



Stock Code : 2908

**Test Rite International Co., Ltd.**

**Handbook for the 2016 Annual Meeting of  
Shareholders**

**MEETING TIME: 9:00 a.m., Thursday, June 23, 2016**

**PLACE: 6F., No.23, Hsin Hu 3<sup>rd</sup> Rd., Nei Hu, Taipei, Taiwan, ROC**



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## **Test Rite International Co., Ltd.**

### **Meeting Procedure for the 2016 Annual Meeting of Shareholders**

- 1.Call Meeting to Order
- 2.Chairman's Remarks
- 3.Discussion( I )
- 4.Management Presentation
- 5.Proposals
- 6.Discussion( II )
- 7.Questions and Motions
- 8.Adjournment



**Test Rite International Co., Ltd.  
2016 Annual General Shareholders' Meeting**

**Agenda**

Time: 9:00 a.m., June 23, 2016

Place: Test Rite (6F., No. 23, Hsin-Hu 3rd Road, Nei Hu, Taipei, Taiwan)

Call Meeting to Order

Chairman's Remarks

Discussion( I )

1. Amendment to Articles of Incorporation.

Management Presentation

1. 2015 Business Report.
2. Supervisor's Review Report on the 2015 Financial Statements.
3. Distribution of remuneration to directors and supervisors and employees for 2015.
4. Share Buyback Execution Report.

Proposals

1. Adoption of the 2015 Business Report and Financial Statements.
2. Adoption of the Proposal for 2015 Profits Distribution.

Discussion( II )

1. Proposal for the issuance of public placement of common stock.

Questions and Motions

Adjournment



## Discussion( I )

### 1. Amendment to Articles of Incorporation. Please proceed to discuss. (proposed by the Board of Directors)

Details:

- (1) Partial amendment to Articles of Incorporation in accordance with regulatory and actual business needs.
- (2) Please refer to Attachment 1 (page 7~8) for details.
- (3) The amendment is to be discussed by the shareholder meeting.

Resolution:

## Management Presentation

### 1. 2015 Business Report. (proposed by the Board of Directors)

Details: The 2015 Business Report is attached as Attachment 2 (page 9~12).

### 2. Supervisor's Review Report on the 2015 Financial Statements. (proposed by the Board of Directors)

Details: The 2015 Supervisor's Review Report is attached as Attachment 3 (page 13).

### 3. Distribution of remuneration to directors and supervisors and employees for 2015. (proposed by the Board of Directors)

Details: According to Article 31 of the Company's "Articles of Incorporation", it is proposed that the Company's 2015 pretax profit before deducting the remuneration of directors and supervisors and employees is NT\$ 737,971,658. The remuneration to directors and supervisors and employees was determined by the board of directors on March 25, 2016. A total remuneration of NT\$ 11,069,575 shall be distributed to directors and supervisors and a total remuneration of 7,379,717 shall be distributed to employee. All remunerations shall be distributed in cash.

### 4. Share Buyback Execution Report (proposed by the Board of Directors)

Details:

- (1) The Company hereby submits the reports on its 13th share buybacks to the 2013 and 2015 shareholders' meeting, in accordance with Article 28-2 Paragraph 7 of the Securities and Exchange Act.
- (2) The 13th transfers of treasury shares were conducted as described in the table below.

| Detail | Number of buy- back shares | Average price per buy- back share | Date of buy- back Shares transferred | Number of buy- back shares transferred | Date of buy- back shares cancelled | Number of buy- back shares cancelled | Accumulated number of buy- back shares |
|--------|----------------------------|-----------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|
| 13     | 11,868,000                 | NTD20.50/share                    | 2015/4/24                            | 7,800,000                              | 2015/7/30                          | 4,068,000                            | 0                                      |



## Proposals

### **1. Adoption of the 2015 Business Report and Financial Statements (proposed by the Board of Directors)**

Details:

- (1) 2015 parent level financial statements and consolidated financial statements, audited by independent auditors Mr. HONG, KUO-TYAN and Mr. WU, KER-CHANG of Deloitte & Touche, along with 2015 Business report, have been approved by the Board of Directors and examined by the supervisors of the company.
- (2) Please refer to Attachment 2 (page 9~12) for 2015 Business report and attached 4 (page 14~21) for Financial Statements.
- (3) 2015 Business report and Financial Statements are to be discussed for approval by the shareholders

Resolution:

### **2. Adoption of the Proposal for 2015 Profits Distribution (proposed by the Board of Directors)**

Details:

- (1) In accordance with Articles of Incorporation, fiscal year 2015 profits are to be distributed in the following manners with profits from fiscal year 2015 are to be distributed with first. Please refer to Attachment 5 (page 22) for details.
  - i. 10% of the profits, or NT\$ 53,887,836 is to be reserved as Legal Reserve.
  - ii. Shareholder dividends totaled NT\$ 484,393,180 dollars. Total outstanding shares as of April 25th 2016 is 509,887,558 shares. Accordingly, each eligible share will receive a cash dividend payout of NT\$ 0.95 per share (payout amount of less than NT\$1 will be not be distributed).
  - iii. After the distribution, the accumulated retained earnings is NT\$597,342.
- (2) The profit distribution proposal is to be approved by the shareholders at the 2016 shareholders' meeting. Following the proposal's approval, the board of directors, with the authority granted by the shareholder's meeting, will set the ex-dividend date. The board of directors should also be empowered to manage all issues related to dividend payouts in the event that the number of shares outstanding changes and impacts the payout ratio. Potential impact on shares outstanding may be the result of rights issuance, holders of convertible bond realizing their conversion options, or buy back, transfers, and cancellation of treasury shares.
- (3) The proposal is to be discussed for approval by shareholders.

