

Stock code: 3030



**Handbook for
2023 Shareholders Meeting of
Test Research, Inc.
(Translation)**

May 31th, 2023

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2023 Shareholders Meeting Agenda of Test Research, Inc.

I. Time: 9:00 a.m. on May 31 (Wednesday), 2023

II. Venue: 3F, No. 36-1, Huangxi Street, Shilin District, Taipei City.

(2023 Annual Shareholders' Meeting held by means of physical shareholders meeting.)

III. Meeting Agenda

1. Call meeting to order

2. Chairman gives the opening address

3. Reporting items:

(1) 2022 Annual Business Report.

(2) Audit Committee's Review Report on 2022 Financial Statements.

(3) 2022 Employees' and Directors' Remuneration Proposal.

(4) Amendments to the Company's Codes of Ethical Conduct.

4. Approval items:

(1) Adoption of 2022 Financial Statements.

(2) Adoption of 2022 Earning Distribution Plan.

5. Election items:

To elect nine directors (including four independent directors).

6. Other matters:

Proposal of releasing the prohibition on new directors from participation in competitive business.

7. Incidental motions

8. Adjournment

Reporting Items

Proposal 1: 2022 Annual Business Report.

Explanatory Notes: Please refer to Appendix 1 of this Handbook.

Proposal 2: Audit Committee's Review Report on 2022 Financial Statements.

Explanatory Notes: Please refer to Appendix 2 of this Handbook.

Proposal 3: 2022 Employees' and Directors' Remuneration Proposal.

Explanatory Notes:

- (1) 2022 employees' remuneration and directors' remuneration resolved is NT\$ 38,021,838 and NT\$ 19,587,008 respectively, and the above amount will be paid in cash.
- (2) The resolution amount doesn't have any difference from the amount of expense recognized for 2022.

Proposal 4: Amendments to the Company's Codes of Ethical Conduct.

Explanatory Notes:

For the requirements for the listed companies to amend the Codes of Ethical Conduct, some articles in the Company's Codes of Ethical Conduct are amended. As the amended articles, please refer to Appendix 5 of this handbook.

Approval Items

Proposal 1: Adoption of 2022 Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

- (1) 2022 Business Report and Financial Statements (including the consolidated financial statements) are passed upon the resolution of the Board. The Financial Statements (including the consolidated financial statements) are audited by the CPA. The above reports are reviewed by the Audit Committee.
- (2) Please refer to the Appendix 1 and Appendix 3 of the Handbook.

Resolution:

Proposal 2: Adoption of 2022 Earning Distribution Plan (Proposed by the Board of Directors)

Explanatory Notes:

- (1) This earning distribution plan firstly considers the earning of 2022, and then distributes the undistributed profits after 1998. The common shares are distributed with cash dividend of NT\$4.5 per share.
- (2) For 2022 Earning Distribution Table, please refer to Appendix 4 of the Handbook.
- (3) As for the cash dividend distribution, the Board is authorized to settle the related affairs after it is passed in the Shareholders Meeting.

- (4) The Chairman is authorized to contact specific person to adjust the sum of fractional amount of the cash dividend less than NT\$1.
- (5) In the event that, the transfer, exchange and cancellation of shares or buyback of shares of the Company affects the amount of outstanding shares and the payout ratio for shareholders, it is proposed that the Board of Directors be authorized to change the related affairs.

Resolution:

Election Items

Proposal: To elect nine directors (including four independent directors). Please proceed to discuss.
(Proposed by the Board of Directors)

Explanatory Notes:

- (1) The term of the Company's directors ended on May 26, 2023. As required by Article 16 of the Company's Articles of Association, it is proposed to re-elect all 9 directors (including 4 independent directors) in 2023 Shareholders Meeting.
- (2) The new directors (including independent directors) will serve a three-year term since the date of appointment during 2023 Shareholders Meeting (May 31 2023~May 30, 2026). The current directors will be relieved of office since the date of appointing new directors.
- (3) According to the Articles of Association, the director election shall adopt Candidates Nomination System. It means the directors shall be elected from the list of director candidates by the shareholders. The basic information of the candidates is listed as below:

Candidates of Directors (a total of 5)

As of April 2, 2023 ; Unit: share

Name	Main Education	Main Experience	Position	Shareholding
Chieh-Yuan,Chen	BE(Elec)of Tatung University	Department Head of Philip Co. Taiwan	Chairman of Test Research, Inc.	37,889,235
Kuang-Chao,Fan	Ph.D. degree from University of Manchester Institute of Science and Technology in UK	Distinguished Professor in the Department of Mechanical Engineering of National Taiwan University.	Independent Director of U.D. Electronic Corp. Director of 3DFamily Technology Co., Ltd. Chairman of Optodyne International Co., Ltd. Director of Test Research, Inc.	151,211

Name	Main Education	Main Experience	Position	Shareholding
Chin-Lung,Chen	LL.M National Taiwan University	Managing Partner, Bright & Wise Attorneys-at-Law	Supervisor's representative of Powerchip Technology Corporation. Director of Fu-Ding Investment Co., Ltd. Independent director of Ever Supreme Bio Technology Co., Ltd. Director of Test Research,	415,857
Chiang-Huai,Lin	BE(ES)of National Taiwan University of Science and Technology	Vice President of Test Research, Inc.	Director of Test Research, Inc.	2,357,864
Ming-Chuan, Tsai	BE(Elec)of Tatung University	Vice President of Test Research, Inc.	Director of Test Research, Inc.	1,006,000

