Quality Master Co., Ltd.	Relationship	-
Quality Master Co., Ltd. Representative: Ms. Gennie Chen	50,906,000	9.98	0	0	0	0	Judy Lee	Relationship	-
Tsai-Chi Co., Ltd. Representative: Mr. Tony Ho	50,669,774	9.94	0	0	0	0	Judy Lee Tony Ho Tsai-Chi Co., Ltd. Li Hsiung Co., Ltd. Tsai Wang Enterprise Company Limited	Relationship	-
Judy Lee	32,911,294	6.45	31,795,550	6.24	0	0	Tony Ho	Spouse	-
Tony Ho	31,795,550	6.24	32,911,294	6.45	0	0	Judy Lee	Spouse	-
Chang Qiu Dun	19,267,714	3.78	0	0	0	0	P & F BROTHER INDUSTRIAL CORPORATION Representative -	Relationship	-
P & F BROTHER INDUSTRIAL CORPORATION Representative: Chang Qiu Dun	10,000,000	1.96	0	0	0	0	Chang Qiu Dun	Relationship	-

3.10 Long-term Investment Ownership

Date: December 31, 2021

Unit : Share : %

Long-term Investment	Ownership by Test Rite		Direct/Indirect Ownership by Directors and Management		Total Ownership	
	Shares	%	Shares	%	Shares	%
Test-Rite Retail Co., Ltd.	24,999,999	25.00%	75,000,001	75.00%	100,000,000	100.00%
Test-Rite Home Service Co., Ltd.	0	0.00%	8,600,000	100.00%	8,600,000	100.00%
Hola Home furnishings Co., Ltd.	0	0.00%	60,000	100.00%	60,000	100.00%
Testrite Brand Agency Co., Ltd.	0	0.00%	43,022,600	100.00%	43,022,600	100.00%
Test Rite C&B Co., Ltd.	0	0.00%	21,000,000	100.00%	21,000,000	100.00%
Chung Cin Enterprise Co., Ltd.	57,291,330	91.67%	0	0.00%	57,291,330	91.67%
Tony Construction Co., Ltd.	0	0.00%	38,000,000	91.67%	38,000,000	91.67%
Test Cin M&E Engineering Co., Ltd.	0	0.00%	8,000,000	91.67%	8,000,000	91.67%
Chung Cin Interior Design Construction Co., Ltd.	0	0.00%	1,200,000	91.67%	1,200,000	91.67%
Chung Cin Lohas Property Management Co., Ltd.	0	0.00%	1,000,000	91.67%	1,000,000	91.67%
U-ME Enterprise Co., Ltd.	0	0.00%	900,000	55.00%	900,000	55.00%
Test-On Lighting Technology Co., Ltd.	0	0.00%	1,530,000	46.75%	1,530,000	46.75%
Test Cin International Co., Ltd.	0	0.00%	510,000	46.75%	510,000	46.75%
VIET HAN CO., LTD.	0	0.00%	US\$4,000,000	91.67%	US\$4,000,000	91.67%
CHUNG CIN ENTERPRISE (U.S.) CORP.	0	0.00%	US\$1,000,000	91.67%	US\$1,000,000	91.67%
Lih Teh International Co., Ltd.	5,000,000	100.00%	0	0.00%	5,000,000	100.00%
Lih Chiou Co., Ltd.	324,754,000	100.00%	0	0.00%	324,754,000	100.00%
Fusion International Distribution, Inc.	999,838	100.00%	0	0.00%	999,838	100.00%
International Art Enterprise Co., Ltd.	1,000,000	100.00%	0	0.00%	1,000,000	100.00%
Chuan Shuai International Co., Ltd.	0	0.0%	816,000	51.00%	816,000	51.00%
B&S Link Co., Ltd., Ltd.	2,300,000	100.00%	0	0.00%	2,300,000	100.00%
Home Intelligence Co., Ltd.	0	0.00%	1,500,000	100.00%	1,500,000	100.00%
Test-Rite Pte Ltd.	2,100,000	100.00%	0	0.00%	2,100,000	100.00%
Lucky Rite Company Ltd.	VND\$93,200,000,000	100.00%	0	0.00%	VND\$93,200,000,000	100.00%
Test-Rite Products (Hong Kong) Limited.	9,999	99.99%	1	0.01%	10,000	100.00%
Test-Rite International (U.S.) Co., Ltd.	7,635	94.40%	453	5.60%	8,088	100.00%
Test-Rite Int'l (Canada) Ltd.	100	100.00%	0	0.00%	100	100.00%
TEST-RitE Int'l (Australia) Pty Limited.	3,550,000	100.00%	0	0.00%	3,550,000	100.00%
TEST-RITE (UK) LTD.	775,930	100.00%	0	0.00%	775,930	100.00%
Test-Rite Development GmbH	9,670,000	100.00%	0	0.00%	9,670,000	100.00%
Test-Rite Retailing Co., Ltd.	156,965,000	100.00%	0	0.00%	156,965,000	100.00%
Test-Rite Trading Co., Ltd.	83,218,806	100.00%	0	0.00%	83,218,806	100.00%
Fortune Miles Trading Inc.	30,000	100.00%	0	0.00%	30,000	100.00%
Upmaster International Co., Ltd.	6,400,000	100.00%	0	0.00%	6,400,000	100.00%

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Month / Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1978.07	10	200,000	2,000,000	200,000	2,000,000	Initial issue NT\$2,000,000	-	-
1981.12	10	700,000	7,000,000	700,000	7,000,000	Capital injection NT\$5,000,000	-	-
1983.09	10	1,700,000	17,000,000	1,700,000	17,000,000	Capital injection NT\$5,800,000 Capitalization of earnings NT\$4,200,000	-	-
1984.12	10	4,700,000	47,000,000	4,700,000	47,000,000	Capital injection NT\$25,000,000 Capitalization of earnings NT\$5,000,000	-	-
1987.10	10	8,000,000	80,000,000	8,000,000	80,000,000	Capital injection NT\$9,400,000 Capitalization of earnings NT\$23,600,000	-	-
1988.11	10	19,000,000	190,000,000	19,000,000	190,000,000	Capital injection 78,000,000 Capitalization of earnings NT\$32,000,000	-	-
1990.12	10	36,100,000	361,000,000	36,100,000	361,000,000	Capital surplus NT\$171,000,000	-	-
1991.07	10	45,125,000	451,250,000	45,125,000	451,250,000	Capital surplus NT\$90,250,000	-	-
1992.07	10	56,406,250	564,062,500	56,406,250	564,062,500	Capitalization of earnings NT\$67,687,500 Capital surplus NT\$45,125,000	-	-

1993.08	10	100,000,000	1,000,000,000	71,018,816	710,188,160	Capitalization of earnings NT\$28,203,120 Capital surplus NT\$112,812,500 Employee bonuses NT\$5,110,040	-	-
1994.08	10	150,000,000	1,500,000,000	116,137,660	1,161,376,600	Capitalization of earnings NT\$139,999,948 Employee bonuses NT\$11,376,652 Capital surplus NT\$10,000,000 Capital injection 289,811,840	-	-
1995.07	10	150,000,000	1,500,000,000	129,400,000	1,294,000,000	Capital surplus NT\$116,137,660 Employee bonuses NT\$16,485,740	-	-
1996.09	10	150,000,000	1,500,000,000	136,400,000	1,364,000,000	Capital surplus NT\$64,700,000 Employee bonuses NT\$5,300,000	-	-
1997.08	10	183,680,000	1,836,800,000	150,920,000	1,509,200,000	Capitalization of earnings NT\$13,640,000 Employee bonuses NT\$8,800,000 Capital surplus NT\$122,760,000	-	No : (86) 111752
1998.07	10	230,000,000	2,300,000,000	167,600,000	1,676,000,000	Capitalization of earnings NT\$15,092,000 Employee bonuses NT\$15,880,000 Capital surplus NT\$135,828,000	-	No : (087) 087118452
1999.07	10	250,000,000	2,500,000,000	200,000,000	2,000,000,000	Capitalization of earnings NT\$301,680,000 Employee bonuses NT\$22,320,000	-	No : (088) 088126231
2000.10	10	370,000,000	3,700,000,000	233,500,000	2,335,000,000	Capitalization of earnings NT\$300,000,000 Employee bonuses NT\$35,000,000	-	No : (089) 135122
2001.03	10	370,000,000	3,700,000,000	239,890,794	2,398,907,940	CB conversion: NT\$63,907,940	-	No : (90) 09001094870

2001.09	10	470,000,000	4,700,000,000	283,792,955	2,837,932,670	Capitalization of earnings NT\$280,029,350 Employee bonuses NT\$34,000,000 CB conversion: NT\$124,995,380	-	No : (90) 09001369620
2001.11	10	470,000,000	4,700,000,000	287,242,245	2,872,422,450	CB conversion: NT\$34,489,780	-	No : (90) 09001414970
2002.01	10	470,000,000	4,700,000,000	287,970,127	2,879,701,270	CB conversion: NT\$7,278,820	-	No : 09101028620
2002.03	10	470,000,000	4,700,000,000	292,106,179	2,921,061,790	CB conversion: NT\$41,360,520	-	No : 09101091570
2002.05	10	470,000,000	4,700,000,000	292,126,587	2,921,265,870	CB conversion: NT\$204,080	-	No : 09101138780
2002.08	10	550,000,000	5,500,000,000	344,989,749	3,449,897,490	CB conversion: NT\$200,142,040 Capitalization of earnings NT\$285,593,580 Employee bonuses NT\$42,896,000	-	No : 09101339470
2002.10	10	550,000,000	5,500,000,000	347,892,171	3,478,921,710	CB conversion: NT\$29,024,220	-	No : 09101433810
2003.01	10	550,000,000	5,500,000,000	347,940,951	3,479,409,510	CB conversion: NT\$ 487,800	-	No : 09201019620
2004.10	10	550,000,000	5,500,000,000	370,738,598	3,707,385,980	Capitalization of earnings NT\$173,970,470 Employee bonuses NT\$54,006,000	-	No : 09201288970
2004.04	10	550,000,000	5,500,000,000	387,516,315	3,875,163,150	CB conversion: 167,777,170	-	No : 09301077730
2004.10	10	550,000,000	5,500,000,000	392,676,369	3,926,763,690	CB conversion: NT\$ 1,041,610 Employee bonuses NT\$50,558,930	-	No : 09301187640
2005.01	10	550,000,000	5,500,000,000	397,311,347	3,973,113,470	CB conversion: NT\$ 46,349,780	-	No : 09401009700
2005.05	10	550,000,000	5,500,000,000	397,946,375	3,979,463,750	CB conversion: NT\$6,350,280	-	No : 09401087750
2005.09	10	550,000,000	5,500,000,000	411,269,302	4,112,693,020	Capitalization of earnings NT\$73,589,270 Employee bonuses NT\$59,640,000	-	No : 09401189620
2005.10	10	550,000,000	5,500,000,000	413,743,746	4,137,437,460	CB conversion:NT\$24,744,440	-	No : 09401212030
2005.12	10	550,000,000	5,500,000,000	416,717,612	4,167,176,120	CB conversion:NT\$29,738,660	-	No : 09401246200

2006.08	10	660,000,000	6,600,000,000	441,307,884	4,413,078,840	CB conversion:NT\$173,910 Capitalization of earnings NT\$193,358,810 Employee bonuses NT\$52,370,000	-	No : 09501194080
2006.11	10	660,000,000	6,600,000,000	448,792,415	4,487,924,150	CB conversion: NT\$ 74,845,310	-	No : 09501265640
2007.03	10	660,000,000	6,600,000,000	448,864,578	4,488,645,780	CB conversion: NT\$ 721,630	-	No : 09601053530
2007.09	10	660,000,000	6,600,000,000	448,916,123	4,489,161,230	CB conversion: NT\$ 515,450	-	No : 09601233820
2007.12	10	660,000,000	6,600,000,000	465,243,433	4,652,434,330	CB conversion:NT\$47,865,120 Capitalization of earnings NT\$84,857,980 Employee bonuses NT\$30,550,000	-	No : 09601312360
2008.09	10	660,000,000	6,600,000,000	473,666,067	4,736,660,670	Capitalization of earnings NT\$42,696,340 Employee bonuses NT\$41,530,000	-	No : 09701225500
2009.09	10	660,000,000	6,600,000,000	481,222,872	4,812,228,720	Capitalization of earnings NT\$63,957,910 Employee bonuses NT\$11,610,140	-	No : 09801200020
2009.10	10	660,000,000	6,600,000,000	531,222,872	5,312,228,720	Capital injection NT\$500,000,000	-	No : 09801236000
2010.09	10	660,000,000	6,600,000,000	516,422,872	5,164,228,720	Cancellation of Treasury Stock NT\$148,000,000	-	No : 09901205520
2011.11	10	660,000,000	6,600,000,000	507,422,872	5,074,228,720	Cancellation of Treasury Stock NT\$90,000,000	-	No : 10001272200
2012.08	10	660,000,000	6,600,000,000	521,955,558	5,219,555,580	Capitalization of earnings NT\$145,326,860	-	No : 10101179940
2014.10	10	660,000,000	6,600,000,000	513,955,558	5,139,555,580	Cancellation of Treasury Stock NT\$80,000,000	-	No : 10301223850
2015.08	10	660,000,000	6,600,000,000	509,887,558	5,098,875,580	Cancellation of Treasury Stock NT\$40,680,000	-	No : 10401175160

As of 4/17/2022

Share Type	Authorized Capital				Remarks
	Issued Shares	Treasury Stock	Un-issued Shares	Total Shares	
Common Stock	509,887,558	0	240,112,442	750,000,000	-

4.1.2 Status of Shareholders

As of 4/17/2022

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	2	42	15,215	83	15,342
Shareholding (shares)	0	1,311,205	341,369,686	14,6790,299	20,416,368	509,887,558
Percentage %	0.00	0.26	66.95	28.79	4.00	100

4.1.3 Shareholding Distribution Status

1. Common Shares (The par value for each share is NT\$10)

As of 4/17/2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage %
1 ~ 999	8,565	1,624,967	0.32
1,000 ~ 5,000	4,942	10,184,791	2.00
5,001 ~ 10,000	853	6,068,864	1.19
10,001 ~ 15,000	341	4,042,181	0.79
15,001 ~ 20,000	144	2,569,903	0.50
20,001 ~ 30,000	159	3,827,740	0.75
30,001 ~ 40,000	87	2,988,026	0.59
40,001 ~ 50,000	60	2,713,475	0.53
50,001 ~ 100,000	78	5,652,992	1.11
100,001 ~ 200,000	38	5,206,352	1.02
200,001 ~ 400,000	31	8,820,274	1.73
400,001 ~ 600,000	13	5,871,411	1.15
600,001 ~ 800,000	3	1,994,958	0.39
800,001 ~ 1,000,000	6	5,241,930	1.03
10000,001 or over	22	443,079,694	86.90
Total :	15,342	509,887,558	100.00

2. Preferred Shares : None.

4.1.4 List of Major Shareholders

As of 4/17/2022

Shareholder's Name	Shareholding	
	Shares	Percentage %
Tsai Wang Enterprise Company Limited	50,954,000	9.99%
Up Master Investment Co., Ltd.	50,930,263	9.99%
Tsai Ye Enterprise Company Limited	50,930,000	9.99%
Li Hsiung Co., Ltd.	50,920,389	9.99%
Quality Master Co., Ltd.	50,906,000	9.98%
Tsai-Chi Co., Ltd.	50,669,774	9.94%
Judy Lee	32,911,294	6.45%
Tony Ho	31,795,550	6.24%
Chang Qiu Dun	19,267,714	3.78%
P & F BROTHER INDUSTRIAL CORPORATION	10,000,000	1.96%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Item		2020	2021 (Note1)	2022/1/1-2022/5/25 (Note3)
Market Price per Share	Highest Market Price	27.60	28.00	26.15
	Lowest Market Price	17.55	20.50	25.85
	Average Market Price	22.05	21.16	26.00
Net Worth per Share	Before Distribution	13.02	13.38	-
	After Distribution	11.98	12.13	-
Earnings per Share	Weighted Average Shares	495,581,558	495,581,558	-
	Diluted Earnings Per Share	1.60	1.58	-
Dividends per Share	Cash Dividends	1.07	1.28	-
	Stock Dividends	-	-	-
	Capital reserve	-	-	-
	Accumulated Undistributed Dividends	-	-	-
Return on Investment	Price / Earnings Ratio (Note2)	13.78	13.39	-
	Price / Dividend Ratio (Note2)	20.61	16.53	-
	Cash Dividend Yield Rate (Note2)	4.85	6.05	-

Note:

1. The earnings allocation plan is up for voting at the shareholders' meeting.
2. Price / Earnings Ratio = Average Market Price / Earnings per Share; Price / Dividend Ratio = Average Market Price / Cash Dividends per Share; Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price.
3. 2022 Q1 financial data have been duly reviewed by independent auditors.

4.1.6 Dividend end Policy and Implementation Status

1. Dividend Policy

The landscape of the industry in which the Company engages business in contains various risks and uncertainties. As the life cycle of the Company's development enters the stable and mature phase and taking into account the Company's diversification, future operating plans, capital requirements and long-term financial planning, as well as considering shareholders' interests, our dividend policy shall be formulated in accordance with the provisions of the Company Act and other relevant regulatory requirements to ensure the soundness and balance of dividend distribution, the surplus available for distribution , not be less than 50% of the total shareholder dividends. Cash dividends may not be less than 10% of the total dividends However, in the event that the cash dividend is less than NT\$0.1 per share, no cash dividends will be distributed. Instead the dividends will be distributed via stock dividends.

2. Proposed Distribution of Dividend

The Company's audited 2021 financial statements indicate that the net profit totaled to NT\$782,834,350 Adjust the adjusted investment retained earnings based on equity method of NT\$7,894,506 and the premeasurements of beneficial plan is recognized in retained earnings of NT\$1,040,158, and Fair value through other comprehensive income investment vehicle, and the accumulated profit or loss transferred to Retained earnings of NT\$(10,723,289), and ding the undistributed retain of NT\$4,102,284, 10% for Legal reservation of NT\$(78,104,572) and the special reserve of NT\$(68,892,770), the surplus available for distribution was NT\$638,150,667.

In accordance with the provisions of the Articles and resolution of the board of directors will distribute the cash dividend of NT\$ 634,344,394. Based on current outstanding shares 495,581,558 (i.e., total number of 509,887,558 issued shares of the Company excluding 14,306,000 treasury shares), the payout amount is NT\$ per share is 1.28. (Payout amount of less than NT\$1 will not be distributed).

4.1.7 The impact of the company's operating performance and earnings per share on stock dividends proposed in the shareholders' meeting

Not applicable, as the Company does not disclose financial guidance.

4.1.8 Employee, Director Remuneration

1. Pursuant of the Company Act and Article of Incorporation, no less than 1% of any profit made by the company in a year shall be allocated to employee and director remuneration, and the board of directors shall decide to distribute the remuneration as shares or cash, which can also be distributed to employees of affiliated companies that meet certain criteria. The chairman shall be authorized to establish the criteria.

The company may, with a resolution of the board of directors, allocate no more than 2% of the aforesaid profit to remuneration of directors. Remuneration of employees and of directors shall be presented to the shareholders meeting. A sum shall be set aside in advance to pay down any outstanding cumulative losses before remuneration of employees and of directors can be allocated according to the above percentage.

2. After the end of the fiscal year, should the Board of Directors resolve that the amount of monies to be distributed is to be changed significantly, the original provision of annual expenditure shall be adjusted, no less than 1%, and no more than 2% of the annual profit (i.e. the earnings before tax of the current year less the profit allocated to remuneration of employees and of directors) shall be allocated to remuneration of employees and of directors, respectively. If there is further adjustment of the aforesaid monies up to the date of the Board's meeting, then the Board of Directors shall resolve that annual adjustment entries be recorded in accordance with accounting estimates thereof.

3. The Board of Directors approved remuneration information:
- (1).The company's Remuneration of employees and of directors distribution in 2021, The Company's was approved by the Board of Directors on March 23 2022.This entailed remuneration of NT\$9,372,653 for employee and NT\$14,058,977 for directors bonuses in accordance with the provisions of the Articles of Association. The amount above is identical to that in 2021.
- (2).The ratio of the proposed allotment of employee stock bonus amount and account for the ratio of current net income and employee remuneration: Not applicable.
4. The actual allocation of employee dividends and remuneration to directors in the previous year compared with the distribution plan originally approved by the Board: The company's Remuneration of employees and of directors distribution in 2020, The Company's was approved by the Board of Directors on March 25 2021.This entailed remuneration of NT\$8,878,080 for employee and NT\$13,317,120 for directors bonuses in accordance with the provisions of the Articles of Association. The amount above is identical to that in 2020.

4.1.9 Buyback of Treasury Stock (treasury stock buyback has been expired)

As of 4/30/2022

Treasury stocks in Batches	14th Batch	15th Batch
Purpose of Buy-back	Transfer to employees	Transfer to employees
Timeframe of Buy-back	2019/4/29~2019/6/24	2019/8/5~2019/10/4
Price range	NTD 20.0~28.0	NTD 20.0~28.0
Class, quantity of shares bought back	9,271,000	5,035,000
Value in KNT\$ of bought-back shares	205,255,772	107,999,819
Number of repurchases made as a percentage of the scheduled number of repurchases (%)	46.36%	50.35%
Shares sold/transferred	0	0
Accumulated number of company shares held	9,271,000	14,306,000
Percentage of total company shares held (%)	1.82%	2.81%

4.2 Issuance of Corporate Bonds : None.

4.3 Preferred Shares : None.

4.4 Issuance of Global Deposit Receipts : None.

4.5 Employee Stock Options and restrictions on employees' rights of new shares : None.

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions : None.

4.7 Financing Plans and Implementation : None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

1. The main content of the company's current business operations
 - (1) E605010 Computing Equipment Installation Construction
 - (2) E801010 Building Maintenance and Upholstery
 - (3) F101081 Wholesale of Seedling
 - (4) F101100 Wholesale of Flowers
 - (5) F101120 Wholesale of Aquarium Fishes
 - (6) F101130 Wholesale of Vegetable and Fruits
 - (7) F102020 Wholesale of Edible Oil
 - (8) F102030 Wholesale of Tobacco Products and Alcoholic Beverages
 - (9) F102040 Wholesale of Nonalcoholic Beverages
 - (10) F102170 Wholesale of Food and Grocery
 - (11) F103010 Wholesale of Animal Feeds
 - (12) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
 - (13) F105050 Wholesale of Furniture, Bedding Kitchen Equipment and Fixtures
 - (14) F106010 Wholesale of Ironware
 - (15) F106020 Wholesale of Articles for Daily Use
 - (16) F106030 Wholesale of Die
 - (17) F106040 Wholesale of Water Containers
 - (18) F106050 Wholesale of Pottery, Porcelain and Glassware
 - (19) F107030 Wholesale of Cleaning Preparations
 - (20) F107050 Wholesale of Manure
 - (21) F108040 Wholesale of Cosmetics
 - (22) F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
 - (23) F110010 Wholesale of Clocks and Watches
 - (24) F110020 Wholesale of Spectacles
 - (25) F111090 Wholesale of Building Materials
 - (26) F113010 Wholesale of Machinery
 - (27) F113020 Wholesale of Household Appliance
 - (28) F113030 Wholesale of Precision Instruments
 - (29) F113050 Wholesale of Computing and Business Machinery Equipment
 - (30) F113060 Wholesale of Metrological Instruments
 - (31) F113070 Wholesale of Telecom Instruments
 - (32) F113090 Wholesale of Traffic Signal Equipment and Materials
 - (33) F114010 Wholesale of Automobiles
 - (34) F114020 Wholesale of Motorcycles
 - (35) F114030 Wholesale of Motor Vehicle Parts and Supplies
 - (36) F114040 Wholesale of Bicycle Parts and Supplies
 - (37) F115010 Wholesale of Jewelry and Precious Metals
 - (38) F116010 Wholesale of Photographic Equipment
 - (39) F118010 Wholesale of Computer Software
 - (40) F119010 Wholesale of Electronic Materials
 - (41) F199990 Other Wholesale Trade
 - (42) F201010 Retail sale of Agricultural Products
 - (43) F201020 Retail sale of Husbandry Products
 - (44) F201061 Retail sale of Seedling
 - (45) F201070 Retail sale of Flowers
 - (46) F201090 Retail Sale of Aquarium Fishes
 - (47) F202010 Retail sale of Animal Feeds

- (48) F203020 Retail Sale of Tobacco and Alcoholic Drinks
- (49) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
- (50) F205040 Retail sale of Furniture, Bedding, Kitchen Equipment and Fixtures
- (51) F206010 Retail Sale of Ironware
- (52) F206020 Retail Sale of Articles for Daily Use
- (53) F207030 Retail Sale of Cleaning Preparations
- (54) F207050 Retail Sale of Manure
- (55) F208040 Retail Sale of Cosmetics
- (56) F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
- (57) F210010 Retail Sale of Watches and Clocks
- (58) F210020 Retail Sale of Spectacles
- (59) F211010 Retail Sale of Building Materials
- (60) F213010 Retail Sale of Household Appliance
- (61) F213030 Retail sale of Computing and Business Machinery Equipment
- (62) F213040 Retail Sale of Precision Instruments
- (63) F213050 Retail Sale of Metrological Instruments
- (64) F213080 Retail Sale of Other Machinery and Equipment
- (65) F214010 Retail Sale of Automobiles
- (66) F214030 Retail Sale of Motor Vehicle Parts and Supplies
- (67) F214040 Retail Sale of Bicycles and Parts
- (68) F215010 Retail Sale of Jewelry and Precious Spectacles Metals
- (69) F216010 Retail Sale of Photographic Equipment
- (70) F218010 Retail Sale of Computer Software
- (71) F299990 Retail Sale of Other Retail Trade Not Elsewhere Classified
- (72) F301020 Supermarkets
- (73) F399040 Retail Business Without Shop
- (74) F399010 Supermarkets
- (75) F401010 International Trade
- (76) F401071 Export and Import of Seedling
- (77) F501060 Restaurants
- (78) G801010 Warehousing and Storage
- (79) H701020 Industrial Factory Buildings Lease Construction and Development
- (80) H701010 Residence and Buildings Lease Construction and Development
- (81) H703090 Real Estate Commerce
- (82) H703100 Real Estate Rental and Leasing
- (83) I102010 Investment Consultancy
- (84) I103060 Management Consulting Services
- (85) I301010 Software Design Services
- (86) I301020 Data Processing Services
- (87) I301030 Digital Information Supply Services
- (88) I401010 General Advertising Services
- (89) I501010 Product Designing
- (90) I503010 Landscape and Interior Designing
- (91) IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
- (92) J801030 Athletics and Recreational Sports Stadium
- (93) JE01010 Rental and Leasing Business
- (94) ZZ99999 Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations
- (95) A102060 Grain Commerce
- (96) F108031 Wholesale of Drugs, Medical Goods
- (97) F208031 Retail sale of Medical Equipment
- (98) C501060 Wooden Container Manufacturing

- (99) C805990 Other Plastic Products Manufacturing
- (100) C901010 Pottery and Ceramics Products Manufacturing
- (101) CA02050 Metal Valves Manufacturing
- (102) CA02060 Metal Containers Manufacturing
- (103) CB01010 Machinery and Equipment Manufacturing
- (104) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- (105) CN01010 Furniture and Fixtures Manufacturing
- (106) CR01010 Fuel Gas Equipment, Materials and Parts Manufacturing
- (107) D301010 Water Supply
- (108) E502010 Fuel Pipe Construction
- (109) E599010 Pipe Lines Construction
- (110) E601010 Electric Appliance Construction
- (111) E601020 Electric Appliance Installation
- (112) E603130 Gas water heater Appliance Construction
- (113) E604010 Machinery Installation Construction
- (114) E801070 Kitchen and Bath Facilities Construction
- (115) F113990 Wholesale of Other Machinery and Equipment
- (116) F206040 Retail Sale of Water Containers

2. Percentage of total revenue of each product or service

(Unit : NTD thousand)

Year Division	2020		2021	
	Amount	%	Amount	%
Principal Trading	23,090,541	55.3%	25,206,249	57.6%
Taiwan Retail	17,078,769	40.9%	16,909,225	38.6%
Others	1,621,393	3.8%	1,641,884	3.8%
Total	41,790,703	100.0%	43,757,358	100.0%

3. Company's current key business activities:

The Company's trading business engages in the import and export of household products and the licensing of businesses, including DIY hand tools, hardware, ceiling fans, lighting fixtures and other electrical appliances, bathroom facilities, indoor/outdoor furniture, and other household items. Our retail businesses are engaged in similar products, in addition to the sales and marketing of mattresses and bedding as well as brand licensing of consumer brands. Affiliated businesses include: design, which conducts product, packaging and industrial design; construction, which conducts marketplace and office building construction and investment promotions, as well as logistics and warehousing services in Taiwan, Asia, the U.S., and Europe.

4. New business activities under development:

- (1) Effort-saving hand tools and related products: Hand tools remain a key product category for the Company and accounted for approximately 70% of total shipments in 2021. In addition to providing comprehensive features for professional tools, effort-saving is also a major consideration for consumers. Based on principles of structural mechanics and leverage, the design of hand tools must take into account not only innovative appearance but also ergonomics in order to meet market demand.
- (2) LED energy-saving lamps and related products:
 - A. With the advocacy for energy conservation in full force across the world, governments have incorporated relevant measures into legislations and policies to encourage investment this field by the private sector.
 - B. Lamps and light fixtures are included in the Company's export product categories. In the Taiwan retail market, the Company cooperates Toshiba to develop ceiling LED lights and offers the TLW private label range of LED light bulbs
- (3) Development of HOLA private label

products:

Test Rite has already achieved good progress in several categories such as bedding, textile, dining wares, the sales from our private label products had been more than 1/3 of total HOLA sales, by the end of 2018. We further published the new cooking ware products like stainless, non-stick, and cast-iron series.

(3) HOLA private label products:

Test Rite's private label products, including bedding, textiles and dining wares, have been well received in the market. Sales accounted for more than 4/10 of total HOLA sales as of the end of 2021.

5.1.2 Industry Overview

1. Current Status and Industry Development

The Company was founded in August 1978. During its earlier years, the Company focused on the export of hand tools and hardware. As the Company's client base expanded, the number of suppliers grew to more than 4,000, covering an increase in product offerings spanning DIY hand tools and hardware to ceiling fans, light fixtures and other electrical appliances, bathroom equipment, indoor/outdoor furniture and other household items. The Company also gradually expanded operations into China, Southeast Asia (Hong Kong, Thailand and Singapore), Europe (Germany and the UK) and Australia by setting up subsidiaries, representative offices, and branch offices. In 1989, the Company targeted Taiwan's domestic retail market and established a domestic sales/import team, servicing the customer segment that frequents major discount stores. By leveraging the Company's sourcing capabilities, the domestic sales/import team introduced 1,000+ products previously sourced exclusively for the export market to the consumers in Taiwan. Six primary categories by distinct product lines were established, including seasonal merchandise, outdoors, hardware and automotive, housing supplies, stationery, furniture and interior products, with electronics and lighting products as an add-on. Furthermore, in recent years we have also gradually strengthened sales of licensed products.

In 1998 Test Rite entered into a joint venture with UK-based Kingfisher Group to introduce DIY retailer, B&Q, to Taiwan. Subsequently, the Company developed its own retail channel, HOLA, in Taiwan. In December 2004, the Company entered the China retail market with the first HOLA China store opening in Shanghai. In 2008, we bought back 50% of the joint ownership from Kingfisher Group, and completed our four-way retail channel strategy by 2010 (Test Rite, HOLA, HOLA CASA, and FREER).

In 2013, we established HOLA Petite, a brand that personified the French word "petite" and embodies the concept of "delicately beautiful." The brand focuses on three lifestyle essentials: comfortable bedding, rejuvenating baths, and enriching dining experiences. These are manifested in a tasteful real-life interior design space reminiscent of a French home environment that appeals to one's sense of touch, sight, smell, sound and taste. In 2015, Test Rite became a franchisee of renowned American home décor store, Crate & Barrel. The introduction of this classic American brand contributed to Test Rite's leading market share in the Taiwan home décor market in 2018, we launched new retail brand, hoi! good living. In 2019, in an effort to mitigate losses, the decision was made to withdraw HOLA China and start using the second warehouse in North America to enhance our services for our customers. In 2020, the community stores were established. With the position of "a good helper at home, your good neighbor", it can provide customers with goods and services at any time. In 2021, the TLW channel cracked the outlying islands firstly.

