



Stock Code : 2908

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

**Handbook for the 2019 Annual Meeting of  
Shareholders**

**MEETING TIME: 9:00 a.m., Thursday, June 20, 2019**

**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 2019 Annual Meeting of Shareholders**

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



**Test Rite International Co., Ltd.  
2019 Annual General Shareholders' Meeting**

**Agenda**

Time: 9:00 a.m., June 20, 2019

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

Call Meeting to Order

Chairman's Remarks

Management Presentation

1. 2018 Business Report.
2. Audit Committee's Review Report on the 2018 Financial Statements.
3. Report of distribution of employees' compensation and directors' remuneration for 2018.
4. Report of amendment to Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct.
5. Report of amendment to Regulations of Repurchased Shares Transferred to Employees

Proposals

1. Adoption of the 2018 Business Report and Financial Statements.
2. Adoption of the proposal for 2018 profits distribution.

Discussion

1. Cash distributed from capital surplus.
2. Amendment to the Procedures for Acquisition and Disposal of Assets.
3. Amendment to the Procedures for Engaging in Trading Derivatives.
4. Amendment to the Procedures for Endorsements and Guarantees.
5. Amendment to the Procedures for Lending Funds to Others.
6. Amendment to the Articles of Incorporation.
7. Proposal for the issuance of public placement of common stock.
8. Removal of the director's non-compete restrictions.

Questions and Motions

Adjournment



## **Management Presentation**

### **1. 2018 Business Report. (proposed by the Board of Directors)**

Details : The 2018 Business Report is attached as Attachment 1 (page 8~11).

### **2. Audit Committee's Review Report on the 2018 Financial Statements. (proposed by the Board of Directors)**

Details : The 2018 Supervisor's Review Report is attached as Attachment 2 (page 12).

### **3. Report of distribution of employees' compensation and directors' remuneration for 2018. (proposed by the Board of Directors)**

Details : In accordance with Articles of Incorporation, it is proposed that the Company's 2018 pretax profit before deducting the compensation of employees and the remuneration of directors is NT\$234,468,085. The compensation of employees and the remuneration of directors were determined by the board of directors on March 26, 2019. A total employees' compensation of NT\$2,344,681 shall be distributed to employees and a total directors' remuneration of NT\$ 3,517,021 shall be distributed to directors. All compensation and remuneration shall be distributed in cash.

### **4. Report of amendment to Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct. (proposed by the Board of Directors)**

Details : Amendment to Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct for the Company were adopted by the Board Meeting on Nov. 9, 2018. Please refer to Attachment 3 (page 13~28) for details.

### **5. Report of amendment to Regulations of Repurchased Shares Transferred to Employees (proposed by the Board of Directors)**

Details : Amendment to the Regulations of Repurchased Shares Transferred to Employees was approved at April 24, 2019 and May 13, 2019 in the Board Meeting. Please refer to Attachment 4 (page 29~30) for the details.



## Proposals

### **1. Adoption of the 2018 Business Report and Financial Statements. (proposed by the Board of Directors)**

Details :

- (1) 2018 parent level financial statements and consolidated financial statements, audited by independent auditors Mr. YU, HUNG-BIN and Ms. CHIU, MING-YU of Deloitte & Touche, along with 2018 Business report, have been approved by the Board of Directors and examined by the supervisors of the Company.
- (2) Please refer to Attachment 1 (page 8~12) for 2018 Business report and attached 5 (page 31~41) for Financial Statements.
- (3) 2018 Business report and Financial Statements are to be discussed for approval by the shareholders.

Resolution :

### **2. Adoption of the Proposal for 2018 Profits Distribution. (proposed by the Board of Directors)**

Details :

- (1) In accordance with Articles of Incorporation, fiscal year 2018 profits are to be distributed in the following manners with profits from fiscal year 2018 are to be distributed with first. Please refer to Attachment 6 (page 42) for details.
  - i. 10% of the profits, or NT\$ 40,649,285 is to be reserved as Legal Reserve.
  - ii. Shareholder dividends totaled NT\$ 356,921,291 dollars. Total outstanding shares as of April 22 2019 is 509,887,558 shares. Accordingly, each eligible share will receive a cash dividend payout of NT\$ 0.7 per share (payout amount of less than NT\$1 will be not be distributed).
  - iii. After the distribution, the accumulated retained earnings is NT\$4,391,623.
- (2) The profit distribution proposal is to be approved by the shareholders at the 2019 shareholders' meeting. Following the proposal's approval, the board of directors, with the authority granted by the shareholders' 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**

### **1.Cash distributed from capital surplus. Please proceed to discuss. (proposed by the Board of Directors)**

Details :

- (1)Cash distributed from capital surplus totaled NT\$295,734,784 dollars. Total outstanding shares as of April 22 2019 is 509,887,558 shares. Accordingly, each eligible share will receive a cash dividend payout of NT\$ 0.58 per share (payout amount of less than NT\$1 will be not be distributed).
- (2)The cash distribution proposal is to be approved by the shareholders at the 2019 shareholders' meeting. Following the proposal's approval, the board of directors, with the authority granted by the shareholder's meeting, will set up the record date for distribution of capital surplus. 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 by the shareholders during the shareholders' meeting.

Resolution :

### **2.Amendment to Procedures for Acquisition and Disposal of Assets. Please proceed to discuss. (proposed by the Board of Directors)**

Details :

- (1)Partial amendment to Procedures for Acquisition and Disposal of Assets is comply with the latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by Financial Supervisory Commission (FSC) on Nov. 26, 2018. Please refer to Attachment 7 (page 43~60) for details.
- (2)The amendment is to be discussed by the shareholders' meeting.

Resolution :

### **3.Amendment to the Procedures for Engaging in Trading Derivatives. Please proceed to discuss. (proposed by the Board of Directors)**

Details :

- (1)Partial amendment to Procedures for Engaging in Trading Derivatives is comply with the latest "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" announced by Financial Supervisory Commission (FSC) on Nov. 26, 2018. Please refer to Attachment8 (page 61~63) for details.
- (2)The amendment is to be discussed by the shareholders' meeting.

Resolution :

### **4.Amendment to the Procedures for Endorsements and Guarantees. Please proceed to discuss. (proposed by the Board of Directors)**

Details :

- (1)Partial amendment to Procedures for Endorsements and Guarantees is comply with the latest "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" announced by Financial Supervisory Commission, Executive Yuan(FSC) on 7 March 2019. Please refer to Attachment 9 (page 64~65) for details.



(2)The amendment is to be discussed by the shareholders' meeting.  
Resolution :

**5.Amendment to Procedures for Lending Funds to Others. Please proceed to discuss. (proposed by the Board of Directors)**

Details :

(1)Partial amendment to Procedures for Lending Funds to Others is comply with the latest “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” announced by Financial Supervisory Commission, Executive Yuan(FSC) on 7 March 2019. Please refer to Attachment 10 (page 66~67) for details.

(2)The amendment is to be discussed by the shareholders' meeting.

Resolution :

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

Details :

(1)Partial amendment to the Articles of Incorporation is comply with the amendments of the Company Act and actual operational needs. Please refer to Attachment 11 (page 68~70) for details.

(2)The amendment is to be discussed by the shareholders' meeting.

Resolution :

**7.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 shareholders' 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 shareholders' 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 shareholders' 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 shareholders' meeting.

Resolution :

**8. Removal of director's non-compete restrictions. Please proceed to discuss. (proposed by the Board of Directors)**

Details :

- (1) According to Company Act article 209, a director who does anything for himself/herself or on behalf of another person that is within the scope of the company's businesses, shall explain to the meeting of shareholders the essential contents of such an act and secure the approval of the meeting of shareholders.
- (2) A proposal is to remove the non-competition clause for the directors who invest or run a business which has similar or same scope to the Company, under the condition that the Company's interests are not compromised. Directors assume positions at the following companies :

Director	Company	Position
Mr. Liu, Ting-Yang	Level Biotechnology Inc.	Independent Director
	PChome Online Inc.	Consultant

- (3) The proposal is to be discussed by the shareholders during the shareholders' meeting.

Resolution :

## Questions and Motions

## Adjournment



## Attachment 1

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

Dear Shareholders,

Even though Test-Rite was impacted by the US-China trade war, pension reform, and changes in customers' shopping patterns, its' accumulated revenue showed a steady growth in 2018. Under the efforts of all the employees, Test-Rite reported revenue of NT\$39.9 billion, net income of NT\$406 million, and basic EPS of NT\$0.8 in 2018. The Board has approved the management's proposal to distribute cash dividends at NT\$1.28/share, more than NT\$1.2 last year.

Test-Rite's trading business continued to hit a record in 2018, with a growth of 18.4% from 2017. Our agency business also delivered strong performance, with shipments up by 10.5% to NT\$13.3 billion. The substantial growth of the European and American markets drove the steady growth of shipments. Building on this momentum, Test-Rite decided to construct the second warehouse at the east coast of the U.S. Our strategy to sustain stable growth going forward encompasses the further expansion of sourcing on a global basis, development of a southbound policy, deepening relations with customers, strengthening product expertise and differentiation, and nurturing a new dynamism in delivering performance.

Our retail business in Taiwan was affected by a lackluster economic environment, the government's pension reform, and a weak real estate market. Our retail business reported revenue of NT\$16.5 billion in 2018, which was 1.7% lower than that in 2017. In response to the challenges posed by the external environment, we have intensified our customer-centric strategies through the integration of online and offline channels, a strong drive to increase online sales, and the use of new technologies to strengthen the shopping experience in retail stores. Having established a new retail business model, our TR Plus website saw a rise in sales by 43.4% to NT\$1 billion or more in 2018. At annual "November 11" festival, we combined our virtual and physical channels and posted a new single-day retail sales record of over NT\$200 million. Test-Rite also joined forces with Taobao, China's largest e-commerce platform, to launch a smart retail store, Taobao x hoi!, in Taiwan; meanwhile, TLW set a milestone with TLW Dadun, the first small-sized smart store. We remain poised to develop the full potential of all our retail channels.

As of the end of 2018, Test-Rite Group operated 27 TLW (DIY) stores, 26 HOLA stores, 2 Crate & Barrel stores, and 2 hoi! stores in Taiwan, as well as 21 HOLA stores in China.



The following is Test-Rite's consolidated operating result in 2018, along with the business plan for 2019 and future business strategies. We also include the highlight of potential influence from external competition, government regulations, and macroeconomic environment for your reference.

## 1. Operating result in 2018

### i. Operating result based on the business plan for 2018 (consolidated):

(NT\$ mn)	2018	2017	YoY Change by Value	YoY Change (%)
Net sales	39,898	36,963	2,935	7.9%
COGS	29,637	26,181	3,456	13.2%
Gross profit	10,261	10,783	(522)	(4.8%)
Operating expense	9,800	9,822	(22)	(0.2%)
Operating profit	461	961	(500)	(52.0%)
Non-operating profit/(loss)	(115)	150	(265)	(176.7%)
Net profit before tax	346	1,111	(765)	(68.9%)
Net profit after tax	419	826	(407)	(49.3%)
Recurring net profit attributed to TRIC	406	823	(417)	(50.7%)

### ii. Operating result based on the business plan for 2018 (standalone):

(NT\$ mn)	2018	2017	YoY Change by Value	YoY Change (%)
Net sales	18,009	15,687	2,322	14.8%
COGS	15,277	12,742	2,535	19.9%
Gross profit	2,732	2,944	(212)	(7.2%)
Operating expense	2,538	2,473	65	2.6%
Operating profit	194	471	(277)	(58.8%)
Non-operating profit/(loss)	34	377	(343)	(91.0%)
Net profit before tax	229	848	(619)	(73.0%)
Net profit after tax	406	823	(417)	(50.7%)

### iii. Analysis of balance sheet & profitability (consolidated)

Item/Year		2018	2017	YoY Change (%)
Balance Sheet	Total Liability/Total Asset	71.5%	66.5%	5.0%
	Current Ratio	110.9%	115.8%	(4.9%)
Profitability	ROE	5.4%	10.9%	(5.5%)
	Net Margin	1.0%	2.2%	(1.2%)
	EPS	0.8	1.61	(50.3%)

## 2. 2019 business plan and future development strategies

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

#### A. Retail Business



- Increase private label sales and differentiating products and further optimize supply chain and product costs.
- Strengthen the integration of topical embedded products, develop co-branding and exclusive products, and follow the film's promotion plan.
- Expand cooperation and product development with the end maker.
- Focus on expansion of existing brands on hand this year.
- Maintain the growth momentum of our TLW Home Improvement Service Unit in providing value-added services for our customers.
- Continue to improve interactive service and customer experience and further achieve optimal customer adhesion.
- Continue to expand sales channels, strengthen online and offline channels, and expand sales levels.