Candidates of Independent Directors (a total of 4)

As of April 2, 2023 ; Unit: share

Name	Main Education	Main Experience	Position	Shareholding
Yow-Shiuan, Fu	MBA of West Coast University in USA	General Manager of WYSE Technology Taiwan Ltd. General Manager of E Ink Holdings Inc.	Independent Director of PenPower Technology Co., Ltd. Independent Director of Logah Technology Corp. Independent Director of Test Research, Inc. Compensation Committee Member of Test Research, Inc.	0
Mei-Jin, Chen	MBA of New York University in USA	Chairman of SinoPac Securities Investment Trust Co. Ltd.	Independent Director of Test Research, Inc. Compensation Committee Member of Test Research, Inc.	0
Liang-Chia, Chen	Ph.D. in Advanced manufacturing and mechanical engineering, the university of South Australia, Australia	Chair, Manufacturing Automation Technology Research Center, National Taiwan University	Distinguished Professor, Department of Mechanical Engineering, National Taiwan University. Independent Director of Test Research, Inc. Compensation Committee Member of Test Research, Inc.	0
Chi Jui Huang	Ph.D., Department of International Business, National Taiwan University	Secretary-General of National Taipei University Commissioner, Department of Economic Development Taipei City Government Director of board, Small and Medium Enterprise Credit Guarantee Fund of Taiwan	Professor, Department of Finance and Cooperative Management, National Taipei University Commissioner Labor Funds Supervisory Committee	0

(4) Please elect and appoint based on the Company's Director Election Rules.

Election results:

Other Matters

Proposal: Proposal of releasing the prohibition on new directors from participation in competitive business.
Please proceed to discuss. (Proposed by the Board)

Explanatory Notes:

- (1) According to Article 209 of the Company Act, a Director who conducts any act for himself or on behalf of another person that is within the scope of the company's business, shall explain to the Shareholders Meeting the essential contents of such act and secure its approval.
- (2) Since the director of the Company may be engaged in investing or operating another company with the same or similar business scope of the Company, or serve as director, it is proposed to release the prohibition on new directors and their representatives from participation in competitive business in the Shareholders Meeting. The directors(including independent director) concurrently hold positions at other company is listed as below:

Title	Name	Present Concurrent Position at Other Companies
Director	Chieh-Yuan,Chen	Director of Der-Sheng Investment Co., Ltd. Director of Der-Shin Investment Co., Ltd. Director of Der-Hong Investment Co., Ltd.
Director	Kuang-Chao,Fan	Independent Director of U.D. Electronic Corp. Director of 3DFamily Technology Co., Ltd. Director of Optodyne International Co., Ltd.
Independent Director	Yow-Shiuan, Fu	Independent Director of PenPower Technology Co., Ltd. Independent Director of Logah Technology Corp.

Resolution:

Incidental Motions

Adjournment

Appendix 1

Business Report to Shareholders

Dear Shareholders:

The Company's consolidated revenue amounted to NT\$6.709 billion in 2022 with after-tax profits totaling NT\$1.921 billion. The revenue increased by 20%, compared with NT\$5.607 billion in 2021; In terms of profit, it increased substantially by 62%, compared with NT\$1.185 billion in 2021.

As shown on the consolidated financial statements, the Company's operating net profit margin was 32%, the after-tax net profit margin was 29%, return on equity was 29%, and return on assets was 22% in 2022. The operating performance for the whole of last year was excellent, and the overall financial nature of the Company is stable and sound.

The main reasons behind the Company's revenue and profit growth in 2022 were attributed as follows: (1) The revenue of X-RAY and electrical test ICT grew significantly. (2) The revenue of high-speed and high-precision 3D AOI continued to grow. (3) The revenue of the automotive electronics industry continued to grow. (4) The revenue of the semiconductor industry grew significantly. (5) The revenue from regions of Taiwan, Southeast Asia, Europe, and the United States continued to grow. (6) New products are commercialized, and the competitiveness of products continues to increase. (7) Close ties with customers and major international manufacturers. (8) The Covid-19 epidemic has little impact on the Company's operations, and the annual revenue and profit have increased significantly.

- The business policy, production and sales policy, development strategy, and expected sales volume in the future:

The Company's operating strategy is focused on the improved competitiveness of two automatic inspection equipment, including image optics (AOI, SPI, X-RAY), and electrical test ICT. Other than the deep cultivation of SMT process inspection equipment, the semiconductor process inspection equipment will represent an important strategy for the future growth of the Company. The Company expects to increase the proportion of semiconductor inspection equipment revenue in its overall revenue year by year. Opportunities for future growth of the Company lie in (1) X-RAY and electrical test ICT are necessary inspection equipment in the manufacturing process of automotive electronics and servers, and the Company expects that its shipments of X-RAY and electrical test ICT will continue to grow. (2) The customer's demand for high-speed, high-precision 3D AOI continues to increase, and the Company will strive to become the leading brand of 3D AOI in the world. (3) To deepen the application of AI technology in image optics machines, reduce program preparation time, improve the detection rate, and reduce the misjudgment rate. (4) To improve the competitiveness of the Company's machines in terms of accuracy, stability, inspection function, and inspection speed. (5) Global layout, deeply cultivate the global market. Although the global economic outlook is not good this year, the Company's various product lines and regions still aim to achieve sustainable growth in shipments.

