



**Test Rite International Co., Ltd.  
2014 Annual General Shareholders' Meeting**

**Meeting Minutes**

- **Time:** 9:00 am, June 11, 2014
- **Place:** Test Rite International Co., Ltd Conference Hall (6F., No. 23, Hsin-Hu 3rd Road, Nei Hu, Taipei, Taiwan)
- **Total outstanding shares of Test Rite International Co., Ltd.** (excluding the shares with not voting rights stipulated in Article 179 of the Company Act ): **502,087,558 shares**
- **Total shares represented by shareholders present** (including the shares with e-voting rights 115,952,406 shares) : **371,677,127 shares**
- **Percentage of shares held by shareholders present: 74.03%**
- **Chairman: Mr. Tony Ho (Chairwoman, Ms. Judy Lee was away on business and appointed Mr. Tony Ho, Director, to chair the 2014 Annual General Shareholder's meeting) / Recorder: Mr. Hannis Chang**

The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.
- **Chairman's Address (omitted)**

**Management Presentation**

- 1. 2013 Business Report** (see Attachment 1)
- 2. Supervisor's Review Report on the 2013 Financial Statements** (see Attachment 2)
- 3. Share Buyback Execution Report.**

Details:

- (1) The Company hereby submits the reports on its 11th and 12th share buybacks to the 2012 shareholders' meeting, in accordance with Article 28-2 Paragraph 7 of the Securities and Exchange Act.
- (2) The 11th and 12th 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	Accumulated number of buy- back shares
11	20,000,000	NTD22.13/share	2014/3/10	12,000,000	8,000,000
12	3,000,000	NTD20.94/share	2014/3/10	3,000,000	0

**4. Report of enacting Ethical Corporate Management Best Practice Principles** (see Attachment 4)

All the items above were reported.

**Proposals**

**1. Adoption of the 2013 Business Report and Financial Statements.**

Details:

- (1) 2013 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 2013 Business report, have been approved by the Board of Directors and examined by the supervisors of the company.
- (2) Please refer to Attachment 1 for 2013 Business report.
- (3) 2013 Business report and Financial Statements are to be discussed for approved by the shareholders

Voting Results:

Number of shares represented at the time of voting	For	Against	Abstained (e-voting)
371,981,398 shares	334,396,830 shares (including the shares with e-voting rights 78,672,109 shares)	16,631 shares (including the shares with e-voting rights 16,631 shares)	37,263,666 shares

RESOLVED, the above proposal was accepted as submitted.

**2. Adoption of the Proposal for 2013 Profits Distribution.**

Details:

- (1) In accordance with Articles of Incorporation, fiscal year 2013 profits are to be distributed in the following manners with profits from fiscal year 2013 are to be distributed with first. Please refer to Attachment 4 for details.



- i. 10% of the profits, or NT\$55,788,762, is to be reserved as Legal Reserve.
  - ii. Employee bonus, amounting to NT\$5,020,989, is to be distributed in cash. The Chairman is authorized to manage details related to employee bonus distribution.
  - iii. Total compensation to directors and supervisors is NT\$10,041,977 dollars.
  - iv. Shareholder dividends totaled NT\$502,087,558 dollars. Total outstanding shares as of April 13th 2014 is 521,955,558 shares. After deducting treasury shares outstanding of 19,868,000 shares, the number of shares eligible for earnings distributions is 502,087,558 shares. Accordingly, each eligible share will receive a cash dividend payout of NT\$1.00 per share (payout amount of less than NT\$1.00 will be not be distributed).
  - v. After the distribution, the accumulated retained earnings is NT\$11,301.
- (2) The profit distribution proposal is to be approved by the shareholders at the 2014 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.

Voting Results:

Number of shares represented at the time of voting	For	Against	Abstained (e-voting)
371,981,398 shares	334,391,738 shares (including the shares with e-voting rights 78,668,017 shares)	20,723 shares (including the shares with e-voting rights 19,723 shares)	37,264,666 shares

RESOLVED, the above proposal was accepted as submitted.

## **Discussion**

### **1. Proposal for the issuance of public placement of common stock. Please proceed to discuss.**

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 mn 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 placemanet is as follows:

- (1) 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.
- (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) For the shares that are not fully subscribed or is not subscribed, the Chairman is authorized to allocate those shares to specified persons by issue price.
- (4) 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 be determined by the Chairperson authorized to do so and that the subscription price payment period, record date of the capital increase and other matters relating to the offering shall be determined by the Chairperson and/or his/her designate authorized to do so.
- (5) 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.
- (6) 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.