Resolution:



## Discussion( II )

### 1. Proposal for the issuance of public placement of common stock. Please proceed to discuss. (proposed by the Board of Directors)

Details:

In consideration of Company's future business needs, to enhance working capital, to improve financial structure of the Company, and to investment in subsidiaries, the Board of Directors submit a proposal for the issuance of public placement of common stock. Newly issued shares will be no more than 50,000,000 shares. The proposal should be completed within one year following the resolution is approved by the shareholders at the shareholder meeting. The related issues of the public placement is as follows :

- (1) This cash capital increase will be issued at a par value of NT\$10. If this cash capital increase is issued at a maximum of 50,000,000 shares, the dilution for the existing shareholders will be 8.93%. This capital increase will be used to support future operational and working capital needs, improve financial structure, and or reinvest in the expansion of continuing businesses of Test-Rite Group companies', and is expect to generate a positive impact for future return for shareholders.
- (2) The issue price will be settled according to the self-regulatory rules of Taiwan Securities Association and government's regulations. The Chairperson is authorized to set the issuing price according to market conditions at the time of the issuance and communicating with the underwriter.
- (3) While 10~15% of the new shares will be reserved for employee subscription, in compliance with Article 267 of Company Act, the remaining 85~90% of the new shares is to be reserved for public underwriting through a book building process. In addition, existing shareholders is expected to relinquish their subscription rights, according to Article 28-1 of Security and Exchange Act. All shares will be publicly offered based via the book building method.
- (4) For the shares that are not fully subscribed or is not subscribed, the Chairperson is authorized to allocate those shares to specified persons at the proposed issue price.
- (5) The rights and obligations associated with common shares issued in this cash capital increase are identical to those of the existing shares.
- (6) Subject to the approval of the proposed offering and issue by the competent authority, it is proposed that the record date of the subscription date and other matters relating to the offering shall be determined by the Chairperson and/or his/her designate to be authorized to do so. °
- (7) The proposal here is for shareholders to authorize Board of Directors, subject to market conditions, the reasonability to adjust and, settle major issues related to the public placement plan. The authority granted to Board of Directors include amendments of various details of the public placement issuance, when applicable regulations are changed or requested to change is made by the relevant government bodies. The proposal is for shareholder meeting to fully authorize Board of Directors to handle all relevant issues of the public placement.
- (8) The authority granted to Board of Directors include amendments of various details of the public placement issuance, when applicable regulations are changed or requested to change is made by the relevant government bodies. The proposal is for shareholder meeting to fully authorize Board of Directors to handle all relevant issues of the private placement.
- (9) The proposal is to be discussed by the shareholders during the shareholder meeting.

Resolution:



**Questions and Motions**

**Adjournment**



**Attachment 1**

**TEST RITE International Co., Ltd.**  
**Articles of Incorporation**  
**Reference Table for Revised Clauses**

| Article No.  | Original clause  | Revised clause  | Basis and reasons for revision  |
|--------------|--|---|---|
| Article 31   | <p>After taxes are paid, earnings in any given year shall be first used to offset previous years' losses. 10% of the remainder shall then be set aside as statutory surplus. However, if the cumulative statutory surplus has reached an amount the equivalent of the paid-in capital, no additional statutory surplus is required to be set aside, and a special reserve shall be set aside or reversed as per the relevant regulations or rules announced by the supervisory authority or the Company's business need. Separately, 2% of the remainder, if any, shall be set aside as Director and Supervisor remuneration, with at least 1% set aside as employee bonus. The remainder shall be added to the undistributed profit at the beginning of the period before the distribution plan and submit it to the shareholders meeting for approval.</p> | <p><u>The Company shall distribute no less than 1 % of the current year's profit if any as remuneration for employees and the Board could decide to distribute in stocks or cash. The employees to receive remuneration may include certain qualified employees from affiliate companies and the qualification of such employees is to be decided by the chairperson.</u><br/> <u>The Board could also decide no more than 2 % of the abovementioned profit as remuneration for Directors and Supervisors. The distribution of remuneration for employees and Directors and Supervisors should be reported during Shareholders' Meeting.</u><br/> <u>However, when there's accumulated losses, the Company shall reserve certain amount to compensate the accumulated losses and then distribute the profits to employees and Directors based on the abovementioned percentage.</u></p> | <p>Revision is made in accordance with Company Act and regulatory change.</p> |
| Article 31-1 | <p>The abovementioned employee to receive stock bonus may included certain qualified employees from affiliate companies and the qualification of such employees is to be decided by the chairperson.</p>   | <p><u>If the Company has any profit upon closing of accounts, the Company shall first settle outstanding taxes and offset accumulated losses of the preceding years, and then set aside 10% of such profits as a legal surplus. However, when the legal surplus amounts to the authorized capital, this shall not apply. An additional sum of the special surplus may be retained in</u></p>  | <p>Revision is made in accordance with Company Act and regulatory change.</p> |

|              |  |  |   |
|--------------|--|--|---|
|              |  | <p><u>accordance with relevant rules and regulations or business requirements. The remaining surplus, if any, shall be allocated as shareholder bonus to be distributed, along with unallocated earnings of previous years, pursuant to the decision by the board meeting. At least 10% shall be set aside, and an earnings distribution plan shall be provided to be resolved by the shareholders' meeting for distribution.</u></p>  |   |
| Article 31-2 | <p><b>Dividend policy</b><br/> The industry in which the Company is engaged contains a large number of variables 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 in consideration of 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. Shareholder dividends to be distributed should not be less than 50% of the earnings available for distribution and may be distributed in cash and/or shares. Cash dividends must not be less than 10% of the total shareholder dividends. However, cash dividends under NT\$0.10 per share will not be distributed as cash dividends, and may instead be distributed entirely as share dividends.</p> | <p>The industry in which the Company is engaged contains a large number of variables 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 in consideration of shareholders' interests, <u>our dividend policy will adopt the soundness and balance of dividend distribution.</u> Shareholder dividends to be distributed should not be less than 50% of the earnings available for distribution and may be distributed in cash and/or shares. Cash dividends must not be less than 10% of the total shareholder dividends. However, cash dividends under NT\$0.10 per share will not be distributed as cash dividends, and may instead be distributed entirely as share dividends.</p> | <p>The wording is amended in accordance with the law.</p> |
| Article 34   | <p>The Articles of Incorporation were drawn up on July 24, 1978. (Omitted)<br/> The 40th revision was adopted on June 15, 2015.</p>  | <p>The Articles of Incorporation were drawn up on July 24, 1978. (Omitted)<br/> <u>The 41th revision was adopted on June 23, 2016.</u></p>   | <p>Adding revision date.</p>                              |



## Attachment 2

### Test Rite International Co., Ltd. Business Report

Dear shareholders,

Test-Rite reports its FY2015 revenue of NT\$35.98 bn, 0.1% YoY; net income of NT\$671 mn, -5.0% YoY; and basic EPS of NT\$1.32, -6.7% YoY.