- The impact of the external competitive environment, legal environment, and overall business environment for the Company:

Facing the world market's fierce competition, the Company will spare no effort to improve its "leading technology", "quality reliability and stability", "globalization market development", "new product development and controls", "internal talent cultivation", and to enhance its entire competitiveness at the same time. I believe that the Company will continue to grow in the future.

Thanks for the support from all shareholders who bring opportunities for the continuous growth of the Company.

Sincerely yours.

Chairman: Chieh-Yuan, Chen

Manager: Chieh-Yuan, Chen

Accounting Chief: Kaun-Yuan, Chen

Appendix 2

Audit Committee's Review Report

The Board of Directors prepares the 2022 Business Report, Financial Statements (including consolidated financial statements) and Earning Distribution Plan. PwC Taiwan audits the Financial Statements and presents the report. The above Business Report, Financial Statements and Earning Distribution Plan are reviewed by the Audit Committee, and no incompliance is found. The above report is presented as required by Article 14-4 of Securities and Exchange Act, Article 219 of the Company Act, for further inspection.

Convener of TRI Audit Committee: Mei-Jing, Chen

Feb. 23, 2023

Appendix 3

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Test Research, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Test Research, Inc. (the “Company”) as at December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the ‘*Auditors’ responsibilities for the audit of the parent company only financial statements*’ section of our report. We are independent of the Company 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 Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(10) for accounting policies adopted for the valuation of inventories, Note 5 for critical accounting estimates and assumptions related to the valuation of inventories, and Note 6(3) for details of inventories. As of December 31, 2022, inventory and allowance for valuation losses are NT\$1,583,177 thousand and NT\$143,529 thousand, respectively.

The Company is primarily engaged in the design, manufacture, sales, repairs and maintenance of automated inspection and testing equipment, and inventories are stated at the lower of cost and net realisable value. Management considers the rapidly changing technology and the short life cycle of electronic products in evaluating inventories. For inventories that are over a certain aging and individually identified obsolete or slow-moving items, the net realisable value is determined based on inventory aging and the market demand of such items in the future for a specific period, which are based on sales, obsolescence and the inventory quality. As the amount of inventory is significant, involves numerous items, and the valuation of inventory requires critical judgement and a high degree of uncertainty in estimation, we considered the valuation of inventory a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included the following:

1. Understanding the industry and operations of the Company, and assessing the reasonableness of accounting policies applied in determining the adequacy of inventory provision.
2. Understanding the inventory management processes, examining the annual physical count plan, and performing physical inventory observation to assess the effectiveness of judgement and control over obsolete or slow-moving inventory.
3. Obtaining inventory aging report and testing movements to confirm whether they are assigned to the correct aging category and are in accordance with the Company's accounting policy. We also recalculated to check the adequacy of the allowance for valuation losses.
4. Analysing and comparing the difference of inventory valuation losses between the latest two years and examining supporting evidences in relation to allowance for slow-moving inventory valuation losses, which were individually identified by the management based on the inventory clearance condition, to assess the propriety of inventory valuation losses.

Cutoff of export revenue recognition

Description

For accounting policies adopted for revenue recognition, refer to Note 4(23).

The Company recognises export revenue in accordance with the terms of the transaction with the customer. Export revenue constitutes approximately 80% of parent company only operating revenue and the period of revenue recognition is based on transaction terms of different customers. As the timing of revenue recognition is subject to management's judgement based on past experience, revenue may not be recorded in the proper period. Thus, we considered the cutoff of export revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included the following:

1. Understanding and assessing the effectiveness of export revenue recognition control processes.
2. Obtaining detailed listing of export sales within a certain period before and after period end, selecting samples and assessing the completeness by agreeing the sale to supporting documentation (such as export bill of lading and proof of delivery) to ascertain whether the sale was recorded in the proper period.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period 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.

Pan, Hui-Lin

Huang, Pei-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan
February 22, 2023

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TEST RESEARCH, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 873,052	10	\$ 847,876	11
1140	Current contract assets	6(2)	1,241,924	14	737,045	9
1150	Notes receivable, net	6(2)	1,980	-	1,727	-
1170	Accounts receivable, net	6(2)	1,034,502	11	825,494	11
1180	Accounts receivable due from related parties, net	7	173,172	2	336,262	4
1200	Other receivables		12,719	-	8,721	-
1210	Other receivables due from related parties	7	1,427	-	67,759	1
130X	Inventories	6(3)	1,439,648	16	1,717,316	22
1470	Other current assets		32,433	-	37,018	-
11XX	Total current assets		<u>4,810,857</u>	<u>53</u>	<u>4,579,218</u>	<u>58</u>
Non-current assets						
1550	Investments accounted for using equity method	6(4)	1,257,855	14	1,096,803	14
1600	Property, plant and equipment	6(5) and 8	2,840,852	32	2,051,942	26
1780	Intangible assets		23,321	-	26,453	1
1840	Deferred income tax assets	6(16)	65,379	1	73,429	1
1920	Guarantee deposits paid		1,129	-	697	-
15XX	Total non-current assets		<u>4,188,536</u>	<u>47</u>	<u>3,249,324</u>	<u>42</u>
1XXX	Total assets		<u>\$ 8,999,393</u>	<u>100</u>	<u>\$ 7,828,542</u>	<u>100</u>