- (7) The proposal is to be discussed by the shareholder meeting.

Voting Results:

Number of shares represented at the time of voting	For	Against	Abstained (e-voting)
371,981,398 shares	333,036,094 shares (including the shares with e-voting rights 77,312,373 shares)	1,356,367 shares (including the shares with e-voting rights 1,355,367 shares)	37,284,666 shares

RESOLVED, the above proposal was accepted as submitted.

**2. Amendment to Procedures for Acquisition and Disposal of Assets. Please proceed to discuss.**

Details:

- (1) Partial amendment to Procedures for Acquisition and Disposal of Assets in accordance with Financial Supervisory Commission's issuing of interpretation No. 1020053073 released on December 30, 2013, related to Regulations Governing the Acquisition and Disposal of Assets by Public Companies.
- (2) Please refer to Attachment 5 for details.
- (3) The amendment is to be discussed by the shareholder meeting.

Voting Results:

Number of shares represented at the time of voting	For	Against	Abstained (e-voting)
371,981,398 shares	334,393,830 shares (including the shares with e-voting rights 78,670,109 shares)	19,631 shares (including the shares with e-voting rights 18,631 shares)	37,263,666 shares

RESOLVED, the above proposal was accepted as submitted.

**3. Amendment to Rules for Election of Directors and Supervisors. Please proceed to discuss.**



Details:

- (1) Partial amendment to Rules for Election of Directors and Supervisors in accordance with Financial Supervisory Commission’s issuing of interpretation No. 1020053112 released on December 31, 2013, related to “Expanding the applicability of the mandatory appointment of independent directors” and operation management needs.
- (2) Please refer to Attachment 6 for details.
- (3) The amendment is to be discussed by the shareholder meeting.

Voting Results:

Number of shares represented at the time of voting	For	Against	Abstained (e-voting)
371,981,398 shares	334,393,676 shares (including the shares with e-voting rights 78,669,955 shares)	19,631 shares (including the shares with e-voting rights 18,631 shares)	37,263,820 shares

RESOLVED, the above proposal was accepted as submitted.

**4. Amendment to Articles of Incorporation. Please proceed to discuss.**

Details:

- (1) Partial amendment to Articles of Incorporation in accordance with Financial Supervisory Commission’s issuing of interpretation No. 1020053112 released on December 31, 2013, related to “Expanding the applicability of the mandatory appointment of independent directors” and operation management needs.
- (2) Please refer to Attachment 7 for details.
- (3) The amendment is to be discussed by the shareholder meeting.

Voting Results:

Number of shares represented at the time of voting	For	Against	Abstained (e-voting)
371,981,398 shares	334,393,830 shares (including the shares with e-voting rights 78,670,109 shares)	19,631 shares (including the shares with e-voting rights 18,631 shares)	37,263,666 shares

RESOLVED, the above proposal was accepted as submitted.

**Questions and Motions**

None.

**Adjournment** (Time: 9:45 a.m.)



## **Attachment 1**

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

Dear shareholders,

Our FY2013 consolidated revenue, which includes trading businesses and retail operations for Taiwan and China, declined by 0.14% YoY to NT\$ 35.2bn. However, our gross profit increased 2% YoY to NT\$ 10.6bn, with gross margin percentage improvement of 0.5 percentage point compared FY2012 while operating income increased 7.8% YoY to NT\$ 776.7mn. Benefitting from improving operating leverage, net income attributable to shareholders increased 24.7% YoY to NT\$ 635.1mn. The reason for the decline in consolidated revenue can be attributed to the disposal of Tung Lung Metal (TLM) that resulting in a higher comparable base for FY2012. Excluding TLM, consolidated revenue from trading, retail businesses, and other recurring business activities would have increased 5.8% YoY in FY2013. Similarly, growth rates for gross profit and operating profit are understated and after adjusting for the TLM impact, growth rates for gross profit and operating profit would show a higher increase of 5.2% YoY and 38.1% YoY respectively.