Even though trading volume is declining worldwide in 2015, Test-Rite trading business maintains its growth of 0.4% YoY. Being the supplier of many of the world's major retailers, we have closely observed the rapid changes of global retail industry. Therefore, Test-Rite focuses more on providing value-added services and products to our global partners. As for our retail business in Taiwan, TLW and HOLA remain its leading position in DIY and home décor category in Taiwan. Taiwan retail business has slight growth of 0.6%. Along with the growth of E-Commerce, TLW and HOLA continue strengthening its online sales and offline shopping experiences. To better achieve Omni-channel, we also encourage customers to transfer online/mobile browsing to offline traffic. As for China, HOLA China declines 2.4% comparing to the last year. HOLA China is facing greater challenges in 2015 due to the changes of people's shopping behavior and incremental wages and rents.

Taiwan retail businesses, including TLW (DIY) and HOLA Taiwan saw sales of NT\$17.3 bn and a net profit of NT\$604 mn in FY2015. Private Label strategy has come into effects in the past year, contributing 0.6% increase in gross margin equivalent to NT\$140 mn increase. TLW Private Label products accounted for 8.5% TLW sales in 2015, along with 21.8% sales growth. On the other hand, HOLA Private Label products accounted for 19.8% HOLA sales, along with 46.9% sales growth. In 2015, Test-Rite opened two HOLA stores in Taiwan at Miaoli and Pintung. Test-Rite also becomes the franchisee of the reputed American home décor store, Crate&Barrel. By introducing the classic American style brand to Taiwan, Test-Rite expects to continue expanding its leading market share in home décor category. As for China, HOLA china opened 5 stores and closed 2 stores in 2015. HOLA china continues reviewing the profitability of each store and developing its business in EC and franchise. We have seen some progress after relaunching our EC plan in the mid-2014. HOLA China has now entered the TMall.com, JD.com and Xiaohongshu. These platforms together generated about RMB\$5.16 mn sales in 2015. Test-Rite group has about 26 TLW stores, 25 HOLA Taiwan stores, and 38 HOLA China stores as of the cut-off-date.

Given that worldwide trading is declining in 2015, Test-Rite is resilient. Test-Rite focuses more on core customers' relationship and development. By providing value-added services and products, our main market, North America and Europe, is showing steady growth. Total shipment to North America and Europe grew 0.2% and 28% respectively. Total trading revenue is about NT\$13 bn, 0.4% YoY. Gross margin is close to the last year, but net income has 14.5% growth in 2015 reaching NT\$615 mn.

In Jan-2015, we completed the acquisitions of three German trading subsidiaries. This is a key milestone for Test-Rite, as we now own 100% of our oversea sales offices. While we expect to continue to grow our German business via our newly acquired subsidiaries, we also intend to reestablish Test-Rite's presence in Europe, by leveraging our newly acquired warehouse facilities in order to extend Test-Rite's full service sourcing capabilities to our customers in Europe. Looking into 2015 and beyond, our newly established warehouse services in Yangmei and Shanghai FTZ will also serve as another key growth driver, as we are able to offer even more efficient, full service trading and sourcing capabilities our customers worldwide.



Below please find Test-Rite's parent and consolidated operating result FY2015, along with business plan summary for FY2016 and future business strategy. We also included the highlight of possible impacts and challenges from external competition, changes in government regulations and global macroeconomic environment for your reference.

**1. Operating result for 2015**

i. Operating result based on business plan for 2015 (consolidated):

| (NT\$ mn)                              | 2015A  | 2014A  | YoY change by value | YoY change (%) |
|--|--------|--------|---------------------|----------------|
| Net sales                              | 35,981 | 35,946 | 35                  | 0.10           |
| COGS                                   | 24,678 | 25,114 | (436)               | -1.74          |
| Gross profit                           | 11,303 | 10,832 | 471                 | 4.35           |
| Operating Expense                      | 10,492 | 9,850  | 642                 | 6.52           |
| Operating profit                       | 811    | 982    | (171)               | -17.41         |
| Non-op.profit/(loss)                   | 54     | (99)   | 153                 | NA             |
| Net profit before tax                  | 865    | 883    | (18)                | -2.04          |
| Net profit after tax                   | 671    | 715    | (44)                | -6.15          |
| Recurring Net profit attribute to TRIC | 671    | 706    | (35)                | -4.96          |

ii. Operating result based on business plan for 2015(stand alone):

| (NT\$ mn)             | 2015A  | 2014A  | YoY change by value | YoY change (%) |
|-----------------------|--------|--------|---------------------|----------------|
| Net sales             | 12,679 | 12,937 | (258)               | -1.99          |
| COGS                  | 10,074 | 10,376 | (302)               | -2.91          |
| Gross profit          | 2,605  | 2,561  | 44                  | 1.72           |
| Operating Expense     | 2,493  | 2,394  | 99                  | 4.14           |
| Operating profit      | 112    | 167    | (55)                | -32.93         |
| Non-op.profit/(loss)  | 607    | 575    | 32                  | 5.57           |
| Net profit before tax | 719    | 742    | (23)                | -3.10          |

iii. Analysis of balance sheet & profitability (Consolidated)

| Item/Year     |                             | 2015A   | 2014A   | YoY change (%) |
|---------------|-----------------------------|---------|---------|----------------|
| Balance Sheet | Total Liability/Total Asset | 70.51%  | 70.46%  | 0.07           |
|               | Current Ratio               | 107.69% | 116.07% | -7.22          |
| Profitability | ROE                         | 9.09%   | 10.15%  | -10.44         |
|               | Net Margin                  | 1.86%   | 1.99%   | -6.53          |
|               | EPS                         | 1.32    | 1.42    | -7.04          |