(Continued)

TEST RESEARCH, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Current liabilities - current	6(11)	\$ 37,137	-	\$ 49,150	1
2150	Notes payable		17,172	-	30,493	1
2170	Accounts payable		462,078	5	888,729	11
2200	Other payables	6(6)	593,658	7	298,125	4
2220	Other payables to related parties	7	32,551	-	17,304	-
2230	Current income tax liabilities		317,041	4	169,051	2
2300	Other current liabilities		7,736	-	6,010	-
21XX	Total current liabilities		<u>1,467,373</u>	<u>16</u>	<u>1,458,862</u>	<u>19</u>
Non-current liabilities						
2550	Provisions for liabilities - non-current		13,957	-	39,920	-
2570	Deferred income tax liabilities	6(16)	211,606	2	176,538	2
2600	Other non-current liabilities	6(7)	39,580	1	56,931	1
25XX	Total non-current liabilities		<u>265,143</u>	<u>3</u>	<u>273,389</u>	<u>3</u>
2XXX	Total liabilities		<u>1,732,516</u>	<u>19</u>	<u>1,732,251</u>	<u>22</u>
Equity						
Share capital		6(8)				
3110	Common stock		2,362,160	26	2,362,160	30
Capital surplus		6(9)				
3200	Capital surplus		53,290	1	53,290	1
Retained earnings		6(10)				
3310	Legal reserve		1,533,787	17	1,415,311	18
3320	Special reserve		68,362	1	57,209	1
3350	Unappropriated retained earnings		3,297,982	37	2,276,683	29
Other equity interest						
3400	Other equity interest		(48,704)	(1)	(68,362)	(1)
3XXX	Total equity		<u>7,266,877</u>	<u>81</u>	<u>6,096,291</u>	<u>78</u>
Significant contingent liabilities and unrecognised contract commitments		9				
Significant events after the balance sheet date		11				
3X2X	Total liabilities and equity		<u>\$ 8,999,393</u>	<u>100</u>	<u>\$ 7,828,542</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

TEST RESEARCH, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(11) and 7	\$ 6,319,384	100	\$ 5,140,730	100
5000	Operating costs	6(14)(15)	(2,821,018)	(45)	(2,519,631)	(49)
5900	Gross profit from operations		3,498,366	55	2,621,099	51
5910	Unrealised loss from sales	6(4)	(85,016)	(1)	(74,851)	(2)
5920	Realised profit from sales	6(4)	74,851	1	99,181	2
5950	Gross margin		3,488,201	55	2,645,429	51
	Operating expenses	6(14)(15) and 7				
6100	Selling expenses		(812,903)	(13)	(723,531)	(14)
6200	General and administrative expenses		(149,989)	(2)	(123,275)	(2)
6300	Research and development expenses		(534,901)	(9)	(497,036)	(10)
6450	Expected credit impairment (loss) gain	12(2)	(4,236)	-	1,461	-
6000	Total operating expenses		(1,502,029)	(24)	(1,342,381)	(26)
6900	Operating profit		1,986,172	31	1,303,048	25
	Non-operating income and expenses					
7100	Interest income		2,488	-	3,183	-
7010	Other income	6(12)	16,616	-	17,553	1
7020	Other gains and losses	6(13)	262,429	4	(37,929)	(1)
7050	Finance costs		(98)	-	-	-
7070	Share of profit of associates and joint ventures accounted for using equity method	6(4)	146,644	3	198,089	4
7000	Total non-operating income and expenses		428,079	7	180,896	4
7900	Profit before income tax		2,414,251	38	1,483,944	29
7950	Income tax expense	6(16)	(492,766)	(8)	(298,890)	(6)
8200	Profit for the year		\$ 1,921,485	30	\$ 1,185,054	23
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial gain (loss) on defined benefit plan	6(7)	\$ 8,956	-	(\$ 291)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		24,573	1	(13,941)	-
8399	Income tax relating to the components of other comprehensive (loss) income that will be reclassified to profit or loss	6(16)	(4,915)	-	2,788	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		19,658	1	(11,153)	-
8300	Total other comprehensive income (loss) for the year		\$ 28,614	1	(\$ 11,444)	-
8500	Total comprehensive income for the year		\$ 1,950,099	31	\$ 1,173,610	23
	Earnings per share (in dollars)	6(17)				
9750	Basic earnings per share		\$ 8.13		\$ 5.02	
9850	Diluted earnings per share		\$ 8.11		\$ 5.01	

The accompanying notes are an integral part of these parent company only financial statements.