Our trading business benefited from the sustained recovery of consumer demand in the Americas, which more than offset the declines in demand from Europe in FY2013. Our total shipments in our trading business increased 8.0% YoY to NT\$ 17.6 bn during the twelve months period. Principal business saw shipments increase by 3.7% YoY, while our agency business' shipment increased 19.8% YoY and accounting for 29.7% of total shipments. The acquisition of International Art that was completed in January 2013 was a key catalyst driving principal trading's growth. Separately, increase in orders from existing agency customers and new customer signings have also fueled agency business' growth. Heading into 2014, the momentum of demand growths in North America remains healthy. We are also seeing positive evidence of recovery in Europe for the first time since the global financial crisis eased. We remain optimistic, as Test-Rite trading is well positioned to achieve growth through organic and market share gains for both principal and agency businesses .

Our retail business continues to expand its presence in FY2013 in Taiwan and China. In Taiwan, highlighted by TLW and Hola, our retail revenue increase 4.7% YoY to US\$16.7bn, higher than overall retail sales growth of 1.9% in Taiwan. Our initial foray in private label sales in Taiwan saw significant results as private label sales nearly doubled to account for 12.3% of total sales for Hola Taiwan (inclusive of Hola Pettit and Hola Casa). While we continue to





strive towards reaching our goal of profitability on a full year basis, Hola China reached a significant milestone in 2013. Our retail operation in China reported its first ever profitable quarter in 4Q13, with net income contribution to Test-Rite Group of NT\$ 33.4 mn. As of December 2013, we operate 26 TLW and 22 Hola stores in Taiwan and 33 Hola stores in China (81 stores total) and we currently have plans to open 10-12 new stores in Taiwan and China for FY2014.

Below is the operating result for Test-Rite in FY2013, for bath parent basis and on a consolidated basis, FY2014 business plan summary, and future business strategy. We have also highlighted possible impacts and challenges from external competition, changes in government regulations and global macroeconomic environment.

## 1. Operating result for 2013

(1) Operating result based on business plan for 2013(stand alone):

(NT\$ mn)	2013A	2012A	YoY change by value	YoY change (%)
Net sales	12,176	11,902	274	2.30%
COGS	9,940	9,691	249	2.57%
Gross profit	2,236	2,211	25	1.13%
Operating Expense	2,162	2,109	53	2.51%
Operating profit	74	102	-28	-27.45%
Non-op.profit/(loss)	595	470	125	26.60%
Net profit before tax	669	572	97	16.96%
Net profit after tax	635	509	126	24.75%

(2) Operating result based on business plan for 2013(consolidated):

(NT\$ mn)	2013A	2012A	YoY change by value	YoY change (%)
Net sales	35,204	35,252	-48	-0.14%
COGS	24,594	24,849	-255	-1.03%
Gross profit	10,610	10,403	207	1.99%
Operating Expense	9,833	9,683	150	1.55%
Operating profit	777	720	57	7.92%
Non-op.profit/(loss)	(44)	(33)	-11	-33.33%
Net profit before tax	733	687	46	6.70%
Net profit after tax	641	565	76	13.45%
Recurring Net profit attribute to TRIC	635	509	126	24.75%

(3) Analysis of balance sheet & profitability (Consolidated)

Item		2013A	2012A	YoY change (%)
Balance sheet	Total liability/total asset	70.93%	69.64%	1.85
	Current ratio	111.17%	108.27%	2.68
Profitability	ROE	9.57%	7.99%	19.77
	Net margin	1.82%	1.60%	13.75
	EPS	1.30	1.03	26.21

**2. 2014 business plan and future development strategy**

(1) Business plan and managerial principle:

- A. Continue to strengthen relationships with existing trading customers (principal and agency)
- B. Align business plans with newly signed agency customers to ensure growth targets 2014 remains on track
- C. Leverage in-house design capabilities to provide differentiating products for both trading and retail
- D. Enhance range of sourcing services by establishing Shanghai FTZ warehousing facilities
- E. Open 10-12 stores in Taiwan and China
- F. Continue to integrate operations of trading and retail subsidiaries to realize potential synergy.

(2) Future development strategy:

- A. Aggressively expand the scope and identify potential new customer targets for agency business.
- B. Target growth opportunities in Taiwan and China's retail market through brand licensing and new store openings.
- C. 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**

Faced with a rapidly changing competitive landscape, Test-Rite has leveraged its +30 years of experience in trading and continued to strengthen our product offering by developing Total Solution service for our trading business. These services encompass product and packaging design, logistics, and storage/warehousing capabilities that we believe is necessary to further strengthen or role within the supply to chain to global retail operators. Since 4Q12,



we have already signed on five new accounts for our agency business. Both our agency and principle trading businesses are well positioned to benefit from the recovery of European and N. American consumer demand.