B. Trading Business:

- Reinforce our existing relationships with key accounts, such as Walmart, Hillman ,Costco, Chewy and Autozone among others, to increase shipments.
- Continue to leverage in-house design capabilities to provide differentiating products for both trading and retail businesses , so as to transform Test-Rite into a product company.
- Both principal and agency maintain existing relationships with trading customers and aggressively pursue potential business opportunities.
- Strengthen the global sourcing capabilities, deepen the southbound supply chain, and implement the diversification of procurement areas.
- QAQC service deepens internal and external customer service.

(2) Future development strategies:

A. Retail Business strategy

- Reinforce product portfolio, increase sales of private label products to improve profitability, and develop personalized and functionally differentiated products.
- Continue to introduce well-known and reputed products and brands.
- Develop communities, provide services, get close to consumers' demand, and exploit more innovative services.
- Enhance customer experience in retail stores.
- Enrich our customers' online and offline shopping experience and integrate online and offline resources.

B. Trading Business strategy

- Leverage product development, procurement, and supply chain management to offer best-in-class value-added products and services to our customers.
- Strengthen self-development and designed capabilities, enhance customer experience, develop differentiated product functions, and respond quickly to meet market demand. Both principal and agency maintain existing relationships with trading customers and aggressively pursue potential business opportunities.
- Seek M&A opportunities in the trade and retail businesses to achieve and enhance the organic growth of the existing businesses.

**3. Potential influence from external competition, government regulations, and macroeconomic environment**



According to the Department of Statistics, M.O.E.A., the wholesale of household items and building materials increased by 3.27% and dropped by 1.03% YOY, separately, in 2018, showing that the real estate market was still in the correction stage after rebounding from the bottom. The total number of houses transferred increased by 4.5% year on year in 2018. Demand mostly came from self-occupation rather than arbitrage. At present, the international economy lacks the momentum, and the China-US trade war brings the ripple effect. The Academia Sinica also conservatively revised down Taiwan's economic growth rate. If the regional housing market is short of large construction projects, or the overall economy lacks incentives, the trading volume of the housing market will not rebound quickly. Although the external environment has shown a clear sign of recovery, our retail business continues to focus on the things we have influence over in 2019, such as private label products and excellent customer experience, so as to secure our leading position in Taiwan.

Looking back at the international economic situation in 2018, global trade continued to heat up in the first half of the year, and oil prices remained high, resulting in the strong economic performance of major countries. The U.S. reported strong economic performance, with the stock market hitting record highs and the employment market growing steadily. Based on the figures of US PMI and NMI, the economy of the U.S. was still in the expansion stage. However, computer science and electronics, transportation equipment, machinery and construction industries were worried about the impact of the US-China trade war while the retailers believed that market demand remained strong. As the global economic expansion reached a peak in 2018, the economic growth of major trading countries will slow down in 2019; the oil prices will fall, and the adjustment of commodity price will be restricted, and mobile communication products will become saturated. In addition, negotiations between the U.S. and other countries are unclear. All factors mentioned above will result in the conservative demand of manufacturers. The global economic growth may face a slowdown in 2019.

With the impact of economic slowdown, rising debt levels, and the US-China trade war, China's economic growth rate was 6.6% in 2018, the lowest over the past 28 years. Under the pressure of government regulations, monetary contractions, and economic downturn, China's housing market and trading volume were sluggish in 2018. The slowdown in the real estate market and the economy brought severe challenges to HOLA China's online and offline stores. Despite the economic slowdown, China still has a huge demographic dividend and domestic demand, and competition remains intense for retailers.

Lastly, all employees of Test Rite Group will spare no efforts to adequately plan and manage our trading, retail and other group businesses in an honest, sincere and dedicated manner, with the objective to improve our balance sheet and further enhance returns on equity (ROE). We, the management team of Test-Rite, on behalf of all our employees, would like to take this opportunity to thank shareholders for your continued support and encouragement.

Sincerely yours,

Chairman: Judy Lee

GM: Sophia Tong

Controller: Linda Lin



## Attachment 2

To: Test Rite International Co., Ltd. 2019 Shareholders' Meeting  
From: Audit Committee of Test Rite International Co., Ltd  
Re: Audit Committee's Review Report

Dear shareholders,

Here we ensure the annual financial reports of TRIC stands alone and its consolidation for 2018 have been rendered by Board and audited independent auditors Mr. YU, HUNG-BIN and Ms. CHIU, MING-YU of Deloitte Touche. Further we review 2018 Business report and 2018 Profits Distribution proposal and assure to its compliance with Article 14-4 of the Securities and Exchange Act and Company Act No. 219 as well.

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

March 26, 2019

**Attachment 3**

**TEST RITE International Co., Ltd.  
Ethical Corporate Management Best Practice Principles  
Reference Table for Revised Clauses**

Revised clause	Original clause	Basis and reasons for revision
<p><b>2.Scope</b> 2.1 Scope of application: The corporation and its business groups and organizations 2.2 Applicable object: The personnel of the corporation and its business group.</p>	<p><b>2.Scope</b> 2.1 Scope of application: The groups and its organizations 2.2 Applicable object: The personnel of the corporation.</p>	<p>According to the company's actual requirement, it was revised.</p>
<p><b>3. Definition of terms</b> <b>3.1 【The company】</b> TEST-RITE International Co., Ltd. <b>3.2 【The group and its organizations】</b> The company, which comprise its subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group"). <b>3.3 【The personnel of the group and its organization】</b> The board of directors, supervisors, managers, employees, and mandataries of the company or persons having substantial control over such companies (Omitted)</p>	<p><b>3. Definition of terms</b> <b>3.1 【Company】</b> TEST-RITE International Co., Ltd. <b>3.2 【Business Group】</b> 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.. <b>3.3 【Personnel of the Company】</b> The board of directors, supervisors, managers, employees of the Company or Business Group. (Omitted)</p>	<p>According to the company's actual requirement, it was revised.</p>
<p><b>4.Content</b> <b>4.1 Prohibition of dishonesty</b> (1) When engaging in commercial activities, the personnel of <u>the group and its organization</u> shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits. (Omitted) <b>4.3 Legal compliance</b> <u>The groups and its organizations</u> shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government</p>	<p><b>4. Content</b> <b>4.1 Prohibition of dishonesty</b> (1) When engaging in commercial activities, directors, managers, employees of <del>the Company</del> 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. (Omitted) <b>4.3 Legal compliance</b></p>	<p>According to the company's actual requirement, it was revised.</p>

<p>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.</p> <p><b>4.4 Policy</b>  <u>The group and its organizations</u> 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.</p> <p><b>4.5 Prevention programs</b>  (1) <u>The group and its organizations</u> shall in their own ethical management policy clearly and thoroughly prescribe the specific ethical management practices and the programs to forestall unethical conduct ("prevention programs"), including operational procedures, guidelines, and training.  (2) when establishing the prevention programs, <u>The group and its organizations</u> shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.</p> <p><b>4.6 Extent of prevention programs</b>  When establishing the prevention programs, <u>The group and its organizations</u> shall analyze which business activities within their business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.  (Omitted)</p> <p><b>4.8 Ethical Management of Commercial Activities</b>  (1)<u>The group and its organizations</u> shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.  (2)Prior to any commercial transactions, <u>the group and its organizations</u> shall take into consideration the legality of its agents, suppliers, clients or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so</p>	<p><del>The Company</del> 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.</p> <p><b>4.4 Policy</b>  <del>The Company</del> 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.</p> <p><b>4.5 Prevention programs</b>  (1)<del>The Company</del> 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.  (2) When establishing the prevention program, <del>the Company</del> shall comply with relevant laws and regulations of the territory where the companies and their business group are operating.</p> <p><b>4.6 Scope of prevention programs</b>  When establishing the prevention program, <del>the Companies</del> 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:  (Omitted)</p> <p><b>4.8 Ethical Management of Commercial Activities</b>  (1)<del>The Company</del> shall engage in commercial activities in a fair and</p>	
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<p>involved.  (3) When entering into contracts with its agents, suppliers, clients, or other trading counterparties, it is advisable the group and its organizations shall include in such contracts provisions requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, <u>the group and its organizations</u> may at any time terminate or cancel the contracts.</p> <p><b>4.9 Prohibition of offering and accepting bribes</b>  When conducting business, <u>the group and its organization</u> 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.</p> <p><b>4.10 Prohibition of offering illegal political donations</b>  When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, <u>the group and its organization</u> 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.</p> <p><b>4.11 Prohibition of improper charitable donations or sponsorship</b>  When making or offering donations and sponsorship, <u>the group and its organization</u> 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.</p> <p><b>4.12 Prohibition of unjustifiable presents, hospitality or other improper benefits</b></p>	<p>transparent manner based on the principle of ethical management.  (2) Prior to any commercial transactions, <del>the Company</del> shall take into consideration the legality of its agents, suppliers, clients or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.  (3) When entering into contracts with its agents, suppliers, clients, or other trading counterparties, it is advisable <del>the Company</del> shall include in such contracts provisions requiring compliance with ethical corporate management policy and that in the event the trading counterparties are involved in unethical conduct, the group and its organizations may at any time terminate or cancel the contracts.</p> <p><b>4.9 Prohibition of offering and accepting bribes</b>  When conducting business, <del>the Companies</del> 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.</p> <p><b>4.10 Prohibition of offering illegal political donations</b>  When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, <del>the Companies</del> 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.</p> <p><b>4.11 Prohibition of improper charitable donations or sponsorship</b>  When making or offering donations and sponsorship, <del>the Companies</del> and their</p>	
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<p><u>The group and its organization</u> 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.</p> <p><b>4.13 Organization and responsibility</b>  (1)The board of directors of a TWSE/GTSM listed company shall exercise the due care of good administrators to urge <u>the group and its organization</u> 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.  (2)To achieve sound ethical corporate management, <u>the group and its organization</u> 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.</p> <p><b>4.14 Legal compliance for business operation</b>  <u>The group and its organization</u> and its directors, managers, employees and Substantial Controllers shall comply with laws and regulations and the Prevention Program when conducting business.</p> <p><b>4.15 The avoidance of conflicts of interest of directors and managers</b>  (1) <u>The group and its organization</u> 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 <u>the group and its organization</u>.  (2) <u>The group and its organization</u> '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 <u>the group and its organization</u>; neither shall a director vote on such</p>	<p>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.</p> <p><b>4.12 Prohibition of unjustifiable presents, hospitality or other improper benefits</b>  <del>The Companies</del> 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.</p> <p><b>4.13 Organization and responsibility</b>  (1)The board of directors of a TWSE/GTSM listed company shall exercise the due care of good administrators to urge <del>the Company</del> 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.  (2)To achieve sound ethical corporate management, <del>the Companies</del> 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.</p> <p><b>4.14 Legal compliance for business operation</b>  <del>The Company</del> and its directors, managers, employees and Substantial Controllers shall comply with laws and regulations and the Prevention Program when conducting business.</p> <p><b>4.15 The avoidance of conflicts of interest of directors and managers</b>  (1) <del>The Company</del> 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 <del>the Company</del>.  (2) <del>The Company</del>'s directors shall exercise a high degree of self-discipline. A director may present his opinion and answer relevant questions but is</p>	
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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.

(3) The group and its organization '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.

**4.16 Accounting and internal control**

(1)The group and its organization 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.

(2)Internal auditors of the group and its organization shall examine the group and its organization '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.

**4.17 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 group and its organization 's directors, managers, employees, and Substantial Controllers, shall contain the following: (Omitted)

**4.18 Education training and reviews**

(1)The group and its organization 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.

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.

(3) ~~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.

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<p>(2) <u>The group and its organization</u> shall combine the Principles with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p> <p><b>4.19 Report and discipline</b></p> <p>(1) <u>The group and its organization</u> 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.</p> <p>(2) <u>The group and its organization</u> shall establish a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules, and disclose on the company's internal website the date the violation was committed, violating act and how the matter was handled.</p> <p><b>4.20 Disclosure of Information</b></p> <p><u>The group and its organizations</u> shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.</p> <p><b>4.21 Review and Amendment to the Principles</b></p> <p><u>The group and its organizations</u> 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.</p>	<p>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.</p> <p>(2) <del>The Company</del> shall combine the Principles with its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.</p> <p><b>4.19 Report and discipline</b></p> <p>(1) <del>The Company</del> 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.</p> <p>(2) <del>The Company</del> shall establish a well-defined disciplinary and complaint system to handle violation of the ethical corporate management rules, and disclose on the company's internal website the date the violation was committed, violating act and how the matter was handled.</p> <p><b>4.20 Disclosure of Information</b></p> <p><del>The Company</del> shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.</p> <p><b>4.21 Review and Amendment to the Principles</b></p> <p><del>The Company</del> 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.</p>	
<p><b>5. Issuance</b></p> <p>5.1 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.</p> <p><u>5.2 Where the position of independent director has been created, when a matter is submitted for discussion by the board</u></p>	<p><b>5. Issuance</b></p> <p>5.1 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.</p> <p>5.2 The Principle was adopted on November 11, 2012. The 1st revision was adopted on</p>	<p>Revision is made in accordance with regulatory.</p>



<p><u>of directors pursuant to the procedure, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>5.3 These Procedures and Guidelines for the conduct of the supervisor are applied to the Audit Committee</u></p> <p><b>5.4 The Principle was adopted on November 11, 2012.</b></p> <p>The 1st revision was adopted on December 16, 2016.</p> <p><u>The second amendment wad on November 9,2018.</u></p>	<p>December 16, 2016.</p>	
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TEST RITE International Co., Ltd.