## 2. 2016 business plan and future development strategy

### (1) Business plan and managerial principle:

#### A. Retail Business

- Taiwan: TLW opened Xitung store in Taichung on Jan-2016. HOLA has no new store opening plan in 2016. However, physical stores will more emphasize on enhancing shopping experiences, such as building the LED zone in TLW. Furthermore, Test-Rite plans to open the second Crate & Barrel store in Taichung.
- China: No new store opening plan in 2016. HOLA China will continue reviewing the profitability of each store and developing its business in EC and franchise.
- Ramp up E-commerce product offerings in Taiwan and China. TLW plans to launch its new version website in mid-2016 to enhance customers' shopping experiences.
- Brand Agency will continue to introduce well-known and reputed brands to Taiwan. For example, we will introduce the popular German cooking ware, WMF, to Taiwan in Mar-2016. Besides, KitchenAid, Honeywell (Water-Cooling Fan) are in the pipeline.
- Strengthening the sales of Private Label products to improve margin.
- By further integrating merchandising team of Taiwan and China to reach synergies.

#### B. Trading Business:

- Continue providing value-added services and products to our global partners
- Develop the 3<sup>rd</sup> party PQS services.
- Post M&A integration of German subsidiaries and establishment of European Hub.
- Continue integration of trading and retail operations to realize potential synergy.

### (2) Future development strategy:

#### A. Retail Business strategy

- Increasing the sales of Private Label products to improve margin.
- Continue to introduce well-known and reputed brands to Taiwan.
- Expanding EC development and enhancing offline shopping experiences to reach omni-channel

#### B. Trading Business strategy

- Continue to leverage in-house design capabilities to provide differentiating products for both trading and retail businesses in order to transform Test-Rite to a products company.
- Both principal and agency maintain existing relationships with trading customers and aggressively pursue potential business opportunities.
- Strengthening the function and services of Shanghai FTZ zone to provide efficient supply chain management services.
- Pursue M&A opportunities for both trading and retail businesses to compliment organic growth of our existing businesses.

## 3. Potential influence from external competition, regulation and macroeconomic environment

Taiwanese government has tightened up the housing policy since the central bank proposed a series of actions to the housing market in 2013. Numbers of house transactions has decreased year by year. We expect the situation will be similar in 2016. To some extent, the low transaction amount has suppressed the DIY and home décor demand from new house buyers. However, we find another group of customers' demand emerging. While many people feel that they're not going to buy the house in the short/mid-term, they turned to spend some money to renovate their old house. To sum up, we feel the overall demand of DIY and home décor products will continue to grow in Taiwan.

In China, common people's shopping behavior has significantly shifted to online buying. Besides, the authorities have continued to reign in the purported excess spending of wealthy individuals. The result is a substantial slowdown of retail sales. These issues, along with rising labor costs and rents,



have significantly increased the challenges of our retail operation in China. However, as the Chinese consumers become more modernized and richer, the increasing demand of improving living environment of home is unchanged. Our aspiration to become the premier retail operator in home related categories remain unchanged.

2015 is a challenging year to all trading companies in the world. The global trading volume is decreasing in most of the major countries. Till Feb-2016, Taiwan export amount has experienced consecutive 13 months decreases, including 9 months double digit decreases. China, South Korea and Japan also face similar difficulties. However, Test-Rite is uniquely positioned as a supplier to many of the top retail in the world. Even though trading volume is declining worldwide in 2015, Test-Rite trading business maintains its growth. We intend to fully leverage our strengths to grow our principle shipments, add new agency customers, and continue to introduce new and unique products to our portfolio for both trading and retail operations.

Lastly, all staff 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 returns on shareholder equity (ROE). We, the management team of Test-Rite, on behalf of all the employees of the company, would like to take this opportunity to thank our shareholders for your continued support and encouragement.

Sincerely yours,

Chairman: Judy Lee

GM: Sophia Tong

Controller: Linda Lin



**Attachment 3**

To: Test Rite International Co., Ltd. 2016 Shareholders Meeting  
From: Supervisors of Test Rite International Co., Ltd  
Re: Supervisor's review report on the 2015 Financial Statements

Dear shareholders,

Here we ensure the annual financial reports of TRIC stands alone and its consolidation for 2015 have been rendered by Board and audited independent auditors Mr. HONG, KUO-TYAN and Mr. WU, KER-CHANG of Deloitte Touche. Further we review 2015 Business report and 2015 Profits Distribution proposal and assure to it's compliance with Company Act No. 219 as well.

Supervisors:

Tsai-Chi Co., Ltd.

Representative: Mr. Liao, Hsueh-Hsing

Mr. Huang, Chung-Hsing

March 25, 2016



**Attachment 4**

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2015 and 2014 and  
Independent Auditors' Report**



## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying consolidated balance sheets of Test-Rite International Co., Ltd. and its subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014 (all expressed in thousands of New Taiwan dollars). These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity 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 by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Test-Rite International Co., Ltd. as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified report.