Below we discuss the industry dynamics for our trading, agency, and retail businesses:

(1) Market Conditions for Our Trading Business

Since the early import-substitution and export expansion policies of the 1960s to the current move towards trade liberalization and internationalization, becoming a key driving force behind Taiwan's economic development. With China's role as a major global manufacturing center, trade with the mainland has picked up rapidly. In 2021 Taiwan's exports to China accounted for around 42 of its total exports, while corresponding imports was about 22% of total imports.

Test Rite Group actively expanded in China. In 2005, we set up a trading subsidiary in Shanghai to penetrate the Chinese market and solidify relations with suppliers in order to offer products with a competitive advantage to our global retail clientele. In 2006, an office was set up in Shenzhen to explore the Chu Chiang Delta and connect with the broad supply chain network in southern China.

We are engaged in three primary sales models, namely: trading, agency, and imports. Trading accounts for the majority of sales, with the bulk of the buyers located in the U.S. and Europe. We have strong relationships with our customer base and offer customized services. For example, we forecast sales quantities through the analysis of historical data, or we can take charge of product planning, décor and design during major sales seasons throughout the year. At the same time, we have in place a data platform to connect to the inventory management systems of the buyers to instantly store and access the required information. Furthermore, we also handle after-sales services, such as returns and answering phone calls for our clients. Through providing the most value-added services, we have become the trading partner of choice. Meanwhile, in the agency sales model, Test Rite provides an indispensable outsourcing service. Whereas previously many large-scale clients intended to set up their own sourcing offices to source supplies in Asia, Test Rite's proven sourcing capability has won over many buyers who now simply outsource this function.

Emerging markets in Asia are growing rapidly; notably, domestic demand in China is expanding fast. While in the past Asia has been the factory producing goods sold to the U.S. and European markets, the trend is reversing to an increasing extent. Having cultivated markets in the west over the years, Test Rite is well placed to take advantage of this trend by collaborating with well-known global brands as they seek to enter and expand into Asian markets. Through the licensing of these brands, Test Rite has an additional opportunity for growth in providing consumers in Taiwan with the convenient access to world-class quality products.

Exports and Imports by Year — Taiwan

(Unit : USD_ million)

Year	Total exports	Export Growth rate (%)	Total imports	Import Growth rate (%)	Total amount of trade	Total trade growth rate %
2012	306,409	-2.1%	277,324	-3.7%	583,733	-2.9%
2013	311,428	1.6%	278,010	0.2%	589,438	1.0%
2014	320,092	2.8%	281,850	1.4%	601,942	2.1%
2015	285,344	-10.9%	237,219	-15.8%	522,563	-13.2%
2016	280,321	-1.8%	230,568	-2.8%	510,889	-2.2%
2017	317,249	13.2%	259,266	12.4%	576,515	12.8%
2018	335,909	5.8%	286,333	10.4%	622,241	7.9%
2019	329,194	-2.0%	285,694	-0.2%	614,888	-1.2%
2020	318,898	-2.7%	285,117	-0.2%	631,028	-2.6%
2021	446,378	40.0%	381,494	33.8%	827,873	31.2%

Source : Department of Statistics, Ministry of Finance, R.O.C.

Several factors can complicate the overall operations of an export-import business relative to other industries. His includes exchange rate fluctuations that impact profit margins and barriers to trade, such as government policies, trade protectionism, customs, and regional alliances that create challenging hurdles for expanding into various overseas markets.

Regional economic integration has currently become a cornerstone in international trade and economic development. With the formation of the World Trade Organization (WTO) and later the Association of Southeast Asian nations (ASEAN), combined with increased volume of cross-strait trade, the trading sector in Taiwan is also facing new challenges. In the following we present our view of Taiwan's current trade development from the viewpoints of trade concentration, development of triangular trade, increasing scale and internationalization of customers and trends toward multi-functional trading companies.

A. Decreasing International Trading in Taiwan

According to the Department of Statistics, Ministry of Finance, R.O.C. Data from the Ministry of Economic Affairs show that total exports to China (including Hong Kong) amounted to USD188.9 billion in 2021, a 24% year-on-year decrease. Total imports were USD842 billion (increased by 30% from a year ago). Exports from the U.S. increased by 30%, Imports added by 20%. The delay signing of the Cross-Strait Service Trade Agreement and the lack of TPP and RCEP membership pose challenges to Taiwan's position in international trading going forward.

Regional trade concentration indicator

(Unit : USD _million;%)

Year	Total amount of trade	Export value	Import value	Taiwan to China export amount	China to Taiwan import amount	Taiwan - Top three countries with highest degrees of export concentration	Taiwan - Top three countries with highest degrees of import concentration
2012	583,733	306,409	277,324	121,161	44,016	69.0%	42.6%
2013	589,438	311,428	278,010	125,305	44,931	69.7%	42.1%
2014	601,942	320,092	281,850	128,534	50,989	69.9%	43.6%
2015	522,563	285,344	237,219	112,540	46,734	69.6%	48.4%
2016	510,889	280,321	230,568	112,277	45,321	70.3%	49.7%
2017	576,515	317,249	259,266	130,213	51,555	71.2%	47.7%
2018	622,241	335,909	286,333	96,756	53,783	70.3%	46.7%
2019	614,888	329,194	285,694	132,148	58,447	70.4%	44.9%
2020	631,028	318,898	285,117	102,449	63,576	65.0%	43.1%
2021	827,873	446,378	381,494	188,877	84,179	76.0%	52.0%

Source : Department of Statistics, Ministry of Finance, R.O.C.

In 2021, the top three destinations for Taiwan's exports were: China/Hong Kong, ASEAN countries, and the U.S. The top three sources for Taiwan's imports were: China/Hong Kong, ASEAN countries, the Europe countries.

B. Increased Share of Triangular Trade

The majority of Taiwanese trading companies are small to medium in size and have performed well historically, given their wealth of experience in foreign trade, knowledge and flexibility in operations, and the relative political stability of Taiwan in the past several decades relative to Southeast Asian countries and China. In recent years, labor-intensive industries have gradually shifted their operational base out of Taiwan. Likely destinations include China and other ASEAN nations, which offer tax benefits and skilled, yet low-cost labor. This has shifted the fundamentals of the trading sector as companies begin to source from suppliers outside of Taiwan, resulting in an increase in triangular trade. In fact, trading companies must rely on triangular trade to thrive and to seek cheaper resources from overseas markets in order to fill the void left by the loss of price competitiveness as the manufacturing base relocated to China and the ASEAN region.

C. Impact on Taiwan's Trading Sector Due to the Growing Size of Manufacturers, Trading Companies and Retailers

Following decades of industrial development both at home and abroad, manufacturers have benefited from significant improvements in production scale. Given the increase in scale, large manufacturers have benefited from more efficient production resulting from lower production and labor costs, while improving their relationships with key customers. Larger trading companies, too, are able to leverage the development of global trade and benefit from scalable logistics and procurement capabilities. However, this scenario has a negative effect on small –and– medium sized trading companies. They are forced to accept lower margins with higher complexity for single orders with smaller quantities and higher SKUs compared to more mainstream, scalable and repeatable orders.

The rapid development of sales channels has also contributed to the growth of large multinational retail chains. These large retailers have gained not only dominant pricing power but their transnational procurement activities have also contributed to domestic traders developing multinational logistics and procurement services, thereby accelerating the speed of the transformation of the trading business where smaller players are gradually marginalized.

D. Trading Firms Capable of Multiple Functions — After-sales Services, Warehousing and Logistics

As global retailers continue to increase in size, they are able to gain bargaining leverage on their suppliers, which include manufacturers, distributors and trading companies. Consequently, these global retailers continue to demand better pricing, the newest and exclusive designs, and other services including financing and logistics.

As such, role player traditional companies have evolved from offering simple buy and sell functions to corporations with multi-national and multi-functional teams adept at providing services ranging from product marketing, warehouse logistics, quality assurance and control, and after-sales customer service.

Taiwan's trade industry is expected to benefit from the signing of the Economic Cooperation Framework Agreement (ECFA) with China. As economic activities increase, Taiwanese trading companies can benefit from their experience in international trade to strengthen communications between multi-national retailers (customers) and various parties along the supply chain.

Trading companies are also well positioned to benefit from developing additional brand licensing opportunities to tap the fast-growing demand of Chinese consumers. In light of this, we have already partnered with various global houseware/product brands for Taiwan and the China markets.

(2) Principal Trading

Output from traditional trading reached NT\$24.83 billion in 2021, which was 9.1% lower increased from the previous year, and accounted for 64% of total consolidated trade output. Our major products include hand tools (hand and gardening tools, accounting for 73% of traditional trading revenue) and household items (sanitary equipment, automotive supplies, fireplace equipment and supplies, furniture, Christmas and seasonal products, and barbecue utensils, accounting for 27% of traditional trading revenue). This makes Test Rite the largest professional hand tools and household products trading company in Taiwan. Below we provide further analysis of the Company's key product offerings.

The regions with the highest demand for hand tools and household products are the developed countries, with North America and Europe representing nearly 70% of the exports market for hand tools. Typically, hand tools have been relatively stable and mature in terms of their types and forms, with a relatively lower requirement for innovation. In recent years, multifunctional tools have enjoyed tremendous growth. In order to sustain market demand, the trend is for hand tools and household products to include multiple functions combined with unique design and made with differentiated materials, colors and shapes. In several instances, strong demand has been supported by creative marketing campaigns aligned/partnered with globally appealing pop culture.

Apart from certain manufacturers of brand-name bathroom and sanitary equipment and automotive repair supplies, most manufacturers remain relatively smaller in size. They do not have the scale or resources to brand their products nor the advantages of retail operators with sales channels to retail customers. In terms of manufacturers of hand tools, Japanese and German companies hold dominant technologies, though Taiwan also enjoys a high degree of competitiveness at the global level. However, China, India, and countries in Southeast Asia and Eastern Europe have flourished in the hand tools industry in recent years, as they have introduced low- to medium priced products.

The exports value of furniture, bedding and lighting equipment has declined gradually over the years due to fierce competition in the market. However, the industry began to see a recovery in demand in 2010, as the U.S. economy began to gradually recover, aided by an improving property market and declining unemployment rate.

In January 2015, the Company bought back ownership of various branch offices in Germany. Sales activities in these branches include trading, warehousing, professional delivery of barbecue grills, containers, and outdoor furniture. Looking ahead, we will integrate our resources further to achieve synergies, solidify our operational presence in Europe, and offer superior

services to clients in the region. These products are all relatively mature, and the market remains significant.

With the primary export destinations in North America, Europe, and Asia in mind, we will continue to maintain market shares, search for growth drivers, and leverage opportunities to expand with improving overall market conditions.

As the Ravaging Pandemic of COVID-19 in 2020, the global epidemic prevention mechanisms set up continuously, there are customers' strong demand of related prevention products in the U.S. and Europe. Test-Rite has set up a special team in charge of epidemic prevention products and used our powerful global sourcing capabilities to respond to the strong demand from overseas customers.

(3) Agency Business

The agency business model is one based on commissions, where Test Rite acts as the sourcing agent for major retailers in the U.S. and Europe. Services provided include product sourcing, quality assurance and control support, and logistics/warehousing depending on the customer's needs. We leverage our core competencies developed through the success of our principal business for the benefit of agency activities.

In recent years, our agency business has proven to be one of the fastest-growing areas, a trend we expect to continue. On the back of this, we will continue to commit resources to develop sales and expand the number of clients as a way to maximize growth and profit potential. In 2021, our agency business delivered annual sales of NT\$14.13 billion, which was reached 9.6% from the same period in the previous year, and accounted for approximately 36% of consolidated trading shipments. Commission income reached NT\$373 million, accounting for 1% of total trading revenues

(4) Storefront Retail Merchandise

The global retail business has transformed significantly in recent years, TLW and HOLA have maintained their leading positions in the DIY and home décor industries in Taiwan. Except the brick-and mortar stores, Test-Rite continues to integrate our retail channel's resources and requirement to online and offline channel, develop the omnichannel and elevate our digital skills. TLW and HOLA remain its leading position in DIY and home décor industry in Taiwan. However, Test-Rite very carefully tackles the changing behavior of customers. The proposed new business model of retail aims to break the boundary between online and offline. Through the base of offline membership, customers can now easily extend the selections beyond in-store products, hence breaking the limits of displaying and inventory in physical stores. By guiding the massive offline memberships to online, we hope to fully eliminate the boundary in terms of product, payments, membership and marketing. In 2018, our new brand hoi! was launched with the aim of appealing to a younger generation of shoppers by providing high-quality and value-for-money products. Technology has been deployed in creating a digital shopping experience and synergy that promotes the new retail concept as a means to transform the home products industry. We have also reinforced experiential marketing in our physical stores and replicated the irreplaceable value of in-person service by extending our reach into customers' homes through our TLW Home Improvement Service Unit; this business unit turned a profit in 2016, the first since its inception in 2010.

Our Taiwan retail businesses, including TLW (DIY) and HOLA Taiwan, registered sales of NT\$16.9 billion in 2021. Affected by a slowdown in the real estate market in Taiwan, consumer demand for replacement of household items were subdued. According to government data, the wholesale of household items and building materials grew 1.6% and dropped 2.0%, respectively, in 2021.

Year	Household item sales (NTD 100 millions)	Household item growth rate (%)	Building materials sales (NTD 100 millions)	Building materials growth rate (%)
2012	3,015	-0.98	511	-2.31
2013	3,014	-0.02	523	2.32
2014	3,181	5.54	536	2.48

2015	3,170	-0.35	527	-1.66
2016	3,016	-4.85	513	-2.78
2017	2,892	-4.13	489	4.63
2018	2,986	3.25	483	-1.22
2019	2,977	-0.30	455	-5.8
2020	1,795	-8.60	470	4.23
2021	1,824	1.60	469	-0.20

Test Rite was the pioneer in DIY solutions in Taiwan. In line with contemporary the new retail philosophy, our concept stores emphasize experiential shopping – i.e., allow customers to have in-store experiences before making a purchasing. Specialized personnel in each product section are on hand to offer professional advice for customers. As for the products themselves, Test Rite offers over 30,000 selections, allowing each customer to find all the tools and materials necessary for home fixture, decoration, and furnishing. In addition, there is a "fixture service center" in every store dedicated to meet customization requirements and to process individualized at-home renovation projects for the customer.

HOLA Taiwan offers a wide variety of home décor at the forefront of living and home styles that are in sync with global trends. HOLA offers a comprehensive lineup of household products with the most exquisite and refined living style aesthetics. These include soft and comfortable bedding, fashionable home décor fabrics, aromatic bathroom and beauty products, and polished, tasteful dining and tea utensils. Equipped with these, customers are able to fill every living space with rich and lively expressions of style, creating happy, beautiful and moving moments at home.

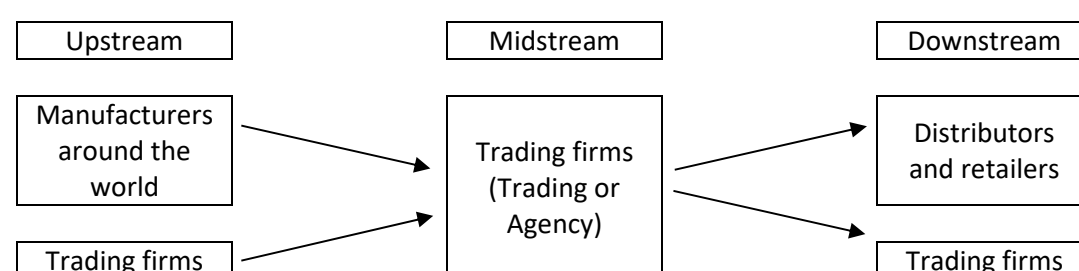
HOLA Taiwan has in-store home décor consultants offering free advice on space and color utilization and décor arrangements to customers. Furthermore, depending on individual needs, customers can ask for custom-made services using our home décor fabrics (special orders for window curtains and various other home décor fabrics), and can arrange for various specialized services, such as home-visit measurements, flexible construction periods, professional workers and installations.

Test Rite's licensed furniture, home décor and other lifestyle products include brands such as Joseph Joseph, Winix, WMF, Honeywell, Lodge, Ecovacs, Joyoung , Philips , Frette, IRIS, and WEDGWOOD, among others, and further enhance the lineup of licensed brands. Committed to developing and licensing diversified products, we opened the first Crate & Barrel home and living retail center at a shopping mall in the Xinyi District in Taipei. Holding true to our corporate vision of "All Matters at Home Matter to Test Rite for Life," we leverage opportunities to expand our retail channels.

2. Industry's upstream, Midstream and Downstream Relationships

(1) Trading Industry's Upstream, Midstream and Downstream Relationships

The main function of the trading industry is to broker trades and bridge gaps between supply and demand. The upstream and downstream structures vary depending on the types of products traded, Below is an example of the structure for trading companies that sources finished goods and sells them to distributors and/or retailers:



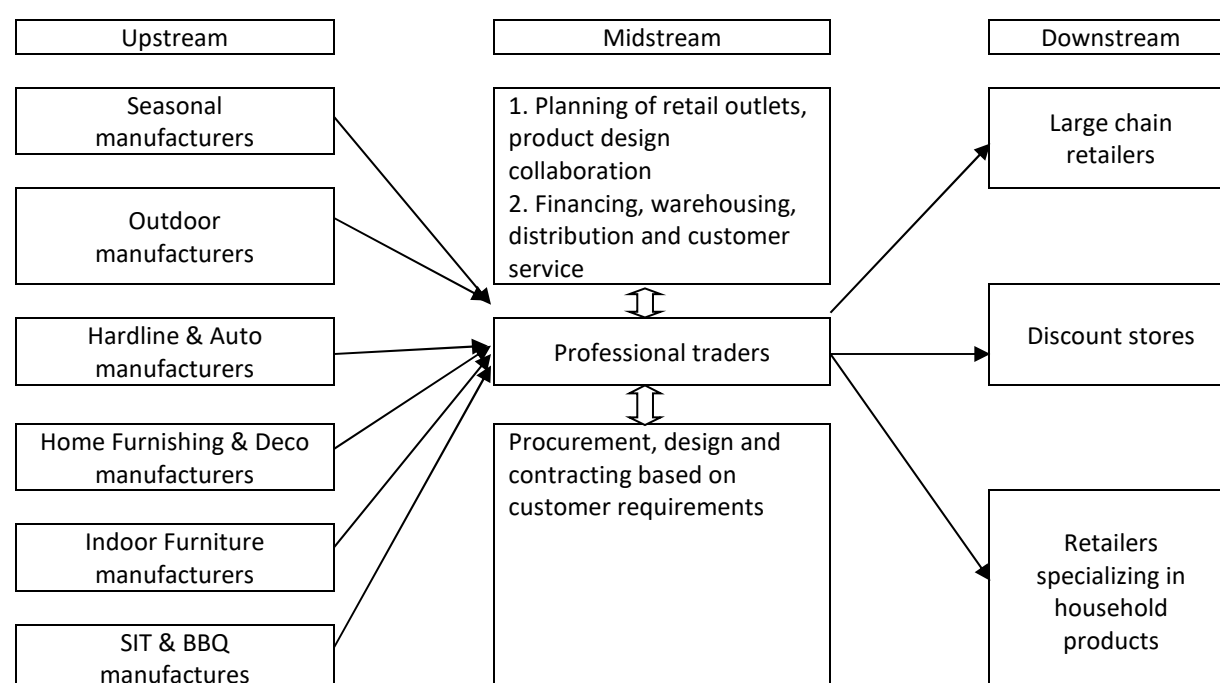
The so-called 'barriers to information access' is mainly geographic isolation and regulatory restrictions. In addition, there is the requirement from upstream and downstream vendors for working capital, as well advantages to either buyers or sellers because of product characteristics or structure of the sales channel. This situation requires trading companies to bridge the gap between potential sellers and potential buyers of products.

Overall, today's trading companies play an increasingly important role in global economic activities and have deepening relationships with both upstream and downstream vendors.

(2) Upstream, Midstream and Downstream Relationships for Hand Tool and Household Product Industries

The upstream suppliers of trading companies in hand tools and household products are the manufacturers, and the corresponding downstream customers are various channel distributors and retailers. Trading companies receive purchase orders from downstream customers through product marketing and via exhibitions. Trading companies then place orders with their upstream manufacturers and are responsible for arranging transportation, delivery, distribution, and warehousing services.

Most often, upstream manufacturers of hand tools and household products are often smaller operations who aim to sell products quickly with the intermediary services provided by trading companies. As for large downstream retailers, the benefit of placing orders with trading companies with sufficient economies of scale translates into a more streamlined ordering process. Larger trading companies can provide services beyond just order fulfillment encompass total Solution services – this include packaging, logistics, warehousing, and potentially financing services. The relationships of traders with their upstream, midstream and downstream partners are depicted in the following diagram:



In order to provide customers with comprehensive services and identify new sourcing opportunities in local markets, trading companies often open branch offices in both domestic and overseas markets. Trading companies also provide OEM or ODM products for downstream customers and some trading companies have created or acquired own brands to add to their distribution channels along with the existing products they already source for global retail customers. In addition, trading companies can also increase their on size/scalability by acquiring niche players to bolster their product portfolio. An example of this is Test Rite’s acquisition in 2013 of International Art, a Christmas and seasonal products specialist based in Shenzhen, China. In 2015, the Company acquired a Germany-based barbeque brand. We will continue to explore additional M&A opportunities going forward.

(3) Developing Trends

With economies becoming increasingly interdependent, combine with the rise of large-scale discount chains, and hypermarkets in the retail industry, the trading industry will likely face increasingly competitive in the future. Trading companies will meet these challenges only by seeking to provide more value-added and efficient services, expanding the size of its own

operations and enhancing product and service offerings, Future trends in the trading industry include the following:

A. Specialization in Products and Customer Services

With intensified competition, the role of trading companies must evolve beyond order fulfillment to include sourcing and re-selling. Many larger trading companies have already evolved to become full-service suppliers by providing product consultation and after-sales services as well as logistics and distribution functions. Since these services often involve specialized products, trading companies have also become more focused in specific product categories with complete product lines in order to fulfill their areas of specialization and competency.

B. New Markets and Competitors Post-WTO Accession Signing of ECFA, FTA between China, Japan and South Korea

Global trade liberalization remains a key driving force behind the competitive landscape for trading companies. Following Taiwan's accession to the WTO as a full member, trade practices deemed unfair or damaging to Taiwanese businesses can be resolved through the WTO. This enables all parties involved to have effective access to international trade regulations and trends in a more regulated environment, thereby mitigating regulatory risk of trading and investing activities. agreements with other countries to mitigate this impact and further eliminations trade barriers. This has had an impact on trading companies on an on-going basis, including increased pressure from overseas competitors, threats from expansion from emerging markets, and increasingly transparent information on competitors and suppliers in other markets.

C. Applications to Accommodate E-Commerce

The launch of our TR Plus website, which combines TLW and HOLA's online assets, in December 2017 continues to improve the overall user experience in browsing, buying, and interactivity. As a one-of-a-kind, one-stop online platform in Taiwan for all things related to the home, we will continue to expand our “hardline” products as well as develop “softline” offerings such as partial renovations and house-cleaning services. In addition, we embrace the new retail concept, leading to the consolidation of resources from online, offline and logistics, including the integration of big data, physical stores and IOT.

The sales results for our e-commerce retail business in 2021 were:

- TLW (<https://www.trplus.com.tw/TLW>) – annual sales revenue of NT\$950 million, accounting for 3.3% of total revenue, and 8.9% growth over the previous year.
- HOLA Taiwan (<https://www.trplus.com.tw/Hola>) – annual sales revenue of NT\$410 million, accounting for 1.5% of total revenue, and 19% growth over the previous year.

D. Capabilities of Manufacturers

With the liberalization of global trade, distributors and retailers have undergone significant changes in terms of their business structures. They have evolved from traditionally small, regionally based or brick-and-mortar sales points in the past, to larger companies that have gained stable economies of scale and enjoy significant operating leverage while becoming multi-national or global in presence.

Under these market conditions, smaller manufacturers can work with larger trading companies to become partners of trading companies’ network of suppliers. This enables smaller manufacturers to leverage the service platform established by the trading companies and at the same time minimize the financial pressure from more stringent payment terms demanded by the larger, global retailers. Smaller manufacturers can also leverage trading companies’ logistics capabilities and services or even act as representatives for functions such as product sales, warehousing and distribution.

E. Competition Status

Currently there are no competitors of comparable size in Taiwan to Test-Rite. However, there are many small and medium-sized trading companies in the North American and European markets operating at a much smaller scale than Test Rite in terms of business operation Test Rite’s size enables it to widen the gap versus smaller operators given its relative scale, and portfolio of add-on services such as QA/QC, logistics, and warehousing capabilities.

5.1.3 Research and Development :

Not applicable, as the Company is engaged in the trading industry and is not involved in R&D other than product design.

5.1.4 Long-term and Short-term Development

1. Operational Guidelines

(1) Steady Growth of Trading, the Company's Primary Business

- A. Our approach is to capitalize on our accumulated experience and resources garnered over the years in services such as product design, packaging design, logistics, and warehousing. Our trading business will continue to be nurtured with key accounts. We will also develop new business services and products for multi-national retail operators with comprehensive solutions for cross-border procurement. In addition, we will also be actively developing brand distribution rights for the domestic Taiwan market. Moreover, we will continue to expand partnerships in procurement agency services with existing customers. we will continue to cultivate additional opportunities to grow our agency business.
- B. We continue to expand our procurement team in Southeast Asia to develop new regional procurement sources in support of improving production and marketing cost efficiency. Furthermore, we have set a subsidiary business to provide customers access to product quality assurance and quality control services. We have modularized the trading supply chain to provide customized trading services, thereby expanding our service capacity.

(2) Maintaining Growth Our Retail Business

- A. Taiwan retail's store expansion is for the community channel. In addition, Test-Rite continued to remodel the hypermarkets to strengthen the irreplaceability of physical stores. At the same time we will keep developing private label and unique products to solidify our leading position in the market. Starting in Q3 2019, our TLW channel further reinforced its engagement with local communities through the introduction of small-format stores in providing residents with access to high-quality home goods and services. We remain poised to fulfill the full potential of all our retail channels.
- B. Taiwan's consumer market is a relatively more mature market, but it is a market where more and more consumers are looking to make purchases to improve their standard of living. In this respect, we have honed in on developing localized services to meet customer demand.

(3) Group Integration

The Group continues with its integration effort. Trading business will look to become distribution agent for global brands in both Taiwan and China.

2. Important Marketing and Development Strategies

(1) Product Marketing:

- A. Strengthen marketing and promotional capabilities on the trading side; continue to nurture our relationships with key customers; take advantage of our existing ISO-90001 certification and specialty in hardline trading product development and packaging; acquire new customers and new markets.
- B. Increase sales and profits by leveraging efficient cross-departmental functions to provide consistent service, on-time delivery, and high-quality products, This builds on efforts to retain customer loyalty and to entrench ourselves as a trusted and reliable supplier. Additionally, to meet the needs of retail customers operating in multiple consumer markets, we work with the marketing/promotional strategies of our customers to offer additional logistics services that are tailored their needs.
- C. Enhancing our presence in Taiwan by establishing additional stores, we provide a tight service network aimed at domestic and overseas customers, thus enabling us to enter new markets and to collect information on market supply and demand as well as on products.
- D. On the retail side, the company focuses on experiential marketing and digital marketing.

(2) Product Development:

- A. Continue to develop hardware, hand tools and household products, thereby reinforce our reinforcing as a trading company specializing in hardline and house ware products. Product innovations to encompass new design concepts, ergonomic benefits, multi-

function/specialized functional capabilities, in order to meet-fast-changing consumer demands.

- B. Taking advantage of our specialty in hardline trading, we intend to explore possibilities of entering relevant product domains and expand our product lines to realize synergies when combining new and existing products.
- C. Both TLW and HOLA are actively developing private label products to extend their product ranges. The main product categories cover-bedding, dining wares, storage to cook wares.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Sales (Service) Region

(Unit : NTD thousand)

Division \ Year	2020		2021	
	Amount	%	Amount	%
Asia	18,833,129	45.1%	19,084,179	43.6%
America	20,361,360	48.7%	21,902,619	50.1%
Europe	2,516,492	6.0%	2,684,472	6.1%
Australia and Others	79,722	0.2%	86,088	0.2%
Total	41,790,703	100%	43,757,358	100%

A.Export Markets

The U.S. economy remained robust throughout 2020, underscoring our sales volume that constituted 50.1% of total trading consolidated revenue. Our sales to Europe was 6.1%. Demand from Asia continues to grow on the back of brisk economic development and increasing consumption. Test Rite's 11 sales locations span over 8 countries globally, and distribution centers have been established in Taiwan,-Germany, and the United States. Moreover, the US distribution center offers warehousing, and delivery and management services for clients in the trading sector. With the trading arm of Test Rite being present in every corner of the world, the Company will be able to take the initiative to provide comprehensive services to customers in the retail sector and benefit from the growing markets .Construction began on a second warehouse in the U.S. east coast, already to open in 2020 and Provide the service to meet customers' requirements and expand related businesses.

At present, hardware and tools, interior design and fixtures, and seasonal merchandise account for most of the Company's exports. The Company will actively engage in development a more comprehensive series of products and product mix, which will enable us to compete more effectively in the markets and to diversify the risk of having only a single product line.

B.Domestic Market

As of the end 2021, Test Rite Group operated 26 TLW (DIY) stores, 25 small TLW stores, 26 HOLA stores, in Taiwan respectively. Our strategy of operating in the "light renovation" market and cultivating market share in communities with our "Easy to Buy for Home Renovation" and small- and medium-sized DIY retail services, we now offer more comprehensive products and services for customers' home renovation and furnishing needs.

2. Market Share

- A. Hand tools: Test Rite's subsidiary has shown steady growth in sales income, which is expected to grow in line with the expansion of the overall brand.
- B. Home appliances: At present, no statistical data is available for this segment given the highly-varied and diverse nature of these products.

3. Future Supply, Demand and Market Growth

Housing and autos have shown strong market demand in North America. Growth in Europe has been steady while growth in the rest of the world been moderate.

4. Competitive Niche

A.Steady and continuing growth of the Company's primary business Trading

We continue to expand our operations with through five principal strategies: new products, customer development, product design, brand licensing, and the development of regional markets. With the expansion of our business scope that includes the purchasing agency business, we have also added several new agency clients.

B. Product innovation contributing to our sales advantages and added value

Competition in the market is becoming more intense. As such, the Company increasingly attaches greater importance on product design and R&D. In addition to collaborating with manufacturers to produce product packaging and exteriors that meet our customers' requirements, we have also solicited the help of a dedicated industrial design team to create unique products for the Company's products portfolio.

C. Transforming trading experience and branching out into retail outlet operations

Most of our current customers are the large retailer. With accumulated more than several years of practical experience in procurement for retailers which gain in-depth understanding of retailer's business model. Therefore, we involve in the retail industry and recover the result of retail business gradually.

D. The Company's trading operations provided valuable insights into how the retail industry is evolving globally. We then leveraged this experience to at a retail business level, resulting in our building of a leading DIY and home furnishing retail chains in Taiwan. We expect to continue capitalizing on synergies between our trading and retail businesses going forward.

5. Favorable and unfavorable factors for the Group's outlook and response measures

Favorable Factors :

A. The Company has a sound financial structure, access to working capital and a comprehensive global procurement and sales network. This enables us to readily take advantage of market information and customer trends and gain access to products with a sufficient and stable supply as well as quality that is controlled under stringent conditions. We also have strong marketing and procurement teams which are essential in giving us a competitive edge in international markets.

B. Focusing on products, our procurement network extends its reach to geographically diverse suppliers throughout the world. With a solid foundation of business operation, we are able to provide comprehensive services to our customers, which are among the world's leading retail enterprises. Our customers' growth will drive our growth.

C. An increasing number of retailers are engaging procurement agents to conduct procurement on their behalf. The Company is also actively pursuing the expansion of our agency operations to tap into a major growth driver of revenue.

D. Our DIY business is growing at a steady pace. HOLA Taiwan's private label products are gaining traction with consumers and already accounts (including that of HOLA Casa and HOLA Petite. The percentage of our private label products continues to grow steadily, as do average gross margins in HOLA Taiwan. Within the next three years.

Unfavorable Factors:

A. As demand from emerging economies rises, prices of raw materials are expected to increase accordingly.

B. Fluctuation in the U.S. dollar relative to Asian currencies.

C. Faster- than-expected increase in labor costs in China.

D. Difficulties passing on pressure on our gross profit margin on to higher ASPs.

E. The worldwide supply chain continues to be affected by challenges relating to the COVID-19 pandemic.

The Company's response strategies are as follows:

A. Continuing to expand our agency business to provide retail customers and suppliers with more cost-effective communication channels, as well as reducing the Company's own working capital requirements.