**Procedures for Ethical Management and Guidelines for Conduct  
Reference Table for Revised Clauses**

Revised clause	Original clause	Basis and reasons for revision
<p><b>Article 1 Purpose of adoption and scope of application</b>  <b>1.1 <u>The group and its organizations</u></b>  engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where <u>the group and its organizations</u> and organizations operate, with a view to providing all personnel of <u>the group and its organizations</u> with clear directions for the performance of their duties.</p>	<p><b>Article 1 Purpose of adoption and scope of application</b>  1.1 <del>The Company</del> engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the provisions of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the applicable laws and regulations of the places where <del>the Company</del> and its business groups and organizations operate, with a view to providing all personnel of <del>the Company</del> with clear directions for the performance of their duties.</p>	<p>According to the company's actual requirement, it was revised.</p>
<p><b>Article 2 Scope</b>  2.1 Scope of application: <u>The group and its organizations</u> and its business groups and organizations  2.2 Applicable object: The personnel of <u>the group and its organizations</u>.</p>	<p><b>Article 2 Scope</b>  2.1 Scope of application: <del>The Company</del> and its business groups and organizations  2.2 Applicable object: The personnel of <del>the Company</del>.</p>	<p>according to the company's actual requirement, it was revised</p>
<p><b>Article 3 Definition of terms</b>  3.1 <b>【The company】</b>  TEST-RITE International Co., Ltd.  3.2 <b>【The group and its organizations】</b>  The company, which comprise its subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").  3.3 <b>【The personnel of <u>the group and its organizations</u>】</b>  Directors, supervisors, managers, employees, and mandataries of <u>the group and its organizations</u> or persons having substantial control over such companies</p>	<p><b>Article 3 Definition of terms</b>  3.1 <b>【The company】</b>  TEST-RITE International Co., Ltd.  3.2 <b>【The group and its organizations】</b>  The company, which comprise its subsidiaries, any foundation to which the TWSE/GTSM listed company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such company ("business group").  3.3 <b>【The personnel of <del>the Company</del>】</b>  Directors, supervisors, managers, employees, and mandataries of <del>the Company</del> or persons having substantial control over such companies  (Omitted)</p>	<p>According to the company's actual requirement, it was revised.</p>

(Omitted)		
<p>4.1 Unethical conduct and Applicable subjects For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of <u>the group and its organizations</u>, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. (Omitted)</p> <p>4.3 Responsible unit <u>The group and its organizations</u> shall designate the HR department as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors. (1) Assisting in incorporating ethics and moral values into <u>the group and its organizations</u> ' business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. (Omitted)</p> <p>4.4 Prohibition against providing or accepting improper benefits Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of <u>the group and its organizations</u> shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for the Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out. (Omitted)</p> <p>(6) Other conduct that complies with the rules of <u>the group and its organizations</u>.</p> <p>4.5 Procedures for handling the acceptance of improper benefits Except under any of the circumstances set</p>	<p>4.1 Unethical conduct and Applicable subjects For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of <del>the Company</del>, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits. (Omitted)</p> <p>4.3 Responsible unit <del>The Company</del> shall designate the HR department as the solely responsible unit (hereinafter, "responsible unit") under the board of directors and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation. The responsible unit shall be in charge of the following matters and also submit regular reports to the board of directors. (1) Assisting in incorporating ethics and moral values into <del>the Company</del> 's business strategy and adopting appropriate prevention measures against corruption and malfeasance to ensure ethical management in compliance with the requirements of laws and regulations. (Omitted)</p> <p>4.4 Prohibition against providing or accepting improper benefits Except under one of the following circumstances, when providing, accepting, promising, or requesting, directly or indirectly, any benefits as specified in Article 4, the conduct of the given personnel of <del>the Company</del> shall comply with the provisions of the Ethical Corporate Management Best Practice Principles for the Companies and these Procedures and Guidelines, and the relevant procedures shall have been carried out. (Omitted)</p> <p>(6) Other conduct that complies with the rules of <del>the Company</del>.</p> <p>4.5 Procedures for handling the acceptance of improper benefits Except under any of the circumstances set</p>	<p>According to the company's actual requirement, it was revised.</p>

<p>forth in the preceding article, when any personnel of <u>the group and its organizations</u> are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:</p> <p>(Omitted)</p> <p>"A relationship of interest between the party providing or offering the benefit and the official duties of <u>the group and its organizations</u>' personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:</p> <p>(Omitted)</p> <p>(3) Other circumstances in which a decision regarding <u>the group and its organizations</u> ' business, or the execution or non-execution of business, will result in a beneficial or adverse impact.</p> <p>4.6 Prohibition of and handling procedure for facilitating payments</p> <p><u>The group and its organizations</u> shall neither provide nor promise any facilitating payment.</p> <p>If any personnel of <u>the group and its organizations</u> provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.</p> <p>(Omitted)</p> <p>4.7 Procedures for handling political contributions</p> <p>Political contributions by <u>the group and its organizations</u> shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit.</p> <p>4.8 Procedures for handling charitable donations or sponsorships</p> <p>Charitable donations or sponsorships by <u>the group and its organizations</u> shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit.</p> <p>(Omitted)</p> <p>(4) The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of <u>the group and its organizations</u> ' commercial dealings or a party with which any personnel of <u>the group</u></p>	<p>forth in the preceding article, when any personnel of <del>the Company</del> are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures:</p> <p>(Omitted)</p> <p>"A relationship of interest between the party providing or offering the benefit and the official duties of <del>the Company</del> 's personnel," as referred to in the preceding paragraph, refers to one of the following circumstances:</p> <p>(Omitted)</p> <p>(3) Other circumstances in which a decision regarding <del>the Company</del> 's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.</p> <p>4.6 Prohibition of and handling procedure for facilitating payments</p> <p><del>The Company</del> shall neither provide nor promise any facilitating payment.</p> <p>If any personnel of <del>the Company</del> provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify the responsible unit.</p> <p>(Omitted)</p> <p>4.7 Procedures for handling political contributions</p> <p>Political contributions by <del>the Company</del> shall be made in accordance with the following provisions, reported to the supervisor in charge for approval, and a notification given to the responsible unit.</p> <p>4.8 Procedures for handling charitable donations or sponsorships</p> <p>Charitable donations or sponsorships by <del>the Company</del> shall be provided in accordance with the following provisions and reported to the supervisor in charge for approval, and a notification shall be given to the responsible unit.</p> <p>(Omitted)</p> <p>(4) The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of <del>the Company</del> 's commercial dealings or a party with which any personnel of <del>the Company</del> has a relationship of interest</p> <p>4.9 Recusal</p> <p>When <del>the Company</del> director , supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic</p>	
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<p><u>and its organizations</u> has a relationship of interest</p> <p>4.9 Recusal</p> <p>When <u>the group and its organizations'</u> director , supervisor, officer or other stakeholder attending or present at a board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of <u>the group and its organizations</u> would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting <u>the group and its organizations'</u> business, any personnel of <u>the group and its organizations</u> discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of <u>the group and its organizations</u> may use company resources on commercial activities other than those of <u>the group and its organizations</u>, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of <u>the group and its organizations</u>.</p> <p>4.10 Special unit in charge of confidentiality regime and its responsibilities</p> <p><u>The group and its organizations</u> shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of <u>the group and its organizations'</u> trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to</p>	<p>person represented thereby, has a stake in a proposal at the meeting , that director, supervisor, officer or stakeholder shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of <del>the Company</del> would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as proxy on behalf of another director. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting company business, any personnel of <del>the Company</del> discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions.</p> <p>No personnel of <del>the Company</del> may use company resources on commercial activities other than those of <del>the Company</del>, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of <del>the Company</del>.</p> <p>4.10 Special unit in charge of confidentiality regime and its responsibilities</p> <p><del>The Company</del> shall set up a special unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of <del>the Company</del>'s trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.</p> <p>All personnel of <del>the Company</del> shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of <del>the Company</del> of which they have learned, nor may they inquire about or collect any trade secrets,</p>	
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<p>ensure the sustained effectiveness of the confidentiality procedures.</p> <p>All personnel of <u>the group and its organizations</u> shall faithfully follow the operational directions pertaining to intellectual properties as mentioned in the preceding paragraph and may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of <u>the group and its organizations</u> of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of <u>the group and its organizations</u> unrelated to their individual duties.</p> <p>4.11 Prohibition against disclosure of confidential information</p> <p><u>The group and its organizations</u> shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p> <p>4.12 Prohibition against insider trading</p> <p><u>The group and its organizations</u> shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of <u>the group and its organizations</u> to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>4.13 Prohibition against products or services harming stakeholders</p> <p><u>The group and its organizations</u> shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that <u>the group and its organizations</u> ' products or services are likely to pose any hazard to the safety and health of consumers or other stakeholder</p> <p>4.14 Announcement of policy of ethical</p>	<p>trademarks, patents, and other intellectual properties of <del>the Company</del> unrelated to their individual duties</p> <p>4.11 Prohibition against disclosure of confidential information</p> <p><del>The Company</del> shall follow the Fair Trade Act and applicable competition laws and regulations when engaging in business activities, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.</p> <p>4.12 Prohibition against insider trading</p> <p><del>The Company</del> shall collect and understand the applicable laws and regulations and international standards governing its products and services which it shall observe and gather and publish all guidelines to cause personnel of <del>the Company</del> to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of products and services.</p> <p>4.13 Prohibition against products or services harming stakeholders</p> <p><del>The Company</del> shall adopt and publish on its website a policy on the protection of the rights and interests of consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that <del>the Company</del> 's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholder</p> <p>4.14 Announcement of policy of ethical management to outside parties</p> <p><del>The Company</del> shall disclose its policy of ethical management in its internal rules, annual reports, on <del>the Company</del> 's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p> <p>4.15 Ethical management evaluation prior to</p>	
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<p>management to outside parties  <u>The group and its organizations</u> shall disclose its policy of ethical management in its internal rules, annual reports, on <u>the group and its organizations</u> ' websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p> <p>4.15 Ethical management evaluation prior to development of commercial relationships          Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, <u>the group and its organizations</u> shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.</p> <p>4.16 Statement of ethical management policy to counterparties in commercial dealings          Any personnel of <u>the group and its organizations</u>, when engaging in commercial activities, shall make a statement to the trading counterparty about <u>the group and its organizations</u> ' ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.</p> <p>4.17 Avoidance of commercial dealings with unethical operators          All personnel of <u>the group and its organizations</u> shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement <u>the group and its organizations</u> ' ethical management policy.</p> <p>4.18 Stipulation of terms of ethical management in contracts</p>	<p>development of commercial relationships          Before developing a commercial relationship with another party, such as an agent, supplier, customer, or other counterparty in commercial dealings, <del>the Company</del> shall evaluate the legality and ethical management policy of the party and ascertain whether the party has a record of involvement in unethical conduct, in order to ensure that the party conducts business in a fair and transparent manner and will not request, offer, or take bribes.</p> <p>4.16 Statement of ethical management policy to counterparties in commercial dealings          Any personnel of <del>the Company</del>, when engaging in commercial activities, shall make a statement to the trading counterparty about <del>the Company</del> 's ethical management policy and related rules, and shall clearly refuse to provide, promise, request, or accept, directly or indirectly, any improper benefit in whatever form or name.</p> <p>4.17 Avoidance of commercial dealings with unethical operators          All personnel of <del>the Company</del> shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty and blacklist it for any further business interaction in order to effectively implement <del>the Company</del> 's ethical management policy.</p> <p>4.18 Stipulation of terms of ethical management in contracts          Before entering into a contract with another party, <del>the Company</del> shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of <del>the Company</del> part of the terms and conditions of the contract, stipulating at the least the following matters:          (1)When <del>the Company</del> to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity. Where a party is discovered to be engaged in unethical</p>	
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<p>Before entering into a contract with another party, <u>the group and its organizations</u> shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy of <u>the group and its organizations</u> part of the terms and conditions of the contract, stipulating at the least the following matters:</p> <p>(1) When <u>the group and its organizations</u> to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity. Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time. (Omitted)</p> <p>4.19 Handling of unethical conduct by personnel of <u>the group and its organizations</u> (Omitted)</p> <p>(2). <u>The group and its organizations</u> shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for <u>the group and its organizations</u> insiders and outsiders to submit reports. (Omitted)</p> <p>(4) The reporting matters are registered and managed by the Internal auditing unit, and the “Reporting and Investigation Operation Process” is also formulated and processed according to the following procedures: (Omitted)</p> <p>C. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or <u>the group and its organizations'</u> policy and regulations of ethical management, <u>the group and its organizations</u> shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, <u>the group and its organizations</u> will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. (Omitted)</p> <p>E. With respect to a confirmed information, <u>the group and its organizations</u> shall charge</p>	<p>conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time. (Omitted)</p> <p>4.19 Handling of unethical conduct by personnel of <del>the Company</del> (Omitted)</p> <p>(2). <del>The Company</del> shall internally establish and publicly announce on its website and the intranet, or provide through an independent external institution, an independent mailbox or hotline, for <del>the Company</del> insiders and outsiders to submit reports. (Omitted)</p> <p>(4) The reporting matters are registered and managed by the Internal auditing unit, and the “Reporting and Investigation Operation Process” is also formulated and processed according to the following procedures: (Omitted)</p> <p>C. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or <del>the Company</del>' policy and regulations of ethical management, <del>the Company</del> shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, <del>the Company</del> will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests. (Omitted)</p> <p>E. With respect to a confirmed information, <del>the Company</del> shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. (Omitted)</p> <p>4.20 Handling of unethical conduct by others The personnel of the group's enterprise organization encounter other people's misconducts in the organization of the group enterprise. If the behavior of the group is involved in illegal activities, the group enterprise organization shall notify the judicial and procuratorial organs of relevant facts; if there is a public service organization or public servant, notify the government's integrity.</p> <p>4.21 Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures. The human resources units of the Group's</p>	
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<p>relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.</p> <p>(Omitted)</p> <p>4.20 Handling of unethical conduct by others The personnel of the group's enterprise organization encounter other people's misconducts in the organization of the group enterprise. If the behavior of the group is involved in illegal activities, the group enterprise organization shall notify the judicial and procuratorial organs of relevant facts; if there is a public service organization or public servant, notify the government's integrity.</p> <p>4.21 Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures. The human resources units of the Group's corporate organizations should be internally promoted to convey the importance of integrity. The organization of the group enterprise shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of the organization of the group enterprise seriously violates ethical conduct, the organization of the group enterprise shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of the organization of the group enterprise. The organization of the group enterprise shall disclose on its intranet information of the violator, details of the violation, and the actions taken in response..</p> <p>4.22 Enforcement When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting</p>	<p>corporate organizations should be internally promoted to convey the importance of integrity. <del>The Company</del> shall link ethical management to employee performance evaluations and human resources policy, and establish clear and effective systems for rewards, penalties, and complaints. If any personnel of <del>the Company</del> seriously violates ethical conduct, <del>the Company</del> shall dismiss the personnel from his or her position or terminate his or her employment in accordance with applicable laws and regulations or the personnel policy and procedures of <del>the Company</del>. <del>The Company</del> shall disclose on its intranet information of the violator, details of the violation, and the actions taken in response..</p> <p>4.22 Enforcement When these Procedures and Guidelines are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.</p>	
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unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.