TEST RESEARCH, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Ordinary share	Capital Reserves		Retained Earnings			Exchange differences on translation of foreign financial statements	Total equity
			Capital surplus, additional paid-in capital	Capital surplus, changes in equity of associates and joint ventures accounted for using equity method	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>2021</u>									
Balance at January 1, 2021		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,306,390	\$ 67,270	\$ 1,970,293	(\$ 57,209)	\$ 5,702,194
Profit for the year		-	-	-	-	-	1,185,054	-	1,185,054
Other comprehensive loss for the year		-	-	-	-	-	(291)	(11,153)	(11,444)
Total comprehensive income (loss)		-	-	-	-	-	1,184,763	(11,153)	1,173,610
Appropriations of 2020 earnings	6(10)								
Legal reserve		-	-	-	108,921	-	(108,921)	-	-
Special reserve		-	-	-	-	(10,061)	10,061	-	-
Cash dividends		-	-	-	-	-	(779,513)	-	(779,513)
Balance at December 31, 2021		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,415,311	\$ 57,209	\$ 2,276,683	(\$ 68,362)	\$ 6,096,291
<u>2022</u>									
Balance at January 1, 2022		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,415,311	\$ 57,209	\$ 2,276,683	(\$ 68,362)	\$ 6,096,291
Profit for the year		-	-	-	-	-	1,921,485	-	1,921,485
Other comprehensive income for the year		-	-	-	-	-	8,956	19,658	28,614
Total comprehensive income		-	-	-	-	-	1,930,441	19,658	1,950,099
Appropriations of 2021 earnings	6(10)								
Legal reserve		-	-	-	118,476	-	(118,476)	-	-
Special reserve		-	-	-	-	11,153	(11,153)	-	-
Cash dividends		-	-	-	-	-	(779,513)	-	(779,513)
Balance at December 31, 2022		\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,533,787	\$ 68,362	\$ 3,297,982	(\$ 48,704)	\$ 7,266,877

The accompanying notes are an integral part of these parent company only financial statements.

TEST RESEARCH, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,414,251	\$ 1,483,944
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(14)	63,712	66,693
Amortisation	6(14)	14,983	14,476
Expected credit impairment loss (gain)	12(2)	4,236	(1,461)
Interest income		(2,488)	(3,183)
Interest expense		98	-
Share of profit or loss of subsidiaries accounted for using the equity method	6(4)	(146,644)	(198,089)
Unrealised loss (profit) from sales, net	6(4)	10,165	(24,330)
(Gains) losses on disposal of property, plant and equipment	6(13)	(3,416)	722
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(505,031)	(597,708)
Accounts receivable		(213,092)	372,724
Notes receivable		(253)	2,205
Accounts receivable due from related parties		163,090	(129,092)
Other receivables		(3,660)	(2,285)
Other receivables due from related parties		66,332	43,774
Inventory		245,381	(869,769)
Other current assets		4,585	(16,320)
Changes in operating liabilities			
Current liabilities - current		(12,013)	41,188
Notes payable		(13,321)	13,711
Accounts payable		(426,651)	424,783
Other payables		130,484	49,560
Other payables to related parties		15,247	(10,292)
Other current liabilities		1,726	280
Provisions for liabilities - non-current		(25,963)	(1,423)
Other non-current liabilities		(8,395)	(6,271)
Cash inflow generated from operations		1,773,363	653,837
Interest received		2,150	3,183
Interest paid		(98)	-
Income taxes paid		(306,573)	(218,225)
Net cash flows from operating activities		<u>1,468,842</u>	<u>438,795</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of property, plant and equipment	6(18)	(656,065)	(125,290)
Increase in refundable deposits		(11,851)	(16,598)
Increase in guarantee deposits paid		(432)	(155)
Loss on disposal of property, plant and equipment		4,195	-
Net cash flows used in investing activities		<u>(664,153)</u>	<u>(142,043)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payment of cash dividends	6(10)	(779,513)	(779,513)
Net cash flows used in financing activities		<u>(779,513)</u>	<u>(779,513)</u>
Net increase (decrease) in cash and cash equivalents		25,176	(482,761)
Cash and cash equivalents at beginning of year		847,876	1,330,637
Cash and cash equivalents at end of year		<u>\$ 873,052</u>	<u>\$ 847,876</u>

The accompanying notes are an integral part of these parent company only financial statements.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Test Research, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Test Research, Inc. (the “Company”) and its subsidiaries (the “Group”) as at December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 at December 31, 2022 and 2021, 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards 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 Group's 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2022 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(12) for accounting policies adopted for the valuation of inventories, Note 5 for critical accounting estimates and assumptions related to the valuation of inventories, and Note 6(4) for details of inventories. As of December 31, 2022, inventory and allowance for valuation losses are NT\$1,618,130 thousand and NT\$152,595 thousand, respectively.

The Group is primarily engaged in the design, manufacture, sales, repairs and maintenance of automated inspection and testing equipment, and inventories are stated at the lower of cost and net realisable value. Management considers the rapidly changing technology and the short life cycle of electronic products in evaluating inventories. For inventories that are over a certain aging and individually identified obsolete or slow-moving items, the net realisable value is determined based on inventory aging and the market demand of such items in the future for a specific period, which are based on sales, obsolescence and the inventory quality. As the amount of inventory is significant, involves numerous items, and the valuation of inventory requires critical judgement and a high degree of uncertainty in estimation, we considered the valuation of inventory a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included the following:

1. Understanding the industry and operations of the Group, and assessing the reasonableness of accounting policies applied in determining the adequacy of inventory provision.
2. Understanding the inventory management processes, examining the annual physical count plan, and performing physical inventory observation to assess the effectiveness of judgement and control over obsolete or slow-moving inventory.

3. Obtaining inventory aging report and testing movements to confirm whether they are assigned to the correct aging category and are in accordance with the Group's accounting policy. We also recalculated to check the adequacy of the allowance for valuation losses.
4. Analysing and comparing the difference of inventory valuation losses between the latest two years and examining supporting evidences in relation to allowance for slow-moving inventory valuation losses, which were individually identified by the management based on the inventory clearance condition, to assess the propriety of inventory valuation losses.