B. Cooperating with suppliers in the supply chain to improve design and product development capabilities, enhancing purchasing and bargaining power, and raising the added value of products as well as reducing procurement costs.

C. Strengthen the global sourcing capability and use the long-term stable cooperation with sea freights and forwarders to maintain the steady and flexible shipments and supply chain.

5.2.2 Production Procedures of Main Products

1. Major Products and Their Main Uses:

(1) Test Rite Trading Business Group: market deployment in the Americas, pan Europe, New Zealand & Australia, Southeast Asia India.

Business Sectors	Major Products	Main Uses
Seasonal	Gardening Christmas deco accessories	●Maintenance of gardens (shovels, sprinklers, etc.) and beautifying home environment. ●Christmas gifts and products.
Outdoor	Outdoor furniture BBQ	●Outdoor Furniture (Outdoor tables and chairs, ice bucket, tents, etc.) and BBQ barbecue stoves and other equipment.
Hardline & Auto	Hand tool Tools Hardware Auto accessories Auto parts New business development	●General Hand Tools (including axes, saws, wrenches, and pliers) for Do It Yourself (DIY) projects, essential for the installation and maintenance of household accessories. ●Hardware Components (e.g., screws) for the necessary spare parts for maintenance. ●Automobile accessories and supplies (e.g., automobile mats and windshield wipers) and automotive repair and maintenance products.
Home Furnishing & Deco	Bathing and Storage Kitchenware Home decoration Luggage & Travel accessories	●Home storage box and cabinets or do it yourself (DIY)'s furniture supplies. ●Travel Storage Products (trunk).
SIT	Stationery supplies Indoor furniture Office supplies	●OA Furniture (e.g., desks and office chairs). ●Stationery (e.g., office supplies, file folders and document holders).
Electronics and lighting merchandise	Computer peripherals and accessories Consumer electronics Household lighting Sports and leisure equipment Grills and barbecue equipment	●Computer Accessories 3C merchandise. ●Ceiling fans, electric fans, lamps (including wall-mounted lamps, table lamps, and floor lamps), products designed to enhance airflow indoors and to provide lighting and accessories for both indoors and outdoors. ●Small consumer electronics for individual or family use that adapt well to a user's daily life, and other electrical appliances, such as blow-dryers, shavers, and infrared detectors. ●Sports and leisure related products (bicycles, beauty and health merchandise) – recreational products designed to enhance the entertainment aspects of daily life. ●BBQ, grills etc.

(2) Test Rite Retail Business Group: market deployment in Taiwan.

Product Sector	Channel Brand	Sales Merchandise and Services
Home Furnishings	HOLA HOLA Petite hoi!good life	●A leader in lifestyle trends, HOLA provides fashionable and diverse furniture supplies. There are 26 stores in Taiwan. ●New concept store focused on bedding/dining/bath-related lifestyle applications. There are 6 stores in Taiwan. ●With the depth exploration of the elements really needed in "good life", the concept of material selectionand integrating all resources, providing you with the most secure professional delivery, installation, and after-sales service.There are 8 stores in Taiwan.
Home Improvement	Test Rite Retail Test Rite good helper	●Comprehensive, professional, and leading DIY brands for home improvement supplies and services with 27 stores in Taiwan. ●Cultivating community services, opening the small TLW with 25

	Test Rite Interior Design	stores. ●Provides various communal home and business office decorations, kitchen modifications, plumbing and electrical maintenance, waterproofing and leak repair, as well as air conditioning repair advice, services with 2 stores.
Mattresses and Bedding	HOLA CASA REVE WEDGWOOD FRETTE	●Sells high-quality furniture, such as mattresses, sofas, sofa beds, and leisure chairs. Exclusive agent for world-renowned brands, such as La-Z-Boy lounge chair, Kingstown mattress, and Kaka Home sofa. Conducts sales through open stores and transparent pricing, and provides comfortable shopping spaces. There are of 26 store counters in Taiwan. ●The Company is the agent for the Reve with 5 store counters. ●The Company is the agent for the Wedgwood home and bedroom decorated fabrics brand. There are presently 14 store counters. ●The Company is the agent for the Fretter premium Italian bedding brand. There are presently 1 store counters.
Comprehensive Household Integrated Services	DÉCOR House	●Professional services integrated with home improvement, home furnishing, furniture, bedding, interior design, and full-house decorations. Collaborates with various representative catering, home appliance, and service brands. Positioned as the “Comprehensive Home Integrated Services Solution” provider, the unit’s base in Taoyuan Nankan has a floor area of approximately 4,300 pings and a business area of 17,300 pings. Taiwan’s first large-scale shopping mall for household-themed merchandise, there are 2 stores in Taiwan.
Brand Agent	Crate & Barrel	●In 2015 American household channel brand launched in shopping centers in Taipei and Taichung Another store opened in 2016 at Top City Taichung; In 2019 our first outlet store was opened. There are presently 3 store counters. There are presently with 3 stores.

2. Major Products and Production Processes: N/A. The Company is engaged in the traditional trading industry and is not involved in manufacturing.

5.2.3 Supply Status of Main Materials

The Company does not manufacture any products; thus no issues exist with regard to supply of raw materials. Upstream suppliers are mainly manufacturers of hardware and hand tools, household products, furniture, office supplies, and IT products. The Company maintains long-term relationships and is on good terms with upstream suppliers. We collaborate with them extensively on product specifications and delivery dates, and the supply of products has not been a problem.

5.2.4 Major Suppliers and Clients

1. Major Clients (each commanding 10%-plus share of annual order volume) Information for the Last Two Calendar Years.

Company Name	2021			2020			2022/03/31		
	Amount	Percent	Relation with Issuer	Amount	Percent	Relation with Issuer	Amount	Percent	Relation with Issuer
A Co.	7,263,209	16%	No relation	6,452,112	14%	No relation	1,645,815	17%	No relation
B Co.	5,649,961	13%	No relation	5,526,196	13%	No relation	1,075,290	11%	No relation

2. Major Suppliers Information for the Last Two Calendar Years: NA.

5.2.5 Production in the Last Two Years: N/A.

The Company is engaged in the trading industry and is not involved in manufacturing.

5.2.6 Shipments and Sales in the Last Two Years

Unit : NTD\$ million

Business Units \ Year	2020		2021	
	Local	Export	Local	Export
	Amount	Amount	Amount	Amount
Principal Trading(Agency)	-	23,090,541	-	25,206,249
Taiwan Retail	16,586,594	492,175	16,666,044	243,181
Others	1,621,393	-	1,641,884	-
Total	18,207,987	23,582,716	18,307,928	25,449,430

5.3 Human Resources

Test-Rite International Co., Ltd., and Subsidiaries

Year		2020	2021	As of May 25, 2022
No. of Group Employees	Headquarters	1,661	1,709	1,771
	Store	2,754	2,834	2,869
Average Age		38.74	38.40	38.91
Average Years of Service		7.52	7.36	7.31
Education`	Ph.D.	0.22%	0.00%	0.02%
	Masters	5.35%	4.86%	5.13%
	Bachelor's Degree	69.87%	71.40%	69.65%
	Senior High School	22.23%	22.51%	22.15%
	Below Senior High School	2.33%	1.22%	3.05%

Test-Rite International Co., Ltd.

Year		2020	2021	Until May 25, 2022
No. of Group Employees	Headquarters	368	360	352
	Store	0	0	0
Average Age		43.29	42.78	43.20
Average Years of Service		10.04	9.44	9.92
Education	Ph.D.	0.00%	0.00%	0.00%
	Masters	13.42%	12.64%	12.32%
	Bachelor's Degree	74.52%	73.88%	74.21%
	Senior High School	12.05%	13.48%	13.47%
	Below Senior High School	0.00%	0.00%	0.00%

5.4 Environmental Expenditure Information:

The Company is an international trade, retail and wholesale business, with zero emissions scenarios. No environmental protection measures are applicable in terms of relevant licenses, payable fees, investment in equipment or personnel to meet requirements.

To increase energy efficiency, we have since 2013 replaced rolled out energy efficient and environmentally friendly lighting equipment. In our stores, more power consumption of the lights installed in the sub-district switch, and adjust the store's contract capacity, and then control the performance of power consumption. Total expenditure on environmental conservation over the last

three years, including installation of energy saving lighting fixtures, waste management and wastewater treatment, are listed in detail as follows:

Items	2019	2020	2021
Installation of energy saving lighting fixtures	3,706,546	2,666,756	2,934,962
Waste management	7,916,732	9,141,155	10,515,897
Wastewater treatment	432,249	481,300	602,281
Total expenses	12,055,527	12,289,211	14,053,140

5.5 Labor Relations

- The Company's various employee welfare, educational, training, and retirement-programs are implemented in agreement between management and labor and fulfills the rights of labor.

(1) Employee Welfare Programs:

To promote the welfare of our employees and to create an environment in which our employees can enjoy working in, the Company has in place an Employee Welfare Committee to facilitate the promotion and implementation of various employee welfare measures. The funding source of the Employee Welfare Committee is 0.1% of Company's total monthly revenue and 0.5% of the employee's salary. The benefits of Employee Welfare Committee include birthday gifts, gift certificates, flexible welfare subsidies (such as keep learning, cultivate interest, stress reduction for health care and travel subsidies), wedding and funeral allowances, emergency assistance, group subsidies, sports meetings, specific store offers. For the benefit of employee physical and mental health, we work with Hsinchu Life Line to provide the free consultation for employees and we also cooperate with the Blood Service Foundation on setting up blood donation days, and hold health forum with the relevant units. In addition, the Company's welfares program contain provision for employee health plans (labor insurance, health insurance, group/commercial insurance and employee physical examinations), employee shopping discounts, product sample auctions, senior employee rewards, festivities, and the end-of-year party.

(2) Employee Education and Training Programs

Test-Rite holds the spirit that continuous learning is the sustainable operation of the company and the maintenance of competitiveness, so establish Test-Rite University. In addition, the learning organization – including the Management College, Trading College, Retail college and General Training College – has been set up in order to develop the human resources systematically. It has launch and implementation of the annual training plan, training and developing the core functional competency of all employees and supervisor's leadership functions and implement systematic feedback to review the effectiveness of training. In addition, the company has introduced digital learning platforms and developed a variety of e-learning digital courses "PaGamO", which includes the improvement of online learning multiple interactions, the micro-learning of short – answer questions to triggers thinking about the problem-solving breadth and depth. Furthermore, it breaks from traditional training formats and combines online and offline experiences, to successfully create an environment that improves the willingness of participants to learn at Test Rite, thus enriching their learning experience and personal growth. Under the impact of the epidemic, it can avoid suspension of learning and still be able to actively invest in digital learning. The company invest in digital learning actively which demonstrate that the enterprise focus on human resource development and result. Even under the impact of the epidemic in 2021, it can still use Live stream, digital learning with physical training and other mixed designs to persist and provide flexible and diverse training resources.

- Management training: The courses are designed and categorized based on the skills required for the different levels of leadership management. Basic-level management courses focus on personnel management, inheritance the company's

management philosophy and culture. These courses include the roles and duties of executives, performance management, motivation, and interpersonal communication for executives. Guided by practical cases to deepen manager's basic concepts and skills. Mid-level management courses concentrate on teamwork and creating synergy through self-regulated team learning. Furthermore, the Action Learning technique is introduced for trainees to learn to simultaneously address organizational issues and fully apply what they have learned to their work. Gross of include courses that teach trainees to establish teamwork, how to cultivate employees' potential, etc. High-level management courses are designed with an emphasis on forward-looking strategic thinking and self-improvement. Senior management is given advice on the operation of the company by the board members, with external consultants hired to help inspect the situations encountered and come up with countermeasures, in an effort to enable senior management to continue to develop strategies and look ahead as it endeavors to expand the company. At the same time, the company attaches much importance to the self-improvement of its senior executives. Based on individual needs, they are sent to participate in external humanistic and leadership training programs. To shape company culture, it promotes case studies and new cultural experience activities, so that executives actively discuss and share feasible practices with each other and within the unit in a classroom setting. This contributes to entrench corporate culture.

- B. Specialized training: Specialized training roadmaps are drawn up based on various key specialized functions. A series of specialized courses on subjects including purchasing, marketing, and trading are designed for both beginners and advanced learners. In recent years, career roadmaps have been formulated to encourage employees to develop a second specialty and accumulate different kinds of specialized experiences. In addition, to enable employees to quickly adapt themselves to external changes, apart from internal training sessions the company periodically sends employees to external training sessions or workshops, in an attempt to raise their awareness of market changes and maintain their level of specialized skills. For instance, we bring together our professional "masters" from all stores into different group setting, and give them missions from gathering, organizing professional knowledge, to holding workshop activities. Based on product categories and services, experience and professional training, discussions are held that builds a database to be applied to all units in the Company. Externally, it can be used to meet customers' needs and increase satisfaction; Internally, it is a tool to maintain and pass down our professional knowledge, improve the exchange of information among stores, and motivate our employees to improve their personal skills. Moreover, the Company provides employees with the opportunity to work overseas and subsidizes their foreign language learning expenses.
- C. General knowledge training and orientation: Various general knowledge courses for various levels of the management are designed based on individual employees' general knowledge functions, with the aim of helping them improve their efficiency. These courses include communication skills, presentation skills, project management, problem analysis and resolution, and customer service. The company attaches much importance to employees' level of identification with the company's culture. During orientation, senior executives personally introduce the company's development and strategies. Courses are also designed to introduce the company's values, so that employees understand that the company values honesty, responsibility, humility, high performance and Customer orientation. In addition, a mentor system has been introduced to provide continuous attention to new employees. Each employee has an exclusive Mentor, who will lead the junior staff to work in a planned way, impart professional knowledge and skills, and guide the new staff to integrate into the company culture, gather centripetal force

and improve their development continuously .

Training programs	Training sessions	Attendees	Training Hours	Training expense
General knowledge training	17	655	6,042	\$ 4,473,797
Specialized training	171	16,843	37,134	
Management training	11	16,641	8,612	
Total	199	34,139	51,788	

(3) Staff ethical conduct and code of ethics:

- A. The company has established code of conduct or staff to follow in their daily work. All employees are required to comply with the ethical conduct and code of ethics of the Company. For example, to adhere to the principles of integrity and honesty, protecting the Company's reputation, exhibiting a spirit of teamwork, loyalty and diligently finishing one's duties, avoiding arrogance and greed, and refraining from behavior that may damage the reputation of individuals or the institution, Staff are also prohibited from using their position to accept gifts or favors.
- B. All staff members sign a confidentiality agreement that stipulates they should carefully manage confidential information pertaining to their duties, except in cases where it is necessary to provide information for the execution of a certain duty, information not disclosed by the Company itself may not be disclosed to a third party or for purposes other than those related to the work in question. This applies also for those staff members who have signed the agreement but are no longer with the company.
- C. The company has established a "Major Internal Information Processing Procedure" in order to establish good internal processing and a mechanism within the Company for the disclosure of major information; this procedure prevents improper information leaks and ensures the consistency and accuracy of the information published by the Company.
- D. The company has established "Personal Data Management Objectives and Policies" for the management and preservation of the company's proprietary information, including that of its personnel and customers. To better regulate the behavior of employees using computers, the company has established its "Internet Security Management Regulations" and "Information Security Incident Management Regulations," with which all employees must comply.
- E. The company has established a Code of Ethics for Business Management and Integrity Declaration and Undertaking. Employees are encouraged to find breaches in the rules or the Code of Practices Act, which can be reported via a special mailbox.
- F. In order to maintain gender equality and respect at work, the Company prohibits all sexual harassment behavior in the workplace. "Sexual Harassment Prevention Measures, Claims, and Disciplinary Regulations," are in place and employees are encouraged to participate in gender-related educational workshops.
- G. Measures in place to advocate the above provisions. Their contents can also be found in the Company's internal messaging systems and the Company's official website.

(4) Retirement programs and status of implementation:

- A. The company has adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to an employee's individual pension contributing the equivalent of 6% of monthly salary and wages.
- B. The company has adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salary of the six months prior to retirement. The consolidated company allocates pension based on the total monthly salary of the employees according to the actuarial's calculation. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The plan assets are invested in domestic (foreign) equity and debt

securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds of the Ministry of Labor or under mandated management. In accordance with Regulations for Revenues, Expenditures, Safeguarding and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

C. As at year-end 2021, the fair value of the assets in the Company's retirement fund was NTD27,479million; the figure for the consolidated company was NTD312,988million.

(5) Labor-management agreement:

The provisions of the Labor Standards Act apply to the Company, and labor-related affairs are carried out in accordance with this Act. An employee suggestion box is available to take into consideration the opinions of employees and to address their complaints, as well as to solicit feedback and recommendations from them as the basis for improving the Company's operations going forward. Since the Company has always attached great importance to employee welfare and valued two-way communication with employees, we have had very amicable labor relations since the Company's inception and there have not been any incidents of labor dispute.

(6) Fulfillment of labor rights and interests:

The Company has established a set of human resources management guidelines and has been reinforcing the rules contained therein to protect the rights and interests of our employees.

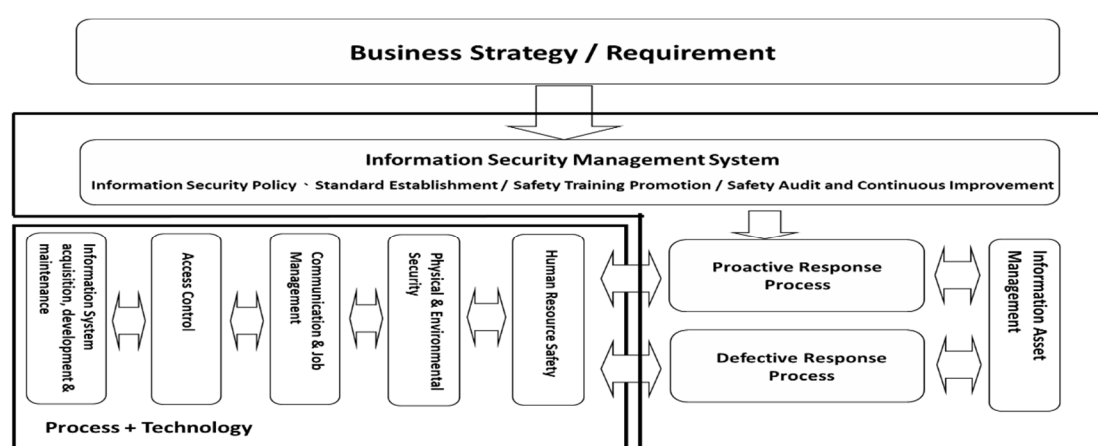
2. In the past two years, the Company has had only two case of labor mediation that resulted in a NT\$130,000 settlement. The Company is committed to strengthening communications with employees and intends to maintain benefit programs that are satisfactory to them so as to promote harmonious labor relations and to reduce the likelihood of any labor disputes in the future.

5.6 Information Security Management

5.6.1 Information Security Policy and Management Plan

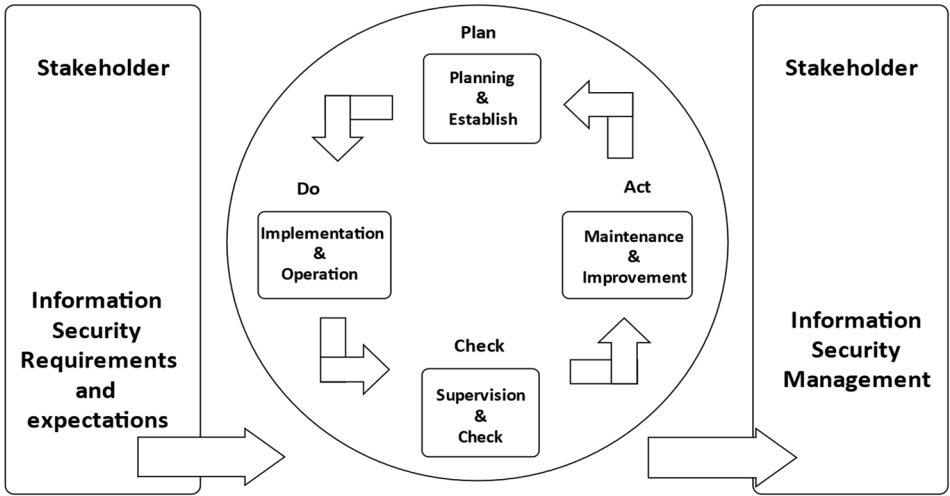
(1). Information Security Risk Management Framework

The company introduced the ISO27001 "ISO 27001 Information Security Management System" guideline to define the information security management framework, the approach, guiding principles, management processes and technology in order to protect the information security and the effectiveness of information security management, Set up the information technology management committee, responsible for establishing and maintaining the organization vision, strategy, and program to ensure the information assets and technology are well protected, and implement the various management and control requirements, conduct the board meeting every six months, review the implementation and ensure the management standards.



Adopt PDCA (Plan-Do-Check-Act) methodology and mechanism, define the standard operation policy and procedures control potential threats. Plan the risk assessment (Plan), design and implement the control procedures (Do), compliance review (Check), and improve

actions (Act) are strictly implemented to continuously improve and strengthen the information security management.



(2). Information Security Goals and Policies

- 1. In order to manage the information security risk, and achieve the target of establishing the information security system, the emergency response capability and the complete system development environment, company establish the information security policy to protect the confidential and sensitive data, defense of external and internal data loss prevention, and improve the quality of information services.
- 2. Information Security Policy :
 - A. Protect the confidentiality, integrity and availability of information assets, and further to provide secure, stable and efficient information services.
 - B. Ensure the access to information assets is duly authorized to prevent unauthorized access, tampering, destruction or improper disclosure.
 - C. Establish information security incident response procedures to reduce operation impact.
 - D. Provide information security awareness and education training regularly, strengthen the recognition and protection knowledge of information security for all colleagues.
 - E. Implement the information security safety management operation, and regularly review of implementation effectiveness to maintain the effectiveness of the information security management system.

(3). Specific Management Plan

Information Security Management Measures		
Type	Description	Operation
Access Control	Management measures for personnel access to internal and external systems and account permissions	• Personnel account authority management and audit • Regular inventory of personnel account permissions • Privilege account management • Operational behavior

		track record
External Threat and Internal Vulnerability Management	Protection against external threat detection, internal vulnerabilities, virus protection and malware	• Network planning and threat monitoring • External network connection management • Virus protection and malware detection • Server / computer vulnerability protection and update measures • Vulnerability scanning / Penetration testing
Application System Security	Application system security and the process when service is interrupted	• Application system development information security check • Program security scan • Information backup, local/remote backup mechanism • Regular recovery drills
Human and Environmental Safety	Data center security maintenance and equipment management	• Control of personnel entering and leaving the data center • Device management • Data center environment management

(4). Invest resources of the information security management

1. Insurance and Budget

Company established comprehensive network system and computer-related information security protection procedure, but not guarantee that the company will not be affected by new cyber attacks and information security threats, for example, hacker attacks or ransomware. In order to prevent the financial impacts from major information security incidents and protect the rights and interests of customers and investors, "Data Protection Insurance" has been insured for incident handling and resulting losses. We continue to budget and invest on implementing information security defense capabilities.

2. Execute work & invest in manpower

Conduct the email social engineering drills for all employees of the group twice in 2021, and the drill results complied with the standards required by the National Information Security Council, and complete the annual information security training for all employees.

Set up a dedicated information security team, with a Chief Information Security Officer (CSO) in addition to the organization of information security operation management team, who is responsible for establishing and maintaining the security strategy and program to ensure the information assets and technology are well protected, implement the various management and control requirements, perform the security protection activities, vulnerability scanning, penetration testing, and cooperate with 7*24 outsourced intrusion detection to monitor and manage the security events, continuously optimize the operation of the information security management.

5.6.2 No major information security incidents in recent years

In 2021 and During the current fiscal year up to the date of publication of the annual report, the company has not been punished or caused major financial losses due to major information security incidents.

5.7 Important Contracts

December 31, 2021

Agreement	Counterparty	Period	Major Contents	Restrictions
Lease Agreement	Tsai Wang Enterprise Company Limited	2017.12.26～ 2022.12.25	Lease Test Rite International Co., Ltd. building	The lease annual rent of NT\$ 329,455,226. During leasing year, the yearly rental has to be increased by 1% of previous year agreement.
Long-term loan	Syndicate Loan primarily coordinated and run by First Commercial Bank	2019.06.17 ～2024.06.17	Borrower: Test Rite International Co., Ltd. Project: Credit financing/credit cycles financing	Financial debt ratio cannot exceed 150% Liquidity ratio cannot be lower than 100%. Interest protection multiplier cannot be lower than 250%. Net Worth cannot be lower than NTD5.20 billion. It is calculated based on annually individual financial statements of Testrite.
Long-term loan	First Commercial Bank	2019.05.15～ 2023.05.15	Chung Cin Enterprise Co., Ltd.	Loan secured by the construction land of Chung Cin Enterprise Co., Ltd.
Long-term loan	First Commercial Bank	2021.10.04～ 2026.12.02	Borrower: Test Rite Retail Co., Ltd. Project: relief and economic stimulus package	None
Long-term loan	First Commercial Bank	2020.10.12～ 2022.10.12	Borrower: International Art Enterprise Co., Ltd. Project: relief and economic stimulus package	None
Long-term loan	First Commercial Bank	2020.10.07～ 2022.10.07	Borrower: Testrite Brand Agency Co., Ltd. Project: relief and economic stimulus package	None
Long-term loan	First Commercial Bank	2020.07.28～ 2022.07.28	Borrower: Test Rite C&B Co., Ltd. Project: relief and economic stimulus package	None
Long-term loan	Chang Hwa Commercial Bank	2021.12.22～ 2023.12.22	Borrower: Test Rite International Co., Ltd. Project: Credit financing/credit cycles financing	None
Long-term loan	Chang Hwa Commercial Bank	2021.12.29～ 2024.12.29	Borrower: Test Rite Retail Co., Ltd. Project: Credit financing	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Long-term loan	Taishin International Bank	2021.03.24～ 2023.03.24	Borrower: Test Rite International Co., Ltd. Project: Credit cycles financing	Financial debt ratio cannot exceed 150% Liquidity ratio cannot be lower than 100%. Interest protection multiplier cannot be lower than 250%. Net Worth cannot be lower than NTD5.20 billion. It is calculated based on annually individual financial statements of Testrite.
Long-term loan	KGI Commercial Bank	2021.09.27～ 2023.09.27	Borrower: Test Rite International Co., Ltd. Project: Credit cycles financing	None
Long-term loan	Taiwan Business Bank	2021.12.21～ 2024.12.21	Borrower: Test Rite International Co., Ltd. Project: Credit Project: Credit cycles financing	None
Long-term loan	Taiwan Business Bank	2020.12.18～ 2023.12.18	Borrower: Chung Cin Enterprise Co., Ltd. Project: Credit cycles financing	None
Long-term loan	The Export-Import Bank of the Republic of China	2019.05.16～ 2025.05.16 2020.05.05～ 2026.05.05	Borrower: Test Rite International Co., Ltd. Project: Credit financing	None
Long-term loan	The Export-Import Bank of the Republic of China	2019.12.06～ 2025.12.06	Borrower: Chung Cin Enterprise Co., Ltd. Project: Credit financing	None
Long-term loan	Jih Sun International Bank, Ltd.	2020.06.11～ 2023.06.11	Borrower: Test Rite International Co., Ltd. Project: Credit Project: Credit cycles financing	None
Long-term loan	Jih Sun International Bank, Ltd.	2020.11.10～ 2024.05.30	Common Borrower: Tony Construction Co., Ltd. Project: credit cycles financing	None
Long-term loan	Jih Sun International Bank, Ltd.	2020.11.10～ 2024.05.30	Common Borrower: Test Cin M&E Engineering Co., Ltd. Ltd.Project: credit cycles financing	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Long-term loan	O-Bank	2021.07.16～ 2023.07.15	Borrower: Test Rite International Co., Ltd. Project: Credit Project: Credit cycles financing	Financial debt ratio cannot exceed 150% Liquidity ratio cannot be lower than 100%. Net Worth cannot be lower than NTD5.20 billion. It is calculated based on annually individual financial statements of Testrite.
Long-term loan	O-Bank	2021.06.23～ 2023.06.22	Borrower: Test Rite Retail Co., Ltd. Project: credit cycles financing	Financial debt ratio cannot exceed 150. Liquidity ratio cannot be lower than 100%. Net Worth cannot be lower than NTD2.0 billion. It is calculated based on annually individual financial statements of Testrite.
Long-term loan	O-Bank	2018.04.20～ 2023.04.19	Borrower: Test Rite Business Development Corporation (China) Co., Ltd. Project: Loan Secured	Using Test Rite Business Development (CHINA) Co Ltd.'s real Estate in Shanghai as the Mortgage Guarantee.
Long-term loan	Hua Nan Commercial Bank	2021.12.27～ 2023.12.27	Borrower: Test Rite International Co., Ltd. Project: Credit Project: Credit cycles financing	None
Long-term loan	Bank SinoPac Company Limited	2021.11.12～ 2023.11.30	Borrower: Test Rite International Co., Ltd. Project: Credit cycles financing	Financial debt ratio cannot exceed 200% Liquidity ratio cannot be lower than 100%. Interest protection multiplier cannot be lower than 250%. Net Worth cannot be lower than NTD5.20 billion. It is calculated based on annually individual financial statements of Testrite.
Long-term loan	Bank SinoPac Company Limited	2019.11.21～ 2022.05.31	Common Borrower: Tony Construction Co., Ltd. Project: credit cycles financing	None
Long-term loan	Bank of Taiwan	2021.11.08～ 2023.11.08	Borrower: Test Rite International Co., Ltd. Project: Credit Project: Credit cycles financing	None
Long-term loan	Yuanta Commercial Bank Co., Ltd.	2021.07.13～ 2024.07.12	Borrower: Test Rite International Co., Ltd. Project: Credit cycles financing	None
Long-term loan	Far Eastern International Bank	2021.11.16～ 2023.11.16	Borrower: Test Rite International Co., Ltd. Project: Credit cycles financing	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Consolidated Balance Sheet

Unit : NTD\$ thousand

Item \ Year		Year 2017-2021 Financial Summary (Note1)					2022/3/31 (Note2)
		2017	2018	2019	2020	2021	
Current Assets		11,851,316	13,362,576	13,600,889	16,260,793	17,620,569	17,523,313
Property, Plant and Equipment Note(2)		5,618,359	6,886,512	6,490,332	6,295,191	6,157,708	6,314,657
Right-of-use asset		-	-	9,606,013	9,121,775	8,918,975	8,597,354
Intangible Assets		2,571,107	2,591,183	2,577,136	2,543,084	2,500,514	2,494,090
Other Assets Note(2)		2,831,496	3,157,748	3,401,580	3,440,855	3,174,407	3,434,030
Total Assets		22,872,278	25,998,019	35,675,950	37,661,698	38,372,173	38,363,444
Current Liabilities	Before allocation	10,230,994	12,052,649	12,037,256	15,565,797	15,967,133	16,366,345
	After allocation	10,842,859	12,705,305	12,389,119	16,096,069	16,601,477	16,366,345
Non-Current Liabilities		4,969,017	6,531,886	17,202,047	15,311,920	15,422,197	15,261,053
Total Liabilities	Before allocation	15,200,011	18,584,535	29,239,303	30,877,717	31,389,330	31,627,398
	After allocation	15,811,876	19,237,191	29,591,166	31,407,989	32,023,674	31,627,398
Equity attributable to owners of the parent		7,630,402	7,337,855	6,297,150	6,638,156	6,820,036	6,567,296
Capital Stock		5,098,875	5,098,875	5,098,875	5,098,875	5,098,875	5,098,875
Capital Surplus	Before allocation	647,962	647,962	353,084	1,221	1,221	1,227
	After allocation	647,962	353,084	1,221	1,221	1,221	1,227
Retained Earnings	Before allocation	2,064,003	1,832,432	1,555,352	2,347,872	2,598,645	2,223,574
	After allocation	1,452,138	1,452,138	1,555,352	1,817,600	1,964,301	2,223,574
Other Equity		(180,438)	(241,414)	(396,905)	(496,556)	(565,449)	(443,124)
Treasury Stock		-	-	(313,256)	(313,256)	(313,256)	(313,256)
Non-Controlling Interest		41,865	75,629	139,497	145,825	162,807	168,750
Total Equity	Before allocation	7,672,267	7,413,484	6,436,647	6,783,981	6,982,843	6,736,046
	After allocation	7,060,402	6,760,828	6,084,784	6,253,709	6,348,499	6,736,046

Note:

1.2017-2021 financial data have been duly audited by independent auditors.

2. Those who have been made assets revolution should be noted the revaluation date incremental value.

3.March 31, 2022 financial data have been reviewed by independent auditors.