These Procedures and Guidelines are maintained by the human resources unit.

It, and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be delivered to each supervisor and reported to the shareholders meeting. These Procedures and Guidelines for the conduct of the supervisor are applied to the Audit Committee.

**Attachment 4**

**TEST RITE International Co., Ltd.  
Regulations of Repurchased Shares Transferred to Employees  
Reference Table for Revised Clauses**

Revised clause	Original clause	Basis and reasons for revision
<p>Article 3 Pursuant to the Regulation, the shares repurchased may be transferred to employees all at once or in installments within <u>five</u> years from the date of repurchased. The Chairman is authorized to set out the time period for share subscription and payment and relevant matters for each transfer operation. Shares that are not transferred within the specified time period shall be deemed as unissued shares of the Company and cancelled according to applicable regulation.</p>	<p>Article 3 Pursuant to the Regulation, the shares repurchased may be transferred to employees all at once or in installments within <del>three</del> years from the date of repurchased. The Chairman is authorized to set out the time period for share subscription and payment and relevant matters for each transfer operation. Shares that are not transferred within the specified time period shall be deemed as unissued shares of the Company and cancelled according to applicable regulation.</p>	<p>Revision is made in accordance with regulatory.</p>
<p>Article 4 On the base date for subscription, <u>all existing employees of the company and employees of the company's controlled or subordinate companies at home and abroad who meet certain conditions are qualified</u> for subscription to the number of shares set forth in Article 5 of the regulations upon approval of the board of directors (<u>According to No. 1070121068 by the Financial Supervisory Commission of the Executive Yuan on December 27, 2018</u>).</p>	<p>Article 4 Employees of subsidiaries, in which the Company <del>employees and the Company collectively hold directly or indirectly more than 50 percent of their voting shares</del> on the record date, are eligible for share subscription (<del>including overseas subsidiaries and subsidiaries as defined in</del> accordance with issue no. 0960073134 by the Financial Supervisory Commission of the Executive Yuan(issued on December 26, 2007).</p>	<p>Revision is made in accordance with regulatory and needs of commercial practice.</p>
<p>Article 10 These Rules of Transfer Shares to employees were adopted on September 14, 2000. The first amendment was made on October 6, 2000. The second amendment was made on August 14, 2003. The third amendment was made on June 9, 2006. The fourth amendment was made on July 19, 2007. The fifth amendment was made on October 9, 2008. The sixth amendment was made on April 28, 2010. The seventh amendment was made on January 4, 2011.</p>	<p>Article 10 These Rules of Transfer Shares to employees were adopted on September 14, 2000. The first amendment was made on October 6, 2000. The second amendment was made on August 14, 2003. The third amendment was made on June 9, 2006. The fourth amendment was made on July 19, 2007. The fifth amendment was made on October 9, 2008. The sixth amendment was made on April 28, 2010. The seventh amendment was made on</p>	<p>Date of amendment added.</p>

 **TESTRITE**

Revised clause	Original clause	Basis and reasons for revision
<p>The eighth amendment was made on November 11, 2011.</p> <p>The ninth amendment was made on July 27, 2012.</p> <p><u>The tenth amendment was made on April 24, 2019.</u></p> <p><u>The eleventh amendment was made on May 13, 2019.</u></p>	<p>January 4, 2011.</p> <p>The eighth amendment was made on November 11, 2011.</p> <p>The ninth amendment was made on July 27, 2012.</p>	



**Attachment 5**

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2018 and 2017 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Test-Rite International Co., Ltd. (the “Company”) and its subsidiaries (collectively referred as the “Group”), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2018 is as follows:

### Existence of sales revenue

The Group's main source of revenues is export sales, and the export sales derived from one of the major customers has grown notably compared to last year's figure. We therefore considered that the existence of sales revenue from this major customer as a key audit matter for 2018. Refer to Note 4 to the consolidated financial statements for the Group's revenue recognition policies.

Our audit procedures in response to the existence of sales revenue included understanding and testing the design and the implementation of internal control of sales revenue and selecting samples of sales revenue items from this major customer to ensure the occurrence of transactions.

### **Other Matter**

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, 2018 and 2017 on which we have issued an unmodified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hung-Bin Yu and Ming-Yu Chiu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 26, 2019

Notice to Readers

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

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



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

**CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)**

ASSETS	2018		2017	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 1,995,662	8	\$ 1,461,147	6
Financial assets at fair value through profit or loss - current (Note 7)	303,131	1	630,141	3
Financial assets at amortized cost - current (Notes 4 and 8)	30,810	-	-	-
Contract assets - current (Notes 4 and 23)	204,203	1	-	-
Debt investments with no active market - current (Notes 4 and 9)	-	-	2,222	-
Notes receivable from unrelated parties (Note 10)	64,925	-	46,054	-
Trade receivables from unrelated parties (Note 10)	4,485,420	17	2,977,355	13
Other receivables	127,351	1	377,546	2
Inventories (Note 11)	5,779,602	22	6,043,748	27
Prepayments	317,108	1	290,254	1
Other current financial assets	17,755	-	21,788	-
Other current assets	36,609	-	1,061	-
Total current assets	<u>13,362,576</u>	<u>51</u>	<u>11,851,316</u>	<u>52</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 12)	49,213	-	-	-
Financial assets at amortized cost - non-current (Notes 4 and 8)	43,991	-	-	-
Financial assets measured at cost - non-current (Notes 4 and 13)	-	-	75,744	-
Debt investments with no active market - non-current (Notes 4 and 9)	-	-	235,461	1
Property, plant and equipment (Note 15)	6,886,512	27	5,618,359	25
Goodwill (Note 16)	2,361,198	9	2,336,399	10
Other intangible assets (Note 17)	229,985	1	234,708	1
Deferred tax assets (Note 4)	1,436,403	6	1,166,110	5
Refundable deposits	993,070	4	802,502	4
Other non-current assets	635,071	2	551,679	2
Total non-current assets	<u>12,635,443</u>	<u>49</u>	<u>11,020,962</u>	<u>48</u>
<b>TOTAL</b>	<u>\$ 25,998,019</u>	<u>100</u>	<u>\$ 22,872,278</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 18)	\$ 2,146,783	8	\$ 1,211,838	5
Short-term bills payable (Note 18)	99,966	-	79,992	-
Financial liabilities at fair value through profit or loss - current (Note 7)	16,017	-	40,159	-
Contract liabilities - current (Notes 4 and 23)	65,816	-	-	-
Notes payable to unrelated parties	40,095	-	9,567	-
Trade payables to unrelated parties	6,118,110	24	5,516,821	24
Other payables (Note 20)	1,621,052	6	1,427,836	6
Current tax liabilities (Note 4)	122,687	1	126,171	1
Advance receipts	597,015	2	562,283	3
Current portion of long-term borrowings (Note 18)	1,073,571	4	1,225,000	6
Other current liabilities	151,537	1	31,327	-
Total current liabilities	<u>12,052,649</u>	<u>46</u>	<u>10,230,994</u>	<u>45</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note 18)	6,094,520	23	4,491,928	19
Deferred tax liabilities (Note 4)	20,907	-	22,799	-
Net defined benefit liabilities - non-current (Notes 4 and 21)	130,585	1	150,138	1
Guarantee deposits received	225,527	1	230,277	1
Other non-current liabilities	60,347	-	73,875	-
Total non-current liabilities	<u>6,531,886</u>	<u>25</u>	<u>4,969,017</u>	<u>21</u>
Total liabilities	<u>18,584,535</u>	<u>71</u>	<u>15,200,011</u>	<u>66</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF TEST-RITE</b>				
Share capital				
Ordinary shares (Note 22)	5,098,875	20	5,098,875	23
Capital surplus (Note 22)	647,962	2	647,962	3
Retain earnings (Note 22)				
Legal reserve	1,189,056	4	1,110,326	5
Special reserve	180,438	1	166,380	1
Unappropriated earnings	462,938	2	787,297	3
Total retain earnings	1,832,432	7	2,064,003	9
Other equity (Note 22)	(241,414)	(1)	(180,438)	(1)
Total equity attributable to owners of the Company	7,337,855	28	7,630,402	34
<b>NON-CONTROLLING INTERESTS</b>	75,629	1	41,865	-
Total equity	<u>7,413,484</u>	<u>29</u>	<u>7,672,267</u>	<u>34</u>
<b>TOTAL</b>	<u>\$ 25,998,019</u>	<u>100</u>	<u>\$ 22,872,278</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, 2018 AND 2017  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 39,897,950	100	\$ 36,963,212	100
OPERATING COSTS (Note 11)	<u>29,636,961</u>	<u>74</u>	<u>26,180,545</u>	<u>71</u>
GROSS PROFIT	10,260,989	26	10,782,667	29
OPERATING EXPENSES	<u>9,800,063</u>	<u>25</u>	<u>9,822,012</u>	<u>26</u>
PROFIT FROM OPERATIONS	<u>460,926</u>	<u>1</u>	<u>960,655</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	24,932	-	25,151	-
Other income	150,962	-	255,922	1
Gain on disposal of property, plant and equipment (Note 15)	-	-	225,690	1
Gain (loss) on sale of investments, net	10,537	-	(6,977)	-
Foreign exchange gains	151,708	1	68,234	-
Net gain on financial instruments at fair value through profit or loss	5,022	-	-	-
Interest expense	(292,010)	(1)	(227,639)	(1)
Other expenses	(55,410)	-	(172,323)	(1)
Loss on disposal of property, plant and equipment	(86,454)	-	-	-
Impairment loss recognized on goodwill (Note 16)	(24,156)	-	-	-
Net loss on financial instruments at fair value through profit or loss	<u>-</u>	<u>-</u>	<u>(17,709)</u>	<u>-</u>
Total non-operating income and expenses	<u>(114,869)</u>	<u>-</u>	<u>150,349</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	346,057	1	1,111,004	3
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 24)	<u>72,864</u>	<u>-</u>	<u>(284,899)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>418,921</u>	<u>1</u>	<u>826,105</u>	<u>2</u>
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(26,221)	-	(40,281)	-