Taiwanese authorities may continue implement new policies to mitigate concerns over the overheated real estate markets. Additional regulations being considered may include higher property taxes and mortgage interest rates, and if implemented, may negatively adversely impact demand for DIY and home furnishing related products. Prolonged impact from student protest over the signing The Cross-Strait Trade in Services Agreement and the construction/operational status of the 4<sup>th</sup> Nuclear Power Plant may have further negative impact of consumer demand in Taiwan. Should the construction of Nuclear Power Plant is halted, Taiwanese business and households are likely to face higher electricity prices that will increase businesses operating costs and reduce consumers disposal income. In China, the authorities have continued to reign in the purported excess spending of wealthy individuals. The result is a substantial slowdown of total retail sales by nearly 10 percentage point (from growth rate of more than 20% YoY). This along with rising labor costs has significantly increased the challenges of our retail operation in China. Despite these challenges, our aspiration to become a premier retail operator in Greater China remains unchanged and plans to open new stores in FY2014.

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 strengthen our balance sheet and further enhance returns on shareholder equity (ROE). We, on behalf of all the employees at Test-Rite, would like to take this opportunity to thank our shareholders for your continued support and encouragement.

Chairman: Judy Lee

GM: Sophia Tong

Controller: Linda Lin



## **Attachment 2**

**To: Test Rite International Co., Ltd. 2014 Shareholders Meeting**

**From: Supervisors of Test Rite International Co., Ltd**

**Re: Supervisor's review report on the 2013 Financial Statements**

Dear shareholders,

Here we ensure the annual financial reports of TRIC stands alone and its consolidation for 2013 have been rendered by Board and audited independent auditors Mr. HONG, KUO-TYAN and Mr. WU, KER-CHANG of Deloitte Touche. Further we review 2013 Business report and 2013 Profits Distribution proposal and assure to it's compliance with Company Act No. 219 as well.

**Supervisors:**

**Tsai-Chi Co., Ltd.**

**Representative: Mr. Lai, Yung-Chi**

**Representative: Mr. Liao, Hsueh-Hsing**

March 25, 2014

**Attachment 3****Test Rite International Co., Ltd.  
Ethical Corporate Management Best Practice Principles****1. Purpose of enactment**

**I. The Ethical Corporate Management Best Practice Principles ("Principles")** is promulgated to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

**2. Applicable scope**

**I. Scope of application : Business Group**

**II. The opposite parties : Personnel of the Company**

**3. Terms used in these Regulations are defined as follows:**

**I. 【Company】 Test Rite International Co., Ltd.**

**II. Business Group】 The Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company.**

**III. Personnel of the Company】 The board of directors, supervisors, managers, employees of the Company or Business Group.**

**IV. 【Substantial Controllers】 Persons having substantial control over the Company**

**V. 【Prevention Program】 The Company shall establish the prevention program.**

**4. Contents****I. Prohibition of Unethical Conduct**

i. When engaging in commercial activities, directors, managers, employees of the Company or persons having substantial control over the Company ("Substantial Controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively "Unethical Conduct") for purposes of acquiring or maintaining Benefits.

ii. The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or Substantial Controllers or other interested parties.

**II. The types of Benefits**

The "Benefits" mentioned in the Principles means any valuable things. Benefits received or given occasionally in accordance with accepted social customs and that do not



adversely affect specific rights and obligations shall be excluded.

### **III. Legal compliance**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM-listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

### **IV. Policy**

The Company shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

### **V. The Prevention Program**

- i. The Company are advised to, in accordance with the operational philosophies and policies prescribed in the preceding article, establish in their own ethical corporate management best practice principle comprehensive programs to forestall unethical conduct ("prevention program"), including operational procedures, guidelines, and training.
- ii. When establishing the prevention program, the Company shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.

### **VI. Scope of the prevention program**

When establishing the prevention program, the Companies shall analyze which business activities within their business scope which may be at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention program established by the Companies shall at least include preventive measures against the following:

- i. Offering and acceptance of bribes.
- ii. Illegal political donations.
- iii. Improper charitable donations or sponsorship.
- iv. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.

### **VII. The promises and executions**

The Company and their respective business group shall clearly specify ethical corporate management policies in their rules and external documents. The board of directors and the management level shall undertake to rigorously and thoroughly enforce such policies for internal management and external commercial activities.