6.1.2 Condensed Standalone Balance Sheet

Unit : NTD\$ thousand

Item \ Year		Year 2017-2021 Financial Summary (Note)				
		2017	2018	2019	2020	2021
Current Assets		4,025,327	5,073,774	5,894,578	8,209,414	8,409,635
Property, Plant and Equipment Note(2)		774,042	746,479	715,048	689,642	687,641
Right-of-use asset		-	-	209,710	184,402	126,569
Intangible Assets		44,174	34,302	52,502	46,804	36,259
Other Assets Note(2)		9,282,690	10,075,364	10,774,406	10,903,819	10,881,255
Total Assets		14,126,233	15,929,919	17,646,244	20,034,081	20,141,359
Current Liabilities	Before allocation	3,296,593	4,251,793	4,083,906	7,296,341	7,092,112
	After allocation	3,908,458	4,904,449	4,435,769	7,826,613	7,726,456
Non-Current Liabilities		3,199,238	4,340,271	7,265,188	6,099,584	6,229,211
Total Liabilities	Before allocation	6,495,831	8,592,064	11,349,094	13,395,925	13,321,323
	After allocation	7,107,696	9,244,720	11,700,957	13,926,197	13,955,667
Equity attributable to owners of the parent		-	-	-	-	-
Capital Stock		5,098,875	5,098,875	5,098,875	5,098,875	5,098,875
Capital Surplus		647,962	647,962	353,084	1,221	1,221
Retained Earnings	Before allocation	2,064,003	1,832,432	1,555,352	2,347,872	2,598,645
	After allocation	1,452,138	1,179,776	1,203,489	1,817,600	1,964,301
Other Equity		(180,438)	(241,414)	(396,905)	(496,556)	(565,449)
Treasury Stock		-	-	(313,256)	(313,256)	(313,256)
Non-Controlling Interest		-	-	-	-	-
Total Equity	Before allocation	7,630,402	7,337,855	6,297,150	6,638,156	6,820,036
	After allocation	7,018,537	6,685,199	5,945,287	6,107,884	6,185,692

Note:

1. 2017-2021 financial data have been duly audited by independent auditors.
2. Those who have been made assets revolution should be noted the revaluation date incremental value
3. The earnings allocation plan by was approved the board of directors on March 23, 2022 and is up for voting at the shareholders' meeting.

6.1.3 Condensed Consolidated statement of Income - IFRSs

Unit : NTD\$ thousand

Item \ Year	Year 2017-2021 Financial Summary (Note1)					2022/3/31 (Note2)
	2017	2018	2019	2020	2021	
Revenue	36,963,212	39,897,950	38,060,813	41,790,703	43,757,358	9,781,938
Operating revenue	10,782,667	10,260,989	10,309,142	10,660,830	10,706,418	2,247,913
Gross profit	960,655	482,642	856,622	1,148,873	759,548	55,494
Non-operating income and expense	150,349	(136,585)	(765,273)	(190,235)	251,958	220,542
Income before tax	1,111,004	346,057	91,349	958,638	1,011,506	276,036
Income from operations of continued segments - after tax	826,105	418,921	111,500	806,869	817,538	264,028
Income from discontinued operations	-	-	-	-	-	-
Profit or loss for the period	826,105	418,921	111,500	806,869	817,538	264,028
Other comprehensive income	(54,354)	(61,575)	(189,147)	(98,830)	(70,707)	123,513
Total comprehensive income	771,751	357,346	(77,647)	708,039	746,831	387,541
Allocations of profit or loss for the period attributable to owners of the parent.	823,012	406,493	100,355	791,615	782,834	258,160
Allocations of profit or loss for the period attributable to non-controlling interest.	3,093	12,428	11,145	15,254	34,704	5,868
Allocations of total comprehensive income for the period attributable to owners of the parent.	768,703	344,713	(88,775)	692,869	712,152	381,598
Allocations of total comprehensive income for the period attributable to non-controlling interest.	3,048	12,633	11,128	15,170	34,679	5,943
Earnings per share	1.61	0.80	0.20	1.60	1.58	0.52

Note1 : 2017-2021 financial data have been duly audited by independent auditors.

Note2 : March 31, 2022 financial information is audited by accountant.

6.1.4 Condensed Standalone statement of Income

Unit : NTD\$ thousand

Item \ Year	Year 2017-2021 Financial Summary(Note)				
	2017	2018	2019	2020	2021
Revenue	15,686,507	18,008,799	17,289,263	20,219,161	22,887,751
Operating revenue	2,944,136	2,732,017	2,631,781	3,198,511	3,030,957
Gross profit	470,664	194,296	146,877	451,039	89,240
Non-operating income and expense	377,444	34,310	(190,482)	414,574	824,593
Income before tax	848,108	228,606	(43,605)	865,613	913,833
Income from operations of continued segments - after tax	823,012	406,493	100,355	791,615	782,834
Income from discontinued operations	-	-	-	-	-
Profit or loss for the period	823,012	406,493	100,355	791,615	782,834
Other comprehensive income	(54,309)	(61,780)	(189,130)	(98,746)	(70,682)
Total comprehensive income	768,703	344,713	(88,775)	692,869	712,152
Allocations of profit or loss for the period attributable to owners of the parent.	-	-	-	-	-
Allocations of profit or loss for the period attributable to non-controlling interest.	-	-	-	-	-
Allocations of total comprehensive income for the period attributable to owners of the parent.	-	-	-	-	-
Allocations of total comprehensive income for the period attributable to non-controlling interest.	-	-	-	-	-
Earnings per share	1.61	0.80	0.20	1.60	1.58

Note : 2017-2021 financial data have been duly audited by independent auditors.

6.1.5 Auditors' Opinions from 2017 to 2021

Year	CPA's Name	CPA's Opinion
2017	HUNG,KUO-TIEN, WU, KER-CHANG	Unqualified opinion
2018	YU,HUNG-Bin, Ming-Yu Chiu	Unqualified opinion
2019	CHI-Ming Hsu, YU,HUNG-Bin	Unqualified opinion
2020	CHI-Ming Hsu, YU,HUNG-Bin	Unqualified opinion
2021	CHI-Ming Hsu, Ming-Yu Chiu	Unqualified opinion

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Item \ Year		Financial analysis in the past 5 years (Note1)					2022/3/31 (Note2)
		2017	2018	2019	2020	2021	
Financial structure (%)	Ratio of liabilities to assets	66.46	71.48	81.96	81.99	81.80	82.44
	Ratio of long-term capital to Property, Plant and Equipment	225.00	202.50	251.00	246.21	249.32	239.82
Solvency (%)	Current ratio	115.84	110.87	112.99	104.46	110.36	107.07
	Quick ratio	53.93	60.28	55.99	60.36	56.90	49.42
	Times interest earned ratio	5.88	2.19	1.19	3.80	4.48	4.17
AR/AP (turnover)	Accounts receivable turnover (turns)	13.47	10.54	8.68	8.84	8.09	7.87
	Average collection period	27.09	34.62	42.05	41.28	45.11	46.37
	Inventory turnover (turns)	4.13	4.64	4.52	4.91	4.51	3.34
	Accounts payable turnover (turns)	4.62	4.64	4.41	4.14	3.89	3.69
	Average days in sales	88.37	78.66	80.75	74.33	80.93	109.28
	Property, Plant and Equipment turnover (turns)	6.27	6.38	5.69	6.54	7.03	6.27
	Total assets turnover (turns)	1.57	1.63	1.23	1.14	1.15	1.02
Profitability	Return on total assets (%)	4.22	2.10	1.56	2.91	2.76	0.90
	Return on stockholders' equity (%)	10.94	5.43	1.47	12.24	11.63	3.86
	Operating income Ratio to issued capital (%)	18.84	9.04	16.80	22.53	14.90	44.09
	Pretax income Ratio to issued capital (%)	21.79	6.79	1.79	18.8	19.84	5.41
	Operating profit						
	Profit ratio (%)	2.23	1.02	0.29	1.93	1.87	2.70
	Earnings per share (\$)	1.61	0.80	0.20	1.60	1.58	0.52
Cash flow	Cash flow ratio (%)	3.32	8.17	18.63	31.56	9.30	0.62
	Cash flow adequacy ratio (%)	81.63	67.77	79.45	130.88	102.37	91.12
	Cash reinvestment ratio (%)	-1.91	2.12	9.60	24.34	4.98	-
Leverage	Operating leverage	12.20	25.47	11.94	9.95	14.31	1.18
	Financial leverage	1.31	2.73	2.35	1.43	1.62	1.04

Reasons for changes in the various consolidated financial ratios for the two-year period of 2020-2021. (No analysis needed for increases or decreases that are less than 20%.)

1. Decrease in the ratio of operating profit to paid-in capital caused by the decrease operating profit in the current period.
2. Decrease in Cash Flow Ratio, Cash flow adequacy ratio, Cash re-investment ratio caused by decrease Cash flows from operating activities.

Note:

1. 2017-2021 financial data have been duly audited by independent auditors.

2. 1Q/2022 financial data have been reviewed by independent auditors.

6.2.2 Standalone Financial Analysis

Item \ Year		Financial analysis in the past 5 years (Note)				
		2017	2018	2019	2020	2021
Financial structure (%)	Ratio of liabilities to assets	45.98	53.94	64.31	66.87	66.14
	Ratio of long-term capital to Property, Plant and Equipment	1,399.10	1,564.43	1,896.70	1,847.01	1,897.68
Solvency (%)	Current ratio	122.11	119.33	144.34	112.51	118.58
	Quick ratio	118.17	118.02	140.31	109.49	118.02
	Times interest earned ratio	9.21	2.61	0.70	8.62	13.15
AR/AP (turnover)	Accounts receivable turnover (turns)	4.99	4.51	3.70	3.68	3.31
	Average collection period	73	81	99	99	110.27
	Inventory turnover (turns)	131.57	430.10	4,032.95	11,145.41	175,429.95
	Accounts payable turnover (turns)	5.49	5.52	4.66	3.84	3.78
	Average days in sales	3	1	0.1	0.03	0.00
	Property, Plant and Equipment turnover (turns)	19.92	23.69	23.66	28.79	33.24
	Total assets turnover (turns)	1.09	1.20	1.03	1.07	1.14
Profitability	Return on total assets (%)	6.33	3.46	1.29	4.68	4.20
	Return on stockholders' equity (%)	10.94	5.43	1.47	12.24	11.63
	Operating income Ratio to issued capital (%)	9.23	3.81	2.88	8.85	1.75
	Pretax income Ratio to issued capital (%)	16.63	4.48	-0.86	16.98	17.92
	Operating profit					
	Profit ratio (%)	5.25	2.26	0.58	3.92	3.42
	Earnings per share (\$)	1.61	0.80	0.20	1.60	1.58
Cash flow	Cash flow ratio (%)	22.37	9.97	7.77	24.05	-3.39
	Cash flow adequacy ratio (%)	153.79	130.48	152.28	186.37	105.63
	Cash reinvestment ratio (%)	1.68	-1.57	-2.45	10.93	-5.80
Leverage	Operating leverage	3.15	5.78	7.07	3.11	9.35
	Financial leverage	1.28	3.71	66.94	1.34	6.37

Reasons for changes in the various financial ratios for the two-year period of 2020-2021. (No analysis needed for increases or decreases that are less than 20%.)

1. The decrease in Times Interest Earned caused by the improved Income Before Tax and reduction of interest rate leading to the less interest expense.
2. The increase in Inventory Turnover rate and the decrease in days', the main reason is that there is no inventory of domestic sales business, so the inventory turnover rate has increased and the average sales days decreased.
3. The decrease in the ratio of operating profit to paid-in capital due to the drop in operating net profit in the current period.
4. The decrease in Cash flow ratio caused by the drop Operating Cash Flow. (An increase in Accounts receivable and a decrease in accounts) °
5. The decrease in Cash flow ratio caused by improved Operating Cash Flow in last five years, and increasing in cash dividend amount.
6. The decrease in the Cash Re-investment Ratio was caused by the decrease in Cash flows from operating activities, an increase in long-term investments and a decrease in accounts payable result in an increase in working capital.
7. The Increasing in degree of operating leverage caused by the drop net operating profit.
8. The Increasing in Degree of Financial Leverage caused by the drop net operating profit and din interest expense.

Note1: 2017-2021 financial data have been duly audited by independent auditors.

Note2: Formulas for the above table:

1. Financial structure
 - (1) Debt to asset ratio = $\text{Total liabilities} / \text{Total assets}$
 - (2) Long-term capital to fixed asset ratio = $(\text{Shareholders' equity} + \text{Long-term liabilities}) / \text{Net fixed assets}$
2. Solvency
 - (1) Current ratio = $\text{Current assets} / \text{Current liabilities}$
 - (2) Quick ratio = $(\text{Current assets} - \text{Inventory} - \text{Prepaid expenses}) / \text{Current liabilities}$
 - (3) Interest cover = $\text{Income before interest and tax} / \text{Interest expense}$
3. A/R, A/P and other turnover ratios
 - (1) Accounts receivable turnover = $\text{Net revenue} / \text{Average accounts receivable}$
 - (2) Average collection days = $365 / \text{AR turnover ratio}$
 - (3) Inventory turnover = $\text{COGS} / \text{Average inventory}$
 - (4) Accounts payable turnover = $\text{COGS} / \text{Average accounts payable}$
 - (5) Average days sales = $365 / \text{Inventory turnover ratio}$
 - (6) Fixed asset turnover = $\text{Net revenue} / \text{Net fixed assets}$
 - (7) Total asset turnover = $\text{Net revenue} / \text{Total assets}$
4. Profitability
 - (1) Return on assets = $[\text{Net income} + \text{Interest expense} * (1 - \text{Tax rate})] / \text{Average assets}$
 - (2) Return on equity = $\text{Net income} / \text{Average equity}$
 - (3) Net income margin = $\text{Net income} / \text{Net sales}$
 - (4) EPS = $(\text{Net income} - \text{Preferred stock dividend}) / \text{Weighted average outstanding shares}$
5. Cash flow
 - (1) Cash flow ratio = $\text{Cash flow from operating activities} / \text{Current liabilities}$
 - (2) Cash flow adequacy ratio = $\text{Net cash flow from operating activities for the past 5 years} / (\text{Capital expenditures} + \text{Increases in inventory} + \text{Cash dividend}) \text{ for the past 5 years}$
 - (3) Cash reinvestment rate = $(\text{Cash flow from operating activities} - \text{Cash dividends}) / (\text{Gross fixed assets} + \text{Long-term investments} + \text{Other assets} + \text{Working capital})$ (Note: Use 0 if working capital value is negative)
6. Leverage
 - (1) Operating leverage = $(\text{Net revenue} - \text{Variable operating costs and expenses}) / \text{Operating income}$
 - (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expense})$

6.3 Audit Committee's Review Report for the Most Recent Year

To: Test Rite International Co., Ltd. 2021 Shareholders Meeting

From: Audit Committee of Test Rite International Co., Ltd

Re: Audit Committee's Review Report

Dear Shareholders,

The Board of Directors hereby provide the company's business report, consolidated financial statements and motion for profit appropriation in 2021. Audited independent auditors Mr. HSU, CHI-Ming and Ms. CHIU, MING-YU of Deloitte Touched, hereby issue an unqualified audit report

The above mentioned business report, consolidated financial statements and motion for profit appropriation was approved and considered in compliance with the relevant laws and regulations by the Audit Committee. Based on Article 14-4 of the Securities and Exchange Act and Company Act 219. Reporting for review.

Test Rite International Co., Ltd.
Chairman of the Audit Committee: Lai, Yung Chi

Date: March 23, 2022

6.4 Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

The Board of Directors and Shareholders
Test-Rite International Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Test-Rite International Co., Ltd. (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated 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 significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits of the consolidated financial statements for the years ended December 31, 2021 and 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is described as follows:

Occurrence of Sales Revenue

The Group's main source of revenue comes from export sales. Because the level of export sales generated from one major customer is significant to the consolidated financial statements, we considered the occurrence of sales revenue from this major customer as a key audit matter for the year ended December 31, 2021.

The audit procedures that we performed in response to the occurrence of sales revenue were as follows:

1. We obtained an understanding of the internal controls related to the occurrence of sales revenue, evaluated the design of the key controls, determined that the controls have been implemented and tested the operating effectiveness of the controls.
2. We selected samples from the sales revenue transactions of this major customer and verified the validity of the transactions.
3. We obtained the confirmation regarding the ending balance of accounts receivable and performed tests of subsequent collections from this major customer and verified the occurrence of the transactions.

Other Matter

We have also audited the parent company stand-alone financial statements of Test-Rite International Co., Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 perform audit procedures responsive to those risks, and obtain 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 Group's 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 the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group 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 for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' 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 audits resulting in this independent auditors' report are Chi-Ming Hsu and Ming-Yu Chiu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,985,587	5	\$ 2,517,084	7
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	346,031	1	428,592	1
Financial assets at amortized cost - current (Notes 4 and 9)	94,774	-	91,954	-
Contract assets - current (Notes 4 and 21)	703,187	2	276,891	1
Notes receivable (Note 4 and 10)	12,560	-	9,730	-
Trade receivable (Notes 4, 10 and 27)	5,571,273	15	5,225,486	14
Finance lease receivables (Note 4)	22,139	-	18,318	-
Other receivables (Note 4)	296,618	1	475,347	1
Inventories (Notes 4 and 11)	8,080,424	21	6,181,976	16
Prepayments	454,634	1	684,073	2
Other current financial assets	18,688	-	315,117	1
Other current assets	<u>34,654</u>	<u>-</u>	<u>36,225</u>	<u>-</u>
Total current assets	<u>17,620,569</u>	<u>46</u>	<u>16,260,793</u>	<u>43</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	68,036	-	103,852	-
Financial assets at amortized cost - non-current (Notes 4 and 9)	5,000	-	5,178	-
Investments accounted for using the equity method	3,481	-	-	-
Property, plant and equipment (Notes 4 and 13)	6,157,708	16	6,295,191	17
Right-of-use assets (Notes 4 and 14)	8,918,975	23	9,151,852	25
Goodwill (Note 15)	2,346,211	6	2,357,747	6
Other intangible assets (Note 16)	154,303	1	185,337	1
Deferred tax assets (Notes 4 and 23)	1,610,615	4	1,601,447	4
Refundable deposits (Notes 6 and 28)	1,080,017	3	1,212,234	3
Finance lease receivables - non-current	122,151	-	98,290	-
Other non-current assets (Notes 4 and 20)	<u>285,107</u>	<u>1</u>	<u>389,777</u>	<u>1</u>
Total non-current assets	<u>20,751,604</u>	<u>54</u>	<u>21,400,905</u>	<u>57</u>
TOTAL	<u>\$ 38,372,173</u>	<u>100</u>	<u>\$ 37,661,698</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 27)	\$ 1,608,880	4	\$ 932,185	3
Short-term bills payable (Notes 17 and 27)	89,885	-	399,848	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	93,663	-	42,367	-
Contract liabilities - current (Notes 4 and 21)	272,204	1	159,505	-
Notes payable	4,051	-	6,044	-
Trade payables (Note 27)	8,374,323	22	8,623,439	23
Other payables (Notes 18 and 27)	2,598,474	7	2,375,587	6
Current tax liabilities (Note 4)	411,823	1	261,780	1
Lease liabilities - current (Notes 4, 14 and 27)	1,470,500	4	2,011,177	5
Advance receipts	513,230	1	547,611	2
Current portion of long-term borrowings (Notes 17 and 27)	364,630	1	45,611	-
Other current liabilities (Note 18)	<u>165,470</u>	<u>1</u>	<u>160,643</u>	<u>-</u>
Total current liabilities	<u>15,967,133</u>	<u>42</u>	<u>15,565,797</u>	<u>41</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 27)	8,144,931	21	8,331,449	22
Deferred tax liabilities (Notes 4 and 23)	11,867	-	14,649	-
Lease liabilities - non-current (Notes 4, 14 and 27)	7,052,605	19	6,596,694	18
Net defined benefit liabilities - non-current (Notes 4 and 19)	83,251	-	159,755	-
Guarantee deposits received	92,828	-	165,925	1
Other non-current liabilities	<u>36,715</u>	<u>-</u>	<u>43,448</u>	<u>-</u>
Total non-current liabilities	<u>15,422,197</u>	<u>40</u>	<u>15,311,920</u>	<u>41</u>
Total liabilities	<u>31,389,330</u>	<u>82</u>	<u>30,877,717</u>	<u>82</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Share capital				
Ordinary shares	<u>5,098,875</u>	<u>13</u>	<u>5,098,875</u>	<u>14</u>
Capital surplus	<u>1,221</u>	<u>-</u>	<u>1,221</u>	<u>-</u>
Retained earnings				
Legal reserve	1,316,941	4	1,237,689	3
Special reserve	496,556	1	317,663	1
Unappropriated earnings	<u>785,148</u>	<u>2</u>	<u>792,520</u>	<u>2</u>
Total retained earnings	<u>2,598,645</u>	<u>7</u>	<u>2,347,872</u>	<u>6</u>
Other equity	<u>(565,449)</u>	<u>(1)</u>	<u>(496,556)</u>	<u>(1)</u>
Treasury shares	<u>(313,256)</u>	<u>(1)</u>	<u>(313,256)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	6,820,036	18	6,638,156	18
NON-CONTROLLING INTERESTS	<u>162,807</u>	<u>-</u>	<u>145,825</u>	<u>-</u>
Total equity	<u>6,982,843</u>	<u>18</u>	<u>6,783,981</u>	<u>18</u>
TOTAL	<u>\$ 38,372,173</u>	<u>100</u>	<u>\$ 37,661,698</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21 and 27)	\$ 43,757,358	100	\$ 41,790,703	100
OPERATING COSTS (Notes 11 and 27)	<u>33,050,940</u>	<u>75</u>	<u>31,129,873</u>	<u>74</u>
GROSS PROFIT	<u>10,706,418</u>	<u>25</u>	<u>10,660,830</u>	<u>26</u>
OPERATING EXPENSES				
Selling and marketing expenses	9,249,388	21	8,811,851	21
General and administrative expenses	689,150	2	695,084	2
Expected credit loss	<u>8,332</u>	<u>-</u>	<u>5,022</u>	<u>-</u>
Total operating expenses	<u>9,946,870</u>	<u>23</u>	<u>9,511,957</u>	<u>23</u>
PROFIT FROM OPERATIONS	<u>759,548</u>	<u>2</u>	<u>1,148,873</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 27)				
Interest income	37,663	-	38,009	-
Other income	227,564	-	193,740	-
Other gains and losses	277,613	1	(79,016)	-
Financial costs	(290,863)	(1)	(342,968)	(1)
Share of loss of associates accounted for using the equity method	<u>(19)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>251,958</u>	<u>-</u>	<u>(190,235)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	1,011,506	2	958,638	2
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(193,968)</u>	<u>-</u>	<u>(151,769)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>817,538</u>	<u>2</u>	<u>806,869</u>	<u>2</u>

(Continued)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ 8,924	-	\$ (10,240)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	13,425	-	(2,562)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(93,056)</u>	<u>-</u>	<u>(86,028)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(70,707)</u>	<u>-</u>	<u>(98,830)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 746,831</u>	<u>2</u>	<u>\$ 708,039</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 782,834	2	\$ 791,615	2
Non-controlling interests	<u>34,704</u>	<u>-</u>	<u>15,254</u>	<u>-</u>
	<u>\$ 817,538</u>	<u>2</u>	<u>\$ 806,869</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 712,152	2	\$ 692,869	2
Non-controlling interests	<u>34,679</u>	<u>-</u>	<u>15,170</u>	<u>-</u>
	<u>\$ 746,831</u>	<u>2</u>	<u>\$ 708,039</u>	<u>2</u>
EARNINGS PER SHARE (Notes 4 and 24)				
Basic	<u>\$ 1.58</u>		<u>\$ 1.60</u>	
Diluted	<u>\$ 1.58</u>		<u>\$ 1.60</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	Share (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2020	509,888	\$ 5,098,875	\$ 353,084	\$ 1,229,705	\$ 241,414	\$ 84,233	\$ (367,061)	\$ (29,844)	\$ (313,256)	\$ 6,297,150	\$ 139,497	\$ 6,436,647
Appropriation of 2019 earnings (Note 20)												
Legal reserve	-	-	-	7,984	-	(7,984)	-	-	-	-	-	-
Special reserve	-	-	-	-	76,249	(76,249)	-	-	-	-	-	-
Cash dividends from capital surplus (Note 20)	-	-	(351,863)	-	-	-	-	-	-	(351,863)	-	(351,863)
Cash dividend distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(18,957)	(18,957)
Net profit for the year ended December 31, 2020	-	-	-	-	-	791,615	-	-	-	791,615	15,254	806,869
Other comprehensive loss for the year ended December 31, 2020	-	-	-	-	-	(10,156)	(86,028)	(2,562)	-	(98,746)	(84)	(98,830)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	781,459	(86,028)	(2,562)	-	692,869	15,170	708,039
Increase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	10,115	10,115
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	11,061	-	(11,061)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	509,888	5,098,875	1,221	1,237,689	317,663	792,520	(453,089)	(43,467)	(313,256)	6,638,156	145,825	6,783,981
Appropriation of 2020 earnings (Note 20)												
Legal reserve	-	-	-	79,252	-	(79,252)	-	-	-	-	-	-
Special reserve	-	-	-	-	178,893	(178,893)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(530,272)	-	-	-	(530,272)	-	(530,272)
Cash dividend distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,697)	(17,697)
Net profit for the year ended December 31, 2021	-	-	-	-	-	782,834	-	-	-	782,834	34,704	817,538
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	8,934	(93,041)	13,425	-	(70,682)	(25)	(70,707)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	791,768	(93,041)	13,425	-	712,152	34,679	746,831
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(10,723)	-	10,723	-	-	-	-
BALANCE AT DECEMBER 31, 2021	<u>509,888</u>	<u>\$ 5,098,875</u>	<u>\$ 1,221</u>	<u>\$ 1,316,941</u>	<u>\$ 496,556</u>	<u>\$ 785,148</u>	<u>\$ (546,130)</u>	<u>\$ (19,319)</u>	<u>\$ (313,256)</u>	<u>\$ 6,820,036</u>	<u>\$ 162,807</u>	<u>\$ 6,982,843</u>

The accompanying notes are an integral part of the consolidated financial statements.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,011,506	\$ 958,638
Adjustments for:		
Depreciation expense	2,187,164	2,407,598
Amortization expense	118,590	113,790
Expected credit loss recognized on trade receivables	8,332	5,022
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	273,915	(191,470)
Interest expense	290,863	342,968
Interest income	(37,663)	(38,009)
Share of loss of associates accounted for using the equity method	19	-
Loss on disposal of property, plant and equipment	36,469	14,815
Gain on disposal of investments	(24,216)	(16,932)
Impairment loss	-	59,922
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(115,842)	442,588
Contract assets	(426,296)	(59,929)
Notes receivable	(2,830)	41,977
Trade receivables	(353,406)	(1,064,953)
Other receivables	179,933	(372,982)
Inventories	(1,898,448)	231,557
Prepayments	230,594	(316,106)
Other current assets	1,571	(2,017)
Other financial assets	294,804	(266,099)
Other operating assets	45,505	(114,534)
Contract liabilities	112,699	87,439
Notes payable	(1,993)	(21,527)
Trade payables	(249,116)	2,224,328
Other payables	216,077	757,720
Advance receipts	(34,381)	6,217
Other current liabilities	4,827	35,915
Other operating liabilities	(75,178)	(9,061)
Cash generated from operations	1,793,499	5,256,875
Interest received	36,459	37,509
Interest paid	(291,327)	(347,105)
Income tax paid	(54,250)	(34,631)
Net cash generated from operating activities	<u>1,484,381</u>	<u>4,912,648</u>
		(Continued)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	\$ (20,500)	\$ (89,348)
Proceeds from sale of financial assets at amortized cost	17,858	24,291
Purchase of financial assets at fair value through other comprehensive income	(137,345)	(136,061)
Proceeds from sale of financial assets at fair value through other comprehensive income	186,655	83,714
Purchase of investments accounted for using the equity methods	(3,500)	-
Payments for property, plant and equipment	(408,418)	(410,814)
Proceeds from disposal of property, plant and equipment	881	7,214
Decrease in refundable deposits	132,217	10,844
Payments for intangible assets	(25,507)	(19,665)
(Increase) decrease in finance lease receivables	<u>(27,682)</u>	<u>18,286</u>
Net cash used in investing activities	<u>(285,341)</u>	<u>(511,539)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	736,695	(374,966)
Proceeds from (repayments of) short-term bills payable	(309,963)	349,870
Proceeds from long-term borrowings	22,224,187	20,630,512
Repayments of long-term borrowings	(22,155,372)	(21,752,972)
Decrease in guarantee deposits received	(73,097)	(43,337)
Dividends paid	(530,272)	(351,863)
Repayment of the principal portion of lease liabilities	(1,541,387)	(1,753,199)
Changes in non-controlling interests	<u>(17,722)</u>	<u>(8,842)</u>
Net cash used in financing activities	<u>(1,666,931)</u>	<u>(3,304,797)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(63,606)</u>	<u>(41,654)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(531,497)	1,054,658
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,517,084</u>	<u>1,462,426</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,985,587</u>	<u>\$ 2,517,084</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Test-Rite International Co., Ltd. (“Test-Rite” or “Company”) was established in August 1978.

Test-Rite is engaged mainly in the import and export of hand tools, auto parts, machinery, furniture, and various home appliances. Test-Rite’s marketplaces are primarily located in the United States of America, Canada, Great Britain, France, Germany, Vietnam, Australia, etc.

The Taiwan Securities and Futures Commission approved Test-Rite’s application for listing on the Taiwan Stock Exchange in February 1993.

The consolidated financial statements of Test-Rite and its subsidiaries, hereto forth collectively referred to as the “Group”, are presented in Test-Rite’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by Test-Rite’s board of directors on March 23, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies:

Amendment to IFRS 16 “Covid-19- Related Rent Concessions beyond June 30, 2021”

The Group elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. The related accounting policies are stated in Note 4.

The Group applies the amendment from January 1, 2021.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

New IFRSs	Effective Date Announced by IASB
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 1)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 3)
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	January 1, 2022 (Note 4)

Note 1: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and

- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of Test-Rite and the entities controlled by Test-Rite (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition up to the effective dates of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of Test-Rite and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12 and Table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized as a bargain purchase gain.

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property, Plant and Equipment, Right-of-use Asset, Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating units to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when a Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of furniture and various home appliances. Sales of furniture and various home appliances are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

Under Customer Loyalty Program, the Group offers vouchers which can be used for future purchases when the customers purchased the products. The voucher provides a material right to the customer. The transaction price allocated to the voucher is recognized as a contract liability when collected and will be recognized as revenue when the voucher is redeemed or has expired.

b. Revenue from the rendering of services

Service income is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

c. Construction contract revenue

Revenue from the construction in progress is recognized with reference to the stage of completion of the contract. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations.

Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of operating expenses, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service costs, net interest and rereasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Share-based Payment Arrangements

The fair value at the grant date of the employee share options granted to employee that is vesting immediately is recognized as an expense in full at the grant date, based on the Group's best estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 70,440	\$ 50,245
Checking accounts and demand deposits	1,914,301	2,462,634
Deposits in transit	-	2,323
Cash equivalents	<u>846</u>	<u>1,882</u>
	<u>\$ 1,985,587</u>	<u>\$ 2,517,084</u>

The time deposits with original maturities of more than 3 months were \$99,774 thousand and \$97,132 thousand as of December 31, 2021 and 2020, respectively, and reclassified to financial assets at amortized cost (see Note 9).