(Continued)



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

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2018		2017	
	Amount	%	Amount	%
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(1,161)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(34,193)</u>	<u>-</u>	<u>(14,073)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(61,575)</u>	<u>-</u>	<u>(54,354)</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 357,346</u>	<u>1</u>	<u>\$ 771,751</u>	<u>2</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 406,493	1	\$ 823,012	2
Non-controlling interests	<u>12,428</u>	<u>-</u>	<u>3,093</u>	<u>-</u>
	<u>\$ 418,921</u>	<u>1</u>	<u>\$ 826,105</u>	<u>2</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 344,713	1	\$ 768,703	2
Non-controlling interests	<u>12,633</u>	<u>-</u>	<u>3,048</u>	<u>-</u>
	<u>\$ 357,346</u>	<u>1</u>	<u>\$ 771,751</u>	<u>2</u>
<b>EARNINGS PER SHARE (Notes 4 and 25)</b>				
Basic	<u>\$ 0.80</u>		<u>\$ 1.61</u>	
Diluted	<u>\$ 0.80</u>		<u>\$ 1.61</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  
YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Test-Rite						Other Equity			Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
	Share (In Thousands)	Share Capital		Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2017	509,888	\$ 5,098,875	\$ 673,456	\$ 1,049,379	\$ 148,098	\$ 609,465	\$ (166,405)	\$ 25	\$ -	\$ 7,412,893	\$ 3,390	\$ 7,416,283
Appropriation of 2016 earnings (Note 22)												
Legal reserve	-	-	-	60,947	-	(60,947)	-	-	-	-	-	-
Special reserve	-	-	-	-	18,282	(18,282)	-	-	-	-	-	-
Cash dividends	-	-	(25,494)	-	-	(525,184)	-	-	-	(550,678)	-	(550,678)
Net profit for the year ended December 31, 2017	-	-	-	-	-	823,012	-	-	-	823,012	3,093	826,105
Other comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	(40,251)	(14,058)	-	-	(54,309)	(45)	(54,354)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	782,761	(14,058)	-	-	768,703	3,048	771,751
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(23,156)	(23,156)
Changes in ownership of subsidiary	-	-	-	-	-	(516)	-	-	-	(516)	58,583	58,067
BALANCE AT DECEMBER 31, 2017	509,888	5,098,875	647,962	1,110,326	166,380	787,297	(180,463)	25	-	7,630,402	41,865	7,672,267
Effect of retrospective application (Note 3)	-	-	-	-	-	-	-	(25)	(25,370)	(25,395)	-	(25,395)
ADJUSTED BALANCE, JANUARY 1, 2018	509,888	5,098,875	647,962	1,110,326	166,380	787,297	(180,463)	-	(25,370)	7,605,007	41,865	7,646,872
Appropriation of 2017 earnings (Note 22)												
Legal reserve	-	-	-	78,730	-	(78,730)	-	-	-	-	-	-
Special reserve	-	-	-	-	14,058	(14,058)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(611,865)	-	-	-	(611,865)	-	(611,865)
Cash dividends to subsidiaries' shareholders	-	-	-	-	-	-	-	-	-	-	(4,753)	(4,753)
Net profit for the year ended December 31, 2018	-	-	-	-	-	406,493	-	-	-	406,493	12,428	418,921
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(26,199)	(34,420)	-	(1,161)	(61,780)	205	(61,575)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	380,294	(34,420)	-	(1,161)	344,713	12,633	357,346
Increase of non-controlling interests	-	-	-	-	-	-	-	-	-	-	25,884	25,884
BALANCE AT DECEMBER 31, 2018	509,888	\$ 5,098,875	\$ 647,962	\$ 1,189,056	\$ 180,438	\$ 462,938	\$ (214,883)	\$ -	\$ (26,531)	\$ 7,337,855	\$ 75,629	\$ 7,413,484

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, 2018 AND 2017 (In Thousands of New Taiwan Dollars)

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 346,057	\$ 1,111,004
Adjustments for:		
Depreciation expense	611,339	621,181
Amortization expense	113,001	130,816
Expected credit loss recognized on trade receivables	5,238	-
Impairment loss reversed on trade receivables	-	(3,602)
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(5,022)	17,709
Interest expense	292,010	227,639
Interest income	(24,932)	(25,151)
Compensation costs of employee share options	-	42
Loss (gain) on disposal and impairment of property, plant and equipment	86,454	(225,690)
(Gain) loss on disposal of investments	(10,537)	6,977
Impairment loss recognized on goodwill	24,156	-
Amortization of unrealized gain on sale-leasebacks	-	(50,000)
Changes in operating assets and liabilities		
Financial assets held for trading	318,427	(201,527)
Contract assets	(67,610)	-
Notes receivable	(18,871)	15,771
Trade receivables	(1,504,088)	(570,612)
Other receivables	250,054	(133,750)
Inventories	143,554	598,982
Prepayments	(24,797)	51,143
Other current assets	285	3,274
Other financial assets	1,319	364
Other operating assets	42,264	(128,975)
Contract liabilities	(24,256)	-
Notes payable	28,188	(12,147)
Trade payables	602,670	(266,425)
Other payables	156,120	(226,652)
Advance receipts	119,554	6,979
Other current liabilities	38,521	(74,808)
Other operating liabilities	(60,176)	(60,645)
Cash generated from operations	1,438,922	811,897
Interest received	25,073	25,411
Interest paid	(287,529)	(228,933)
Income tax paid	(191,384)	(268,196)
Net cash generated from operating activities	<u>985,082</u>	<u>340,179</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at amortized cost	(28,588)	-
Proceeds from sale of financial assets at amortized cost	191,470	-

(Continued)



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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(In Thousands of New Taiwan Dollars)**

	<b>2018</b>	<b>2017</b>
Purchase of debt investments with no active market	-	(13,830)
Proceeds from sale of debt investments with no active market	-	57,115
Purchase of financial assets measured at cost	-	(1,088)
Proceeds from sale of financial assets measured at cost	-	6,211
Net cash outflow on acquisition of subsidiaries	(46,195)	-
Payments for property, plant and equipment	(2,045,143)	(223,310)
Proceeds from disposal of property, plant and equipment	7,355	463,220
Increase in refundable deposits	(189,080)	-
Decrease in refundable deposits	-	9,528
Payments for intangible assets	<u>(77,858)</u>	<u>(13,727)</u>
Net cash (used in) generated from investing activities	<u>(2,188,039)</u>	<u>284,119</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from (repayments of) short-term borrowings	934,945	(587,688)
Proceeds from short-term bills payable	19,974	79,992
Proceeds from long-term borrowings	8,922,539	4,007,172
Repayments of long-term borrowings	(7,477,418)	(4,462,166)
Decrease in guarantee deposits received	(4,750)	(7,098)
Dividends paid	(611,865)	(550,678)
Changes in non-controlling interests	<u>(4,753)</u>	<u>34,869</u>
Net cash generated from (used in) financing activities	<u>1,778,672</u>	<u>(1,485,597)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(41,200)</u>	<u>19,882</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	534,515	(841,417)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>1,461,147</u>	<u>2,302,564</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 1,995,662</u>	<u>\$ 1,461,147</u>

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

(Concluded)



Attachment 6

**Test Rite International Co., Ltd  
2018 Profits Distribution Table**

(NTD)

Item	Amonut	Notes
Beginning balance of retained earnings	82,644,912	
Add : Remeasurement of defined benefit plans recognized in retained earnings	4,049,954	
Less : Adjusted retained earnings for Investments accounted for using equity method	(30,249,448)	
Adjusted undistributed earnings (a)	56,445,418	
Add : Net profit after tax(b)	406,492,848	
Less : Legal reserve appropriation(10%)	(40,649,285)	b*10%
Less : Special reserve appropriation	(60,976,067)	
Earnings available for pay-out	361,312,914	
Allocation:		
Cash dividend	(356,921,291)	NTD 0.7per share
Ending balance of retained earnings	<u>4,391,623</u>	
1、The Company should set aside the special reserve in accordance with the article 41-1 of Securities and Exchange Act. 2、The number of shares eligible to receive the above proposal of earnings distribution is 509,887,558 shares.		

Chairperson: Judy Lee

GM: Sophia Tong

Controller: Linda Lin



Attachment 7

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

Revised clause	Original clause	Basis and reasons for revision
<p>Article 3 The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>2. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.</li> <li>3. Memberships.</li> <li>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>5. <u>Right-of-use assets.</u></li> <li>6. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>8. Derivatives. The Company engaging in derivatives trading should shall conduct such matters in compliance with the “Procedures for Engaging in Derivatives Trading”</li> <li>9. Other major assets.</li> </ol>	<p>Article 3 The term "assets" as used in these Regulations includes the following:</p> <ol style="list-style-type: none"> <li>1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.</li> <li>2. Real property (including land, houses and buildings, <del>investment property</del>, and construction enterprise inventory) and equipment.</li> <li>3. Memberships.</li> <li>4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.</li> <li>5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).</li> <li>6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.</li> <li>7. Derivatives. The Company engaging in derivatives trading should shall conduct such matters in compliance with the “Procedures for Engaging in Derivatives Trading”</li> <li>8. Other major assets.</li> </ol>	<p>Revision is made in accordance with regulatory.</p>
<p>Article 4 Terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> <li>1. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</li> <li>2. Related party or <u>subsidiary</u>: <u>As defined in the Regulations Governing the Preparation of</u></li> </ol>	<p>Article 4 Terms used in these Regulations are defined as follows:</p> <ol style="list-style-type: none"> <li>1. <del>Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long term leasing contracts, or long term purchase (sales) contracts.</del></li> </ol>	<p>Revision is made in accordance with regulatory.</p>

<p>Financial Reports by Securities Issuers</p> <p>3. 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 equipment.</p> <p>4. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>5. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>6. "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p> <p>7. The term "recent financial statements" refers to the financial statements of the company that have been audited or reviewed by the CPA before the acquisition or disposal of assets.</p> <p>8. 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 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; <u>for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</u></p> <p>9. <u>Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business,</u></p>	<p>2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.</p> <p>3. Related party: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.</p> <p>4. <del>Subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.</del></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 equipment.</p> <p>6. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.</p> <p>7. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.</p> <p>8. "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction.</p>	
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<p><u>futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.</u></p> <p><u>10. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.</u></p> <p><u>11. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities.</u></p>	<p>9. The term "recent financial statements" refers to the financial statements of the company that have been audited or reviewed by the CPA before the acquisition or disposal of assets.</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 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; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.</p>	
<p><u>Article 4-1</u></p> <p><u>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements: :</u></p> <p><u>1. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.</u></p> <p><u>2. May not be a related party or de facto related party of any party to the transaction.</u></p> <p><u>3. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related</u></p>		<p>Revision is made in accordance with regulatory.</p>

<p><u>parties of each other.</u>  <u>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</u>  <u>1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.</u>  <u>2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</u>  <u>3. They shall undertake an item-by-item evaluation of the comprehensiveness, accuracy, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</u>  <u>4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and accurate, and that they have complied with applicable laws and regulations.</u></p>		
<p>Article 5 Investment for non-operating purpose of real estate <u>or right-of-use assets thereof</u> to use assets or securities's amount.  Total amounts of real property and <u>right-of-use assets thereof</u> or securities acquired by the company and each subsidiary for business use, and limits on individual securities. :</p> <ol style="list-style-type: none"> <li>1. The total amount of acquisition of all real estate by the Company and its Subsidiaries should not exceed 20% of the Company's shareholders' equity at the end of the previous quarter.</li> <li>2. The total amount of investment in individual securities , short-term stock, depository receipt, other convertible shares should not exceed 10 % of the Company' s shareholders' equity at the end of the previous quarter.</li> <li>3. The total amount of investment in securities , short-term stock, depository receipt, other convertible shares should not exceed 25 % of the Company' s shareholders' equity at the end of the</li> </ol>	<p>Article 5 Investment for non-operating purpose of real estate to use assets or securities's amount.  Total amounts of real property and securities acquired by the company and each subsidiary for business use, and limits on individual securities. :</p> <ol style="list-style-type: none"> <li>1. The total amount of acquisition of all real estate by the Company and its Subsidiaries should not exceed 20% of the Company's shareholders' equity at the end of the previous quarter.</li> <li>2. The total amount of investment in individual securities , short-term stock, depository receipt, other convertible shares should not exceed 10 % of the Company' s shareholders' equity at the end of the previous quarter.</li> <li>3. The total amount of investment in securities , short-term stock, depository receipt, other convertible shares should not exceed 25 % of the Company' s shareholders' equity at the end of the previous quarter.</li> </ol>	<p>Revision is made in accordance with regulatory.</p>