### **VIII. Engaging in commercial activities under ethical corporate management policies**

- i. The Company shall engage in commercial activities in a fair and transparent manner.
- ii. Prior to any commercial transactions, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and their records of unethical conduct, if any. It is advisable not to have any dealings with persons who have any records of unethical conduct.
- iii. When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and that in the event the trading counterparties are suspected of engaging in unethical conduct, the Companies may at any time terminate or cancel the contracts.

**IX. Prohibition of offering and accepting bribes**

When conducting business, the Companies and their directors, supervisors, managers, employees and substantial controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the companies operate permit so.

**X. Prohibition of offering illegal political donations**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Companies and their directors, supervisors, managers, employees and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

**XI. Prohibition of improper charitable donations or sponsorship**

When making or offering donations and sponsorship, the Companies and their directors, supervisors, managers, employees and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

**XII. Prohibition of unjustifiable presents, hospitality or other improper benefits**

The Companies and their directors, supervisors, managers, employees and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

**XIII. Organization and responsibility**

The board of directors of a TWSE/GTSM listed company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as



to ensure thorough implementation of its ethical corporate management policies. To achieve sound ethical corporate management, the Companies are advised to form a dedicated unit to be in charge of establishing and enforcing the ethical corporate management policies and prevention program and reporting to the board of directors on a regular basis.

**XIV. Legal compliance for business operation**

The Company and its directors, managers, employees and Substantial Controllers shall comply with laws and regulations and the Prevention Program when conducting business.

**XV. The avoidance of conflicts of interest of directors and managers**

- i. The Company shall establish policies for preventing conflicts of interest and offer appropriate means for directors and managers to voluntarily explain whether their interests would potentially conflict with those of the Company.
- ii. The Company's directors shall exercise a high degree of self-discipline. A director may present his opinion and answer relevant questions but is prohibited from participating in voting on any proposals where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the Company; neither shall a director vote on such proposal as a proxy of another director in such circumstances. The directors shall exercise self-discipline and should not support one another in improper ways.
- iii. The Company's directors and managers shall not take advantage of their positions in the company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

**XVI. Accounting and internal control**

The Company shall establish effective accounting systems and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.

Internal auditors of the Company shall examine the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis.

**XVII. Operational procedures and guidelines**

The operational procedures and guidelines established by the Company for the prevention of Unethical Conduct, which have specifically specified the rules of business conduct for the Company's directors, managers, employees, and Substantial Controllers, shall contain the following:





1. Standards for determining whether improper Benefits have been offered or accepted.
2. Procedures for offering legitimate political donations.
3. Procedures and the standard rates for offering charitable donations or sponsorship.
4. Rules for avoiding work-related conflicts of interest and how they should be reported and handled.
5. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
6. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of Unethical Conduct.
7. Handling procedures for violations of the Principles.
8. Disciplinary measures on offenders.

#### **XVIII. Education training and reviews**

- i. The Company shall periodically organize training and awareness programs for its directors, managers, employees, and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and related policies, Prevention Program and the consequences of committing Unethical Conduct.
- ii. The Company shall combine the Principles with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

#### **XIX. Report and discipline**

- i. The Companies shall have in place a formal channel for receiving reports on unethical conduct and keep the reporter's identity and content of the report confidential.
- ii. The Companies shall establish a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules, and immediately disclose on the company's internal website the offender's job title, name, date the violation was committed, violating act and how the matter was handled.

#### **XX. Disclosure of Information**

The Company shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

#### **XXI. Review and Amendment to the Principles**

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and



encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

**5. Enforcement**

**I. The Ethical Corporate Management Best Practice Principles of the Company is maintained by HR department, approval is granted by the board of directors, and shall be submitted to the shareholders' meeting. The same shall apply to any amendment thereto.**

**II. The Principle was adopted on November 11, 2012.**

**Attachment 4****Test Rite International Co., Ltd  
2013 Profits Distribution Table**

Unit: NTD

Item	Amonut	Notes
Beginning balance of retained earnings	111,119,183	
Adoption of TIFRS adjustments	(42,967,084)	
Provision for a special surplus reserve in response to the first adoption of TIFRS	(148,097,153)	
Adjusted undistributed earnings at the beginning of the period	(79,945,054)	
Adjusted retained earnings for long-term equity investments	(2,604,211)	
Actuarial gains recognized under retained earnings	5,297,937	
Adjusted undistributed earnings (a)	(77,251,328)	
Add: Net profit after tax(b)	635,138,949	
Less: 10% for Legal reservation	(55,788,762)	(a+b)*10%
Earnings available for pay-out	502,098,859	
Allocation:		
Cash dividend	(502,087,558)	NTD 1.00 per share
Sub total	(502,087,558)	
Ending balance of retained earnings	<u>11,301</u>	

Chairman: Judy Lee

GM: Sophia Tong

Controller: Linda Lin

Further information as below:

Note 1: Compensation for directors & cash bonus for employees are NT\$10,041,977 & NT\$ 5,020,989 respectively.