March 25, 2016

### 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. Also, as stated in Note 4 to the consolidated financial statements, the additional footnote disclosures that are not required under accounting principles and practices generally applied in the Republic of China were not translated into English.*



**TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2015 AND 2014**  
(In Thousands of New Taiwan Dollars)

| ASSETS  | 2015                 |            | 2014                 |            |
|---|----------------------|------------|----------------------|------------|
|   | Amount               | %          | Amount               | %          |
| <b>CURRENT ASSETS</b>   |                      |            |                      |            |
| Cash and cash equivalents (Notes 4 and 6)                                       | \$ 1,903,406         | 8          | \$ 2,316,128         | 9          |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7) | 938,954              | 4          | 1,053,554            | 4          |
| Debt investments with no active market - current (Notes 4 and 9)                | 297,342              | 1          | 158,668              | 1          |
| Notes receivable (Notes 4 and 10)   | 61,493               | -          | 78,835               | -          |
| Trade receivables (Notes 4 and 10)  | 2,411,447            | 10         | 3,031,812            | 12         |
| Other receivables   | 257,556              | 1          | 411,106              | 2          |
| Inventories (Notes 4 and 11)  | 6,718,609            | 27         | 5,696,015            | 23         |
| Prepayments   | 380,974              | 1          | 385,433              | 2          |
| Other current financial assets  | 29,665               | -          | 1,707                | -          |
| Other current assets  | 23,921               | -          | 60,925               | -          |
| Total current assets  | <u>13,023,367</u>    | <u>52</u>  | <u>13,194,183</u>    | <u>53</u>  |
| <b>NON-CURRENT ASSETS</b>   |                      |            |                      |            |
| Financial assets measured at cost - non-current (Notes 4 and 8)                 | 94,011               | -          | 71,085               | -          |
| Debt investments with no active market - non-current (Notes 4 and 9)            | 50,000               | -          | 50,000               | -          |
| Property, plant and equipment (Notes 4 and 13)                                  | 6,411,230            | 26         | 6,048,084            | 24         |
| Goodwill (Notes 4 and 14)   | 2,342,753            | 9          | 2,231,278            | 9          |
| Other intangible assets (Notes 4 and 15)  | 270,535              | 1          | 241,740              | 1          |
| Deferred tax assets (Note 4)  | 1,248,753            | 5          | 1,182,045            | 5          |
| Refundable deposits   | 969,191              | 4          | 974,859              | 4          |
| Prepayments for investment  | -                    | -          | 44,404               | -          |
| Other non-current assets  | 785,406              | 3          | 883,268              | 4          |
| Total non-current assets  | <u>12,171,879</u>    | <u>48</u>  | <u>11,726,763</u>    | <u>47</u>  |
| <b>TOTAL</b>  | <u>\$ 25,195,246</u> | <u>100</u> | <u>\$ 24,920,946</u> | <u>100</u> |
| <b>LIABILITIES AND EQUITY</b>   |                      |            |                      |            |
| <b>CURRENT LIABILITIES</b>  |                      |            |                      |            |
| Short-term borrowings (Note 16)   | \$ 2,283,327         | 9          | \$ 2,749,782         | 11         |
| Short-term bills payable (Note 16)  | 49,966               | -          | 79,957               | -          |
| Notes payable   | 2,697                | -          | 35,216               | -          |
| Trade payables  | 5,821,749            | 23         | 5,860,687            | 23         |
| Other payables (Notes 4 and 18)   | 1,475,366            | 6          | 1,382,290            | 6          |
| Current tax liabilities (Note 4)  | 162,720              | 1          | 87,247               | -          |
| Advance receipts  | 503,411              | 2          | 464,746              | 2          |
| Current portion of long-term borrowings (Note 16)                               | 1,603,641            | 6          | 500,000              | 2          |
| Other current liabilities   | 190,895              | 1          | 207,748              | 1          |
| Total current liabilities   | <u>12,093,772</u>    | <u>48</u>  | <u>11,367,673</u>    | <u>45</u>  |
| <b>NON-CURRENT LIABILITIES</b>  |                      |            |                      |            |
| Long-term borrowings (Note 16)  | 5,106,969            | 20         | 5,662,504            | 23         |
| Net defined benefit liabilities - non-current (Notes 4 and 19)                  | 188,712              | 1          | 125,072              | 1          |
| Guarantee deposits received   | 250,637              | 1          | 225,464              | 1          |
| Deferred credit (Note 13)   | 50,000               | -          | 100,000              | -          |
| Other non-current liabilities   | 75,734               | 1          | 79,258               | -          |
| Total non-current liabilities   | <u>5,672,052</u>     | <u>23</u>  | <u>6,192,298</u>     | <u>25</u>  |
| Total liabilities   | <u>17,765,824</u>    | <u>71</u>  | <u>17,559,971</u>    | <u>70</u>  |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF TEST-RITE</b>                               |                      |            |                      |            |
| Share capital   |                      |            |                      |            |
| Common stock (Notes 4 and 20)   | 5,098,875            | 20         | 5,139,555            | 21         |
| Capital surplus (Notes 4 and 20)  | 673,456              | 2          | 678,829              | 3          |
| Retain earnings (Notes 4 and 20)  |                      |            |                      |            |
| Legal reserve   | 995,491              | 4          | 929,953              | 4          |
| Special reserve   | 148,098              | 1          | 148,098              | -          |
| Unappropriated earnings   | 538,877              | 2          | 655,376              | 3          |
| Total retain earnings   | 1,682,466            | 7          | 1,733,427            | 7          |
| Other equity (Notes 4 and 20)   | (28,857)             | -          | 29,813               | -          |
| Treasury shares (Notes 4 and 21)  | -                    | -          | (248,171)            | (1)        |
| Total equity attributable to owners of TEST-RITE                                | 7,425,940            | 29         | 7,333,453            | 30         |
| NON-CONTROLLING INTERESTS (Note 4)  | 3,482                | -          | 27,522               | -          |
| Total equity  | <u>7,429,422</u>     | <u>29</u>  | <u>7,360,975</u>     | <u>30</u>  |
| <b>TOTAL</b>  | <u>\$ 25,195,246</u> | <u>100</u> | <u>\$ 24,920,946</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, 2015 AND 2014  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