<p>previous quarter.</p> <p>4. The total amount otehrs' short-term investment should not exceed 20 % of the Company' s shareholders' equity at the end of the previous quarter.</p> <p>5. The total amount short-term investment should not exceed 70 % of the Company' s shareholders' equity at the end of the previous quarter.</p> <p>6. The total amount long-term and individual investment should not exceed 75% of the Company' s shareholders' equity at the end of the previous quarter.</p> <p>7. The total amount long-term investment should not exceed 80 % of the Company' s shareholders' equity at the end of the previous quarter.</p>	<p>4. The total amount otehrs' short-term investment should not exceed 20 % of the Company' s shareholders' equity at the end of the previous quarter.</p> <p>5. The total amount short-term investment should not exceed 70 % of the Company' s shareholders' equity at the end of the previous quarter.</p> <p>6. The total amount long-term and individual investment should not exceed 75% of the Company' s shareholders' equity at the end of the previous quarter.</p> <p>7. The total amount long-term investment should not exceed 80 % of the Company' s shareholders' equity at the end of the previous quarter.</p>	
<p>Article 6 The procedures for acquisition or disposal of real estate or equipment and <u>right-of-use assets thereof</u> to use assets</p> <p>1. The Company shall comply with the Company's "Internal management control system" when acquiring or disposing of real property or equipment and <u>right-of-use assets thereof</u>.</p> <p>In acquiring or disposing of real property or equipment <u>and right-of-use assets thereof</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 the Audit Committee.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p>	<p>Article 6 The procedures for acquisition or disposal of real estate or equipment to use assets</p> <p>1. Appraisal and operating procedure The Company shall comply with the Company's "Internal management control system" when acquiring or disposing of real property or equipment.</p> <p>In acquiring or disposing of real property or equipment 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 the Audit Committee.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>When an audit committee has been established in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one-half or more of all audit</p>	<p>Revision is made in accordance with regulatory.</p>

<p>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> <p>2. Approval process transaction terms and authorized amount</p> <p>Either price comparison, bargain process and tender process shall be performed for acquisition or disposal of real estate or equipment <u>and right-of-use assets thereof</u> to use assets. Publicly announced present value, assessed present value and actual sold price for the real estate in the neighborhood. It should be composed by the analyst report and acted after the board of director' approval.</p> <p>3. Executable unit.</p> <p>When the Company acquires or disposes of real estate or equipment and <u>right-of-use assets thereof</u> to use assets, 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>4. The appraisal reports of real estate or equipment and <u>right-of-use assets thereof</u> to use assets.</p> <p>The company receive the real estate or equipment and rights. Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment for operation purpose, for acquisition or disposal of real estate or equipment by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with</p> <p>(1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction should be approved by the Board in advance. The above procedures should also be followed in case the transaction terms are changed subsequently.</p>	<p>committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> <p>2. Approval process transaction terms and authorized amount</p> <p>Either price comparison, bargain process and tender process shall be performed for acquisition or disposal of real estate or equipment to use assets. Publicly announced present value, assessed present value and actual sold price for the real estate. in the neighborhood. It should be composed by the analyst report and acted after the board of director' approval.</p> <p>3. Executable unit.</p> <p>When the Company acquires or disposes of real estate or equipment to use assets, 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>4. The appraisal reports of real estate or equipment to use assets.</p> <p>The company receive the real estate or equipment and rights. Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment for operation purpose, for acquisition or disposal of real estate or equipment by the Company whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by a Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with</p> <p>(1) If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction should be approved by the Board in advance. The above procedures should also be followed in case the transaction terms are changed subsequently.</p> <p>(2) If the transaction price is over NT\$1 billion, the Company should retain at least</p>	
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<p>(2) If the transaction price is over NT\$1 billion, the Company should retain at least two Professional Appraisers to perform the appraisal</p> <p>(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 ROC Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>1. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>2. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) The Company for acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.</p>	<p>two Professional Appraisers to perform the appraisal</p> <p>(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 ROC Accounting Research and Development Foundation ("ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>3. The discrepancy between the appraisal result and the transaction amount is 20% or more of the transaction amount.</p> <p>4. The discrepancy between the appraisal results of two or more professional appraisers is 10% or more of the transaction amount</p> <p>(4) No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.</p> <p>(5) The Company for acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts.</p>	
<p>Article 7 The procedures for acquisition or disposal of securities</p> <p>1. Appraisal and Operating procedures The acquisition or disposal securities only can be executed with proper approval in accordance with the company's authority and delegation system. The company's procedures for acquisition or disposal of securities shall approve by the board of directors. If the director dissent it and provide the the minutes or a written statement, the company shall submit the contradictory opinion to Audit Committee. Where the position of independent director has</p>	<p>Article 7 :</p> <p>Procedure of acquiring or disposing of securities</p> <p>1、Appraisal and Operating procedures The Company shall comply with the Company's "Internal management control system" when acquiring or disposing of securities. In acquiring or disposing of securities 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</p>	<p>Revision is made in accordance with regulatory.</p>

<p>been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> <p>(Omitted)</p>	<p>shall submit the director's dissenting opinion to the Audit Committee.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets <del>or derivatives</del> shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> <p>(Omitted)</p>	
<p>Article 8 :</p> <p>The procedures for acquisition or disposal of intangible assets <u>or right-of-use assets thereof or memberships</u>.</p> <p>1.Appraisal and Operating procedures</p> <p>The acquisition or disposal intangible assets <u>or right-of-use assets</u> thereof or memberships. only can be executed with proper approval in accordance with the company's authority and delegation system.</p> <p>The company's procedures for acquisition or disposal of intangible assets <u>or right-of-use assets</u> thereof or memberships shall approve by the board of directors.If the director dissent it and provide the the minutes or a written statement, the company shall submit the contradictory opinion to Audit Committee.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the</p>	<p>Article 8 :</p> <p>Procedure of acquires or disposes of <del>memberships</del> or intangible assets</p> <p>1.Appraisal and Operating procedures</p> <p>The acquisition or disposal intangible assets <del>or memberships</del>. only can be executed with proper approval in accordance with the company's authority and delegation system.</p> <p>The company's procedures for acquisition or disposal of intangible assets <del>thereof or memberships</del> shall approve by the board of directors.If the director dissent it and provide the the minutes or a written statement, the company shall submit the contradictory opinion to Audit Committee.</p> <p>Where the position of independent director has been created in accordance with the provisions of the Act, when the procedures for the acquisition and disposal of assets are submitted for discussion by the board of</p>	<p>Revision is made in accordance with regulatory.</p>

<p>acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution. If the are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> <p>2. Approval process transaction terms and authorized amount</p> <p>(1) Either price comparison, bargain process and tender process shall be performed for acquisition or disposal of intangible assets <u>or right-of-use assets thereof</u> or memberships. Publicly announced present value, assessed present value and actual sold price for the real estate in the neighborhood. It should be composed by the analyst report and acted after the board of director' approval.</p> <p>(2) Either price comparison, bargain process and tender process shall be performed for acquisition or disposal of intangible assets <u>or right-of-use assets thereof</u> or memberships. Publicly announced present value, assessed present value and actual sold price for the real estate in the neighborhood. It should be composed by the analyst report and acted after the board of director' approval.</p> <p>3.Executable unit.</p> <p>When the Company acquires or disposes of intangible assets <u>or right-of-use assets thereof</u> or memberships, it shall submit a proposal to</p>	<p>directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</p> <p>Where an audit committee has been established in accordance with the provisions of the Act, any transaction involving major assets <del>or derivatives</del> shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If the are adopted or amended they shall be approved by one-half or more of all audit committee members and submitted to the board of directors for a resolution.</p> <p>If approval of one-half or more of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</p> <p>The terms "all audit committee members" and "all directors" shall be counted as the actual number of persons currently holding those positions.</p> <p>2. Approval process transaction terms and authorized amount</p> <p>(1) Either price comparison, bargain process and tender process shall be performed for acquisition or disposal of memberships. Publicly announced present value, assessed present value and actual sold price for the real estate in the neighborhood. It should be composed by the analyst report and acted after the board of director' approval.</p> <p>(2) Either price comparison, bargain process and tender process shall be performed for acquisition or disposal of intangible assets thereof or memberships. Publicly announced present value, assessed present value and actual sold price for the real estate in the neighborhood. It should be composed by the analyst report and acted after the board of director' approval.</p> <p>3.Executable unit.</p> <p>When the Company acquires or disposes of intangible assets <del>or memberships</del>, it shall submit a proposal to the appropriate level of authority for approval before the user unit and the management unit proceed to</p>	
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<p>the appropriate level of authority for approval before the user unit and the management unit proceed to implement the proposal.</p> <p>4. The appraisal reports of intangible assets <u>or right-of-use assets thereof or memberships</u>.</p> <p>(1) If the transaction price of memberships is over 1% of paid-in capital , the Company should provide the appraisal report.</p> <p>(2) If the transaction price of intangible assets <u>or right-of-use assets thereof</u> or memberships is over 10% of paid-in capital, the Company should retain at least two Professional Appraisers to perform the appraisal.</p> <p>(3) Except for transactions with government institutions, if the Company's acquisition or disposal of membership or intangible assets <u>or right-of-use assets thereof</u> or memberships reaches 20% of the Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price shall be sought from certified public accountant prior to the Date of the Event. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No. 20 published by the ARDF.</p>	<p>implement the proposal.</p> <p>4. The appraisal reports of intangible assets or <del>memberships</del>.</p> <p>(1) If the transaction price of memberships is over 1% of paid-in capital , the Company should provide the appraisal report.</p> <p>(2) If the transaction price of intangible assets is over 10% of paid-in capital, the Company should retain at least two Professional Appraisers to perform the appraisal.</p> <p>(3) Except for transactions with government institutions, if the Company's acquisition or disposal of membership or intangible assets reaches 20% of the Company's paid-in capital or NT\$300 million, opinions in respect of a rational transaction price shall be sought from certified public accountant prior to the Date of the Event. Certified public accountant shall handle the matter in accordance with the provision of Auditing Standard No. 20 published by the ARDF.</p>	
<p>Article 10 :</p> <p>Related Party Transactions</p> <p>1.(Omitted)</p> <p>2. Appraisal and Operating procedures</p> <p>When the Company intends to acquire or dispose of real property <u>or right-of-use assets thereof</u> from or to a related party, or when it intends to acquire or dispose of assets other than real property <u>or right-of-use assets thereof</u> 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, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the board of directors.</p> <p>(1) The purpose, necessity and anticipated benefit of the property acquisition or disposal.</p> <p>(2) The reason for choosing the Related Party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real estate <u>or right-of-use assets thereof</u> from a</p>	<p>Article 10 :</p> <p>Related Party Transactions</p> <p>1.(Omitted)</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, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and the board of directors.</p> <p>(1) The purpose, necessity and anticipated benefit of the property acquisition or disposal.</p> <p>(2) The reason for choosing the Related Party as a trading counterparty.</p> <p>(3) With respect to the acquisition of real estate from a Related Party, information regarding appraisal of the reasonableness of</p>	<p>Revision is made in accordance with regulatory.</p>