Cutoff of export revenue recognition of the Company

Description

For accounting policies adopted for revenue recognition, refer to Note 4(24).

The Group recognises export revenue in accordance with the terms of the transaction with the customer. Export revenue constitutes approximately 80% of consolidated operating revenue and the period of revenue recognition is based on transaction terms of different customers. As the timing of revenue recognition is subject to management judgement based on past experience, revenue may not be recorded in the proper period. Thus, we considered the cutoff of export revenue recognition a key audit matter.

How our audit addressed the matter

Our audit procedures performed in respect of the above key audit matter included the following:

1. Understanding and assessing the effectiveness of export revenue recognition control processes.
2. Obtaining a detailed listing of export sales of the Company within a certain period before and after period end, selecting samples and assessing the completeness by agreeing the sale to supporting documentation (such as export bill of lading and proof of delivery) to ascertain whether the sale was recorded in the proper period.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Test Research, Inc. as at and for the years ended December 31, 2022 and 2021.

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

7. 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.

8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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.
11. 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.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the 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 of the current period 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.

Pan, Hui-Lin

Huang, Pei-Chuan

For and on behalf of PricewaterhouseCoopers, Taiwan

February 22, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,148,655	13	\$ 1,226,378	15
1136	Current financial assets at amortised cost	6(2)	285,090	3	196,790	3
1140	Current contract assets	6(3)	1,443,713	16	1,007,996	13
1150	Notes receivable, net	6(3)	69,748	1	37,073	-
1170	Accounts receivable, net	6(3)	1,513,877	16	1,325,315	17
1200	Other receivables		37,872	-	32,136	-
130X	Inventory	6(4)	1,465,535	16	1,746,923	22
1470	Other current assets		33,618	-	35,517	-
11XX	Total current assets		<u>5,998,108</u>	<u>65</u>	<u>5,608,128</u>	<u>70</u>
Non-current assets						
1600	Property, plant and equipment	6(5) and 8	3,017,829	33	2,227,309	28
1755	Right-of-use assets	6(6)	45,485	1	56,977	1
1780	Intangible assets		23,992	-	26,772	-
1840	Deferred income tax assets	6(17)	74,457	1	80,721	1
1920	Guarantee deposits paid		12,675	-	10,075	-
15XX	Total non-current assets		<u>3,174,438</u>	<u>35</u>	<u>2,401,854</u>	<u>30</u>
1XXX	Total assets		<u>\$ 9,172,546</u>	<u>100</u>	<u>\$ 8,009,982</u>	<u>100</u>

(Continued)

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2022		December 31, 2021	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Contract liabilities - current	6(12)	\$ 55,567	1	\$ 76,577	1
2150	Notes payable		17,172	-	30,493	-
2170	Accounts payable		482,981	5	916,403	12
2200	Other payables	6(7)	669,984	8	354,683	5
2230	Current income tax liabilities		345,442	4	179,870	2
2280	Current lease liabilities		18,654	-	25,040	-
2300	Other current liabilities		9,707	-	7,948	-
21XX	Total current liabilities		<u>1,599,507</u>	<u>18</u>	<u>1,591,014</u>	<u>20</u>
Non-current liabilities						
2550	Provisions for liabilities - non-current		15,743	-	39,920	1
2570	Deferred income tax liabilities	6(17)	224,302	3	194,168	2
2580	Non-current lease liabilities		26,537	-	31,658	-
2600	Other non-current liabilities	6(8)	39,580	-	56,931	1
25XX	Total non-current liabilities		<u>306,162</u>	<u>3</u>	<u>322,677</u>	<u>4</u>
2XXX	Total liabilities		<u>1,905,669</u>	<u>21</u>	<u>1,913,691</u>	<u>24</u>
Equity attributable to owners of the parent						
Share capital						
		6(9)				
3110	Common stock		2,362,160	26	2,362,160	29
Capital surplus						
		6(10)				
3200	Capital surplus		53,290	-	53,290	1
Retained earnings						
		6(11)				
3310	Legal reserve		1,533,787	17	1,415,311	18
3320	Special reserve		68,362	1	57,209	1
3350	Unappropriated retained earnings		3,297,982	36	2,276,683	28
Other equity interest						
3400	Other equity interest		(48,704)	(1)	(68,362)	(1)
31XX	Equity attributable to owners of the parent		<u>7,266,877</u>	<u>79</u>	<u>6,096,291</u>	<u>76</u>
3XXX	Total equity		<u>7,266,877</u>	<u>79</u>	<u>6,096,291</u>	<u>76</u>
Significant contingent liabilities and unrecognized contract commitments						
		9				
Significant events after the balance sheet date						
		11				
3X2X	Total liabilities and equity		<u>\$ 9,172,546</u>	<u>100</u>	<u>\$ 8,009,982</u>	<u>100</u>