|  | <b>2015</b>       |           | <b>2014</b>       |            |
|--|-------------------|-----------|-------------------|------------|
|  | <b>Amount</b>     | <b>%</b>  | <b>Amount</b>     | <b>%</b>   |
| OPERATING REVENUE (Note 4)   | \$ 35,981,451     | 100       | \$ 35,946,241     | 100        |
| OPERATING COSTS (Note 11)  | <u>24,678,579</u> | <u>69</u> | <u>25,114,215</u> | <u>70</u>  |
| GROSS PROFIT   | 11,302,872        | 31        | 10,832,026        | 30         |
| OPERATING EXPENSES   | <u>10,492,405</u> | <u>29</u> | <u>9,850,124</u>  | <u>27</u>  |
| PROFIT FROM OPERATIONS   | <u>810,467</u>    | <u>2</u>  | <u>981,902</u>    | <u>3</u>   |
| <b>NON-OPERATING INCOME AND EXPENSES</b>   |                   |           |                   |            |
| Interest income  | 25,505            | -         | 17,992            | -          |
| Other income   | 189,181           | 1         | 172,754           | -          |
| Gain on sale of investments, net   | 37,662            | -         | 14,472            | -          |
| Foreign exchange gain  | 156,526           | -         | -                 | -          |
| Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss | -                 | -         | 317,254           | 1          |
| Interest expense   | (216,533)         | (1)       | (188,093)         | (1)        |
| Other expense  | (121,117)         | -         | (179,914)         | -          |
| Loss on disposal of property, plant and equipment  | (4,795)           | -         | (5,038)           | -          |
| Foreign exchange loss  | -                 | -         | (248,185)         | (1)        |
| Net loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss | (2,092)           | -         | -                 | -          |
| Impairment loss  | <u>(9,699)</u>    | <u>-</u>  | <u>-</u>          | <u>-</u>   |
| Total non-operating income and expenses  | <u>54,638</u>     | <u>-</u>  | <u>(98,758)</u>   | <u>(1)</u> |
| PROFIT BEFORE INCOME TAX   | 865,105           | 2         | 883,144           | 2          |
| INCOME TAX EXPENSE (Notes 4 and 22)  | <u>(194,620)</u>  | <u>-</u>  | <u>(167,977)</u>  | <u>-</u>   |
| NET PROFIT FOR THE YEAR  | <u>670,485</u>    | <u>2</u>  | <u>715,167</u>    | <u>2</u>   |

(Continued)



**TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

|   | 2015              |          | 2014              |          |
|---|-------------------|----------|-------------------|----------|
|   | Amount            | %        | Amount            | %        |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                            |                   |          |                   |          |
| Items that will not be reclassified subsequently to profit or loss: |                   |          |                   |          |
| Remeasurement of defined benefit plans                              | \$ (70,940)       | -        | \$ 6,287          | -        |
| Items that may be reclassified subsequently to profit or loss:      |                   |          |                   |          |
| Exchange differences on translating foreign operations              | <u>(60,353)</u>   | <u>-</u> | <u>31,036</u>     | <u>-</u> |
| Other comprehensive income (loss) for the year                      | <u>(131,293)</u>  | <u>-</u> | <u>37,323</u>     | <u>-</u> |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                      | <u>\$ 539,192</u> | <u>2</u> | <u>\$ 752,490</u> | <u>2</u> |
| <b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>                           |                   |          |                   |          |
| Owner of the Company  | \$ 670,509        | 2        | \$ 705,731        | 2        |
| Non-controlling interests   | <u>(24)</u>       | <u>-</u> | <u>9,436</u>      | <u>-</u> |
|   | <u>\$ 670,485</u> | <u>2</u> | <u>\$ 715,167</u> | <u>2</u> |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>           |                   |          |                   |          |
| Owner of the Company  | \$ 540,899        | 2        | \$ 744,221        | 2        |
| Non-controlling interests   | <u>(1,707)</u>    | <u>-</u> | <u>8,269</u>      | <u>-</u> |
|   | <u>\$ 539,192</u> | <u>2</u> | <u>\$ 752,490</u> | <u>2</u> |
| <b>EARNINGS PER SHARE (Notes 4 and 23)</b>                          |                   |          |                   |          |
| Basic   | <u>\$ 1.32</u>    |          | <u>\$ 1.42</u>    |          |
| Diluted   | <u>\$ 1.32</u>    |          | <u>\$ 1.42</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, 2015 AND 2014  
(In Thousands of New Taiwan Dollars)**