The following time deposits were pledged as for purchases of raw materials and collaterals warranties of construction and reclassified to refundable deposits paid:

	December 31	
	2021	2020
Time deposits	<u>\$ 529,271</u>	<u>\$ 431,052</u>

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	2020
Financial assets mandatorily classified as at FVTPL - current		
Derivative financial assets		
Foreign exchange forward contracts	\$ 46,691	\$ 256,796
Non-derivative financial assets		
Equity securities listed in open market	421	4,666
Mutual funds	251,010	152,488
Corporate bonds	<u>47,909</u>	<u>14,642</u>
	<u>\$ 346,031</u>	<u>\$ 428,592</u>
Financial liabilities mandatorily classified as at FVTPL - current		
Derivative financial liabilities		
Foreign exchange forward contracts	<u>\$ 93,663</u>	<u>\$ 42,367</u>

Outstanding forward exchange contracts as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
<u>December 31, 2021</u>			
Forward exchange contracts - sell	US\$/NT\$	2022.01.06-2022.06.29	US\$625,000/NT\$17,305,000
Forward exchange contracts - buy	US\$/NT\$	2022.01.04-2022.09.26	US\$685,000/NT\$18,966,280
Forward exchange contracts - sell	EUR/US\$	2022.03.29	EUR100/US\$113
Forward exchange contracts - buy	US\$/EUR	2022.01.18-2022.10.25	US\$41,763/EUR35,232
Forward exchange contracts - sell	US\$/EUR	2022.01.24-2022.09.19	US\$915/EUR765
<u>December 31, 2020</u>			
Forward exchange contracts - sell	US\$/NT\$	2021.01.04-2021.06.24	US\$718,800/NT\$20,490,832
Forward exchange contracts - buy	US\$/NT\$	2021.01.04-2021.07.02	US\$800,000/NT\$22,805,600
Forward exchange contracts - sell	EUR/US\$	2021.02.26	EUR100/US\$121
Forward exchange contracts - buy	US\$/EUR	2021.02.22-2021.09.30	US\$31,032/EUR26,399
Forward exchange contracts - sell	US\$/EUR	2021.02.01-2021.10.12	US\$648/EUR547

The Group entered into derivative contracts to manage exposures to exchange rate fluctuations of foreign-currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FVTOCI

Investments In Equity Instruments

	<u>December 31</u>	
	2021	2020
<u>Non-current</u>		
Domestic investments - listed shares	\$ -	\$ 47,925
Domestic investments- unlisted shares	56,221	47,052
Foreign investments- unlisted shares	<u>11,815</u>	<u>8,875</u>
	<u>\$ 68,036</u>	<u>\$ 103,852</u>

Investments In Equity Instruments At FVTOCI

	<u>December 31</u>	
	2021	2020
<u>Non-current</u>		
Domestic investments - listed shares		
Largan Precision Company Limited	\$ -	\$ 47,925
Domestic investments - unlisted shares		
Grand Cathay Venture Capital II Co., Ltd.	49,841	40,855
Taiwan Finance Corporation	3,005	2,822
Unipapa Inc.	3,375	3,375
Foreign investments - unlisted shares		
Ningbo Anlian Tejie Supply China Management Co., Ltd.	<u>11,815</u>	<u>8,875</u>
	<u>\$ 68,036</u>	<u>\$ 103,852</u>

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Time deposits with original maturity of more than 3 months (Note 6)	<u>\$ 94,774</u>	<u>\$ 91,954</u>
Non-current		
Time deposits with original maturity of more than 3 months (Note 6)	<u>\$ 5,000</u>	<u>\$ 5,178</u>

As of December 31, 2021 and 2020, financial assets at amortized cost of \$5,000 thousand and \$7,286 thousand, respectively, were pledged as collateral for borrowings and for retail channels (see Note 28).

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2021	2020
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 12,560	\$ 9,730
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>12,560</u>	<u>9,730</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	3,884,294	2,862,361
Less: Allowance for impairment loss	<u>(11,104)</u>	<u>(8,636)</u>
	3,873,190	2,853,725
Financial assets at FVTOCI	<u>1,698,083</u>	<u>2,371,761</u>
	<u>5,571,273</u>	<u>5,225,486</u>
	<u>\$ 5,583,833</u>	<u>\$ 5,235,216</u>

a. At amortized cost

The average credit period of sales of goods was 90 days. No interest was charged on notes receivable or trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable and trade receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable and trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status of notes receivable and trade receivables.

The Group writes off notes receivable or trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes receivable or trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

b. At FVTOCI

For trade receivables from some of the Group's main customers, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of notes receivable and trade receivables based on the Group's estimation by reference to past default experience of the debtor and an analysis of the debtor's current financial position.

December 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	-	-	-	0%-100%	0%-100%	
Gross carrying amount	\$ 5,250,259	\$ 198,001	\$ 97,047	\$ 38,337	\$ 11,293	\$ 5,594,937
Loss allowance (Lifetime ECLs)	-	-	-	(1,835)	(9,269)	(11,104)
Amortized cost	<u>\$ 5,250,259</u>	<u>\$ 198,001</u>	<u>\$ 97,047</u>	<u>\$ 36,502</u>	<u>\$ 2,024</u>	<u>\$ 5,583,833</u>

December 31, 2020

	Not Past Due	1 to 30 Days Past Due	31 to 60 Days Past Due	61 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	-	-	-	0%-100%	0%-100%	
Gross carrying amount	\$ 5,084,093	\$ 121,601	\$ 9,924	\$ 25,521	\$ 2,713	\$ 5,243,852
Loss allowance (Lifetime ECLs)	-	-	-	(5,923)	(2,713)	(8,636)
Amortized cost	<u>\$ 5,084,093</u>	<u>\$ 121,601</u>	<u>\$ 9,924</u>	<u>\$ 19,598</u>	<u>\$ -</u>	<u>\$ 5,235,216</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 8,636	\$ 5,853
Add: Net remeasurement of loss allowance	8,332	5,022
Less: Written off	(5,151)	(27)
Less: reclassification	-	(2,223)
Foreign exchange gains and losses	<u>(713)</u>	<u>11</u>
Balance at December 31	<u>\$ 11,104</u>	<u>\$ 8,636</u>

11. INVENTORIES

	December 31	
	2021	2020
Merchandise	\$ 7,717,909	\$ 5,817,712
Construction land	237,280	239,029
Buildings and land held for sale	<u>125,235</u>	<u>125,235</u>
	<u>\$ 8,080,424</u>	<u>\$ 6,181,976</u>

The cost of inventories which related to merchandise recognized as operating costs for the years ended December 31, 2021 and 2020 was \$30,551,282 thousand and \$28,413,155 thousand, respectively.

The operating costs include inventory write-downs in the amount \$241,517 thousand and \$105,274 thousand for the years ended December 31, 2021 and 2020, respectively.

Merchandise includes the balance of inventories of Test-Rite Retailing Co., Ltd., Test-Rite Retail, Test-Rite Home Service, Test-Rite C&B, Test-Rite Development GmbH, Test-Rite International (U.S.) Co., Test-Rite (UK) Ltd., Test-Rite Home Service Co., Ltd., Chung Cin Enterprise, Test-On Lighting Technology Co., Ltd., U-ME Enterprise Co., Ltd. and Test Cin International Co., Ltd.

Construction land and buildings and land held for sale include the balance of inventories of Chung Cin Enterprise. Construction land pledged as collateral for bank borrowings is set out in Notes 17 and 28 as of December 31, 2021 and 2020.

12. SUBSIDIARIES

Subsidiaries included in consolidated financial statements:

Investor	Subsidiaries	Main Businesses	% of Ownership		Remark
			December 31		
			2021	2020	
Test-Rite International Co., Ltd.	Fortune Miles Trading Inc.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Retailing Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Trading Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Pte. Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Products (Hong Kong) Limited.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Int'l. (Australia) Pty. Limited.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Int'l. (Canada) Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite (UK) Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Development GmbH	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Upmaster International Co., Ltd.	Investment holding company	100.00	100.00	

(Continued)

Investor	Subsidiaries	Main Businesses	% of Ownership December 31		Remark
			2021	2020	
Test-Rite International Co., Ltd. and Upmaster Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Lucky Rite Company Ltd.	Tally packaging and property leasing	100.00	100.00	
Test-Rite International Co., Ltd.	Lih Chiou Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Lih Teh International Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	B&S Link Co., Ltd.	Providing information software and electronic information	100.00	100.00	
Test-Rite International Co., Ltd.	Fusion International Distribution, Inc.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Chung Cin Enterprise Co., Ltd.	Authorized builder to build dwelling, rental and sale of building	91.67	91.67	
Test-Rite International Co., Ltd. and Lih Chiou Co., Ltd.	Test-Rite Retail Co., Ltd.	Sale of house decoration hardware and construction materials	100.00	100.00	
Test-Rite International Co., Ltd.	International Art Enterprise Co., Ltd.	Trading of leisure goods	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Tony Construction Co., Ltd.	Build and civil engineering	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Test Cin M&E Engineering Co., Ltd.	Mechanical and electronic engineering	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Chung Cin Interior Design Construction Co., Ltd.	Interior design	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Viet Han Co., Ltd.	Importation and exportation	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	U-ME Enterprise Co., Ltd.	Cleaning service and land scape design	60.00	60.00	
Chung Cin Enterprise Co., Ltd.	Test-On Lighting Technology Co., Ltd.	Sale of electrical appliances	51.00	51.00	
Chung Cin Enterprise Co., Ltd.	Test Cin International Co., Ltd.	Sale of construction material	51.00	51.00	
Chung Cin Enterprise Co., Ltd.	Chung Cin Lohas Property Management Co., Ltd.	Condominium Buildings Management Service	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	CHUNG CIN ENTERPRISE (U.S.) CORP.	Investment holding company	100.00	-	Note
Test-Rite Retail	Test-Rite Home Service Co., Ltd.	Interior design	100.00	100.00	
Test-Rite Retail	Hola Homefurnishings Co., Ltd.	Sale of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
Test-Rite Retail	Home Intelligence Co., Ltd.	Sale of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
Test-Rite Retail	Test Rite C&B Co., Ltd.	Sale of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
B&S Link Co., Ltd.	Home Intelligence Co., Ltd.	Other information provision services	100.00	100.00	
International Art Enterprise Co., Ltd.	Chuan Shuai International Co., Ltd.	Importation and exportation	51.00	51.00	

(Concluded)

Note: CHUNG CIN ENTERPRISE (U.S.) CORP. was established in September 2021.

All financial statements of subsidiaries included in the Group's consolidated financial statements have been audited.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	2020
Land	\$ 644,865	\$ 647,804
Buildings and improvements	3,655,601	3,798,687
Machinery and equipment	136,143	151,920
Transportation equipment	8,033	8,899
Furniture, fixtures and office equipment	186,118	178,735
Leasehold improvements	1,467,997	1,469,930
Molds and tools	9,812	13,844
Other equipment	12,463	11,064
Prepayments for property, plant and equipment	36,676	14,308
	<u>\$ 6,157,708</u>	<u>\$ 6,295,191</u>

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Leasehold Improvements	Molds and Tools	Other Equipment	Prepayments for Property, Plant and Equipment	Total
Cost										
Balance at January 1, 2020	\$ 545,512	\$ 4,169,284	\$ 69,821	\$ 47,911	\$ 682,542	\$ 6,269,431	\$ 53,047	\$ 735,234	\$ 747,783	\$13,320,565
Additions	-	84,819	27,146	2,286	59,958	80,501	2,978	1,641	142,938	402,267
Disposals	-	(297)	(9,799)	(13,572)	(62,488)	(335,906)	(605)	(3,656)	-	(426,323)
Reclassified	106,190	551,760	144,922	2,168	420,250	387,414	1,364	(670,078)	(863,396)	80,594
Effect of foreign currency exchange differences	(3,898)	(21,145)	(7,995)	(55)	(5,922)	(564)	(1,332)	247	(13,017)	(53,681)

	Land	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Furniture, Fixtures and Office Equipment	Leasehold Improvements	Molds and Tools	Other Equipment	Prepayments for Property, Plant and Equipment	Total
Balance at December 31, 2020	<u>\$ 647,804</u>	<u>\$ 4,784,421</u>	<u>\$ 224,095</u>	<u>\$ 38,738</u>	<u>\$ 1,094,340</u>	<u>\$ 6,400,876</u>	<u>\$ 55,452</u>	<u>\$ 63,388</u>	<u>\$ 14,308</u>	<u>\$13,323,422</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2020	\$ -	\$ 861,860	\$ 30,633	\$ 38,277	\$ 600,359	\$ 4,454,632	\$ 35,184	\$ 590,539	\$ -	\$ 6,611,484
Depreciation expense	-	150,716	21,295	3,627	73,880	256,451	8,014	4,053	-	518,036
Disposals	-	(297)	(6,555)	(12,184)	(61,137)	(319,529)	(605)	(3,607)	-	(403,914)
Reclassified	-	(25,993)	28,764	165	306,120	479,799	-	(538,862)	-	249,993
Effect of foreign currency exchange differences	-	(552)	(1,962)	(46)	(3,617)	(329)	(985)	201	-	(7,290)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ 985,734</u>	<u>\$ 72,175</u>	<u>\$ 29,839</u>	<u>\$ 915,605</u>	<u>\$ 4,871,024</u>	<u>\$ 41,608</u>	<u>\$ 52,324</u>	<u>\$ -</u>	<u>\$ 6,968,309</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2020	\$ -	\$ -	\$ 16,031	\$ 441	\$ 12,179	\$ 165,550	\$ -	\$ 24,548	\$ -	\$ 218,749
Impairment losses recognized	-	-	-	-	-	59,922	-	-	-	59,922
Disposals	-	-	-	(380)	-	-	-	-	-	(380)
Reclassified	-	-	(16,031)	(61)	(12,179)	(165,550)	-	(24,548)	-	(218,369)
Balance at December 31, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,922</u>
Carrying amount at December 31, 2020	<u>\$ 647,804</u>	<u>\$ 3,798,687</u>	<u>\$ 151,920</u>	<u>\$ 8,899</u>	<u>\$ 178,735</u>	<u>\$ 1,469,930</u>	<u>\$ 13,844</u>	<u>\$ 11,064</u>	<u>\$ 14,308</u>	<u>\$ 6,295,191</u>
<u>Cost</u>										
Balance at January 1, 2021	\$ 647,804	\$ 4,784,421	\$ 224,095	\$ 38,738	\$ 1,094,340	\$ 6,400,876	\$ 55,452	\$ 63,388	\$ 14,308	\$13,323,422
Additions	-	-	9,744	2,629	71,726	289,950	3,881	5,901	31,861	415,692
Disposals	-	-	(22,021)	(3,941)	(99,383)	(437,401)	(18,130)	(12,473)	-	(593,349)
Reclassified	-	-	-	(1)	246	(3,126)	-	180	(9,383)	(12,084)
Effect of foreign currency exchange differences	(2,939)	(2,399)	(6,739)	(471)	(4,329)	(1,101)	(529)	(945)	(110)	(19,562)
Balance at December 31, 2021	<u>\$ 644,865</u>	<u>\$ 4,782,022</u>	<u>\$ 205,079</u>	<u>\$ 36,954</u>	<u>\$ 1,062,600</u>	<u>\$ 6,249,198</u>	<u>\$ 40,674</u>	<u>\$ 56,051</u>	<u>\$ 36,676</u>	<u>\$13,114,119</u>
<u>Accumulated depreciation</u>										
Balance at January 1, 2021	\$ -	\$ 985,734	\$ 72,175	\$ 29,839	\$ 915,605	\$ 4,871,024	\$ 41,608	\$ 52,324	\$ -	\$ 6,968,309
Depreciation expense	-	140,578	20,837	3,135	62,809	244,056	7,788	4,314	-	483,517
Disposals	-	-	(21,630)	(3,780)	(99,146)	(406,066)	(18,130)	(12,247)	-	(555,999)
Reclassified	-	-	-	-	(168)	8,259	-	-	-	8,091
Effect of foreign currency exchange differences	-	109	(2,446)	(273)	(2,618)	(994)	(404)	(803)	-	(7,429)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 1,126,421</u>	<u>\$ 68,936</u>	<u>\$ 28,921</u>	<u>\$ 876,482</u>	<u>\$ 4,721,279</u>	<u>\$ 30,862</u>	<u>\$ 43,588</u>	<u>\$ -</u>	<u>\$ 6,896,489</u>
<u>Accumulated impairment</u>										
Balance at January 1, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,922	\$ -	\$ -	\$ -	\$ 59,922
Impairment losses recognized	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Reclassified	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,922</u>
Carrying amount at December 31, 2021	<u>\$ 644,865</u>	<u>\$ 3,655,601</u>	<u>\$ 136,143</u>	<u>\$ 8,033</u>	<u>\$ 186,118</u>	<u>\$ 1,467,997</u>	<u>\$ 9,812</u>	<u>\$ 12,463</u>	<u>\$ 36,676</u>	<u>\$ 6,157,708</u>

The property, plant and equipment of the Group are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	35-60 years
Machinery and equipment	2-20 years
Transportation equipment	3-5 years
Furniture, fixtures and office equipment	1-10 years
Leasehold improvements	3-20 years
Molds and tools	2-10 years
Other equipment	3-17 years

In 2020, the Group recognized an impairment loss amounting to \$59,922 thousand due to continuous operating loss of some of the retail stores of Test Rite C&B Co., Ltd.

Property, plant and equipment pledged as collateral for bank borrowings is set out in Notes 17 and 28.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amount</u>		
Land	\$ 155,162	\$ 160,330
Buildings and improvements	8,753,967	8,973,920
Others	<u>9,846</u>	<u>17,602</u>
	<u>\$ 8,918,975</u>	<u>\$ 9,151,852</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 822,646</u>	<u>\$ 969,703</u>
Depreciation charge for right-of-use assets		
Land	\$ 4,045	\$ 2,485
Buildings and improvements	1,692,586	1,874,383
Others	<u>7,016</u>	<u>12,694</u>
	<u>\$ 1,703,647</u>	<u>\$ 1,889,562</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Current	<u>\$ 1,470,500</u>	<u>\$ 2,011,177</u>
Non-current	<u>\$ 7,052,605</u>	<u>\$ 6,596,694</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings and improvements	1.30%-5.50%	1.30%-5.50%
Others	1.30%-4.05%	1.30%-4.05%

c. Material leasing activities and terms

The Group mainly increased lease agreements of retail stores in 2021 and 2020. Because COVID-19 in 2021 and 2020 severely affected the market conditions, the Group negotiated the rent concessions with the lessor for the lease of office buildings. The lessor agreed to provide rent reduction for the years ended December 31, 2021 and 2020. The Group recognized the impact of rent concessions of \$27,929 thousand and \$13,989 thousand in profit or loss (recorded as credit to rent expenses) for the years ended December 31, 2021 and 2020, respectively.

d. Other lease information

In order to cope with retail demand, the Group entered into a large number of lease arrangements for the purpose of renting commercial space for the establishment of retail stores. Lease terms are negotiated by the management of each business segment and include a wide range of payment terms. Variable payment terms are used for a variety of reasons, including margin control and operational flexibility.

Variable payment terms lead to the incurrence of higher rental costs for stores with higher sales. However, the use of variable payment terms helps to facilitate the management of margins across the Group.

Variable rental expenses are expected to continue to represent a similar proportion of retail store sales in future years.

15. GOODWILL

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 2,357,747	\$ 2,356,155
Effect of foreign currency exchange differences	<u>(11,536)</u>	<u>1,592</u>
Balance at December 31	<u>\$ 2,346,211</u>	<u>\$ 2,357,747</u>

The carrying amount of goodwill was allocated to cash-generating units as follows:

	December 31	
	2021	2020
Retail	\$ 2,092,938	\$ 2,092,938
Trading	183,480	195,016
Others	<u>69,793</u>	<u>69,793</u>
	<u>\$ 2,346,211</u>	<u>\$ 2,357,747</u>

For the years ended December 31, 2021 and 2020, the Group evaluated the recoverable amounts of the above three cash-generating units, and the recoverable amounts were determined based on the value in use. The calculation of value in use was based on the cash flow projections in the financial budgets approved by management covering a 5-year period, and the growth rate used in preparing the budgets was based on the prediction of related industries.

16. OTHER INTANGIBLE ASSETS

	December 31	
	2021	2020
Computer software	\$ 117,256	\$ 137,135
Others	<u>37,047</u>	<u>48,202</u>
	<u>\$ 154,303</u>	<u>\$ 185,337</u>

	Computer Software	Others	Total
<u>Cost</u>			
Balance at January 1, 2020	\$ 505,121	\$ 92,120	\$ 597,241
Additions	19,410	255	19,665
Disposals	(8,541)	-	(8,541)
Reclassified	8,117	31	8,148
Foreign exchange translation differences	<u>824</u>	<u>2,187</u>	<u>3,011</u>
Balance at December 31, 2020	<u>\$ 524,931</u>	<u>\$ 94,593</u>	<u>\$ 619,524</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2020	\$ 338,236	\$ 38,024	\$ 376,260
Amortization expense	50,395	7,265	57,660
Disposals	(8,541)	-	(8,541)
Reclassified	7,205	31	7,236
Foreign exchange translation differences	<u>501</u>	<u>1,071</u>	<u>1,572</u>
Balance at December 31, 2020	<u>\$ 387,796</u>	<u>\$ 46,391</u>	<u>\$ 434,187</u>
Carrying amount at December 31, 2020	<u>\$ 137,135</u>	<u>\$ 48,202</u>	<u>\$ 185,337</u>
<u>Cost</u>			
Balance at January 1, 2021	\$ 524,931	\$ 94,593	\$ 619,524
Additions	25,507	-	25,507
Disposals	(23,687)	(834)	(24,521)
Reclassified	4,034	115	4,149
Foreign exchange translation differences	<u>(1,531)</u>	<u>(8,811)</u>	<u>(10,342)</u>
Balance at December 31, 2021	<u>\$ 529,254</u>	<u>\$ 85,063</u>	<u>\$ 614,317</u>
<u>Accumulated amortization and impairment</u>			
Balance at January 1, 2021	\$ 387,796	\$ 46,391	\$ 434,187
Amortization expense	49,486	7,112	56,598
Disposals	(23,665)	(834)	(24,499)
Reclassified	(153)	-	(153)
Foreign exchange translation differences	<u>(1,466)</u>	<u>(4,653)</u>	<u>(6,119)</u>
Balance at December 31, 2021	<u>\$ 411,998</u>	<u>\$ 48,016</u>	<u>\$ 460,014</u>
Carrying amount at December 31, 2021	<u>\$ 117,256</u>	<u>\$ 37,047</u>	<u>\$ 154,303</u>

Other intangible assets are amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	3-5 years
Others	7-15 years

17. BORROWINGS

	December 31	
	2021	2020
Short-term borrowings	\$ 1,608,880	\$ 932,185
Short-term bills payable	\$ 89,885	\$ 399,848
Current portion of long-term borrowings	\$ 364,630	\$ 45,611
Long-term borrowings	\$ 8,144,931	\$ 8,331,449

a. Short-term borrowings as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 1,608,880	\$ 932,185

The range of weighted average effective interest rate on bank loans was 0.5187%-1.8450% and 0.9%-1.845% per annum as of December 31, 2021 and 2020, respectively.

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	\$ 90,000	\$ 400,000
		(152)
Less: Unamortized discounts on bills payable	(115)	)
	\$ 89,885	\$ 399,848

c. Long-term borrowings

Lending Institution	Loan Tenure	Interest Rate	Collateral	December 31, 2021
First Commercial Bank's syndicated loan	2019.06.17-2024.06.17	1.1211%-1.7895%	No	\$ 1,392,200
First Commercial Bank	2021.10.04-2026.12.02	1.2300%	No	240,000
First Commercial Bank	2019.05.15-2023.05.15	1.5000%	Yes	100,000
First Commercial Bank	2020.10.12-2022.10.12	1.2450%	No	20,000
	(Note)			
First Commercial Bank	2020.10.07-2022.10.07	1.2450%	No	20,000
	(Note)			
First Commercial Bank	2020.07.28-2022.07.28	1.2450%	No	20,000
	(Note)			
Hua Nan Bank	2021.12.27-2023.12.27	1.1500%	No	470,696
Bank of Taiwan	2021.11.08-2023.11.08	1.2450%	No	300,000
Chang Hwa Bank	2021.12.22-2023.12.22	1.2800%	No	220,000
Chang Hwa Bank	2021.12.29-2024.12.29	1.4000%	No	500,000
Taiwan Business Bank	2021.12.21-2024.12.21	1.3300%	No	300,000
Taiwan Business Bank	2020.12.18-2023.12.18	1.4080%	No	100,000
Export-Import Bank of the Republic of China	2019.05.16-2025.05.16	0.8663%	No	660,000
Export-Import Bank of the Republic of China	2020.05.05-2026.05.05	0.8135%	No	150,000
Export-Import Bank of the Republic of China	2019.12.06-2025.12.06	0.9721%	No	72,000

(Continued)

Lending Institution	Loan Tenure	Interest Rate	Collateral	December 31, 2021
Taishin International Bank	2021.03.24-2023.03.24	1.2500%	No	\$ 300,000
SinoPac Bank	2021.11.12-2023.11.30	1.1522%-1.1734%	No	775,264
SinoPac Bank	2019.11.21-2022.05.31	1.4500%	No	71,758
KGI Bank	2021.09.27-2023.09.27	0.9908%-1.2593%	No	600,000
O-Bank	2021.07.16-2023.07.15	1.0465%	No	276,880
O-Bank	2021.06.23-2023.06.22	1.2475%	No	400,000
O-Bank	2018.04.20-2023.04.19	1.2700%	Yes	420,858
Jih International Bank	2020.06.11-2023.06.11	1.3000%	No	300,000
Jih Sun International Bank	2020.11.10-2024.05.30	1.2000%	No	197,906
Jih Sun International Bank	2020.11.10-2024.05.30	1.2000%	No	2,000
Yuanta Bank	2021.07.13-2024.07.12	0.9800%	No	400,000
Far Eastern Bank	2021.11.16-2023.11.16	1.1500%	No	200,000
Less: Current portion				(364,630)
				<u>\$ 8,144,931</u>
				(Concluded)

Lending Institution	Loan Tenure	Interest Rate	Collateral	December 31, 2020
First Commercial Bank's syndicated loan	2019.06.17-2024.06.17	1.2606%-1.8890%	No	\$ 1,741,182
First Commercial Bank	2019.09.27-2022.09.27	1.3500%	No	240,000
First Commercial Bank	2019.05.15-2023.05.15	1.5000%	Yes	100,000
Chang Hwa Bank	2019.09.26-2022.09.26	1.3000%	No	500,000
Chang Hwa Bank	2020.12.23-2022.12.23	1.2800%	No	220,000
Taishin International Bank	2020.05.29-2022.05.31	1.3500%	No	300,000
KGI Bank	2019.12.02-2022.09.22	1.0866%	No	80,000
KGI Bank	2020.09.24-2022.09.24	0.9864%-0.9866%	No	500,000
Taiwan Business Bank	2020.09.09-2023.09.09	1.3300%	No	300,000
Taiwan Business Bank	2020.09.09-2023.09.09	1.4080%	No	120,000
Taiwan Business Bank	2020.12.18-2023.12.18	1.4080%	No	100,000
Export-Import Bank of the Republic of China	2019.05.16-2025.05.16	0.8656%	No	660,000
Export-Import Bank of the Republic of China	2019.12.06-2025.12.06	0.6380%	No	72,000
Export-Import Bank of the Republic of China	2020.05.05-2026.05.05	0.8128%	No	150,000
Jih Sun International Bank	2020.06.11-2023.06.11	1.3000%	No	150,000
O-Bank	2018.04.20-2023.04.19	1.3648%	Yes	478,918
O-Bank	2018.03.14-2022.06.15	1.2471%	No	400,000
O-Bank	2020.07.07-2022.07.06	1.2368%	No	273,667
Hua Nan Bank	2019.11.27-2022.11.27	1.3297%	No	100,000
Hua Nan Bank	2020.11.26-2022.11.26	1.2383%-1.2482%	No	456,112
SinoPac Bank	2019.11.21-2022.04.30	1.4500%	No	34,450
SinoPac Bank	2019.11.21-2022.11.30	1.1500%-1.2262%	No	792,675
Mega Bank	2019.07.19-2022.07.18	1.0800%	No	30,000
Bank of Taiwan	2020.08.10-2022.08.10	0.8972%-1.295%	No	378,056
Yuanta Bank	2020.09.17-2022.09.16	1.2500%	No	200,000
Less: Current portion				(45,611)
				<u>\$ 8,331,449</u>

Note: Some of subsidiaries were qualified for the revitalization process of industries that were severely affected by COVID-19. The Ministry of Economic Affairs issued an extension to their loans, and such loans were approved by banks in July 2021 and October 2021, respectively.

Test-Rite promised to maintain the following financial covenants according to the loan agreements as of December 31, 2021:

1) First Commercial Bank Syndicated Loan

- a) For the Financial Liabilities Ratio, Test-Rite shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.
- b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.
- c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of no less than 2.5 to 1.
- d) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than \$5,200,000 thousand.
- e) The calculations of the ratios are based on the Company's stand-alone financial statements for each year ended December 31.

2) O-Bank Loan

- a) For the Total Liabilities Ratio, Test-Rite shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.
- b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.
- c) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than \$5,200,000 thousand.
- d) The calculations of the ratios are based on the Company's stand-alone financial statements for each year ended December 31.

3) Taishin International Bank

- a) For the Total Liabilities Ratio, Test-Rite shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.
- b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.
- c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of no less than 2.5 to 1.
- c) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than \$5,200,000 thousand.
- d) The calculations of the ratios are based on the Company's stand-alone financial statements for each year ended December 31.

- 4) SinoPac Bank Loan
- a) For the Financial Liabilities Ratio, Test-Rite shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.
 - b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.
 - c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of no less than 2.5 to 1.
 - d) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than \$5,200,000 thousand.
 - e) The calculations of the ratios are based on the Company's stand-alone financial statements for each year ended December 31.
- 5) Test-Rite Retail promised to maintain the following financial covenants according to the loan agreements with O-Bank:
- a) For the Financial Liabilities Ratio, Test-Rite Retail shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.
 - b) For the Current Ratio, Test-Rite Retail shall maintain a ratio of Current Assets to Short-term borrowings of no less than 1 to 1.
 - c) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than \$2,000,000 thousand.
 - d) The calculations of the ratios are based on the stand-alone financial statements of Test-Rite Retail for each year ended December 31.
- 6) Test-Rite Retail promised to maintain the following financial covenants according to the loan agreements with Taishin International Bank:
- a) For the Financial Liabilities Ratio, Test-Rite Retail shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 2 to 1.
 - b) For the Current Ratio, Test-Rite Retail shall maintain a ratio of Current Assets to Current Financial Liabilities of no less than 1 to 1.
 - c) For the EBITDA Ratio, Test-Rite Retail shall maintain a ratio of EBITDA to Interest Expense of no less than 3 to 1.
 - d) The calculations of the ratios are based on the stand-alone financial statements of Test-Rite Retail for each year ended December 31.

18. OTHER PAYABLES

	December 31	
	2021	2020
Accrued expenses	\$ 1,719,207	\$ 1,775,149
Payable for purchase of equipment	71,955	64,681
Bonuses payable to employees	9,373	8,878
Bonuses payable to directors	14,059	13,317
Allowance of sales returns and discounts	328,771	185,352
Others	<u>455,109</u>	<u>328,210</u>
	<u>\$ 2,598,474</u>	<u>\$ 2,375,587</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the government of the Republic of ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ 372,132	\$ 485,793
Fair value of plan assets	<u>(312,988)</u>	<u>(349,270)</u>
Deficit	59,144	136,523
Defined benefit asset (included in other non-current assets)	<u>24,107</u>	<u>23,232</u>
Net defined benefit liability (included in net defined benefit liabilities - non-current)	<u>\$ 83,251</u>	<u>\$ 159,755</u>

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	<u>\$ 496,785</u>	<u>\$ (365,321)</u>	<u>\$ 131,464</u>
Service cost			
Past service cost	2,204	-	2,204
Current service cost	2,517	-	2,517
Net interest expense	<u>4,659</u>	<u>(3,446)</u>	<u>1,213</u>
Recognized in profit or loss	<u>9,380</u>	<u>(3,446)</u>	<u>5,934</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,031)	(17,031)
Actuarial loss - changes in financial assumptions	17,656	-	17,656
Actuarial (profit) loss - experience adjustments	(2,102)	387	(1,715)
Actuarial loss - changes in demographic assumptions	<u>11,330</u>	<u>-</u>	<u>11,330</u>
Recognized in other comprehensive income	<u>26,884</u>	<u>(16,644)</u>	<u>10,240</u>
Contributions from the employer	-	(14,572)	(14,572)
Benefits paid	(48,391)	47,234	(1,157)
Others	<u>1,135</u>	<u>3,479</u>	<u>4,614</u>
Balance at December 31, 2020	<u>485,793</u>	<u>(349,270)</u>	<u>136,523</u>
Service cost			
Past service cost	2,672	-	2,672
Current service cost	1,000	-	1,000
Net interest expense	<u>2,180</u>	<u>(2,005)</u>	<u>175</u>
Recognized in profit or loss	<u>5,852</u>	<u>(2,005)</u>	<u>3,847</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,840)	(1,840)
Actuarial loss - changes in financial assumptions	(9,842)	-	(9,842)
Actuarial (profit) loss - experience adjustments	(5,187)	164	(5,023)
Actuarial loss - changes in demographic assumptions	<u>7,781</u>	<u>-</u>	<u>7,781</u>
Recognized in other comprehensive income	<u>(7,248)</u>	<u>(1,676)</u>	<u>(8,924)</u>
Contributions from the employer	-	(54,670)	(54,670)
Benefits paid	(104,714)	95,271	(9,443)
Others	<u>(7,551)</u>	<u>(638)</u>	<u>(8,189)</u>
Balance at December 31, 2021	<u>\$ 372,132</u>	<u>\$ (312,988)</u>	<u>\$ 59,144</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2021	2020
Operating expenses	<u>\$ 3,847</u>	<u>\$ 5,934</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate	0.70%-0.75%	0.50%-0.80%
Expected rate of salary increase	2.50%-3.00%	2.50%-3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2021	2020
Discount rate		
0.25% increase	<u>\$ (10,322)</u>	<u>\$ (13,307)</u>
0.25% decrease	<u>\$ 10,770</u>	<u>\$ 13,875</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 10,394</u>	<u>\$ 15,194</u>
0.25% decrease	<u>\$ (10,017)</u>	<u>\$ (14,432)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2021	2020
Expected contributions to the plan for the next year	<u>\$ 7,691</u>	<u>\$ 10,771</u>
Average duration of the defined benefit obligation	8.00-36.40 years	9.00-19.10 years

20. EQUITY

a. Share capital

	December 31	
	2021	2020
Number of shares authorized (in thousands)	<u>750,000</u>	<u>750,000</u>
Shares authorized	<u>\$ 7,500,000</u>	<u>\$ 7,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>509,888</u>	<u>509,888</u>
Shares issued	<u>\$ 5,098,875</u>	<u>\$ 5,098,875</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

As of December 31, 2021, Test-Rite's outstanding share capital amounted to \$5,098,875 thousand.