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

				Year ended December 31			
				2022		2021	
Items	Notes	AMOUNT	%	AMOUNT	%		
4000	Operating revenue	6(12)		\$ 6,708,832	100	\$ 5,606,690	100
5000	Operating costs	6(4)(15)(16)		(2,860,203)	(43)	(2,558,849)	(46)
5950	Gross margin			3,848,629	57	3,047,841	54
	Operating expenses	6(15)(16)					
6100	Selling expenses			(967,934)	(14)	(836,385)	(15)
6200	General and administrative expenses			(186,378)	(3)	(158,851)	(2)
6300	Research and development expenses			(534,901)	(8)	(497,036)	(9)
6450	Expected credit impairment (loss) gain	12(2)		(5,934)	-	2,531	-
6000	Total operating expenses			(1,695,147)	(25)	(1,489,741)	(26)
6900	Operating profit			2,153,482	32	1,558,100	28
	Non-operating income and expenses						
7100	Interest income			9,077	-	8,065	-
7010	Other income	6(13)		23,789	1	26,080	1
7020	Other gains and losses	6(14)		269,834	4	(33,195)	(1)
7050	Finance costs			(2,334)	-	(1,548)	-
7000	Total non-operating income and expenses			300,366	5	(598)	-
7900	Profit before income tax			2,453,848	37	1,557,502	28
7950	Income tax expense	6(17)		(532,363)	(8)	(372,448)	(7)
8200	Profit for the year			<u>\$ 1,921,485</u>	<u>29</u>	<u>\$ 1,185,054</u>	<u>21</u>
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
8311	Actuarial gain (loss) on defined benefit plan	6(8)		\$ 8,956	-	(\$ 291)	-
	Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations			24,573	-	(13,941)	-
8399	Income tax relating to the components of other comprehensive (loss) income that will be reclassified to profit or loss	6(17)		(4,915)	-	2,788	-
8360	Other comprehensive income (loss) that will be reclassified to profit or loss			19,658	-	(11,153)	-
8300	Total other comprehensive income (loss) for the year			<u>\$ 28,614</u>	<u>-</u>	<u>(\$ 11,444)</u>	<u>-</u>
8500	Total comprehensive income for the year			<u>\$ 1,950,099</u>	<u>29</u>	<u>\$ 1,173,610</u>	<u>21</u>
	Profit attributable to:						
8610	Owners of the parent			<u>\$ 1,921,485</u>	<u>29</u>	<u>\$ 1,185,054</u>	<u>21</u>
	Comprehensive income attributable to:						
8710	Owners of the parent			<u>\$ 1,950,099</u>	<u>29</u>	<u>\$ 1,173,610</u>	<u>21</u>
	Earnings per share (in dollars)	6(18)					
9750	Basic earnings per share			<u>\$ 8.13</u>		<u>\$ 5.02</u>	
9850	Diluted earnings per share			<u>\$ 8.11</u>		<u>\$ 5.01</u>	

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Capital Reserves			Retained Earnings			Financial statements translation differences of foreign operations	Total equity
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings			
2021									
	\$	\$	\$	\$	\$	\$	(\$)	\$	
	2,362,160	51,874	1,416	1,306,390	67,270	1,970,293	(57,209)	5,702,194	
	-	-	-	-	-	1,185,054	-	1,185,054	
	-	-	-	-	-	(291)	(11,153)	(11,444)	
	-	-	-	-	-	1,184,763	(11,153)	1,173,610	
Appropriations of 2020 earnings	6(11)								
Legal reserve		-	-	108,921	-	(108,921)	-	-	
Reversal of special reserve		-	-	-	(10,061)	10,061	-	-	
Cash dividends		-	-	-	-	(779,513)	-	(779,513)	
Balance at December 31, 2021	\$	\$	\$	\$	\$	\$	(\$)	\$	
	2,362,160	51,874	1,416	1,415,311	57,209	2,276,683	(68,362)	6,096,291	
2022									
	\$	\$	\$	\$	\$	\$	(\$)	\$	
	2,362,160	51,874	1,416	1,415,311	57,209	2,276,683	(68,362)	6,096,291	
	-	-	-	-	-	1,921,485	-	1,921,485	
	-	-	-	-	-	8,956	19,658	28,614	
	-	-	-	-	-	1,930,441	19,658	1,950,099	
Appropriations of 2021 earnings	6(11)								
Legal reserve		-	-	118,476	-	(118,476)	-	-	
Special reserve		-	-	-	11,153	(11,153)	-	-	
Cash dividends		-	-	-	-	(779,513)	-	(779,513)	
Balance at December 31, 2022	\$	\$	\$	\$	\$	\$	(\$)	\$	
	2,362,160	51,874	1,416	1,533,787	68,362	3,297,982	(48,704)	7,266,877	

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

TEST RESEARCH, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31	
		2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 2,453,848	\$ 1,557,502
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(15)	125,571	123,081
Amortisation	6(15)	15,174	14,654
Expected credit impairment loss (gain)	12(2)	5,934	(2,531)
Interest income		(9,077)	(8,065)
Interest expense		2,334	1,548
Gain on disposal of property, plant and equipment	6(14)	(7,700)	(4,239)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(441,159)	(825,366)
Notes receivable		(32,675)	(35,767)
Accounts receivable		(189,126)	(341,095)
Other receivables		(4,994)	(10,483)
Inventory		225,041	(875,064)
Other current assets		1,899	(7,540)
Changes in operating liabilities			
Contract liabilities		(21,010)	(52,275)
Notes payable		(13,321)	(13,711)
Accounts payable		(433,422)	(421,806)
Other payables		150,252	54,380
Other current liabilities		1,759	89
Provisions for liabilities		(24,177)	(1,423)
Other non-current liabilities		(8,395)	(6,271)
Cash inflow generated from operations		1,796,756	874,926
Interest received		8,335	7,262
Interest paid		(2,334)	(1,548)
Income taxes paid		(335,546)	(289,227)
Net cash flows from operating activities		1,467,211	591,413
CASH FLOWS FROM INVESTING ACTIVITIES			
(Acquisition of) proceeds from financial assets at amortised cost		(88,300)	(34,632)
Acquisition of property, plant and equipment	6(19)	(667,544)	(138,506)
Proceeds from disposal of property, plant and equipment		16,342	11,821
Acquisition of intangible assets		(12,388)	(16,623)
(Increase) decrease in guarantee deposits paid		(2,600)	215
Net cash flows used in investing activities		(754,490)	(108,461)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease principal repayment		(34,383)	(27,141)
Cash dividends paid	6(11)	(779,513)	(779,513)
Net cash flows used in financing activities		(813,896)	(806,654)
Effect due to changes in exchange rate		23,452	(10,829)
Net decrease in cash and cash equivalents		(77,723)	(334,531)
Cash and cash equivalents at beginning of year		1,226,378	1,560,909
Cash and cash equivalents at end of year		\$ 1,148,655	\$ 1,226,378