Note 2: As of April 13th, 2014, the total number of common stocks outstanding is 521,955,558 shares. After adjusting for 19,868,000 of treasury shares on hand, the the number of shares eligible to receive the above proposal of earnings distribution is 502,087,558 shares.

**TEST RITE International Co., Ltd.**  
**Procedures for Acquisition and Disposal of Assets**  
**Reference Table for Revised Clauses**

Article No.	Original clause	Revised clause	Basis and reasons for revision
Article 3	<p>The scope of assets</p> <p>The term "assets" as used in these Regulations includes the following :</p> <p>1、(Omitted)</p> <p>2、Real property (including construction enterprise inventory) and <del>other fixed assets.</del></p> <p>(Omitted)</p> <p>8、Derivatives.The Company engaging in derivatives trading should shall conduct such matters in compliance with the “Procedures for Engaging in Derivatives Trading”.</p>	<p>The scope of assets</p> <p>The term "assets" as used in these Regulations includes the following :</p> <p>1、(Omitted)</p> <p>2、Real property (including <u>land, houses and buildings, investment property, rights to use land, and construction enterprise inventory</u>) and <u>equipment.</u></p> <p>(Omitted)</p> <p>8、Derivatives.The Company engaging in derivatives trading should shall conduct such matters in compliance with the “Procedures for Engaging in Derivatives Trading”.</p>	<p>Revision is made in accordance with regulatory change.</p>
Article 4	<p>Terms used in these Regulations are defined as follows:</p> <p>(Omitted)</p> <p>5、Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <del>other fixed assets.</del></p> <p>(Omitted)</p>	<p>Terms used in these Regulations are defined as follows:</p> <p>(Omitted)</p> <p>5、Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or <u>equipment.</u></p> <p>(Omitted)</p> <p>10、For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual</p>	<p>Revision is made in accordance with regulatory change.</p>

		<p>financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10, for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted.</p>	
Article 6	<p>In acquiring or disposing of real property or <del>other fixed assets</del> procedure  1、Appraisal and operating procedures  In acquiring or disposing of real property or <del>other fixed assets</del> that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.  (Omitted)  3、The units responsible for implementation  When the Company acquires or disposes of real property or <del>other fixed assets</del>, it shall submit a proposal to the appropriate level of authority for approval before the user unit and the management unit proceed to implement the proposal.</p>	<p>In acquiring or disposing of real property or <u>equipment</u> procedure  1、Appraisal and operating procedures  In acquiring or disposing of real property or <u>equipment</u> that is subject to the approval of the board of directors under the company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.  (Omitted)  3、The units responsible for implementation  When the Company acquires or disposes of real property or <u>equipment</u>, it shall submit a proposal to the appropriate level of authority for approval before the user unit and the management unit proceed to implement the proposal.  4、The appraisal report of real property or <u>equipments</u>  In acquiring or disposing of real</p>	<p>Revision is made in accordance with regulatory change.</p>

<p>4、The appraisal report of real property or <del>other fixed assets</del>  In acquiring or disposing of real property or <del>other fixed assets</del> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:  (Omitted)  (3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the Accounting Research and Development Foundation and render a specific opinion</p>	<p>property or <u>equipments</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of machinery and equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:  (Omitted)  (3)Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the <u>ROC</u> Accounting Research and Development Foundation (<u>ARDF</u>) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price :  (Omitted)</p>	
--	---	--

	<p>regarding the reason for the discrepancy and the appropriateness of the transaction price :</p> <p>(Omitted)</p>		
Article 7	<p>Procedure of acquiring or disposing of securities (Omitted)</p> <p>4、The report of an expert (1)The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory</p>	<p>Procedure of acquiring or disposing of securities (Omitted)</p> <p>4、The report of an expert (1)The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the <u>the ROC Accounting Research and Development Foundation (ARDF)</u>. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the</p>	<p>Revision is made in accordance with regulatory change.</p>

	Commission (FSC), <del>Executive Yuan.</del> (Omitted)	Financial Supervisory Commission (FSC). (Omitted)	
Article 8	<p>Procedure of acquires or disposes of memberships or intangible assets (Omitted)</p> <p>4、The professional appraisal reports report of memberships or intangible assets (Omitted)</p> <p>(3)Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Procedure of acquires or disposes of memberships or intangible assets (Omitted)</p> <p>4、The professional appraisal reports report of memberships or intangible assets (Omitted)</p> <p>(3)Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in transactions with a government agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	Revision is made in accordance with regulatory change.
Article 10	<p>Related Party Transactions</p> <p>1、When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with</p>	<p>Related Party Transactions</p> <p>1、When the Company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the</p>	Revision is made in accordance with regulatory change.