<p>Related Party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Articles 3-1 and 3-4.</p> <p>(4) The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8-1 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and recognized by the Board need not be counted toward the transaction amount. With respect to the acquisition or disposal of business-use equipment, of real property <u>or right-of-use assets</u> the between the company and its parent or subsidiaries, the Company's Board may pursuant to delegate the Board Chairperson to decide such matters when the transaction amount is within a over 300 million and have the decisions subsequently submitted to and ratified by the next Board meeting.</p> <p>(Omitted)</p> <p>3. Evaluation process of reasonableness of transaction costs</p> <p>(1) The Company, when acquiring real estate <u>or right-of-use assets</u> from a Related Party shall, evaluate the reasonableness of the transaction costs by the following means:</p> <p>a. Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer under Taiwan law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial</p>	<p>the preliminary transaction terms in accordance with Articles 3-1 and 3-4.</p> <p>(4) The date and price at which the Related Party originally acquired the real estate, the original trading counterparty, and that trading counterparty's relationship to the Company and the Related Party.</p> <p>(5) Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.</p> <p>(6) An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding paragraph.</p> <p>(7) Restrictive covenants and other important stipulations associated with the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 11 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Audit Committee and recognized by the Board need not be counted toward the transaction amount.</p> <p>With respect to the acquisition or disposal of business-use equipment, of real property the between the company and its subsidiaries, the Company's Board may pursuant to delegate the Board Chairperson to decide such matters when the transaction amount is within a over 300 million and have the decisions subsequently submitted to and ratified by the next Board meeting.</p> <p>(Omitted)</p> <p>3. Evaluation process of reasonableness of transaction costs</p> <p>(1) The Company, when acquiring real estate from a Related Party shall, evaluate the reasonableness of the transaction costs by the following means:</p> <p>a. Based upon the Related Party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer under Taiwan law. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the Company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p>	
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<p>industry lending rate announced by the Ministry of Finance.</p> <p>b. Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) The Company that acquires real estate <u>or right-of-use assets thereof</u> from a Related Party and appraises the cost of the real estate <u>or right-of-use assets thereof</u> in accordance with the provisions of paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the results of the Company's appraisal conducted in accordance with the provisions of paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the provisions of paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>a. Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction</p>	<p>b. Total loan value appraisal from a financial institution where the Related Party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70% or more of the financial institution's appraised loan value of the property and the period of the loan shall have been one year or more. However, this shall not apply where the financial institution is a Related Party of one of the trading counterparties.</p> <p>(2) Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>(3) The Company that acquires real estate from a Related Party and appraises the cost of the real estate in accordance with the provisions of paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>(4) When the results of the Company's appraisal conducted in accordance with the provisions of paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with the provisions of paragraph 5. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real estate appraiser and a CPA have been obtained, this restriction shall not apply:</p> <p>a. Where the Related Party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:</p> <p>(1) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the Related Party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the Related Party's construction division over the most recent three years or the gross profit margin for the construction industry for the most recent</p>	
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<p>division over the most recent three years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>2. Where the Company acquiring <u>or leasing</u> real estate <u>or right-of-use assets thereof</u> from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction, within one year refers to one year from the actual date of acquisition of the real estate <u>or right-of-use assets thereof</u>.</p> <p>(5) Where the Company acquires real estate <u>or right-of-use assets thereof</u> from a Related Party and the results of appraisals conducted in accordance with the provisions of Article 10.3 and Article 10.2 are uniformly lower than the transaction price, the following steps shall be taken.</p> <p>1. A special reserve shall be set aside in accordance with the applicable laws, rules, and regulations against the difference between the real estate <u>or right-of-use assets thereof</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in the Company, then the special reserve shall be set aside pro rata in a proportion in accordance with the applicable laws, rules, and regulations.</p>	<p>period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>(3) Completed leasing transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.</p> <p>2. Where the Company acquiring real estate from a Related Party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50% of the property in the planned transaction, within one year refers to one year from the actual date of acquisition of the real estate.</p> <p>(5) Where the Company acquires real estate from a Related Party and the results of appraisals conducted in accordance with the provisions of Article 10.3 and Article 10.2 are uniformly lower than the transaction price, the following steps shall be taken.</p> <p>1. A special reserve shall be set aside in accordance with the applicable laws, rules, and regulations against the difference between the real estate transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its</p>	
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<p>2. The Audit Committee shall comply with the provisions of Article 218 of the the company Act.</p> <p>3. Actions taken pursuant to subparagraph 1 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(6) Where the Company acquires real estate <u>or right-of-use assets thereof</u> from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of paragraph 1 and 2 of Article 10 and the provisions of the preceding four paragraphs do not apply:</p> <p>a. The Related Party acquired the real estate <u>or right-of-use assets thereof</u> through inheritance or as a gift through inheritance or as a gift.</p> <p>b. More than five years will have elapsed from the time the Related Party signed the contract to obtain the real estate <u>or right-of-use assets thereof</u> to the signing date for the current transaction.</p> <p>c. The real estate is acquired through signing of a joint development contract with the Related Party or through contract development, where the Related Party as the developer, on the land of the Company or athird-party landowner.</p> <p><u>d. The real property right-of-use assets for business use are acquired by the Company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.</u></p> <p>(7) When the Company obtains real estate <u>or used right</u> from a Related Party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	<p>investment in the Company, then the special reserve shall be set aside pro rata in a proportion in accordance with the applicable laws, rules, and regulations.</p> <p>2. The Audit Committee shall comply with the provisions of Article 14-4 of the the company 218 Act.</p> <p>3. Actions taken pursuant to subparagraph 1 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>(6) Where the Company acquires real estate from a Related Party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the provisions of paragraph 1 and 2 of Article 10 and the provisions of the preceding four paragraphs do not apply:</p> <p>a. The Related Party acquired the real estate or used right through inheritance or as a gift.</p> <p>b. More than five years will have elapsed from the time the Related Party signed the contract to obtain the real estate to the signing date for the current transaction.</p> <p>c. The real estate is acquired through signing of a joint development contract with the Related Party or through contract development, where the Related Party as the developer, on the land of the Company or a third-party landowner.</p> <p>(7) When the Company obtains real estate from a Related Party, it shall also comply with the provisions of the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.</p>	
<p>Article 11 :</p> <p>Public disclosure of information procedure</p> <p>1. <u>As the company has acquisition or disposal of assets, the relevant information shall be announced and reported in the appropriate format as prescribed by regulations within two days commencing immediately from the Date of occurrence of the Event.</u></p> <p>2. Announce the filling item and standard</p> <p>(1) Acquisition of real estate from or <u>right-of-use assets thereof</u> to a Related Party, or acquisition or disposal of assets other than</p>	<p>Article 11 :</p> <p>The company <del>shall announce and report the previous month's acquiring or disposing of assets transaction amount of its head office and subsidiaries by the 10th day of each month. The subsidiary shall submit its the previous month's acquiring or disposing of assets transaction amount to the Company by the 5th day of each month. If the subsidiary is a public company, it shall announce and report the previous month's acquiring or disposing of assets transaction amount of its</del></p>	<p>Revision is made in accordance with regulatory.</p>

<p>real estate <u>or right-of-use assets thereof</u> from or to a Related Party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, however, that this shall not apply to the trading of government bonds or bonds under repurchase and resale agreements and the purchase or redemption of domestic money market funds in Taiwan.</p> <p>(2) Merger, demerger, acquisitions or transfer of shares.</p> <p>(3) Where the type of asset acquired or disposed is equipment or <u>right-of-use assets thereof</u> for business use, the trading counterparty is not a Related Party, the transaction amount was regulated the following matters:</p> <p>1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(4) Acquisition or disposal by the company in the construction business of real property <u>or right-of-use assets thereof</u> for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, <u>if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.</u></p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, <u>and furthermore the transaction counterparty is not a related party,</u> and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or</p>	<p><del>head office and subsidiaries by the 10th day of each month.</del></p> <p>2. Announce the filing item and standard</p> <p>(1) Acquisition of real estate to a Related Party, or acquisition or disposal of assets other than real estate from or to a Related Party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, however, that this shall not apply to the trading of government bonds or bonds under repurchase and resale agreements and the purchase or redemption of domestic money market funds in Taiwan.</p> <p>(2) Merger, demerger, acquisitions or transfer of shares.</p> <p>(3) Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a Related Party, the transaction amount was regulated the following matters:</p> <p>1. For a public company whose paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.</p> <p>2. For a public company whose paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.</p> <p>(4) Acquisition or disposal by the company in the construction business of real property for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases.</p> <p>(5) Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>(6) Where an asset transaction other than any of those referred to in the preceding six 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 domestic government bonds.</p> <p>b. Where done by professional investors—securities trading on securities</p>	
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<p>more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>a. Trading of domestic government bonds.</p> <p>b. Where done by professional investors—securities trading on securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics <u>(excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm</u> for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(7) Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year</p> <p>c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property <u>or right-of-use assets thereof</u> within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>3. The deadline of announcement and filing</p> <p>Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to make a "Announcement and Report" accordingly within two days commencing immediately from the Date of occurrence of the Event.</p> <p>4. Announcement and report procedures</p> <p>(1) The public company shall publicly announce and report the relevant information</p>	<p>exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>c. Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.</p> <p>(7) Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>a. The amount of any individual transaction.</p> <p>b. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year</p> <p>c. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.</p> <p>d. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>3. The deadline of announcement and filing</p> <p>Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to make a "Announcement and Report" accordingly within two days commencing immediately from the Date of occurrence of the Event.</p> <p>4. Announcement and report procedures</p> <p>(1) The public company shall publicly announce and report the relevant information on the FSC's designated website in the appropriate formats.</p> <p>(2) All items should be published again if any item required to be disclosed is missing during the original publication.</p>	
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<p>on the FSC's designated website in the appropriate formats.</p> <p>(2) All items should be published again if any item required to be disclosed is missing during the original publication. Announcement and Report accordingly within two days commencing immediately from the Date of occurrence of the Event</p> <p>(3) The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant Taiwan laws, be kept in the Company for at least five years.</p> <p>(4) The company Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to make a "Announcement and Report" accordingly within two days commencing immediately from the Date of occurrence of the Event.</p> <ol style="list-style-type: none"> <li>1. Amendment, termination or cancellation of the original agreement</li> <li>2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.</li> <li>3. Change to the originally publicly announced and reported information.</li> </ol>	<p>Announcement and Report accordingly within two days commencing immediately from the Date of occurrence of the Event</p> <p>(3) The contracts, meeting minutes, log books, appraisal reports, and opinions of certified public accounts, lawyers or securities underwriters in connection with the Company's acquisition or disposal of assets shall, except as otherwise specified by relevant Taiwan laws, be kept in the Company for at least five years.</p> <p>(4) The company Should any of the following conditions occur after the filing and public announcement of transactions, the Company needs to make a "Announcement and Report" accordingly within two days commencing immediately from the Date of occurrence of the Event.</p> <ol style="list-style-type: none"> <li>1. Amendment, termination or cancellation of the original agreement</li> <li>2. Merger, spin-off, acquisition or share transfer not completed as scheduled in the agreement.</li> <li>3. Change to the originally publicly announced and reported information.</li> </ol>	
<p>Article 13 :</p> <p>Implementation and amendments The Procedures for Acquisition and Disposal of Assets shall be approved by more than half of all Audit Committee. Members and then be submitted to the Board of Directors meeting for resolution; after it is passed by the Board of Directors, it would be sent to the Shareholders' meeting for final approval. It would then be bulletined for enforcement. When the Procedures is amended, the same procedure shall be applied.</p> <p>If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee for discussion.</p> <p>The Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board</p>	<p>Article 13 :</p> <p>Implementation and amendments The Procedures for Acquisition and Disposal of Assets shall be approved by more than half of all Audit Committee. Members and then be submitted to the Board of Directors meeting for resolution; after it is passed by the Board of Directors, it would be sent to the Shareholders' meeting for final approval. It would then be bulletined for enforcement. When the Procedures is amended, the same procedure shall be applied.</p> <p>If any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the director's dissenting opinion to the Audit Committee for discussion.</p> <p>The Board of Directors shall take into full consideration each Independent Director's opinions. If an Independent Director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the</p>	<p>Revision is made in accordance with regulatory.</p>

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of directors meeting.	board of directors meeting. <del>The terms "all audit committee members" and "all directors" in this article shall be counted as the actual number of persons currently holding those positions.</del>	
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**Attachment 8**

**TEST RITE International Co., Ltd.  
Procedures for Engaging in Trading Derivatives  
Reference Table for Revised Clauses**

Revised clause	Original clause	Basis and reasons for revision
<p>Article3 : Scope of Application The derivatives referred to in the Guidelines are transaction agreements of which values are derived from an asset, <u>specified interest rate, financial instrument price, commodity price, exchange rate, index of prices or rates, credit rating or credit index, or other variable</u> (e.g. forward contracts, options contracts, futures contracts, leverage contracts, swaps contracts, and <u>hybrid contracts</u> combining the above contracts; <u>or hybrid contracts or structured products containing embedded derivatives</u>. The forward contracts referred to in the Guidelines do not include insurance contracts, fulfillment contracts, after sale service agreements, long term lease agreements, and long term purchase (sale) agreements.</p>	<p>Article3 : Scope of Application The derivatives referred to in the Guidelines are transaction agreements of which values are derived from an asset, interest rate, exchange rate, index, or other interest (e.g. forward contracts, options contracts, futures contracts, leverage contracts, swaps contracts, and compound agreements that are combinations of the above products). The forward contracts referred to in the Guidelines do not include insurance contracts, fulfillment contracts, after sale service agreements, long term lease agreements, and long term purchase (sale) agreements.</p>	<p>Revision is made in accordance with regulatory.</p>
<p>Article6 : Public announcement and regulatory filing procedures The accounting department shall prepare information on derivatives traded by the Company and its subsidiaries up to the end of the previous month and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p>	<p>Article6 : Public announcement and regulatory filing procedures The accounting department shall prepare information on derivatives traded by the Company and its subsidiaries up to the end of the previous month and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p>	<p>Revision is made in accordance with regulatory.</p>
<p>Article 7: Internal control system (Omitted) 3、Periodical assessment (1)The senior officers authorized by the board of directors shall periodical monitor and assessment the compliance status, the</p>	<p>Article 7: Internal control system (Omitted) 3、Periodical assessment (1)The senior officers authorized by the board of directors shall periodical monitor and assessment the compliance status, the</p>	<p>Revision is made in accordance with regulatory.</p>