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 364	\$ 364
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	<u>857</u>	<u>857</u>
	<u>\$ 1,221</u>	<u>\$ 1,221</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

As the Company's industrial environment is affected by a wide range of variables, the Company adopted a balanced dividends policy. Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Above dividends, legal reserve and capital surplus which is distributed by cash, the Company authorizes the distribution after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors and in Note 22-g.

The dividends policy of Test-Rite is as follows:

The Company's dividends policy shall consider the Company's business diversification, capital needs for future operational plan, along with the shareholder's benefits, and the Company's long-term financial plans. The shareholder's dividends are appropriated based on accumulated distributable earnings, which shall not be lower than 50% of the distributable earnings for the periods and the cash dividends shall not be less than 10% of the shareholders dividend. However, if cash dividends per share are less than \$0.1, share dividends could be all distributed instead of cash dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 approved in the shareholders' meetings on August 27, 2021 and June 17, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2020	2019	2020	2019
Legal reserve	\$ 79,252	\$ 7,984	\$ -	\$ -
Special reserve	178,893	76,249	-	-
Cash dividends	530,272	-	1.07	-

The Company's board of directors had also proposed to issue cash dividends from capital surplus of \$351,863 thousand on March 25, 2020 and was reported in the shareholders' meeting on June 17, 2020.

The appropriation of earnings for 2021 was proposed by the Company's board of directors on March 23, 2022. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 78,105	\$ -
Special reserve	68,893	-
Cash dividends	634,344	1.28

The above appropriation for cash dividends was resolved by the Company's board of directors; the other proposed appropriations will not be resolved by the shareholders in their meeting until June 15, 2022.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Company's presentation currency (New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in a foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of foreign operations.

2) Unrealized gain (loss) on financial assets at FVTOCI

Unrealized gain (loss) on financial assets at FVTOCI was accumulated gains and losses recognized in other comprehensive income when investments in equity instruments at FVTOCI were subsequently measured at fair value. Unrealized gain (loss) on financial assets at FVTOCI was not reclassified to other gains and losses when those financial instruments were disposed of.

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at December 1, 2020	<u>14,306</u>
Number of shares at December 31, 2020	<u>14,306</u>
Number of shares at December 1, 2021	<u>14,306</u>
Number of shares at December 31, 2021	<u>14,306</u>

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

21. REVENUE

	For the Year Ended December 31	
	2021	2020
Revenue from contracts with customers		
Revenue from sale of goods	\$ 40,773,003	\$ 38,838,236
Construction contract revenue	1,583,295	1,585,475
Rental income	297,587	398,156
Revenue from sales of real estate	-	7,115
Other operating revenue	<u>1,103,473</u>	<u>961,721</u>
	<u>\$ 43,757,358</u>	<u>\$ 41,790,703</u>

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Contract assets			
Properties construction	\$ 703,187	\$ 276,891	\$ 216,962
Contract liabilities			
Properties construction	\$ 102,525	\$ 42,276	\$ 20,901
Customer loyalty programs	169,679	117,229	51,165
	<u>\$ 272,204</u>	<u>\$ 159,505</u>	<u>\$ 72,066</u>

b. Disaggregation of revenue

2021

	Reportable Segments			
	Retail	Trading	Construction	Total
Type of goods or services				
Sale of goods	\$ 16,156,864	\$ 24,339,065	\$ 277,074	\$ 40,773,003
Construction contracts	422,932	-	1,160,363	1,583,295
Rental income	112,856	-	184,731	297,587
Other operating revenue	216,573	867,184	19,716	1,103,473
	<u>\$ 16,909,225</u>	<u>\$ 25,206,249</u>	<u>\$ 1,641,884</u>	<u>\$ 43,757,358</u>

2020

	Reportable Segments			
	Retail	Trading	Construction	Total
Type of goods or services				
Sale of goods	\$ 16,143,569	\$ 22,444,360	\$ 250,307	\$ 38,838,236
Construction contracts	436,792	-	1,148,683	1,585,475
Rental income	207,388	80	190,688	398,156
Revenue from sales of real estate	-	-	7,115	7,115
Other operating revenue	291,020	646,101	24,600	961,721
	<u>\$ 17,078,769</u>	<u>\$ 23,090,541</u>	<u>\$ 1,621,393</u>	<u>\$ 41,790,703</u>

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	\$ 17,030	\$ 19,896
Others	20,633	18,113
	<u>\$ 37,663</u>	<u>\$ 38,009</u>

b. Other income

For the Year Ended December 31
2021 2020

Others	\$ <u>227,564</u>	\$ <u>193,740</u>
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c. Other gains and losses

For the Year Ended December 31
2021 2020

Gain on disposal of financial assets	\$ 24,216	\$ 16,932
Fair value changes of financial assets and financial liabilities designated at FVTPL	(273,915)	191,470
Loss on disposal of property, plant and equipment	(36,469)	(14,815)
Net foreign exchange gains	977,400	158,647
Miscellaneous expenses	(413,619)	(371,328)
Impairment losses	<u>-</u>	<u>(59,922)</u>
	<u>\$ 277,613</u>	<u>\$ (79,016)</u>

d. Financial cost

For the Year Ended December 31
2021 2020

Interest on lease liabilities	\$ 139,313	\$ 148,578
Other interest expenses	<u>151,550</u>	<u>194,390</u>
	<u>\$ 290,863</u>	<u>\$ 342,968</u>

e. Depreciation and amortization

For the Year Ended December 31
2021 2020

An analysis of depreciation by function		
Operating costs	\$ 184,941	\$ 328,767
Operating expenses	<u>2,002,223</u>	<u>2,078,831</u>
	<u>\$ 2,187,164</u>	<u>\$ 2,407,598</u>
 An analysis of amortization by function		
Operating costs	\$ 63	\$ 69
Operating expenses	<u>118,527</u>	<u>113,721</u>
	<u>\$ 118,590</u>	<u>\$ 113,790</u>

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefit		
Defined contribution plan	\$ 121,755	\$ 125,937
Defined benefit plan	<u>3,847</u>	<u>5,934</u>
	125,602	131,871
Other employee benefits	<u>3,793,105</u>	<u>3,751,433</u>
Total employee benefits expense	<u>\$ 3,918,707</u>	<u>\$ 3,883,304</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 58,595	\$ 56,523
Operating expenses	<u>3,860,112</u>	<u>3,826,781</u>
	<u>\$ 3,918,707</u>	<u>\$ 3,883,304</u>

g. Compensation of employees and remuneration of directors.

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2% respectively, of net profit before income tax, respectively. The compensation of employees and the remuneration of directors are as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	1.0%	1.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2021	2020
Compensation of employees	\$ 9,373	\$ 8,878
Remuneration of directors	14,059	13,317

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

23. INCOME TAX

- a. Major components of income tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	\$ 223,539	\$ 226,128
Adjustments for prior periods	<u>1,577</u>	<u>15,050</u>
	<u>225,116</u>	<u>241,178</u>
Deferred tax		
Adjustment for deferred tax assets	<u>(31,148)</u>	<u>(89,409)</u>
Income tax expense recognized in profit or loss	<u>\$ 193,968</u>	<u>\$ 151,769</u>

- b. A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax		
Income tax expense calculated at the statutory rate	\$ 350,124	\$ 265,727
Tax effect of reconciled items:		
Tax-exempt income	(126,585)	(39,599)
Adjustments to deferred tax assets	(31,148)	(89,409)
Adjustments for prior periods	<u>1,577</u>	<u>15,050</u>
Income tax expense recognized in profit or loss	<u>\$ 193,968</u>	<u>\$ 151,769</u>

- c. Deferred tax assets and liabilities

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax assets</u>		
Temporary difference		
Share of losses of subsidiaries accounted for using the equity method	\$ 983,722	\$ 993,822
Unrealized loss on inventories	30,967	32,410
Allowance for doubtful accounts	8,009	10,147
Allowance for sales returns and discounts	22,784	5,907
Allowance for compensation losses	37,936	38,176
Others	<u>527,197</u>	<u>520,985</u>
	<u>\$ 1,610,615</u>	<u>\$ 1,601,447</u>
<u>Deferred tax liabilities</u>		
Temporary difference		
Intangible assets	\$ 10,306	\$ 13,378
Defined benefit obligations	<u>1,561</u>	<u>1,271</u>
	<u>\$ 11,867</u>	<u>\$ 14,649</u>

d. Income tax assessments

The income tax returns of Test-Rite for years through 2018 have been examined and approved by the tax authority.

24. EARNINGS PER SHARE

For the years ended December 31, 2021 and 2020, the amounts of earnings per share were calculated as follows:

	2021		
	Amounts (Numerator)		EPS (NT\$)
	Parent Co. Shareholders Income After Tax	Shares (Denominator) (In Thousands)	Parent Co. Shareholders Income After Tax
Basic earnings per share			
Net income to shareholders of ordinary shares	\$ 782,834	495,582	<u>\$ 1.58</u>
The effects of dilutive potential ordinary shares			
Compensation to employees	<u>-</u>	<u>513</u>	
Diluted earnings per share			
Net income to shareholders of ordinary shares and the effects of potential ordinary shares	<u>\$ 782,834</u>	<u>496,095</u>	<u>\$ 1.58</u>
	2020		
	Amounts (Numerator)		EPS (NT\$)
	Parent Co. Shareholders Income After Tax	Shares (Denominator) (In Thousands)	Parent Co. Shareholders Income After Tax
Basic earnings per share			
Net income to shareholders of ordinary shares	\$ 791,615	495,582	<u>\$ 1.60</u>
The effects of dilutive potential ordinary shares			
Compensation to employees	<u>-</u>	<u>333</u>	
Diluted earnings per share			
Net income to shareholders of ordinary shares and the effects of potential ordinary shares	<u>\$ 791,615</u>	<u>495,915</u>	<u>\$ 1.60</u>

Test-Rite may settle the compensation or bonuses paid to employees in cash or shares; therefore, Test-Rite assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The objective of the Company's capital management is to ensure it has the necessary financial resource and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures and dividends spending.

26. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not carried at fair value approximate their fair value. As of December 31, 2021 and 2020, the carrying amounts approximate their fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 46,691	\$ -	\$ 46,691
Non-derivative financial assets	\$ 299,340	\$ -	\$ -	\$ 299,340
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 93,663	\$ -	\$ 93,663
Financial assets at FVTOCI				
Investments in equity instruments	\$ -	\$ -	\$ 68,036	\$ 68,036

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	\$ -	\$ 256,796	\$ -	\$ 256,796
Non-derivative financial assets	\$ 171,796	\$ -	\$ -	\$ 171,796
Financial liabilities at FVTPL				
Derivative financial liabilities	\$ -	\$ 42,367	\$ -	\$ 42,367
Financial assets at FVTOCI				
Investments in equity instruments	\$ 47,925	\$ -	\$ 55,927	\$ 103,852

There were no transfers between Level 1 and 2 in the current and prior periods.

Financial Risk Management Objectives and Policies

The Group's major financial instruments include equity and debt investments, borrowings, trade receivables and trade payables. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

a. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on the export.

There have been no changes to the Group's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (see Note 31).

The sensitivity analysis included only outstanding foreign currency denominated monetary items, and the effect on profit and loss by their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars appreciated 1% against the relevant currency. For a 1% depreciation of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		EUR Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2021	2020	2021	2020
Foreign currency assets -				
liabilities				
Equity	\$ (4,167)	\$ (12,436)	\$ 13	\$ 180

2) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at floating interest rates. The risk is managed by the Group by maintaining floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's interest rate risk arises primarily from fixed revenue investment and floating interest rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2021	2020
Fair value interest rate risk		
Financial assets	\$ -	\$ -
Financial liabilities	89,885	399,848
Cash flow interest rate risk		
Financial assets	629,045	528,184
Financial liabilities	10,118,441	9,309,245

The sensitivity analyses were calculated by a change in fair value of the fixed interest rates financial assets and liabilities at the end of the reporting period.

If interest rates at end of the reporting period were higher by 1% and all other variables were held constant, the Group's cash outflow for the years ended December 31, 2021 and 2020 would have been increased by \$94,894 thousand and \$87,811 thousand, respectively.

b. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- 1) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and
- 2) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group direct against the counterparties which deal with materially to providing sufficient collateral or other right pledged, so that it could minimize credit risk effectively. Management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group did transactions with a large number of customers among different industries and geography area. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

c. Liquidity risk

The Group manages and contains sufficient working capital to support the operations so there is no liquidity risk of shortage of funds by the maturity date of implementing obligation to the contracts, reduce the impact on fluctuation of cash flow.

The Group's non-derivative financial liabilities with their agreed repayment period were as follows:

	December 31, 2021			
	1 Year	2-3 Years	3+ Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 10,985,436	\$ 22,447	\$ 61,793	\$ 11,069,676
Fixed interest rate liabilities	89,885	-	-	89,885
Variable interest rate liabilities	1,973,510	7,699,740	445,191	10,118,441
Lease liabilities	<u>1,470,500</u>	<u>2,036,021</u>	<u>5,016,584</u>	<u>8,523,105</u>
	<u>\$ 14,519,331</u>	<u>\$ 9,758,208</u>	<u>\$ 5,523,568</u>	<u>\$ 29,801,107</u>
	December 31, 2020			
	1 Year	2-3 Years	3+ Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 11,097,677	\$ 14,078	\$ 59,240	\$ 11,170,995
Fixed interest rate liabilities	399,848	-	-	399,848
Variable interest rate liabilities	977,796	5,890,267	2,441,182	9,309,245
Lease liabilities	<u>2,011,177</u>	<u>1,807,514</u>	<u>4,789,180</u>	<u>8,607,871</u>
	<u>\$ 14,486,498</u>	<u>\$ 7,711,859</u>	<u>\$ 7,289,602</u>	<u>\$ 29,487,959</u>

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Names and relationships of the related parties are outlined as follows:

Name	Relationship
Tsai Wang Enterprise Company Limited	Entity controlled by key management personnel
Li Xiong Co., Ltd.	Entity controlled by key management personnel
Saturn Intelligence (CA) Ltd.	Entity controlled by key management personnel
Saturn Intelligence (AR) Ltd.	Entity controlled by key management personnel
Saturn Intelligence (CN) Ltd.	Entity controlled by key management personnel
Upmaster Investment Co., Ltd.	Entity controlled by key management personnel
Tsai Ye Enterprise Company Limited	Entity controlled by key management personnel
Joint Well Inc Limited.	Entity controlled by key management personnel
TAK Health Co., Ltd.	Entity controlled by key management personnel
Yinfong Lasova Co., Ltd.	Entity controlled by key management personnel
X-Cel Relationship Management Co., Ltd.	Entity controlled by key management personnel
Judy Lee	Chairman of Test-Rite
Tony Ho	Related party in substance
Li Heng Lee	Related party in substance

a. Operating transactions

	Sales Revenue	
	For the Year Ended December 31	
	2021	2020
Entity controlled by key management personnel	\$ <u>3,630</u>	\$ <u>2,108</u>

	Construction Contract Revenue	
	For the Year Ended December 31	
	2021	2020
Entity controlled by key management personnel	\$ <u>4,961</u>	\$ <u>20,618</u>

The sales price and terms of transactions with related parties were decided on the contracts which were agreed by both sides.

	Revenue from Logistics	
	For the Year Ended December 31	
	2021	2020
Entity controlled by key management personnel	\$ <u>626</u>	\$ <u>386</u>

The sales price of transactions with related parties were similar to those for third parties.

	Purchase Price	
	For the Year Ended December 31	
	2021	2020
Entity controlled by key management personnel	\$ <u>32,229</u>	\$ <u>29,820</u>

At December 31, 2021 and 2020, the remaining balances were as follows:

	Trade Receivables	
	December 31	
	2021	2020
Entity controlled by key management personnel	\$ <u>817</u>	\$ <u>76</u>

	Trade Payables	
	December 31	
	2021	2020
Entity controlled by key management personnel	\$ <u>12,634</u>	\$ <u>9,578</u>

	Other Payables	
	December 31	
	2021	2020
Entity controlled by key management personnel	\$ <u>-</u>	\$ <u>2,447</u>

	Refundable Deposits Paid	
	December 31	
	2021	2020
Tsai Wang Enterprise Company Limited	\$ 125,000	\$ 125,000
Entity controlled by key management personnel	24,273	24,612
Chairman of Test-Rite	<u>105</u>	<u>105</u>
	<u>\$ 149,378</u>	<u>\$ 149,717</u>

The transaction conditions of related parties are almost the same as non-related parties.

Lease arrangements

Line Item	Related Party Category/Name	December 31	
		2021	2020
Lease liabilities	Tsai Wang Enterprise Company Limited	\$ 340,799	\$ 674,032
	Entity controlled by key management personnel	364,199	462,409
	Chairman of Test-Rite	<u>-</u>	<u>795</u>
		<u>\$ 704,998</u>	<u>\$ 1,137,236</u>
		For the Year Ended December 31	
Related Party Category/Name		2021	2020

Interest expense

Entity controlled by key management personnel	\$ 22,016	\$ 28,115
Chairman of Test-Rite	<u>7</u>	<u>13</u>
	<u>\$ 22,023</u>	<u>\$ 28,128</u>

b. Endorsements or guarantees

Endorsements or guarantees that Test-Rite provided to subsidiaries were summarized in Note 29.

As of December 31, 2021, short-term borrowing of \$6,923 thousand was guaranteed by the chairman of Test-Rite (Judy Lee) and related party in substance (Tony Ho), short-term borrowing of \$22,080 thousand was guaranteed by the chairman of Test-Rite (Judy Lee), short-term borrowing of \$687,557 thousand was guaranteed by related party in substance (Tony Ho).

As of December 31, 2021, long-term borrowing of \$100,000 thousand was guaranteed by the chairman of Test-Rite (Judy Lee) and related party in substance (Tony Ho), long-term borrowing of \$5,555,040 thousand was guaranteed by the chairman of Test-Rite (Judy Lee), and long-term borrowing of \$1,551,663 thousand was guaranteed by related party in substance (Tony Ho).

As of December 31, 2021, short-term bill payable of \$89,885 thousand was guaranteed by related party in substance (Tony Ho).

As of December 31, 2020, short-term borrowing of \$103,279 thousand was guaranteed by the chairman of Test-Rite (Judy Lee) and related party in substance (Tony Ho), short-term borrowing of \$20,000 thousand was guaranteed by the chairman of Test-Rite (Judy Lee), short-term borrowing of \$528,120 thousand was guaranteed by related party in substance (Tony Ho).

As of December 31, 2020, long-term borrowing of \$100,000 thousand was guaranteed by the chairman of Test-Rite (Judy Lee) and related party in substance (Tony Ho), long-term borrowing of \$4,811,692 thousand was guaranteed by the chairman of Test-Rite (Judy Lee), and long-term borrowing of \$2,104,450 thousand was guaranteed by related party in substance (Tony Ho).

As of December 31, 2020, short-term bill payable of \$99,958 thousand was guaranteed by related party in substance (Tony Ho), short-term bill payable of \$299,890 thousand was guaranteed by the chairman of Test-Rite (Judy Lee).

c. Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	\$ 109,380	\$ 116,612
Post-employment benefits	<u>2,132</u>	<u>2,605</u>
	<u>\$ 111,512</u>	<u>\$ 119,217</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. PLEDGED ASSETS

	December 31	
	2021	2020
Property, plant and equipment (see Notes 13 and 17)	\$ 1,581,584	\$ 1,609,261
Time deposits (see Notes 6 and 9)	534,271	438,338
Construction land (see Notes 11 and 17)	<u>149,000</u>	<u>149,559</u>
	<u>\$ 2,264,855</u>	<u>\$ 2,197,158</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Letter of Credit

The Group's outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2021 and 2020 were US\$3,748 thousand and US\$21,216 thousand, respectively.

The Group's outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2021 and 2020 were EUR 2 thousand and EUR 30 thousand, respectively.

Endorsements/Guarantees Provided

As of December 31, 2021 and 2020, endorsements or guarantees that the Company provided to its subsidiaries were summarized as follows:

(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31	
	2021	2020
Endorsements		
Test-Rite Products Corp.	US\$ 14,000	US\$ 7,000
Test-Rite Pte Ltd.	US\$ 2,000	US\$ 2,000
TEST RITE tepro GmbH	EUR 6,900	EUR 6,900
	US\$ 10,000	US\$ -
Test-Rite C&B	NT\$ 45,000	NT\$ 45,000

As of December 31, 2021 and 2020, the Group had import duty relief on temporary admission, coupon execution guarantee and CPC Corporation guarantee rendered by banks of approximately \$152,300 thousand and \$139,444 thousand, respectively.

Energy Retailing Co., Ltd., Light Up Shanghai Retailing Co., Ltd. and Hola Shanghai Retail & Trading Co., Ltd. had been in arguments with Shanghai Wanda Commercial Properties Co., Ltd. for contract dispute. Shanghai Wanda Commercial Properties Co., Ltd. claimed the above-mentioned three companies should pay rent and venue restoration fee for approximately NT\$215,967 thousand. This arbitration case had been held in Beijing Arbitration Commission on February 24, 2022. As of March 23, 2022, the commission had yet to make a judgement.

30. OTHER ITEMS

The Group assessed the economic impact caused by the COVID-19 pandemic. As of the date of the consolidated financial statements were approved and issued, it has not had a significant impact on the Group. The Group will continue to observe the relevant epidemic situation and assess its impact.

31. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The information of significant foreign-currency financial assets and liabilities as of December 31, 2021 and 2020 was summarized as follows:

(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31					
	2021			2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial assets</u>						
Monetary items						
USD	\$ 301,754	27.6880	\$ 8,354,965	\$ 252,272	28.5070	\$ 7,163,011
EUR	192	31.1691	5,984	123	34.4264	4,234
Non-monetary items						
USD	5,378	27.6880	148,915	-	28.5070	-

(Continued)

December 31						
	2021			2020		
	Foreign Currency	Exchange Rate	New Taiwan Dollar	Foreign Currency	Exchange Rate	New Taiwan Dollar
<u>Financial liabilities</u>						
Monetary items						
USD	\$ 286,705	27.6880	\$ 7,938,288	\$ 308,650	28.5070	\$ 8,798,686
EUR	233	31.1691	7,262	647	34.4264	22,274
						(Concluded)

For the years ended December 31, 2021 and 2020, realized and unrealized net foreign exchange gains were \$977,400 thousand and \$158,647 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and:

- 1) Financing provided to others (None)
- 2) Endorsements/guarantees provided (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 9) Trading in derivative instruments (Note 7)

b. investees and information about reinvestment:

- 1) Financing provided to others (Table 6)
- 2) Endorsements/guarantees provided (Table 7)
- 3) Marketable securities held (Table 8)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (Table 9)
 - 10) Information on investees (Table 5)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 10):
- d. Intercompany relationships and significant intercompany transactions (Table 11)
- e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 12)

33. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

A Segment - retail segment
 B Segment - trading segment
 C Segment - construction segment

Segment Revenue and Results

The analysis of the Group revenue and results from continuing operations by reportable segment was as follows:

	2021				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Operating revenue	\$ 16,938,950	\$ 25,619,487	\$ 2,260,429	\$ (1,061,508)	\$ 43,757,358
Profit from operations	\$ 231,896	\$ 719,900	\$ 173,878	\$ (366,126)	\$ 759,548

	2020				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Operating revenue	<u>\$ 17,091,774</u>	<u>\$ 23,400,669</u>	<u>\$ 2,155,276</u>	<u>\$ (857,016)</u>	<u>\$ 41,790,703</u>
Profit from operations	<u>\$ 79,553</u>	<u>\$ 696,948</u>	<u>\$ 159,637</u>	<u>\$ 212,735</u>	<u>\$ 1,148,873</u>

All intercompany transactions have been eliminated upon consolidation for the years ended December 31, 2021 and 2020.

Geographical Information

The Company operates in two principal geographical areas - Asia and America.

The Company's revenue from continuing operations from external customers and information on its non-current assets by geographical location were detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2021	2020	2021	2020
Asia	\$ 19,084,179	\$ 18,833,129	\$ 16,767,904	\$ 16,994,649
America	21,902,619	20,361,360	1,015,204	1,218,670
Europe	2,684,472	2,516,492	176,317	240,624
Australia and others	<u>86,088</u>	<u>79,722</u>	<u>923</u>	<u>1,019</u>
	<u>\$ 43,757,358</u>	<u>\$ 41,790,703</u>	<u>\$ 17,960,348</u>	<u>\$ 18,454,962</u>

Non-current assets excluded those classified as financial instruments, deferred pension cost and deferred income tax assets.

Major Customer

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2021	2020
Customer A	\$ 7,263,609	\$ 6,452,112
Customer B	<u>5,649,941</u>	<u>5,526,196</u>
	<u>\$ 12,913,550</u>	<u>\$ 11,978,308</u>

TABLE 1

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 4)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 5)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed (Note 3)	Amount Endorsed/ Guaranteed by Collateral (Note 3)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 4)										
0	Test-Rite International Co., Ltd.	Test-Rite Products Corp.	2	\$ 3,410,018	\$ 387,632 (US\$ 14,000,000)	\$ 387,632 (US\$ 14,000,000)	\$ 387,632 (US\$ 14,000,000)	\$ -	5.68	\$ 6,820,036	Yes	-	-
		TEST RITE tepro GmbH	2	3,410,018	511,625 (EUR 6,900,000) (US\$ 10,000,000)	491,947 (EUR 6,900,000) (US\$ 10,000,000)	255,446 (EUR 6,000,000) (US\$ 2,471,519)	-	7.21	6,820,036	Yes	-	-
		Test-Rite Pte Ltd.	2	3,410,018	57,038 (US\$ 2,000,000)	55,376 (US\$ 2,000,000)	6,923 (US\$ 250,052)	-	0.81	6,820,036	Yes	-	-
		Test Rite C&B Co., Ltd.	2	3,410,018	45,000	45,000	45,000	-	0.66	6,820,036	Yes	-	-

Note 1: This refers to the Company.

Note 2: 100.00% of the Company’s shareholders’ equity.

Note 3: The exchange rates for the year ended December 31, 2021 are USD/NTD = 27.6880, EUR/NTD = 31.1691.

Note 4: Endorsee/guarantee

a. Company with business relationship. (limit is 35% of shareholders’ equity)

b. Companies directly or indirectly holding more than 50% of the voting shares. (limit is 50% of shareholders’ equity)

c. Company that directly or indirectly holds more than 50% of the voting shares.

Note 5: Calculated in current exchange rate.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
Test-Rite International Co., Ltd.	<u>Open-ended funds</u> Allianz Global Investors Inc and Gr	None	Financial assets at fair value through profit or loss - current	3,302,227	\$ 36,622	-	\$ 36,622	
	Franklin Biotechnology Discovery Fund A	None	Financial assets at fair value through profit or loss - current	49,951	51,532	-	51,532	
	FSITC Gbl Artificl Intlgnc Fd	None	Financial assets at fair value through profit or loss - current	1,053,186	19,484	-	19,484	

Note 1: Marketable securities in this table refers to shares, bonds, beneficiary certificates and the marketable securities derived from the above items that fall within the scope of IFRS No. 9 “Financial Instruments”.

Note 2: For those measured by fair value, the amount is the book balance after adjustment by fair value evaluation and the deduction of accumulated impairments in the column of carrying amount; for those not measured by fair value, the amount is the cost after amortization (after deduction of allowance losses) in the column of carrying amount.

Note 3: For the information on investees, refer to Tables 5 and 10.