<p>the provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8-1 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2、Appraisal and operating procedures</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(Omitted)</p> <p>(6) Where the Company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with paragraph 1 and</p>	<p>provisions of the preceding Section and this Section.</p> <p>The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 8-1 herein.</p> <p>When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.</p> <p>2、Appraisal and operating procedures</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:</p> <p>(Omitted)</p> <p>(6) Where the Company acquires real property from a related party and one of the following circumstances exists, the</p>	
--	--	--

	<p>paragraph 2 of Article 10 and paragraph 3 of Article 10 do not apply :</p> <p>A.The related party acquired the real property through inheritance or as a gift.</p> <p>B.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C.The real property is acquired through signing of a joint development contract with the related party to build real property.</p> <p>(Omitted)</p>	<p>acquisition shall be conducted in accordance with paragraph 1 and paragraph 2 of Article 10 and paragraph 3 of Article 10 do not apply :</p> <p>A.The related party acquired the real property through inheritance or as a gift.</p> <p>B.More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.</p> <p>C.The real property is acquired through signing of a joint development contract with the related party, <u>or through engaging a related party to build real property, either on the company's own land or on rented land.</u></p> <p>(Omitted)</p>	
Article 11	<p>Procedure of Public Disclosure of Information</p> <p>1、(Omitted)</p> <p>2、Public disclosure items and principle</p> <p>(1)Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreement.</p> <p>(2)Merger, demerger, acquisition,</p>	<p>Procedure of Public Disclosure of Information</p> <p>1、(Omitted)</p> <p>2、Public disclosure items and principle</p> <p>(1)Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, <u>or subscription or redemption of</u></p>	Revision is made in accordance with regulatory change.

	<p>or transfer of shares.</p> <p>(3)Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A.Trading of government bonds.</p> <p>B.Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm.</p> <p>C.Trading of bonds under repurchase/resale agreements.</p> <p>(Omitted)</p>	<p><u>domestic money market funds.</u></p> <p>(2)Merger, demerger, acquisition, or transfer of shares.</p> <p>(3)Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>A.Trading of government bonds.</p> <p>B.Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, <u>either in the primary market or in accordance with relevant regulations.</u></p> <p>C.Trading of bonds under repurchase/resale agreements, <u>or subscription or redemption of domestic money market funds.</u></p> <p>(Omitted)</p>	
--	---	---	--

**TEST RITE International Co., Ltd.**  
**Rules for Election of Directors and Supervisors**  
**Reference Table for Revised Clauses**

Article No.	Original clause	Revised clause	Basis and reasons for revision
Article 1	These Regulations are duly enacted in accordance with “the Company Act of the Republic of China” and “the Articles of Incorporation”. The election of the Company’s directors and supervisors shall be conducted in accordance with these Regulations.	These Regulations are duly enacted in accordance with “the Company Act of the Republic of China” and “the Articles of Incorporation”. The election of the Company’s directors and supervisors, <u>unless otherwise provided in the applicable laws, regulations, or the Articles of Incorporation,</u> shall be conducted in accordance with these Regulations.	The wording is amended in accordance with the law.
Article 3	The Company’s directors and supervisors shall be elected by means of named cumulative ballots method. In the election of directors and supervisors, the names of voters may be represented by shareholder’s numbers.	The Company’s directors and supervisors shall be elected by means of <u>single</u> -named cumulative ballots method. In the election of directors and supervisors, the names of voters may be represented by shareholder’s numbers.	The wording is amended in accordance with the law.
Article 4	Elections of both directors and supervisors at the Company, the number of votes exercisable in respect of one share shall be the same as the number of directors (supervisors) to be elected. <del>The board of directors will be responsible for making a number of ballots with the exact number of directors (supervisors) to be</del>	Elections of both directors and supervisors at the Company shall be conducted in accordance with the candidate nomination system and procedures. Each share is entitled to have votes equivalent to the number of directors and supervisors to be elected, and the number of votes may be used to elect one candidate or be allocated	The wording is amended in accordance with the law.