|  | Equity Attributable to Owners of Test-Rite |              |                 |                   |                 |                         | Other Equity   |   | Treasury Shares | Total        | Non-controlling Interests | Total Equity |
|--|--|--------------|-----------------|-------------------|-----------------|-------------------------|--|---|-----------------|--------------|---------------------------|--------------|
|  | Share Capital                              |              | Capital Surplus | Retained Earnings |                 |                         | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Available-for-sale Financial Assets |                 |              |                           |              |
|  | Share (In Thousands of Shares)             | Amount       |                 | Legal Reserve     | Special Reserve | Unappropriated Earnings |  |   |                 |              |                           |              |
| BALANCE AT JANUARY 1, 2014   | 521,956                                    | \$ 5,219,555 | \$ 694,476      | \$ 874,164        | \$ 148,098      | \$ 557,887              | \$ (2,415)   | \$ 25   | \$ (729,124)    | \$ 6,762,666 | \$ 30,494                 | \$ 6,793,160 |
| Appropriation of 2013 earnings (Note 20)                               |  |              |                 |                   |                 |                         |  |   |                 |              |                           |              |
| Legal reserve  | -  | -            | -               | 55,789            | -               | (55,789)                | -  | -   | -               | -            | -                         | -            |
| Cash dividends   | -  | -            | -               | -                 | -               | (502,088)               | -  | -   | -               | (502,088)    | -                         | (502,088)    |
| Net profit for the year ended December 31, 2014                        | -  | -            | -               | -                 | -               | 705,731                 | -  | -   | -               | 705,731      | 9,436                     | 715,167      |
| Other comprehensive income (loss) for the year ended December 31, 2014 | -  | -            | -               | -                 | -               | 6,287                   | 32,203   | -   | -               | 38,490       | (1,167)                   | 37,323       |
| Total comprehensive income for the year ended December 31, 2014        | -  | -            | -               | -                 | -               | 712,018                 | 32,203   | -   | -               | 744,221      | 8,269                     | 752,490      |
| Treasury shares transferred to employees (Note 21)                     | -  | -            | 17,344          | -                 | -               | -                       | -  | -   | 313,665         | 331,009      | -                         | 331,009      |
| Retirement of treasury shares (Notes 20 and 21)                        | (8,000)                                    | (80,000)     | (32,991)        | -                 | -               | (54,297)                | -  | -   | 167,288         | -            | -                         | -            |
| Equity transactions with non-controlling interests (Note 25)           | -  | -            | -               | -                 | -               | (2,355)                 | -  | -   | -               | (2,355)      | (11,241)                  | (13,596)     |
| BALANCE AT DECEMBER 31, 2014   | 513,956                                    | 5,139,555    | 678,829         | 929,953           | 148,098         | 655,376                 | 29,788   | 25  | (248,171)       | 7,333,453    | 27,522                    | 7,360,975    |
| Appropriation of 2014 earnings (Note 20)                               |  |              |                 |                   |                 |                         |  |   |                 |              |                           |              |
| Legal reserve  | -  | -            | -               | 65,538            | -               | (65,538)                | -  | -   | -               | -            | -                         | -            |
| Cash dividends   | -  | -            | -               | -                 | -               | (577,401)               | -  | -   | -               | (577,401)    | -                         | (577,401)    |
| Net profit (loss) for the year ended December 31, 2015                 | -  | -            | -               | -                 | -               | 670,509                 | -  | -   | -               | 670,509      | (24)                      | 670,485      |
| Other comprehensive loss for the year ended December 31, 2015          | -  | -            | -               | -                 | -               | (70,940)                | (58,670)   | -   | -               | (129,610)    | (1,683)                   | (131,293)    |
| Total comprehensive income (loss) for the year ended December 31, 2015 | -  | -            | -               | -                 | -               | 599,569                 | (58,670)   | -   | -               | 540,899      | (1,707)                   | 539,192      |
| Treasury shares transferred to employees (Note 21)                     | -  | -            | -               | -                 | -               | (481)                   | -  | -   | 163,105         | 162,624      | -                         | 162,624      |
| Retirement of treasury shares (Notes 20 and 21)                        | (4,068)                                    | (40,680)     | (5,373)         | -                 | -               | (39,013)                | -  | -   | 85,066          | -            | -                         | -            |
| Equity transactions with non-controlling interests (Note 25)           | -  | -            | -               | -                 | -               | (33,635)                | -  | -   | -               | (33,635)     | (22,333)                  | (55,968)     |
| BALANCE AT DECEMBER 31, 2015   | 509,888                                    | \$ 5,098,875 | \$ 673,456      | \$ 995,491        | \$ 148,098      | \$ 538,877              | \$ (28,882)  | \$ 25   | \$ -            | \$ 7,425,940 | \$ 3,482                  | \$ 7,429,422 |

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, 2015 AND 2014  
(In Thousands of New Taiwan Dollars)**

|   | <b>2015</b>      | <b>2014</b>    |
|---|------------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                  |                |
| Profit before income tax  | \$ 865,105       | \$ 883,144     |
| Adjustments for:  |                  |                |
| Depreciation expenses   | 668,155          | 644,286        |
| Amortization expenses   | 155,210          | 165,887        |
| Impairment loss recognized (reversal of impairment loss) on trade receivables   | 267              | (808)          |
| Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss | 2,092            | (317,254)      |
| Interest expense  | 216,533          | 188,093        |
| Interest income   | (25,505)         | (17,992)       |
| Compensation cost of employee share options   | 5,226            | 8,250          |
| Loss on disposal and impairment of property, plant and equipment  | 4,795            | 5,038          |
| Gain on disposal of investments   | (37,662)         | (2,115)        |
| Impairment loss recognized on financial assets  | 9,699            | -              |
| Amortization of unrealized gain on sale-leaseback   | (50,000)         | (50,000)       |
| Changes in operating assets and liabilities   |                  |                |
| Financial assets held for trading   | 224,548          | 81,141         |
| Notes receivable  | 17,342           | (73,659)       |
| Trade receivables   | 721,551          | (276,740)      |
| Other receivables   | 159,272          | 44,715         |
| Inventories   | (250,430)        | (541,749)      |
| Prepayments   | 8,035            | 178,200        |
| Other current assets  | 82,231           | 23,704         |
| Other financial assets  | (471)            | (1,445)        |
| Other operating assets  | 92,556           | (231,855)      |
| Notes payable   | (32,519)         | (66,187)       |
| Trade payables  | (697,650)        | 495,112        |
| Other payables  | (155,207)        | (462,306)      |
| Advance receipts  | 38,088           | (138,635)      |
| Other current liabilities   | (81,271)         | (23,095)       |
| Other operating liabilities   | (36,245)         | 11,639         |
| Cash generated from operations  | 1,903,745        | 525,369        |
| Interest received   | 26,513           | 17,790         |
| Interest paid   | (215,309)        | (177,343)      |
| Income tax paid   | (169,967)        | (190,271)      |
| Net cash generated from operating activities  | <u>1,544,982</u> | <u>175,545</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                  |                |
| Purchase of financial assets at fair value through profit or loss   | -                | (465,474)      |
| Purchase of debt investments with no active market  | (156,132)        | (6,438)        |
| Proceeds on sale of debt investments with no active market  | 17,458           | 13,893         |
| Purchase of financial assets measured at cost   | (32,500)         | -              |
| Proceeds on sale of financial assets measured at cost   | -                | 2,853          |