Revised clause	Original clause	Basis and reasons for revision
<p>risk tolerance level for the derivative transactions, and to the performance against business strategy.</p> <p>(2)Mark to market valuation report are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors.</p> <p>(3) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors</p> <p>(4)The company engaging in derivatives trading shall establish a log book, And record related matters in accordance with the provisions of relevant laws and regulations, and record related matters in accordance with the provisions of relevant laws and regulations.</p>	<p>risk tolerance level for the derivative transactions, and to the performance against business strategy.</p> <p>(2)Mark to market valuation report are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors.</p> <p>(3) Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors</p> <p>(4)The company engaging in derivatives trading shall establish a log book, And record related matters in accordance with the provisions of relevant laws and regulations, and record related matters in accordance with the provisions of relevant laws and regulations.</p>	
<p><b>Article 8 : Internal Audit System</b></p> <p>Internal auditors shall periodically review the suitability of internal control system for the derivative transactions. They shall disclose important findings in their audit reports and making reports to the Audit Committee.</p> <p>In addition, if the manager(s) and responsible person(s) indicated in the program are found to have violated the guidelines or the operating program after an audit, they shall make corrections during the disciplinary probationary period and submit a corrective report within the specific deadline, or the Company will take disciplinary action according to the rules.</p>	<p><b>Article 8 : Internal Audit System</b></p> <p>Internal auditors shall periodically review the suitability of internal control system for the derivative transactions. They shall disclose important findings in their audit reports and making reports to the Audit Committee.</p> <p>In addition, if the manager(s) and responsible person(s) indicated in the program are found to have violated the guidelines or the operating program after an audit, they shall make corrections during the disciplinary probationary period and submit a corrective report within the specific deadline, or the Company will take disciplinary action according to the rules.</p>	Revision is made in accordance with regulatory.
<p><b>Article 9 :</b> If it is necessary for one of the Company's subsidiaries to engage in derivative trading as part of its business operations, the subsidiary shall follow the Company's derivative trading procedures. The subsidiary and parent company referred to in the procedure shall be defined as specified in the Statements of Financial Accounting Standards No. 5 and No. 7</p>	<p><b>Article 9 :</b> If it is necessary for one of the Company's subsidiaries to engage in derivative trading as part of its business operations, the subsidiary shall follow the Company's derivative trading procedures. The subsidiary and parent company referred to in the procedure shall be defined as specified in the Statements of Financial Accounting Standards No. 5 and</p>	Revision is made in accordance with regulatory.

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Revised clause	Original clause	Basis and reasons for revision
released by the Accounting Research and Development Foundation in Taiwan.	No. 7 released by the Accounting Research and Development Foundation in Taiwan.	



**Attachment 9**

**TEST RITE International Co., Ltd.  
 Procedures for Endorsements and Guarantees Reference  
 Reference Table for Revised Clauses**

Revised clause	Original clause	Basis and reasons for revision
<p>Article 15            The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence. “Date of occurrence” in the Procedure means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p> <ol style="list-style-type: none"> <li>1. The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest financial statement.</li> <li>2. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest financial statement.</li> <li>3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment of <u>equity method</u>, and balance of loans to, such enterprise reaches 30 percent or more of the company's net worth as stated in its latest financial statement.</li> <li>4. The amount of new endorsements/guarantees made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.</li> </ol>	<p>Article 15            The company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence. “Date of occurrence” in the Procedure means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p> <ol style="list-style-type: none"> <li>1. The aggregate balance of endorsements/guarantees by the company and its subsidiaries reaches 50 percent or more of the company's net worth as stated in its latest financial statement.</li> <li>2. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches 20 percent or more of the company's net worth as stated in its latest financial statement.</li> <li>3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 millions or more and the aggregate amount of all endorsements/guarantees for, investment <del>of a long term nature</del>, and balance of loans to, such enterprise reaches 30 percent or more of the company's net worth as stated in its latest financial statement.</li> <li>4. The amount of new endorsements/guarantees made by the company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the company's net worth as stated in its latest financial statement.</li> </ol>	<p>Revision is made in accordance with regulatory.</p>

Revised clause	Original clause	Basis and reasons for revision
<p>Article 19 Where the Company has established the position of audit committee, <u>the prescription and amendment of these Procedures shall be approved by more than half of all audit committee members and submitted to the Board for a resolution.</u> <u>If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u> <u>The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u> Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to the operational procedures. The operational procedures are promulgated pursuant to "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" shall be enforced after approved by the Audit Committee , the Board of Directors meeting, and shareholders' meeting; the amendment of the operational procedures also shall be approved by the Audit Committee , the Board of Directors meeting, and the shareholders' meeting.</p>	<p>Article 19 Where the Company has established the position of <del>independent director,</del> <del>when it submits the operational procedures for discussion by the board of directors pursuant to the preceding paragraph,</del> <del>the board of directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board of directors' meeting.</del> Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and for discussion by the shareholders' meeting. The same shall apply to any amendments to the operational procedures. The operational procedures are promulgated pursuant to "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" shall be enforced after approved by the Audit Committee , the Board of Directors meeting, and shareholders' meeting; the amendment of the operational procedures also shall be approved by the Audit Committee , the Board of Directors meeting, and the shareholders' meeting.</p>	<p>Revision is made in accordance with regulatory.</p>

**Attachment 10**

**TEST RITE International Co., Ltd.  
Procedures for Lending Funds to Others  
Reference Table for Revised Clauses**

Revised clause	Original clause	Basis and reasons for revision
<p>Article 2: Entities to which the company may loan funds. The company shall loan funds to any of its shareholders or any other person under the following circumstances: (Omitted) 3. The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between foreign companies in which the public company holds, directly or indirectly, 100% of the voting shares, <u>or the loan of funds to the Company from overseas companies in which the Company holds, directly or indirectly, 100 percent of the voting shares.</u> The amount limits and the durations of loans shall still apply the rules of the Company that govern the lending of funds to a third party.</p>	<p>Article 2 : Entities to which the company may loan funds. The company shall loan funds to any of its shareholders or any other person under the following circumstances: (Omitted) 3. The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between foreign companies in which the public company holds, directly or indirectly, 100% of the voting shares. The amount limits and the durations of loans shall still apply the rules of the Company that govern the lending of funds to a third party.</p>	<p>Revision is made in accordance with regulatory.</p>
<p>Article 11 : When balance of loan funds to others reaches one of the following levels, such event shall be announced and reported within two days commencing immediately from the date of occurrence. “Date of occurrence” in the Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date in which the counterparty of the loans, endorsements or guarantees, and the monetary amount can be confirmed, whichever date is earlier. (Omitted)</p>	<p>Article 11 : When balance of loan funds to others reaches one of the following levels, such event shall be announced and reported within two days commencing immediately from the date of occurrence. “Date of occurrence” in the Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier. (Omitted)</p>	<p>Revision is made in accordance with regulatory.</p>
<p>Article 14 : Where the Company has established the position of <u>audit committee, the prescription and amendment of these Procedures shall be approved by more than half of all audit committee members and submitted to the Board for a resolution.</u> <u>If approval of more than half of all audit committee members as required in the</u></p>	<p>Article 14 : Where the Company has established the position of <del>independent director, the Board of Directors shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in</del></p>	<p>Revision is made in accordance with regulatory.</p>

Revised clause	Original clause	Basis and reasons for revision
<p><u>preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.</u></p> <p><u>The terms "all audit committee members" and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.</u></p> <p>Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and for discussion by the shareholders' meeting.</p> <p>The procedures are promulgated pursuant to "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" shall be enforced after approved by the Audit Committee , the Board of Directors meeting, and shareholders' meeting. The same procedure shall apply in the case of amendments.</p>	<p><del>the minutes of the board of directors' meeting.</del></p> <p>Where there any director expresses dissent and it is contained in the minutes or a written statement, the Company shall submit the dissenting opinions to the Audit Committee and for discussion by the shareholders' meeting.</p> <p>The procedures are promulgated pursuant to "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" shall be enforced after approved by the Audit Committee , the Board of Directors meeting, and shareholders' meeting. The same procedure shall apply in the case of amendments.</p>	



**Attachment 11**

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

Original clause	Revised clause	Basis and reasons for revision
<p>Article 22 A board of directors shall meet at least quarter. In the case of emergency or upon the requisition of a majority of the Directors, the meeting of the Board of Directors may be called by the Chairman at any time. The reasons for calling a board of directors meeting shall be notified to each director <u>before the deadline stipulated by the competent authority in charge of securities affairs</u>. In emergency circumstances, however, a meeting may be called on shorter notice. The notice may be effected by means of personal delivery, registered mail, electronic mail or facsimile. <u>Unless otherwise provided for in the Company Law</u>, the meeting of Board of Directors shall be called <u>and chaired by</u> the chairperson of the board. In the event that the Chairman is on leave or otherwise unable to preform his/her duties, the delegation of his/her office shall be made in accordance with Article 208 of the Company Act. A Director may appoint another Director as his/her proxy to attend and vote on his/her behalf in accordance with the scope of proxy at the meeting; however, no Director may act as proxy for more than one Director.</p>	<p>Article 22 A board of directors shall meet at least quarter. In the case of emergency or upon the requisition of a majority of the Directors, the meeting of the Board of Directors may be called by the Chairman at any time. The reasons for calling a board of directors meeting shall be notified to each director <del>at least seven days in advance</del>. In emergency circumstances, however, a meeting may be called on shorter notice. The notice may be effected by means of personal delivery, registered mail, electronic mail or facsimile. <del>In accordance with Article 203 of the Company Act, except the first Board meeting of every term of the newly elected</del> Board of Directors, which shall be convened by the Director who has received the largest number of votes after such new election, meetings of Board of Directors shall be convened by the Chairman of the Board of Directors. In the event that the Chairman is on leave or otherwise unable to preform his/her duties, the delegation of his/her office shall be made in accordance with Article 208 of the Company Act. A Director may appoint another Director as his/her proxy to attend and vote on his/her behalf in accordance with the scope of proxy at the meeting; however, no Director may act as proxy for more than one Director.</p>	<p>Revision is made in accordance with regulatory.</p>
<p>Article 31 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 accordance with</p>	<p>Article 31-1 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 accordance with relevant rules and</p>	<p>Revision is made in accordance with regulatory and adjustment the article no.</p>

Original clause	Revised clause	Basis and reasons for revision
<p>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.</p> <p><u>The company may authorize the distributable dividends, statutory surplus reserve, and capital surplus may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting</u></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, our dividend policy will adopt 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>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.</p> <p>Article 31-2</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, our dividend policy will adopt 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>Article 31-1</p> <p>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.</p> <p>The Board could also decide no more than 2 % of the abovementioned profit as</p>	<p>Article 31</p> <p>The Company shall distribute no less than 1 % of the current year's profit (namely the profit before deducting the distributed employee remuneration and director remuneration from pretax profit) if any as remuneration for employees and the Board could decide to distribute in stocks or cash.</p>	<p>Revision is made in accordance with regulatory and adjustment the article</p>

Original clause	Revised clause	Basis and reasons for revision
<p>remuneration for Directors and Supervisors. The distribution of remuneration for employees and Directors and Supervisors should be reported during Shareholders' Meeting. 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.</p> <p><u>Qualification requirements of employees are including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive treasury stock, employee stock warrants, employee stock subscription, restricted stock, and employee compensation for employees, and the specific conditions are determined by the board of directors.</u></p>	<p><del>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.</del></p> <p>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. 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.</p>	no.
<p>Article 34 The Articles of Incorporation were drawn up on July 24, 1978. (Omitted) The 41th revision was adopted on June 23, 2016. The 42th revision was adopted on June 19, 2018. <u>The 43th revision was adopted on June 20, 2019.</u></p>	<p>Article 34 The Articles of Incorporation were drawn up on July 24, 1978. (Omitted) The 41th revision was adopted on June 23, 2016. The 42th revision was adopted on June 19, 2018.</p>	Date of amendment added.



## Appendix 1

### Test Rite International Co., Ltd. Current Shareholdings of Directors

Record Date: April 22, 2019

Title	Title Shareholding Name	The minimum number of shares	Number of shares	
			Shares	Total
Chairman	Ms. Lee, Judy	16,316,402	25,711,294	67,330,506
Director	Mr. Ho, Tony		38,995,550	
Directors	Ms. Ho, Robin		1,949,579	
Independent Director	Mr. Lai, Yung Chi		0	
Independent Director	Mr. Liu, Ting-Yang		0	
Independent Director	Ms. Yeh, Jo		0	
Directors	Property Co., Ltd. Representative: Mr. Chen, Wen-Tzong		674,083	

Notes :

1. As of the April 22, 2019, the Company's paid-in capital is 5,098,875,580 ; the number of outstanding shares is 509,887,558.
2. The tenure of directors is from June 19, 2018 to on June 18, 2021.

\* 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 12th, 2019 and April 22, 2019. 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.