Article No.	Original clause	Revised clause	Basis and reasons for revision
	<del>elect</del> <del>on them, and distribute them to each shareholder.</del> Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.	among several candidates.	
Article 5	The directors and supervisors of the Company shall be competent persons appointed by the shareholders' meeting.	The directors, <u>independent directors</u> , and supervisors of the Company shall be competent persons appointed by the shareholders' meeting.	Revision is made in accordance with regulatory change.
Article 7	Before beginning of the election, the chairman shall designate a certain number of persons to check, <u>calculate</u> ballots and perform the relevant duties.	Before beginning of the election, the chairman shall designate a certain number of persons <u>who are also shareholders</u> to check, <u>count</u> ballots and perform the relevant duties.	The wording is amended in accordance with the law.
Article 11	Separate ballot boxes should be made for the election of directors and the election of supervisors. After all the votes have been cast separately, the ballot boxes should be opened jointly by the ballot examiner and the ballot <u>calculator</u> .	Separate ballot boxes should be made for the election of directors and the election of supervisors. After all the votes have been cast separately, the ballot boxes should be opened jointly by the ballot examiner and the ballot <u>counter</u> .	The wording is amended in accordance with the law.
Article 12	The ballot <u>calculating</u> process should be monitored by the ballot examiner, and the result should be submitted by the ballot <u>calculator</u> to the Chairman to be promptly announced.	The ballot <u>counting</u> process should be monitored by the ballot examiner, and the result should be submitted by the ballot <u>counter</u> to the Chairman to be promptly announced.	The wording is amended in accordance with the law.



**Attachment 7**

**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 19	<p>The board of directors of the Company consists of seven directors. The directors are elected by the shareholders meeting with qualification that is defined as “capable person” by the Company Law. The directors shall serve a 3-year term, and may be re-elected to further terms. The Company may purchase liability insurance for its directors <del>after approved by the Board of Directors.</del></p> <p>The total number and percentage of registered shares held by the Company's board of directors shall be governed by the rules of the competent authority.</p>	<p>The board of directors of the Company consists of seven directors, <u>at least two of whom, and not less than one fifth of the total number of seats, are independent directors.</u> The directors are elected by the shareholders meeting with qualification that is defined as “capable person” by the Company Law. The directors shall serve a 3-year term, and may be re-elected to further terms.</p> <p><u>Candidates for the election of directors and supervisors are chosen by nomination and the shareholders' meeting votes on the list of candidates. The professional qualifications, shareholding, restrictions of second jobs, determination of dependence, nomination and assignment, and other related rules to follow for independent directors shall comply with the rules of the securities authority.</u></p> <p>The Company may purchase liability insurance for its directors to cover <u>the liabilities to be borne by the directors while performing their duties during their term of</u></p>	<p>Revision is made in accordance with regulatory change.</p>


**TESTRITE**

Article No.	Original clause	Revised clause	Basis and reasons for revision
		<p><u>office.</u></p> <p>The total number and percentage of registered shares held by the Company's board of directors shall be governed by the rules of the competent authority.</p>	
Article 24	<p>The Company shall have two supervisors who are competent persons appointed by the shareholders' meeting. The supervisors are elected by the shareholders meeting with qualification that is defined as “capable person” by the Company Law. The supervisors shall serve a 3-year term, and may be re-elected to further terms. The Company may purchase liability insurance for its supervisors <del>after approved by the Board of Directors.</del>The total number and percentage of registered shares held by the Company's board of directors shall be governed by the rules of the competent authority.</p>	<p>The Company shall have two supervisors who are competent persons appointed by the shareholders' meeting. The supervisors shall serve a 3-year term, and may be re-elected to further terms. The Company may purchase liability insurance for its supervisors to cover <u>the liabilities to be borne by the supervisors while performing their duties during their term of office.</u></p> <p>The total number and percentage of registered shares held by the Company's supervisors shall be governed by the rules of the competent authority.</p>	Revision is made in accordance with regulatory change.
Article 34	<p>The Articles of Incorporation were drawn up on July 24, 1978. (Omitted) The 38th revision was adopted on June 17, 2013.</p>	<p>The Articles of Incorporation were drawn up on July 24, 1978. (Omitted) <u>The 39th revision was adopted on June 11, 2014.</u></p>	Adding revision date.