TABLE 3

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Test-Rite International Co., Ltd.	Test-Rite Products Corp.	Subsidiary of Test-Rite International (U.S.) Co.	Sales	\$ (5,654,024)	(26)	T/T 90 days to 180 days.	-	-	\$ 4,554,084	60	
	Homezone Int'l Corp. (U.S.A.)	Subsidiary of Test-Rite Products Corp.	Sales	(513,427)	(2)	T/T 90 days to 180 days.	-	-	336,750	4	
	TEST RITE tepro GmbH	Subsidiary of Test-Rite Development GmbH	Sales	(1,013,258)	(5)	T/T 90 days.	-	-	239,157	3	
Test-Rite Business Development	Test-Rite Retail Co., Ltd.	Test-Rite International Co., Ltd. indirectly owned second-tier subsidiary	Sales	(131,968)	(34)	No significant difference with third parties	-	-	3,451	2	
	Test-Rite International Co., Ltd.	Test-Rite International Co., Ltd. indirectly owned second-tier subsidiary	Sales	(192,344)	(49)	T/T 14 days	-	-	184,106	89	
Testrite Brand Agency Co., Ltd.	Test-Rite Retail Co., Ltd.	Subsidiary of Test-Rite International Co., Ltd.	Sales	(209,080)	(22)	No significant difference with third parties	-	-	55,146	28	

TABLE 4

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Test-Rite International Co., Ltd.	Test-Rite Products Corp.	Subsidiary of Test-Rite International (U.S.) Co.	Trade receivables \$ 4,554,084	1	\$ 1,724,654	-	\$ 529,696	\$ -
			Other receivables 2,975		-	-	-	-
	Homezone Int’l Corp (U.S.A.)	Subsidiary of Test-Rite Products Corp.	Trade receivables 336,750	2	78,555	-	69,820	-
			Other receivables 47		-	-	-	-
	TEST RITE tepro GmbH	Subsidiary of Test-Rite Development GmbH	Trade receivables 239,157	4	-	-	58,697	-
			Other receivables 3,105		-	-	-	-
Test-Rite Business Development	Test-Rite International Co., Ltd.	Test-Rite International Co., Ltd. indirectly owned second-tier subsidiary.	Trade receivables 184,106	2	-	-	7,413	-

TABLE 5

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Test-Rite International Co., Ltd.	Fortune Miles Trading Inc.	Portcullis Chambers, P.O.Box 1225, Apia, Samoa	Investment holding	\$ 941 US\$ 30,000	\$ 941 US\$ 30,000	30,000	100.00	\$ 613	\$ -	\$ -	
	Test-Rite Retailing Co., Ltd.	Windward 1, Regatta Office Park, West Bay Road, P.O.Box 897, Grand Cayman KY1-1103, Cayman Islands	Investment holding	5,314,666 US\$ 168,751,000	5,314,666 US\$ 168,751,000	156,965,000	100.00	406,152	105,587	105,587	
	Test-Rite Trading Co., Ltd.	Windward 1, Regatta Office Park, West Bay Road, P.O.Box 897, Grand Cayman KY1-1103, Cayman Islands	Investment holding	2,522,489 US\$ 80,676,495	2,522,489 US\$ 80,676,495	83,218,806	100.00	1,326,197	34,052	33,999	
	Upmaster International Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands VG1110	Investment holding	311,736 US\$ 10,412,013	311,736 US\$ 10,412,013	6,400,000	100.00	101,859	(6,825)	(6,825)	
	Test-Rite Pte Ltd.	260 Orchard Road, #12-08 The Heeren Singapore 238855	International trade	39,748 SGD 2,100,000	39,748 SGD 2,100,000	2,100,000	100.00	57,267	2,792	2,792	
	Test-Rite Products (Hong Kong) Limited	7F, NEW BRIGHT BUILDING, 11 SHEUNG YUET ROAD, KOWLOON BAY, KOWLOON, HONG KONG	International trade	4,222 HK\$ 1,076,386	4,222 HK\$ 1,076,386	9,999	100.00	42,247	654	654	
	TEST-RITE INTL. (AUSTRALIA) PTY. LIMITED	Unit 11/38 Solent Circuit Norwest 2153	International trade	114,453 AUD 4,293,370	114,453 AUD 4,293,370	3,550,000	100.00	14,288	(389)	(389)	
	Test Rite Int'l. (Canada) Ltd.	431 Alden Road, Unit 3, Markham, Ontario L3R 3L4, Canada	International trade	51,483 CAN 1,025,000 US\$ 700,000	51,483 CAN 1,025,000 US\$ 700,000	100	100.00	3,702	(154)	(154)	
	TEST-RITE (UK) LTD.	Wsm Partners LLP, Connect House, 133-137 Alexandra Road, London, England, SW19 7JY	International trade	110,976 US\$ 2,000,000 GBP 1,000,001	110,976 US\$ 2,000,000 GBP 1,000,001	775,930	100.00	53,053	4,271	4,271	
	Test-Rite Development GmbH	MERKURRING 82 22143 HAMBURG, GERMANY	Investment holding	1,087,772 EUR 28,350,002	930,222 EUR 23,350,002	9,670,000	100.00	676,486	91,327	91,327	
	Lucky Rite Company Ltd.	Lot BB2, D6 Road, Dat Do I Industrial Park, Phuoc Long Tho Commune, Dat Do District, Ba Ria - Vung Tau Province, Vietnam	Tally packing and real estate leasing	121,132 US\$ 4,000,000	121,132 US\$ 4,000,000	-	100.00	115,662	(2,332)	(2,332)	
	Test-Rite International (U.S.) Co, Ltd.	2711 Centerville Rd Ste 400, Wilmington, New Castle, State of Delaware	Investment holding	2,361,038 US\$ 77,797,671	2,361,038 US\$ 77,797,671	7,635	94.40	1,476,918	(121,874)	(115,049)	
	Lih Chiou Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Various business investments	3,236,137	3,236,137	324,754,000	100.00	3,664,580	70,011	70,011	
	Lih Teh International Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Various business investments	88,290	88,290	5,000,000	100.00	89,020	1,693	1,693	
	B&S Link Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Information processing service	22,994	22,994	2,300,000	100.00	25,031	1,365	1,365	
	Fusion International Distribution Inc.	5F., No. 23, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	International trade	5,585	5,585	999,838	100.00	18,558	412	412	
	ChungCin Enterprise Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Construction management, buying and selling of machinery, hardware and commodities	665,810	665,810	57,291,330	91.67	1,154,265	172,113	165,460	
	International Art Enterprise Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Department store household goods trading	107,109	107,109	1,000,000	100.00	98,449	16,281	16,281	
	Test-Rite Retail Co., Ltd.	1,2,5F., No. 23, Xinhua 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Wholesale and retail of general household building materials, equipment and installation	250,000	250,000	24,999,999	25.00	431,913	87,465	122,079	
	Fortune Miles Trading Inc.	Portcullis Chambers, P.O.Box 1225, Apia, Samoa	Investment holding	941 US\$ 30,000	941 US\$ 30,000	30,000	100.00	613	-	-	
Upmaster International Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	2711 Centerville Rd Ste 400, Wilmington, New Castle, State of Delaware	Investment holding	135,572 US\$ 4,528,116	135,572 US\$ 4,528,116	453	5.60	82,623	(121,874)	(6,825)	
Lih Chiou Co., Ltd.	Test-Rite Retail Co., Ltd.	1,2,5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale and retail of general household building materials, equipment and installation	4,705,542	4,705,542	75,000,001	75.00	3,528,504	87,465	65,599	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
ChungCin Enterprise Co., Ltd.	Tony Construction Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Architecture and civil engineering	\$ 380,000	\$ 380,000	38,000,000	100.00	\$ 500,564	\$ 33,605	\$ 35,260	
	Test Cin M&E Engineering Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Mechanical and electrical engineering	80,000	80,000	8,000,000	100.00	133,259	13,129	13,541	
	Chung Cin Interior Design Construction Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Interior decoration industry	12,000	12,000	1,200,000	100.00	64,513	26,147	26,315	
	VIET HAN CO., LTD.	Vietnam	Import and export trade	120,643	120,643	-	100.00	104,289	(5,694)	(5,694)	
	U-ME Enterprise Co., Ltd.	1F., No. 7, Ln. 64, Zhongzheng N. Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	Cleaning services and landscape design	US\$ 4,000,000 65,000	US\$ 4,000,000 65,000	900,000	60.00	72,211	15,631	9,379	
	Test-On Lighting Technology Co., Ltd.	Bldg. A, No. 229, Hexing Rd., Zhunan Township, Miaoli County	Appliance wholesale	15,300	15,300	1,530,000	51.00	12,326	1,811	923	
	Test Cin International Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Building materials wholesale	5,100	5,100	510,000	51.00	4,923	4,250	2,168	
	Chung Cin Lohas Property Management Co., Ltd.	No. 89, Minshan St., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Apartment building management services	10,000	10,000	1,000,000	100.00	10,998	1,042	1,042	
	CHUNG CIN ENTERPRISE (U.S.) CORP.	651 N. Broad St., Suite 206, Middletown, Delaware 19709, United States	Investment holding	27,864 US\$ 1,000,000	-	10,000	100.00	27,689	1	1	
Test-Rite Retail Co., Ltd.	Test-Rite Home Service Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Interior decoration industry	86,000	86,000	8,600,000	100.00	141,802	44,070	44,070	
	Hola Homefurnishings Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale of furniture, beddings, kitchen utensils and fittings	402	402	60,000	100.00	122	-	-	
	Testrite Brand Agency Co., Ltd	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale of furniture, beddings, kitchen utensils and fittings	409,802	409,802	43,022,600	100.00	510,937	77,744	77,744	
	Test Rite C&B Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale of furniture, beddings, kitchen utensils and fittings	329,794	329,794	33,000,000	100.00	-	(8,646)	(8,646)	
	Zhenghe Food Co., Ltd.	No. 89, Minshan St., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale food	3,500	-	350,000	35.00	3,481	(39)	(19)	
B&S Link Co., Ltd.	Home Intelligence Co., Ltd.	5F., No. 23, Xinhua 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Other information supply services	15,000	15,000	1,500,000	100.00	16,433	1,392	1,392	
International Art Enterprise Co., Ltd.	Chuan Shuai International Co., Ltd.	14F., No. 28, Yongzhong St., Fengshan Dist., Kaohsiung City, Taiwan (R.O.C.)	International trade	8,160	8,160	816,000	51.00	20,620	24,964	12,732	

Note: For the information on investees in mainland China, refer to Table 10.

(Concluded)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS OF INVESTEE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 2)	Actual Amount Borrowed (Note 2)	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short- term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Test-Rite Retail Co., Ltd.	Test Rite C&B Co., Ltd.	Other receivables - related party	Y	\$ 85,000	\$ 85,000	\$ 85,000	1	2	\$ -	Business operation	\$ -	-	\$ -	\$ 425,701 (Note 6)	\$ 851,401 (Note 7)
		Test Rite PRODUCTS CORP.	Other receivables - related party	Y	US\$ 171,114 6,000,000	-	-	-	2	-	Business operation	-	-	-	425,701 (Note 6)	851,401 (Note 7)
2	Test Rite Development GmbH	TEST RITE tepro GmbH	Other receivables - related party	Y	EUR 203,297 6,000,000	EUR 187,015 6,000,000	187,015 EUR 6,000,000	1.5	2	-	Business operation	-	-	-	2,728,014 (Note 8)	2,728,014 (Note 8)
3	Energy Retailing Co., Ltd	Test-Rite Business Development	Other receivables - related party	Y	RMB 165,323 38,000,000	RMB 164,608 38,000,000	RMB 140,784 32,500,000	2	2	-	Business operation	-	-	-	2,728,014 (Note 8)	2,728,014 (Note 8)
4	Test Rite Trading Co., Ltd.	Test Rite International (Australia) Pty., Ltd.	Other receivables - related party	Y	AUD 666 30,000	AUD 599 30,000	AUD 599 30,000	2.7	2	-	Business operation	-	-	-	2,728,014 (Note 8)	2,728,014 (Note 8)
5	Test-Rite Home Service Co., Ltd.	Test Rite C&B Co., Ltd.	Other receivables - related party	Y	24,000	24,000	24,000	1	2	-	Business operation	-	-	-	28,360 (Note 6)	56,721 (Note 7)
6	Testrite Brand Agency Co., Ltd	Test Rite C&B Co., Ltd.	Other receivables - related party	Y	87,000	87,000	65,000	1	2	-	Business operation	-	-	-	102,187 (Note 6)	204,375 (Note 7)
7	TEST RITE (CHINA) INVESTMENT CO., LTD.	Test-Rite Business Development	Other receivables - related party	Y	RMB 160,972 37,000,000	RMB 160,277 37,000,000	RMB 151,960 35,080,000	2	2	-	Business operation	-	-	-	2,728,014 (Note 8)	2,728,014 (Note 8)
8	Chung Cin Enterprise Co., Ltd.	PHOENIX INTERNATIONAL CO., LTD.	Other receivables - related party	Y	US\$ 64,168 2,250,000	US\$ 62,298 2,250,000	US\$ 62,298 2,250,000	3.5	2	-	Business operation	-	-	-	271,748 (Note 6)	543,495 (Note 7)
		Test Cin International Co., Ltd.	Other receivables - related party	Y	25,000	25,000	-	3	2	-	Business operation	-	-	-	271,748 (Note 6)	543,495 (Note 7)
9	Lucky Rite Company Limited	Avida Company Limited	Other receivables - related party	Y	US\$ 7,130 250,000	US\$ 6,922 250,000	US\$ 6,922 250,000	10	2	-	Business operation	-	-	-	2,728,014 (Note 8)	2,728,014 (Note 8)
10	B&S Link (Shanghai) Co., Ltd	Test-Rite Business Development	Other receivables - related party	Y	RMB 43,524 10,000,000	RMB 43,318 10,000,000	RMB 43,318 10,000,000	2	2	-	Business operation	-	-	-	2,728,014 (Note 8)	2,728,014 (Note 8)
11	Hola Shanghai Retail & Trading Co., Ltd	Test-Rite Business Development	Other receivables - related party	Y	RMB 82,661 19,000,000	RMB 82,304 19,000,000	RMB 82,304 19,000,000	2	2	-	Business operation	-	-	-	2,728,014 (Note 8)	2,728,014 (Note 8)

Note 1: This refers to the investee company.

Note 2: The exchange rates for the year ended December 31, 2021 are USD/NTD = 27.6880; EUR/NTD = 31.1691; RMB/NTD = 4.3318; AUD/NTD = 19.9656

Note 3: The highest monthly balance of funds financed to others as of December 31, 2011 is calculated based on the current month’s exchange rate.

Note 4: Nature of financing:

a. Business contacts.

b. Short-term financing is needed.

Note 5: If the nature of financing was business transaction, the amount of business transactions is filled in. The amount of business transaction refers to the amount of transaction between the lender and the borrower in the most recent year.

Note 6: This is 20% of the lender’s shareholders’ equity.

Note 7: This is 40% of the lender’s shareholders’ equity.

Note 8: This is 40% of the Company’s shareholders’ equity.

TABLE 7

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED OF INVESTEE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 4)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 4)										
1	Test-Rite Retail Co., Ltd.	Chung Cin Enterprise Co., Ltd.	1	\$ 1,064,252	\$ 17,574	\$ 17,574	\$ 17,574	\$ -	0.83	\$ 2,128,503 (Note 2)	-	-	-
2	Chung Cin Enterprise Co., Ltd.	Tony Construction Co., Ltd.	2	679,369	300,000	300,000	176,772	-	22.08	1,358,739 (Note 3)	Yes	-	-
		Test Cin M&E Engineering Co., Ltd.	2	679,369	80,000	80,000	20,541	-	5.89	1,358,739 (Note 3)	Yes	-	-
		Test Cin International Co., Ltd.	2	679,369	3,410	-	-	-	-	1,358,739 (Note 3)	Yes	-	-

- Note 1: Refers to the investee company
- Note 2: 100.00% of the shareholders’ equity of Test-Rite Retail Co., Ltd.
- Note 3: 100.00% of the shareholders’ equity of Chung Cin Enterprise Co., Ltd.
- Note 4: Endorsee/guarantee:
- a. Associate (the limit is 50% of the shareholders’ equity of Test-Rite Retail Co., Ltd.).
 - b. Directly or indirectly holds more than 50% of the voting shares (the limit is 50% of the shareholders’ equity of Zhongxin Industrial Co., Ltd.).

TABLE 8

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INVESTEES' MARKETABLE SECURITIES HELD BY INVESTEES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
Test-Rite Retail Co., Ltd.	<u>Shares</u> UNIPAPA INC.	None	Financial assets at fair value through other comprehensive income - non-current	25,000	\$ 3,375	1.41	\$ 3,375	
Lih Chiou Co., Ltd.	<u>Shares</u> TFC	None	Financial assets at fair value through other comprehensive income - non-current	212,000	3,005	0.04	3,005	
	Athentek	None	Financial assets at fair value through other comprehensive income - non-current	1,533,742	-	8.19	-	
Lih Chiou Co., Ltd.	<u>Open-ended funds</u> Franklin Templeton Sinoam Money Market Fund	None	Financial assets at fair value through profit or loss - current	287,825	3,009	-	3,009	
	BlackRock Global Fund - World Mining Fund A2 USD	None	Financial assets at fair value through profit or loss - current	20,280	35,296	-	35,296	
Lih Chiou Co., Ltd.	<u>Bonds</u> Embarq Corporation Bond	None	Financial assets at fair value through profit or loss - current	1,240,000	38,601	-	38,601	
Lih Teh International Co., Ltd.	<u>Listed shares</u> Taiwan Business Bank Co., Ltd.	None	Financial assets at fair value through profit or loss - current	42,529	421	-	421	
Lih Teh International Co., Ltd.	<u>Shares</u> Grand Cathay Venture Capital II Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	4,000,000	49,841	5	49,841	
International Art Enterprise Co., Ltd.	<u>Open-ended funds</u> BlackRock Global Fund - World Mining Fund A2 USD	None	Financial assets at fair value through profit or loss - current	8,146	14,178	-	14,178	
International Art Enterprise Co., Ltd.	<u>Bonds</u> Embarq Corporation Bond	None	Financial assets at fair value through profit or loss - current	299,000	9,308	-	9,308	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
Tony Construction Co., Ltd.	<u>Open-ended funds</u> Union 2023 ESG High Quality Bond-A (TWD)	None	Financial assets at fair value through profit or loss - current	20,000	\$ 194	-	\$ 194	
ChungCin Enterprise Co., Ltd.	<u>Convertible corporate bonds</u> Procomp Informatics Ltd. First	None	Financial assets at fair value through profit or loss - current	110,000	-	-	-	
Test-Rite Home Service Co., Ltd.	<u>Open-ended funds</u> Fuh Hwa Money Market	None	Financial assets at fair value through profit or loss - current	2,791,934	40,664	-	40,664	
B&S Link (Shanghai) Co., Ltd.	<u>Shares</u> SHANGHAI WORKLINK TOOLS CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	-	-	19.00	-	
	NINGBO ANLIAN TEJIE SUPPLY CHAIN MANAGEMENT CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	-	11,815	19.00	11,815	
Chung Cin Interior Design Construction Co., Ltd.	<u>Open-ended funds</u> Yuanta De-Li Money Market Fund	None	Financial assets at fair value through profit or loss - current	2,430,178	40,026	-	40,026	
	Union Money Market Fund	None	Financial assets at fair value through profit or loss - current	750,199	10,005	-	10,005	

Note 1: Marketable securities in this table refers to shares, bonds, beneficiary certificates and the marketable securities derived from the above items that fall within the scope of IFRS No. 9 “Financial Instruments”.

Note 2: For those measured by fair value, the amount is the book balance after adjustment by fair value evaluation and the deduction of accumulated impairments in the column of carrying amount; for those not measured by fair value, the amount is the cost after amortization (after deducting allowance losses) in the column of carrying amount.

Note 3: For information on investees, refer to Tables 5 and 10.

Note 4: Listed in terms of investment amount.

(Concluded)

TABLE 9

The information of TEST RITE tepro GmbH's derivative instruments is disclosed as follows:

1. Contract amounts and credit risk:

As of December 31, 2021 and 2020, TEST RITE tepro GmbH signed forward foreign exchange trading contracts as follows:

		December 31				
		2021		2020		
		Contract Amount (Nominal Principal)	Credit Risk	Contract Amount (Nominal Principal)	Credit Risk	
Forward exchange contracts						
Purposes other than trading	Pre order	\$	-	Pre order	\$	-
	US\$ 41,763			US\$ 31,032		
	Pre order		-	Pre order		-
	US\$ 915			US\$ 648		

TEST RITE tepro GmbH deals with banks with good credit, and it is expected that the counterparty will not default, so the possibility of credit risk is extremely small.

2. Market price risk:

TEST RITE tepro GmbH evaluates the market risk of traded financial products based on the market price and establishes a stop loss point based on the risk value that the company can bear to settle the investment position. For non-trading financial products, the profit and loss caused by exchange rate fluctuation was roughly offset by the profit and loss of the hedged items; therefore, the market price risk is not that significant.

3. Liquidity risk, cash flow risk and the amount, duration and uncertainty of future cash demand:

The current assets of TEST RITE tepro GmbH are higher than the current liabilities, and the working capital is sufficient to cover the short-term cash outflows; therefore, there is no financing risk.

4. Net profit and loss of derivative instrument transactions and presentation in the financial statements.

TEST RITE tepro GmbH's foreign currency exchange profit and loss by operating derivative financial products during 2021 and 2020 were \$(5,650) thousand and \$5,923 thousand, respectively, and the amounts were accounted as exchange profit and loss.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, inward and outward, method of investment, remittance of funds, percentage of ownership in investment, investment gain or loss, carrying amount, and accumulated repatriation of Investment Income were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 7)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021
					Outward	Inward						
B&S Link (Shanghai) Co., Ltd.	R&D and design of computer and network technology	US\$ 795,902	Note 1	\$ 22,037 US\$ 795,902	\$ -	\$ -	\$ 22,037 US\$ 795,902	\$ 5,123 (Note 4)	100.00	\$ 5,123	\$ 63,048	\$ -
Hola Beijing Retail & Trading Co., Ltd.	Retail	US\$ 2,600,000 (Note 5)	Note 2	33,226 US\$ 1,200,000	-	-	33,226 US\$ 1,200,000	5 (Note 4)	100.00	5	-	-
TEST RITE (CHINA) INVESTMENT CO., LTD.	Investment industry	US\$ 93,280,000 (Note 6)	Note 2	2,035,068 US\$ 73,500,000	-	-	2,035,068 US\$ 73,500,000	5,771 (Note 4)	100.00	5,771	179,113	-
Energy Retailing Co., Ltd.	Rental industry	US\$ 17,000,000	Note 2	470,696 US\$ 17,000,000	-	-	470,696 US\$ 17,000,000	93,061 (Note 4)	100.00	93,061	203,919	-
Test-Rite Business Development	Trade	US\$ 71,000,000	Note 3	1,965,848 US\$ 71,000,000	-	-	1,965,848 US\$ 71,000,000	29,973 (Note 4)	100.00	29,973	1,190,112	-

Note 1: Investment in mainland China companies through B&S Link Corporation (Cayman) established in a third region.

Note 2: Investment in mainland China companies through Test-Rite Retailing Co., Ltd. established in a third region.

Note 3: Investment in mainland China companies through Test-Rite Retailing Co., Ltd. established in a third region.

Note 4: It is based on the financial statements of the investee company that have been audited.

Note 5: The amount of US\$1,400,000 of paid-in capital was indirect investment through Test Rite (China) Investment Co.

Note 6: The amount of US\$19,780,000 of paid-in capital was invested with shares in Light Up Shanghai Retailing Co., Ltd., Hola Shanghai Living Art Retailing Co., Ltd., Hola Hangzhou Retailing Co., Ltd. And Hola Beijing Retail & Trading Co., Ltd. through Test Rite (China) Investment Co.

Note 7: Relevant figures in this table involve foreign currency except for the investment gains and losses recognized in the current period (calculated in average exchange rate from January 1, 2021 to December 31, 2021), was calculated in the closing exchange rate on December 31, 2021.

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2021	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
NT\$5,946,861 US\$214,781,158	NT\$6,385,716 US\$230,631,158	(Note 3)

Note 1: The average exchange rates as of December 31, 2021 are USD/NTD = 27.6880.

Note 2: The average exchange rates for the year ended December 31, 2021 are USD/NTD = 28.0275.

Note 3: According to article 3 of “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China” published on August 29, 2008, the enterprise with operational headquarter located in mainland China that was authorized by the Bureau of Industry, Ministry of Economic Affairs is exempted from the regulation. The Company met the regulation and there is no quota limitation in investment in mainland China.

TABLE 11

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	<u>2021</u> Test-Rite International Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	Parent company to subsidiary	Sales	\$ 6,167,451	Collection terms are within 90 to 180 days	14
		Test-Rite International (U.S.) Co., Ltd.	Parent company to subsidiary	Trade receivables	4,890,834	Collection terms are within 90 to 180 days	13
		Test-Rite Development GmbH	Parent company to subsidiary	Sales	1,013,258	Collection terms are within 90 days	2
		Test-Rite Development GmbH	Parent company to subsidiary	Trade receivables	239,157	Collection terms are within 90 days	1
1	Test-Rite Business Development	Test-Rite International Co., Ltd.	Second-tier subsidiary to Parent company	Sales	888,526	Collection terms are within 14 days	2
		Test-Rite International Co., Ltd.	Second-tier subsidiary to Parent company	Trade receivables	184,106	Collection terms are within 14 days	-
2	Testrite Brand Agency Co., Ltd	Test-Rite Retail Co., Ltd.	Second-tier subsidiary to subsidiary	Sales	209,080	No significant difference with third parties	1
		Test-Rite Retail Co., Ltd.	Second-tier subsidiary to subsidiary	Trade receivables	55,146	No significant difference with third parties	-
0	<u>2020</u> Test-Rite International Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	Parent company to subsidiary	Sales	3,570,819	Collection terms are within 90 to 180 days	9
		Test-Rite International (U.S.) Co., Ltd.	Parent company to subsidiary	Trade receivables	2,684,972	Collection terms are within 90 to 180 days	8
		Test-Rite Development GmbH	Parent company to subsidiary	Sales	673,365	Collection terms are within 90 days	2
		Test-Rite Development GmbH	Parent company to subsidiary	Trade receivables	66,714	Collection terms are within 90 days	-
		International Art Enterprise Co., Ltd.	Parent company to subsidiary	Sales	157,957	No significant difference with third parties	-
		International Art Enterprise Co., Ltd.	Parent company to subsidiary	Trade receivables	2,133	No significant difference with third parties	-
		Test-Rite Business Development	Parent company to subsidiary	Purchases	185,850	Collection terms are within 14 days	-
		Test-Rite Business Development	Parent company to subsidiary	Trade payables	10,605	Collection terms are within 14 days	-

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tsai Wang Enterprise Company Limited	50,954,000	9.99
Li Xiong Co., Ltd.	50,930,263	9.98
Tsai Ye Enterprise Company Limited	50,922,513	9.98
Up Master Investment Co., Ltd.	50,901,596	9.98
X-Cel Relationship Management Co., Ltd.	50,835,433	9.96
Quality Master Co., Ltd.	50,669,774	9.93
Judy Lee	32,911,294	6.45
Tony Ho	31,795,550	6.23

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit : NTD\$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Current Assets	16,260,793	17,620,569	1,359,776	8.4%
Long-term Investment	6,295,191	6,157,708	(137,483)	-2.2%
Fixed Assets	2,543,084	2,500,514	(42,570)	-1.7%
Other Assets	12,562,630	12,093,382	(469,248)	-3.7%
Total Assets	37,661,698	38,372,173	710,475	1.9%
Current Liabilities	15,565,797	15,967,133	401,336	2.6%
Long-term Liabilities	15,311,920	15,422,197	110,277	0.7%
Other Liabilities	30,877,717	31,389,330	511,613	1.6%
Total Liabilities	5,098,875	5,098,875	0	0.0%
Capital stock	1,221	1,221	0	0.0%
Capital surplus	2,347,872	2,598,645	250,773	10.7%
Retained Earnings	(496,556)	(565,449)	(68,893)	13.9%
treasury stock	(313,256)	(313,256)	0	0.0%
Non-controlling Interests	145,825	162,807	16,982	11.6%
Total Stockholders' Equity	6,783,981	6,982,843	198,862	2.9%

Causes of significant changes in Assets, Liabilities, and Stockholders' Equity for the most recent two-year period, and explanations of their effects are detailed below (includes changes of up to 20% and the amount of the change up to NTD10 million). If such changes pose a significant impact, future countermeasures shall be elaborated: No such situation.

7.2 Analysis of Operating Results

7.2.1 Analysis of Operating Results

Unit : NTD\$ thousand

Item \ Year	2020	2021	Difference	
			Amount	%
Net Sales	41,790,703	43,757,358	1,966,655	4.7%
Cost of Sales	31,129,873	33,050,940	1,921,067	6.2%
Gross Profit	10,660,830	10,706,418	45,588	0.4%
Operating Expenses	9,511,957	9,946,870	434,913	4.6%
Operating Income	1,148,873	759,548	(389,325)	-33.9%
Non-operating Income and Expenses	(190,235)	251,958	442,193	232.4%
Income Before Tax	958,638	1,011,506	52,868	5.5%
Tax Benefit (Expense)	(151,769)	(193,968)	(42,199)	27.8%
Income After Tax	806,869	817,538	10,669	1.3%

Causes of significant changes in sales revenue, operating net income, and net income before tax for the most recent two-year period, and explanations of their effects are detailed below (includes changes of up to 20%). If such changes pose a significant impact, future countermeasures shall be elaborated:

1. Decrease in operating net profit: The freight is mainly caused by COVID-19 Epidemic in 2021.
2. Increase in non-operating income and expenses: Mainly increased by currency exchange gain in 2021.
3. Increase in income tax expenses: Mainly increase in net profit before tax in 2021.

7.2.2 Future response plans :

The global trading has slowed gradually driving by China–United States trade war in 2019. In the beginning of 2019, the trade war which was controversial for a long time had the preliminary results. However, the more severe COVID-19 epidemic broke out at this time. It hit the global economy ,and various industries fell into an unparalleled crisis. In 2021, the world is still facing problems of the repeated evolution and spread of epidemic. Various industries continue to cope with various severe challenges in the post-epidemic era, including labor shortages, unstable supply chains and rising inflationary pressures. When the world economy gradually recovered in 2011, due to the continuous rise of raw materials, high freight rates and unstable shipping time, the retailer stocked up actively. Being a supplier of major retailers in the world, Test-Rite has continued to exert its international procurement capabilities based on the long-term global layout and integrated services comprehensively. In response to the challenges arising from the post-epidemic era, it demonstrated the continuous growth momentum of operations. In the post-epidemic period, the global economy recovers gradually. However, the increase in the price of raw material, the supply chain shortages, inflationary pressures, and repeated epidemics have a tremendous impact on the speed of economy recovery. Our trading business continued to carry out relevant countermeasures to mitigate the impact.

The House and Land Transactions Income Tax was implemented since 2016 which , it partially suppressed demand of the DIY and home furnishing products. with implementation and revision policy One rest day one day off in 2017, the Annuity Reform Policy in 2018, the China–United States trade war caused the global trading slowed and affected consumer willingness. The retail industry was shrouded in the storm of COVID-19 epidemic and even the major impact of the epidemic from May to August in 2021 led to a decrease in the flow of people in stores, and great changes in consumers' work patterns, lifestyles and consumption patterns. All of these are test the adaptability and decision-making ability of business owners. In recent years, the trend of online consumption has grown continuously. In addition, the COVID-19 is the activator of Digital retailing. Therefore, integrating the online and offline to provide consumers a better shopping experience, using existing resources to expand online home-related services, and developing and deepening related products to enhance uniqueness. This is the subject for us adjust our business model sustainably. With the changes in consumer behavior in recent years, we continue to expand the sales capacity of service products, expand community stores actively to provide timely and professional services to customers, provide consumers with experiential marketing, and enhance brand uniqueness to make stronger customers' loyalty. In response to the changes in consumers' work patterns, lifestyles and the development of home business opportunities in the post-epidemic , we continue to develop related products and combine our advantages in service capabilities to more meet consumers' lifestyle proposals.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit : NTD\$ thousand

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Inflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Financing Plans	Financing Plans
2,517,084	1,484,381	(531,497)	1,985,587	N.A.	N.A.

1. Operating Activities: The net cash inflow from operating activities NTD 1,484 billion, was attributable mostly to income before tax of NTD 1,012 billion as a result of non-cash expenses of NTD2,599 billion, the increase in net cash inflow caused by other receivable, prepayment, other financial statement, other payable, financial assets at fair value through profit or loss, Inventories, Accounts payable and other payables. The decrease in net cash outflow caused by Accounts receivable and other financial asset, resulting in a net cash outflow of approximately NT 2,126 billion.
2. Investment activities: Net cash outflow from investing activities NTD285 billion came mostly from the purchasing of properties and Fair value through other comprehensive income financial assets.
3. Financing activities: The net cash outflow from financing activities NTD 1,667 billion mainly due to repayment on Bank loan, cash dividend payout and repayment on leases.

7.3.2 Plans for improvement for inadequate liquidity: Inadequate liquidity does not apply to the Company.

7.3.3 Cash Flow Analysis for the Coming Year

Unit : NTD\$ thousand

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	cash outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Financing Plans	Financing Plans
1,985,587	3,972,000	(107,000)	1,878,587	N.A.	N.A.
Analysis of cash flow changes for the coming year:					
1. Operating activities: due to sustained growth in operating activities, cash inflow from operating activities has attained NTD3,972 billion. 2. Investing and financing activities: cash outflow for investment and financing activities of NTD4,079 billion resulted from the entire year, which included new stores opening, stores renovations, system setup. Financing activities included the planned cash dividend payout and the repayment of loans and leases.					

7.4 Major Capital Expenditure Items: None.

7.5 Investment Policy in the Previous-Year, Main Drivers of Profits/Loss Improvement and Investment Plans for the Coming Year

7.5.1 Investment Policy in the Previous Year, Main Drivers of Profit /Loss Improvement Plans

The Company's long-term investment policy is in line with its operating and strategic development plans, and carefully planned investment activities are conducted and managed at home and abroad within acceptable risk tolerance. In addition to complying with government regulations, our operations and practices are conducted in accordance with the Company's established Guidelines for Managing Long- and Short-term Investment Operations and Guidelines for the Acquisition or Disposal of Assets in order to effectively manage, monitor and control the financial and operating status of our subsidiaries.