(Continued)



**TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014  
(In Thousands of New Taiwan Dollars)**

|   | <b>2015</b>         | <b>2014</b>         |
|---|---------------------|---------------------|
| Increase in prepayments of investment   | \$ -                | \$ (44,404)         |
| Decrease in prepayments of investment   | 44,404              | -                   |
| Net cash outflow on acquisition of subsidiaries                                       | (144,602)           | -                   |
| Payments for property, plant and equipment  | (1,010,298)         | (731,541)           |
| Proceeds from disposal of property, plant and equipment                               | 3,065               | 7,187               |
| Decrease (increase) in refundable deposits  | 5,668               | (41,211)            |
| Payments for intangible assets  | <u>(36,295)</u>     | <u>(40,477)</u>     |
| Net cash used in investing activities   | <u>(1,309,232)</u>  | <u>(1,305,612)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |                     |
| Proceeds from short-term borrowings   | -                   | 493,119             |
| Repayments of short-term borrowings   | (600,059)           | -                   |
| (Repayments of) proceeds from short-term bills payable                                | (29,991)            | 69,960              |
| Proceeds from long-term borrowings  | 9,932,056           | 3,510,564           |
| Repayments of long-term borrowings  | (9,383,950)         | (2,875,675)         |
| Increase in guarantee deposits received   | 25,173              | 27,465              |
| Dividends paid  | (577,401)           | (502,088)           |
| Proceeds from treasury stock transferred to employees                                 | 157,398             | 322,759             |
| Payments for equity transactions with non-controlling interests                       | <u>(55,968)</u>     | <u>(13,596)</u>     |
| Net cash (used in) generated from financing activities                                | <u>(532,742)</u>    | <u>1,032,508</u>    |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF<br>CASH HELD IN FOREIGN CURRENCIES | <u>(115,730)</u>    | <u>(4,752)</u>      |
| NET DECREASE IN CASH AND CASH EQUIVALENTS   | (412,722)           | (102,311)           |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE<br>YEAR                             | <u>2,316,128</u>    | <u>2,418,439</u>    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR                                      | <u>\$ 1,903,406</u> | <u>\$ 2,316,128</u> |

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

(Concluded)

**Attachment 5****Test Rite International Co., Ltd  
2015 Profits Distribution Table**

(NTD)

| Item  | Amonut         | Notes             |
|---|----------------|-------------------|
| Beginning balance of retained earnings  | 12,438,685     |                   |
| Adjusted retained earnings for Investments accounted for using equity method                                  | (65,480,575)   |                   |
| Remeasurement of defined benefit plans recognized in retained earnings  | (39,094,719)   |                   |
| Disposal and cancellation of treasury shares resulted in decrease in returned earnings                        | (39,494,090)   |                   |
| Adjusted undistributed earnings (a)   | (131,630,699)  |                   |
|   |                |                   |
| Add: Net profit after tax(b)  | 670,509,057    |                   |
| Less: 10% for Legal reservation   | (53,887,836)   | (a+b)*10%         |
| Earnings available for pay-out  | 484,990,522    |                   |
| Allocation:   |                |                   |
| Cash dividend   |                |                   |
| Sub total   | (484,393,180)  | NTD0.95 per share |
| Ending balance of retained earnings   | <u>597,342</u> |                   |
| The number of shares eligible to receive the above proposal of earnings distribution is 509,887,558 股 shares. |                |                   |

Chairman: Judy Lee

GM: Sophia Tong

Controller: Linda Lin



**Appendix 1**
**Test Rite International Co., Ltd.**
**Current Shareholdings of Directors and Supervisors**

Record Date: April 25, 2016

| Title      | Title Shareholding Name  | The minimum number of shares | Number of shares |            |
|------------|--|------------------------------|------------------|------------|
|            |  |                              | Shares           | Total      |
| Chairman   | Ms. Lee, Judy  | 16,316,401                   | 25,711,294       | 72,262,506 |
| Directors  | Mr. Ho, Tony   |                              | 43,995,550       |            |
|            | Ms. Ho, Robin  |                              | 1,949,579        |            |
|            | Mr. Ting, Hung-Hsun  |                              | 0                |            |
|            | Mr. Liu, Ting-Yang   |                              | 0                |            |
|            | Property Co., Ltd.<br>Representative:<br>Ms. Lee, Ai-Chen      |                              | 606,083          |            |
|            | Property Co., Ltd.<br>Representative:<br>Mr. Chen, Wen-Tzong   |                              | 606,083          |            |
| Supervisor | Mr. Huang, Chung-Hsing   |                              | 1,631,640        |            |
|            | Tsai-Chi Co., Ltd.<br>Representative:<br>Mr. Liao, Hsueh-Hsing | 32,327,389                   |                  |            |

## Notes:

1. The shareholding ratios in this table are based on a total of 509,887,558 outstanding shares as of the book close date before this year's Shareholders Meeting.
2. The tenure of directors is from June 15, 2015 to on June 14, 2018.

\* According to Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies: Where the paid-in capital of the company is more than NT\$4 billion but NT\$10 billion or less, the total registered shares owned by all directors shall not be less than four percent of the total issued shares; the total registered shares owned by all supervisors shall not be less than 0.4 percent of the total issued shares. If a public company has elected two or more independent directors, the share ownership figures calculated at the rates set forth in the preceding paragraph for all directors and supervisors other than the independent directors and shall be decreased by 20 percent.



## **Appendix 2**

### **Other Matters-Details of Shareholder Proposal at Shareholders' Meeting**

Note:

1. According to Company Act No. 172, Shareholders who hold more than 1% can submit only ONE written shareholder proposal that is 300 characters or less.
2. Written submission of shareholder proposals must be submitted between the dates of April 15th, 2016 and April 26th, 2016. The Company has posted information regarding shareholder proposals on the Market Observation Post System (MOPS) as required by regulation.
3. The company has not yet to receive any written submission of shareholder proposals.