7.5.2 Main Drivers of Profit/Loss and Improvement Plans

Date: December 31, 2021; Unit: NT\$

Item	Remarks	Original investment amount	Policies	Reasons for gain or loss	Action plan
	Test-Rite Retail Co., Ltd.	4,955,542	Wholesale and retail of general household building materials, equipment and installation	Profit recognized under the equity method	NA
	Test-Rite Home Service Co., Ltd.	86,000	Interior design	Profit recognized under the equity method	NA
	Hola Home furnishings Co., Ltd.	402	Sales of furniture, bedding, kitchen equipment and fixtures	Profit recognized under the equity method	NA
	Testrite Brand Agency Co., Ltd.	409,802	Sales of furniture, bedding, kitchen equipment and fixtures	Profit recognized by under the equity method	NA
	Test Rite C&B Co., Ltd.	329,794	Sales of furniture, bedding, kitchen equipment and fixtures	Loss recognized under the equity method	Review and improve operational performance and establish effective cost and expense control measures.
	Lih Chiou Co., Ltd.	3,236,137	Investment holding company	Profit recognized under the equity method	NA
	Lih Teh International Co., Ltd.	88,290	Investment holding company	The gain on short-term investments.	NA
	Fusion International Distribution, Inc.	5,585	Importation and exportation	Profit recognized under the equity method	NA
	International Art Enterprise Co., Ltd.	107,109	Trading of leisure goods	Profit recognized under the equity method	NA
	Pro Strike International Co., Ltd.	8,160	Importation and exportation	Profit recognized under the equity method	NA
	B&S Link Co., Ltd., Ltd.	22,994	Providing information software and electronic information	Profit recognized under the equity method	NA
	Home Tech Co., Ltd.	15,000	Other information provision services	Profit recognized under the equity method	NA
	Chung Cin Enterprise Co., Ltd.	665,810	Authorized builder of dwellings, rental and sale of building	Profit recognized under the equity method	NA
	Tony Construction Co., Ltd.	380,000	Building and civil engineering	Profit recognized under the equity method	NA
	Test Cin M&E Engineering Co., Ltd.	80,000	Mechanical and electronic engineering	Profit recognized under the equity method	NA
	Chung Cin Interior Design Construction Co., Ltd.	12,000	Interior design	Profit recognized under the equity method	NA
	Chung Cin Lohas Property Management Co., Ltd.	10,000	Condominium Buildings Management Service	Profit recognized under the equity method	NA
	U-ME Enterprise Co.,Ltd.	65,000	Cleaning service and land scape design	Profit recognized under the equity method	NA
	Test-On Lighting	15,300	Sale of electrical	Profit recognized by under the	NA

Technology Co.,Ltd.		appliances	equity method	
Test Cin International Co., Ltd.	5,100	Sale of construction material	Profit recognized under the equity method	NA
nnViet Han Co., Ltd.	120,643	Importation and exportation	Loss recognized by under the equity method	Review and improve operational performance and establish effective cost and expense control measures.
CHUNG CIN ENTERPRISE (U.S.) CORP.	27,864	Investment holding company	Profit recognized under the equity method	NA
Test-Rite Products (Hong Kong) Limited	4,222	Importation and exportation	Profit recognized under the equity method	NA
Test-Rite Pte Ltd.	39,748	Importation and exportation	Profit recognized under the equity method	NA
TEST-RITE INTL.(AUSTRALIA) PTY. LIMITED	114,453	Importation and exportation	Loss recognized under the equity method	Review and improve operational performance and establish effective cost and expense control measures.
TEST-RITE (UK) Ltd.	110,976	Importation and exportation	Profit recognized under the equity method	NA
Test-Rite Development GmbH	1,087,772	Investment holding company	Mainly due to the investment in the holding company of Germany Trading subsidiaries, the Profit of which were recognized under the equity method.	NA
Test-Rite International (U.S.)Co., Ltd.	2,496,610	Investment holding company	Loss recognized under the equity method	Review and improve operational performance and establish effective cost and expense control measures.
Test-Rite Int'l (Canada) Ltd.	51,483	Importation and exportation	Loss recognized under the equity method	Review and improve operational performance and establishing effective cost and expense control measures.
Test-Rite Retailing Co., Ltd.	5,314,666	Investment holding company	Profit recognized under the equity method	NA
Test-Rite Trading Co., Ltd.	2,522,489	Investment holding company	Mainly due to the investment in the holding company of China Trading subsidiaries, the Profit of which were recognized under the equity method.	NA
Upmaster International Co., Ltd.	311,736	Investment holding company	Mainly due to the investment in the holding company of U.S Trading subsidiaries, the losses of which were recognized under the equity method.	NA
Fortune Miles Trading Inc.	941	Investment holding company	Annual fee payments and loss recognized the equity method	NA
Lucky Rite Company Ltd.	121,132	Tally packing and real estate leasing	Loss recognized under the equity method	Review and improve operational performance and establishing effective cost and expense control measures.

7.5.3 Investment plan in one year: No major investment project.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate

(1) Losses that have impacted the company: the Company's interest expenses from loans for 2020 and 2021 were NT\$342,968 million and NT\$290,863 million. decrease in interest expense on loans mainly due to due to a slight decrease in borrowing rates.

Unit : NT\$ thousand

Item／Year	2020	2021
Ratio of liabilities to assets (%)	81.99	81.80
Interest expense	342,968	290,863
Income before tax	958,638	1,011,506
Ratio of interest expense to income before tax (%)	35.78	28.76

(2) Future countermeasures: as the Company's primary business and reinvestment of profits are both in a healthy state, debts and loans will be paid off gradually, with loans needed for future operations on a decline and interest expenses abating accordingly. The Company will keep a close watch on market interest rate trends and adjust our financial structure appropriately to achieve an optimal allocation of capital and secure a lower cost of capital.

2. Foreign exchange rates

(1) The impact on the Company's profit and loss:

Unit : NT\$ thousand

Item／Year	2020	2021
Foreign exchange gain	158,647	977,400
Valuation loss of forward exchange agreement	185,130	(259,750)
Foreign exchange gain, (net)	343,777	717,650
Operating revenues	41,790,703	43,757,358
Income before income tax	958,638	1,011,506
Foreign exchange gain / Operating revenues (%)	0.82	1.64

(2) Future measures: The Company is a professional trading company focusing predominantly on exports trading. For the most recent fiscal year, our exports revenue accounted for approximately 70% of total revenue. We place orders with suppliers as soon as we receive purchase orders from customers. In accordance with the Company's order and sales process, we have adopted a two-way quotation system to shorten the entire order management process and are able to provide quotations that reflect the latest foreign exchange rate trends. In addition, the Company pays close attention to changes of the global economic landscape and fluctuations of foreign exchange rates of major currencies. Our overseas subsidiaries also constantly provide us with local market news and updates, thereby enabling us to make adjust ments to our hedging approach.

3.Inflation

Energy and raw material costs are the main drivers of, inflation. While inflation in general has a limited effect on the Company due to the nature of our industry, we will continue to monitor it impact closely.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

The Company is committed to the development of our primary business and does not engage in high-risk or highly-leveraged investment activities.

Any loans extended by the Company to third parties require approval by the Board and are conducted in compliance with the Company's Procedure for Extending Loans to Third Parties. The Company provides guarantees to affiliated enterprises that it owns in excess of 50% in equity and to other companies with which it conducts business. The total amount of guarantees and guarantee provided to a single company are well within the allowable limits. We have provided all guarantees in compliance with the Company's Procedure for Providing Guarantees, and they have received prior approval from or are recognized retroactively by the Board. These guarantees are not expected to have a major impact on the Company's financial position.

In addition, with respect to derivatives trading, the Company is an export-oriented trading firm; as such, we engage in hedging measures such as forward foreign exchange and foreign currency option contracts to hedge the risk of exchange rate fluctuations. As option contracts expire, even if the

counterparties elect to exercise their contractual obligations, the Company shall conduct settlements with the foreign currency claims that have reached the expiration dates. The market price risk from exchange rate fluctuations and demand for cash in the future have no significant impact on the Company and our counterparties are reputable banks with excellent credit ratings. As a result, the likelihood of credit risk is limited. In addition, the procedure for conducting derivatives trading is compliant with the Company's Procedure for Trading Derivative Instruments, and the amount traded is also within the authorized limits. We also provide monthly reports in accordance with regulations and therefore no significant impact on the Company's financial position is expected

7.6.3 Future Research & Development Projects and Corresponding Budget: None.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

As the Company exports mainly to the Americas and Europe, there have not been occurrences of major incidents regarding policy or legislative changes in foreign countries in recent years that have had a major impact on the Company's financial position or business operations.

The Company will continue to improve the access to and collection of business intelligence in our major overseas markets in order gain better control of our business operations and financial position. In addition, the Company's legal department is charged with the responsibility of monitoring major policy and legislative changes at home and abroad in order to be able to propose appropriate response measures for the Company in a timely manner.

7.6.5 Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales

The Company has established the B&S Link global electronic trading platform, which employs information technology to streamline supply chain management operations. In order to strengthen the partnerships between Test Rite Group, suppliers and banks as well as to improve the overall value of the supply chain and to create a win-win scenario for all parties involved, Test Rite Group are collaborating with a number of banks and the subsidiary B&S Link to offer a comprehensive, convenient and preferential online financing services program to our suppliers, fully integrating information flow, business flow and cash flow. With this platform, we have pioneered a brand new cross-sector cooperative business model. As a result, we have greater financial resources to expand our business to grow, and at the same time enabling more suppliers to all aspects of business development. There is no significant impact on our company's financial business due to the change of technology including the risk of information security.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company has a reputable corporate image and there has not been any changes that would require enterprise crisis management.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Company is a trading company and does not own any manufacturing plants following the sale of Tung Lung Metal. We do not have any additional plans to invest in factories.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The Company does not have any issues associated with the consolidation of sales or purchasing operations.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors and supervisors have been stable in the last few years, and there have been no major transfers or changes in shares.

7.6.11 Effects of, Risks Relating to and Response to Changes in Control over the Company

The structure of our principal shareholders is solid, and we have a strong professional management team. There is minimal risk that a change in control would cause damage to the Company.

7.6.12 Litigation or Non-litigation Matters: None.

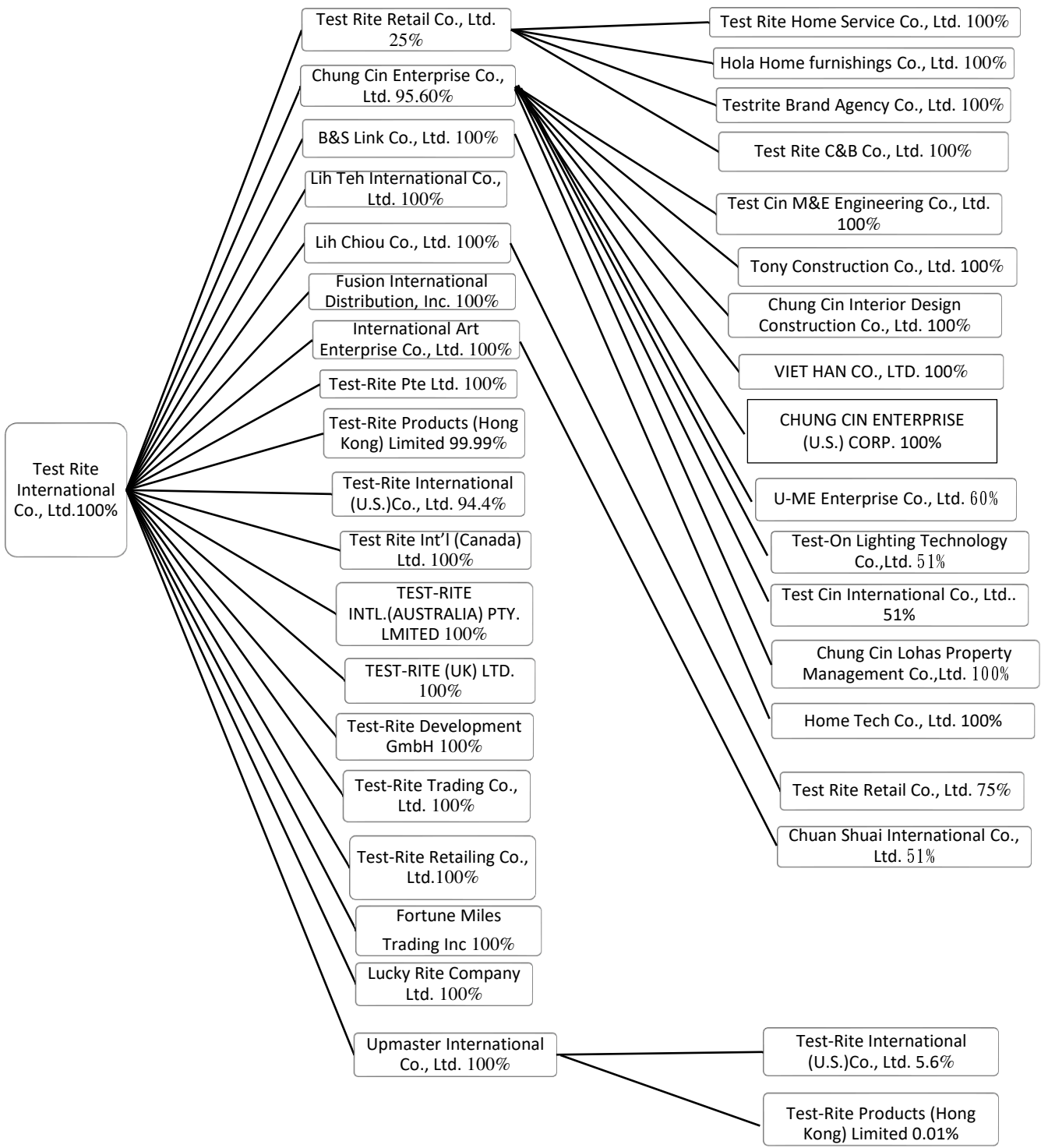
7.6.13 Other important risks, and mitigation measures being or to be taken:

During the current fiscal year up to the date of publication of the annual report, there is no known important risk of the Company

8.VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Investment Holding Structure



8.1.2 Profile of Affiliates :

Name	Date of Incorporation	Address	Paid-up capital	Main business
Test Rite Retail Co., Ltd.	3/1/1995	1, 2, 5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 1,000,000,000	Sale of house decoration hardware and construction materials
Test Rite Home Service Co., Ltd.	6/23/2004	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 86,000,000	Interior design
Hola Home furnishings Co., Ltd.	9/30/2010	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 600,000	Sales of furniture, bedding,, kitchen equipment and fixtures
Testrite Brand Agency Co., Ltd.	10/1/2010	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 430,226,000	Sales of furniture, bedding,, kitchen equipment and fixtures
Test Rite C&B Co., Ltd.	10/1/2010	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 210,000,000	Sales of furniture, bedding,, kitchen equipment and fixtures
Lih Teh International Co., Ltd.	9/14/1994	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 50,000,000	Logistics services
Lih Chiou Co., Ltd.	9/14/1994	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 3,247,540,000	Investment holding company
Fusion International Distribution, Inc.	10/6/1994	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 9,998,380	Imports and exports
International Art Enterprise Co., Ltd.	10/17/1972	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 10,000,000	Trading of leisure goods
Chuan Shuai International Co., Ltd.	8/3/2020	14F., NO. 28, Yongzhong St., Fengshan Dist., Kaohsiung City 830, , Taiwan, R.O.C.	NTD 16,000,000	Imports and exports
B&S Link Co., Ltd.	2/5/2001	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 23,000,000	Providing information software and electronic information
Home Tech Co., Ltd.	9/19/2017	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 15,000,000	Other information provision services
Chung Cin Enterprise Co., Ltd.	5/23/1994	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 625,000,000	Authorized builder dwelling, rental and sale of buildings
Test Cin M&E Engineering Co., Ltd.	9/8/1997	1F, No. 89, Minshan St., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 80,000,000	Mechanical and electronic engineering
Tony Construction Co., Ltd.	4/22/1992	1F, No. 89, Minshan St., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 380,000,000	Building and civil engineering
Chung Cin Interior Design Construction Co., Ltd.	7/31/2003	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 12,000,000	Interior design

Chung Cin Lohas Property Management Co., Ltd.	10/23/2020	1F, No. 89, Minshan St. , Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 10,000,000	Condominium Buildings Management Service
U-ME Enterprise Co.,Ltd.	24/9/2009	1F., No. 7, Ln. 64, Zhongzheng N. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	NTD 15,000,000	Cleaning service and land scape design
Test-On Lighting Technology Co., Ltd.	16/11/1998	No. 229, Hexing Rd., Zhunan Township, Miaoli County 350026 , Taiwan,R.O.C.	NTD 30,000,000	Sale of electrical appliances
Test Cin International Co., Ltd.	28/11/2018	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 10,000,000	Sale of construction material
Viet Han Co., Ltd.	2/14/2009	No.6 Nguyen Khac Vien, Tan Phu Ward, Dist.7, HCMC.	USD 4,000,000	Imports and exports
CHUNG CIN ENTERPRISE (U.S.) CORP.	9/10/2021	651 N. BROAD ST., SUITE 206, MIDDLETOWN, Delaware 19709, United States	USD 1,000,000	Investment holding company
Test-Rite Products (Hong Kong) Limited	12/30/1980	Room 2502, 25/F., 148 Electric Road, North Point , Hong Kong	HK\$ 1,000,000	Imports and exports
Test-Rite Pte Ltd.	8/11/1989	36B Boat Quay, Singapore (049825)	S\$ 2,100,000	Imports and exports
TEST-RITE INTL.(AUSTRALIA) PTY. LIMITED	4/12/1990	Unit 11 / 38 Solent Circuit Norwest 2153	A\$ 3,550,000	Imports and exports
TEST-RITE (UK) LTD.	7/27/2010	Wsm Partners Llp, Connect House, 133-137 Alexandra Road, London, England, SW19 7JY	GBP\$ 775,930	Imports and exports
Test-Rite Development GmbH	1/25/2002	Merkurring 82, 22143 Hamburg, Germany	EURO\$ 9,670,000	Investment holding company
Test-Rite International (U.S.)Co., Ltd.	6/25/1991	2711 Centerville Rd Ste 400, Wilmington, New Castle, State of Delaware	USD 80,878,000	Investment holding company
Test-Rite Int'l (Canada) Ltd.	12/29/1999	110 Riviera Drive, Markham, Ontario L3R 5M1, Canada.	CAD\$ 1,575,000	Imports and exports
Test-Rite Retailing Co., Ltd.	4/8/2003	Windward 1, Regatta Office Park, West Bay Road, P.O.Box 897, Grand Cayman KY1-1103, Cayman Islands	USD 156,965,000	Investment holding company
Test-Rite Trading Co., Ltd.	10/23/2002	Windward 1, Regatta Office Park, West Bay Road, P.O.Box 897, Grand Cayman KY1-1103, Cayman Islands	USD 83,218,806	Investment holding company
Fortune Miles Trading Inc.	9/21/2001	Portcullis Chambers, P.O.Box 1225, Apia,Samoa	USD 30,000	Investment holding company
Upmaster International Co., Ltd.	6/14/1996	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands VG1110	USD 6,400,000	Investment holding company
Lucky Rite Company Ltd.	2019.11.19	Lot BB2, D6 Road, Dat Do I industrial park, Phuoc Long Tho commune, Dat Do district, Ba Ria - Vung Tau province, Vietnam	USD 4,000,000	Investment holding company

8.1.3 Shareholders concluded as the existence of the controlling and subordinate company relation: None.

8.1.4 The industries covered by the business operated by the affiliates overall (Please describe the mutual dealings and division of work among such affiliates):

The industries covered by the business operated by the affiliates overall is trading and retail. Overall, the mutual dealings and division of work among such affiliates as the following, Based on the supply chain of trading, we develop the retail channels, introduce the brand agency, launch the home service, integrate the online and offline channel, even invest the business of construction management, logistics and warehousing services, and building materials business. It has not only connected the upstream, mid-stream and downstream of the home industry chain successfully but also provided services for the big and small of the home.

8.1.5 Information of Affiliated Companies Director and President

Date: December 31, 2021

Company Name	Title	Name or Representative	Share	%
Test-Rite Retail Co., Ltd.	Chairman	Test Rite Int'l Co., Ltd.	24,999,999	25.00
		Representative : Tony Ho	0	0.00
	Director	Test Rite Int'l Co., Ltd.	24,999,999	25.00
		Representative : Judy Lee	0	0.00
		Test Rite Int'l Co., Ltd.	24,999,999	25.00
	Supervisor	Representative : Robin Ho	0	0.00
		Lih Chiou Co., Ltd. Representative	75,000,001	75.00
Test-Rite Home Service Co., Ltd.	Chairman	Test-Rite Retail Co., Ltd.	8,600,000	100.00
		Representative : Jason Chang	0	0.00
	Director	Test-Rite Retail Co., Ltd.	8,600,000	100.00
		Representative : Tony Ho	0	0.00
		Test-Rite Retail Co., Ltd.	8,600,000	100.00
	Supervisor	Representative : Judy Lee	0	0.00
		Test-Rite Retail Co., Ltd.	8,600,000	100.00
HOLA Home furnishings Co., Ltd.	Chairman	Test-Rite Retail Co., Ltd.	60,000	100.00
		Representative : Tony Ho	0	0.00
	Supervisor	Test-Rite Retail Co., Ltd.	60,000	100.00
Testrite Brand Agency Co., Ltd.	Chairman	Test-Rite Retail Co., Ltd.	43,022,600	100.00
		Representative : Tony Ho	0	0.00
	Director	Test-Rite Retail Co., Ltd.	43,022,600	100.00
		Representative : Judy Lee	0	0.00
		Test-Rite Retail Co., Ltd.	43,022,600	100.00
	Supervisor	Representative : Robin Ho	0	0.00
		Test-Rite Retail Co., Ltd.	43,022,600	100.00
Test Rite C&B Co., Ltd.	Chairman	Test-Rite Retail Co., Ltd.	21,000,000	100.00
		Representative : Tony Ho	0	0.00
	Director	Test-Rite Retail Co., Ltd.	21,000,000	100.00
		Representative : Judy Lee	0	0.00
		Test-Rite Retail Co., Ltd.	21,000,000	100.00
	Supervisor	Representative : Robin Ho	0	0.00
		Test-Rite Retail Co., Ltd.	21,000,000	100.00

		Representative : Linda Lin	0	0.00
Lih Teh International Co., Ltd.	Chairman	Test Rite Int'l Co., Ltd.	5,000,000	100.00
		Representative : Tony Ho	0	0.00
	Supervisor	Test Rite Int'l Co., Ltd.	5,000,000	100.00
		Representative : Eric Chang	0	0.00
Lih Chiou Co., Ltd.	Chairman	Test Rite Int'l Co., Ltd.	324,754,000	100.00
		Representative : Tony Ho	0	0.00
	Supervisor	Test Rite Int'l Co., Ltd.	324,754,000	100.00
		Representative : Eric Chang	0	0.00
Fusion International Distribution, Inc	Chairman	Test Rite Int'l Co., Ltd.	999,838	100.00
		Representative : Tony Ho	0	0.00
	Supervisor	Test Rite Int'l Co., Ltd.	999,838	100.00
		Representative : Eric Chang	0	0.00
International Art Enterprise Co., Ltd.	Chairman	Test Rite Int'l Co., Ltd.	1,000,000	100.00
		Representative : Judy Lee	0	0.00
	Supervisor	Test Rite Int'l Co., Ltd.	1,000,000	100.00
		Representative : Eric Chan	0	0.00
B&S Link Co., Ltd.	Chairman	Test Rite Int'l Co., Ltd.	2,300,000	100.00
		Representative : Tony Ho	0	0.00
	Supervisor	Test Rite Int'l Co., Ltd.	2,300,000	100.00
		Representative : Eric Chang	0	0.00
Home Tech Co., Ltd.	Chairman	B&S Link Co., Ltd.	1,500,000	100.00
		Representative : Judy Lee	0	0.00
	Supervisor	Test Rite Int'l Co., Ltd.	1,500,000	100.00
		Representative : Eric Chang	0	0.00
Chung Cin Enterprise Co., Ltd.	Chairman	Test Rite Int'l Co., Ltd.	57,291,330	91.67
		Representative : Tony Ho	0	0.00
	Director	Test Rite Int'l Co., Ltd.	57,291,330	91.67
		Representative : Judy Lee	0	0.00
	Director	Test Rite Int'l Co., Ltd.	57,291,330	91.67
		Representative : Robin Ho	0	0.00
	Director	Test Rite Int'l Co., Ltd.	57,291,330	91.67
		Representative : YC Hsieh	0	0.00
	Supervisor	Represtenative:Linda Lin	0	0.00
Test Cin M&E Engineering Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd.	8,000,000	100.00
		Representative : YC Hsieh	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	8,000,000	100.00
		Representative : Robin Ho	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	8,000,000	100.00
		Representative : Hannis Chang	0	0.00
	Supervisor	Chung Cin Enterprise Co., Ltd.	8,000,000	100.00
		Representative : Anita Chiang	0	0.00
Tony Construction Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd.	38,000,000	100.00
		Representative : Anita Chiang	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	38,000,000	100.00
		Representative : YC Hsieh	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	38,000,000	100.00
		Representative : Hannis Chang	0	0.00

	Supervisor	Chung Cin Enterprise Co., Ltd. Representative : Wen Ping Chen	38,000,000 0	100.00 0.00
Chung Cin Interior Design Construction Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd. Representative : YC Hsieh	1,200,000 0	100.00 0.00
	Director	Chung Cin Enterprise Co., Ltd. Representative : Kelly Ho	1,200,000 0	100.00 0.00
	Director	Chung Cin Enterprise Co., Ltd. Representative : Hannis Chang	1,200,000 0	100.00 0.00
	Supervisor	Chung Cin Enterprise Co., Ltd.	1,200,000	100.00
		Representative : Anita Chiang	0	0.00

Chung Cin Lohas Property Management Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd. Representative : YC Hsieh	1,000,000 0	100.00 0.00
	Director	Chung Cin Enterprise Co., Ltd. Representative : Robin Ho	1,000,000 0	100.00 0.00
	Director	Chung Cin Enterprise Co., Ltd. Representative : Hannis Chang	1,000,000 0	100.00 0.00
	Supervisor	Chung Cin Enterprise Co., Ltd.	1,000,000	100.00
		Representative : Anita Chiang	0	0.00
Youmei Enterprise Co., Ltd.	Chairman	Guo Hong Investment Co., Ltd. Representative : Chen Yen Chang	600,000 0	40.00 0.00
	Director	Chung Cin Enterprise Co., Ltd. Representative : YC Hsieh	900,000 0	60.00 0.00
	Director	Chung Cin Enterprise Co., Ltd. Representative : Hannis Chang	900,000 0	60.00 0.00
	Supervisor	Anita Chiang	0	0.00
			0	0.00
Test-On Lighting Technology Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd. Representative : YC Hsieh	1,530,000 0	51.00 0.00
	Director	Chung Cin Enterprise Co., Ltd. Representative : Hannis Chang	1,530,000 0	51.00 0.00
		YU TZU CHIANG	840,000	28.00
		YU SHU HSIEN	315,000	10.50
	Supervisor			
Test Cin International Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd. Representative : YC Hsieh	510,000 0	51.00 0.00
	Director	Chung Cin Enterprise Co., Ltd. Representative : Hannis Chang	510,000 0	51.00 0.00
		Alex Yang	350,000	35.00
		Anita Chiang	0	0.00
	Supervisor			
VIET HAN CO., LTD.	Director	YC Hsieh	0	0.00 0.00
CHUNG CIN ENTERPRISE (U.S.) CORP	Director	YC Hsieh	0	0.00 0.00
Test-Rite Products (Hong Kong) Limited	Director	Tony Ho	0	0.00
		Judy Lee	0	0.00
Test-Rite Pte Ltd.	Director	Tony Ho	0	0.00
		Judy Lee	0	0.00
		Yang Furong	0	0.00
Test-Rite Viet Nam Co.,	Director	Tony Ho	0	0.00

Ltd.		CY Hsieh	0	0.00
TEST-RITE INTL.(AUSTRALIA) PTY. LIMITED	Director	Tony Ho	0	0.00
		Judy Lee	0	0.00
		Robin Ho	0	0.00
		Jan Colin Payne	0	0.00
TEST-Rite(UK) LTD.	Director	Judy Lee	0	0.00
		Robin HO	0	0.00
Test-Rite Development GmbH	Director	None	0	0.00
Test-Rite International (U.S.)Co., Ltd.	Director	Tony Ho	0	0.00
		Judy Lee	0	0.00
Test-Rite Int'l (Canada) Ltd.	Director	Tony Ho	0	0.00
		Judy Lee	0	0.00
		Huei-Ming Annie Wang	0	0.00
Test-Rite Retailing Co., Ltd.	Director	Tony Ho	0	0.00
Test-Rite Trading Co., Ltd.	Director	Tony Ho	0	0.00
Fortune Miles Trading Inc.	Director	Judy Lee	0	0.00
Upmaster International Co., Ltd.	Director	Tony Ho	0	0.00
		Judy Lee	0	0.00
Lucky Rite Company Ltd.	Director	Judy Lee	0	0.00

8.1.6 Affiliates' Operating Highlights

As of 12/31/2021
(Unit: NT\$ except EPS (\$))

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Sales	Operating Profit (Loss)	Net Income (Net of Tax)	EPS (Net of Tax)
Test Rite Int'l Co., Ltd.	5,098,876	20,149,359	13,321,323	6,820,036	22,887,751	89,240	782,834	1.58
Test-Rite Retail Co., Ltd.	1,000,000	15,222,345	13,093,842	2,128,503	15,311,264	70,721	87,465	0.87
Test-Rite Home Service Co., Ltd.	86,000	324,571	182,769	141,802	763,686	54,685	44,070	5.12
Hola Home furnishings Co., Ltd.	600	122	0	122	0	0	0	0.00
Testrite Brand Agency Co., Ltd.	430,226	832,479	321,541	510,938	962,250	89,649	77,744	1.81
Test Rite C&B Co., Ltd.	210,000	371,932	384,564	(12,632)	191,782	(9,054)	(8,646)	(0.41)
Chung Cin Enterprise Co., Ltd.	625,000	3,627,634	2,268,895	1,358,739	476,830	71,669	172,113	2.75
Tony Construction Co., Ltd.	380,000	1,265,347	756,241	509,106	1,009,917	34,974	33,605	0.88
Test Cin M&E Engineering Co., Ltd.	80,000	314,113	177,919	136,194	263,200	13,749	13,129	1.64
Chung Cin Interior Design Construction Co., Ltd.	12,000	120,903	55,818	65,085	242,312	28,260	26,147	21.79
Viet Han Co, Ltd.	111,379	105,763	378	105,385	0	(2,957)	(5,694)	0.00
Test Cin International Co., Ltd.	10,000	72,752	63,098	9,654	146,115	5,799	4,250	4.25
Youmei Enterprise Co., Ltd.	15,000	68,474	32,123	36,351	148,555	19,321	15,631	10.42
Test-On Lighting Technology Co., Ltd.	30,000	40,712	16,543	24,169	63,003	2,354	1,811	0.60
Chung Cin Lohas Property Management Co., Ltd.	10,000	24,580	13,582	10,998	75,420	1,272	1,042	1.04
CHUNG CIN ENTERPRISE (U.S.) CORP.	27,864	27,689	0	27,689	0	0	1	0.11
B&S Link Co., Ltd.	23,000	25,074	43	25,031	0	(12)	1,365	0.59
Home Intelligence Co., Ltd.	15,000	19,993	3,560	16,433	14,345	1,731	1,392	0.93
Lih Teh International Co., Ltd.	50,000	89,070	50	89,020	0	(254)	1,693	0.34
Lih Chiou Co., Ltd.	3,247,540	3,666,427	1,846	3,664,581	0	(3,143)	70,011	0.22

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Sales	Operating Profit (Loss)	Net Income (Net of Tax)	EPS (Net of Tax)
Fusion International Distribution, Inc.	9,998	25,169	6,611	18,558	10,561	962	412	0.41
International Art Enterprise Co., Ltd.	10,000	99,710	55,060	44,650	132,329	5,887	16,281	16.28
Chuan Shuai International Co., Ltd.	16,000	82,747	42,315	40,432	281,669	31,285	24,964	15.60
Lucky Rite Company Ltd.	120,448	121,651	5,989	115,662	0	(2,329)	(2,332)	0.00
Test-Rite Pte Ltd.	35,462	65,810	8,543	57,267	51,664	3,102	2,792	0.05
Test-Rite Products (Hong Kong) Limited	3,542	25,905	67	25,838	13,734	654	654	18.20
Test-Rite International (U.S.) Co., Ltd.	2,239,372	7,826,645	6,351,239	1,475,406	7,464,883	(37,373)	(121,874)	(537.63)
Test-Rite Int'l (Canada) Ltd.	33,931	608	135	473	0	(91)	(154)	(69.14)
TEST-RITE INTL.(AUSTRALIA) PTY. LIMITED	70,878	1,081	1,156	(75)	0	(372)	(389)	(0.01)
TEST-RITE (UK) LTD.	28,751	54,330	1,278	53,053	13,565	4,922	4,271	0.14
Test-Rite Development GmbH	301,405	1,421,666	745,180	676,487	2,115,949	25,557	91,327	0.29
Test-Rite Retailing Co., Ltd.	4,346,047	600,792	194,640	406,152	255,946	18,997	105,587	6.73
Test-Rite Trading Co., Ltd.	2,304,162	2,464,664	1,140,649	1,324,014	1,108,585	41,569	34,052	0.41
Fortune Miles Trading Inc.	831	613	0	613	0	0	0	0.00
Upmaster International Co., Ltd.	177,203	101,859	0	101,859	0	0	(6,825)	(0.04)

8.1.7 Consolidated financial statements of affiliated companies

Statement of Declaration

For fiscal year 2021 (January 1 to December 31, 2021), the affiliated companies that should be incorporated into the Company's consolidated financial statements pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and those that should be incorporated similarly in accordance with Statement of International Financial Reporting Standards No. 10 are the same companies, and the relevant information required to be disclosed in the consolidated financial statements of affiliated companies have been disclosed in the aforementioned consolidated financial statements of the parent and subsidiaries. Therefore there is no need to prepare consolidated financial statements separately for the Company's affiliated enterprises companies. The above is hereby declared.

Test Rite International Co., Ltd.

Chairman : Judy Lee

March 23, 2022

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Other Necessary Supplement: None.

8.5 Explanation for significant departures from shareholders' rights provisions for a primary listed or emerging market company: Not applicable.

IX. Any Events in 2021 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.