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

Appendix 4

TRI 2022 Earnings Distribution Table

Unit: NT\$

Undistributed earnings in the beginning of 2022	1,367,539,995
Add: Net after-tax profit for the year	1,921,484,571
Add: 2022 retained earnings adjustment	8,955,607
Add: Special reserve	19,658,672
Less: 10% legal reserve	(193,044,018)
Earnings available for distribution by the end of the fiscal year	3,124,594,827
Distributable item: Dividend to shareholders(NT\$4.5 per share)	(1,062,972,000)
Undistributed earnings at the end of 2022	2,061,622,827

Chairman: Chieh-Yuan,Chen

Manager: Chieh-Yuan,Chen

Accounting Chief: Kaun-Yuan, Chen

Appendix 5

TRI Codes of Ethical Conduct Amendments Table

Article	Original Article	Amended Article
3.1	<p>Prevention of conflicts of interest: The directors, managerial officers at all levels and all employees of the Company, during the service term, shall not be engaged in any business that has conflicts of interest with the business profit of the Company. The personnel in such a position shall not take advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, <u>parents, children</u>, or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the said personnel work. When anyone is involved in the incident with potential conflicts of interest as above, it shall voluntarily explain to the board, direct managerial officer, internal audit chief or HR department head.</p>	<p>Prevention of conflicts of interest: The directors, managerial officers at all levels and all employees of the Company, during the service term, shall not be engaged in any business that has conflicts of interest with the business profit of the Company. The personnel in such a position shall not take advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the said personnel work. When anyone is involved in the incident with potential conflicts of interest as above, it shall voluntarily explain to the board, direct managerial officer, internal audit chief or HR department head.</p>
3.7	<p>3.7 Encouraging reporting on illegal or unethical activities: The Company shall encourage employees to report to the direct managerial officer, internal audit chief, or HR department head upon suspicion or discovery of any activity in violation of a law or regulation or the Codes of Ethical Conduct. To encourage employees to report illegal or unethical conduct, the Company shall establish <u>the whistle-blowing regulations</u>, establish internal and external reporting channels and handling procedures and protect the legal rights and benefits of the informant and the involved party. The Company shall use its best efforts to ensure the safety of the said personnel and protect them from reprisals.</p>	<p>3.7 Encouraging reporting on illegal or unethical activities: The Company shall encourage employees to report to the direct managerial officer, internal audit chief, or HR department head upon suspicion or discovery of any activity in violation of a law or regulation or the Codes of Ethical Conduct. To encourage employees to report illegal or unethical conduct, the Company shall establish the <u>“Reporting and Complaint Handling Measures”</u>(7.1), establish internal and external reporting channels and handling procedures and protect the legal rights and benefits of the informant and the involved party. The Company shall use its best efforts to ensure the safety of the said personnel and protect them from reprisals.</p>
3.8	<p>Disciplinary measures: When a director or managerial officer violates the Codes of Ethical Conduct, the Company shall convene a board meeting to investigate the fact and determine the disciplinary measures. Moreover, it shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. When the ordinary employee violates the Codes of</p>	<p>Disciplinary measures: When a director or managerial officer violates the Codes of Ethical Conduct, the Company shall convene a board meeting to investigate the fact and determine the disciplinary measures. Moreover, it shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. When the ordinary employee violates the Codes of Ethical Conduct, <u>the Human</u></p>

Article	Original Article	Amended Article
	Ethical Conduct, <u>the Talent Assessment Committee</u> shall determine the disciplinary actions and accept appealing.	<u>Resource Evaluation Committee</u> shall determine the disciplinary actions and accept appealing.
6	Enforcement The company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors.	Enforcement The company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, <u>and submitted to a shareholders meeting.</u>

TRI Codes of Ethical Conduct

1. Purpose of and basis for adoption:

The Codes of Ethical Conduct is stipulated to guide the directors, managerial officers at all levels and all employees of the Company to act in line with ethical standards, and help the interested parties better understand the ethical standards of the Company, which shall be followed.

2. Scope :

The Codes is applicable to the Company and its subsidiaries.

3. Content:

3.1 Prevention of conflicts of interest:

The directors, managerial officers at all levels and all employees of the Company, during the service term, shall not be engaged in any business that has conflicts of interest with the business profit of the Company. The personnel in such a position shall not take advantage of their position in the Company to obtain improper benefits for either themselves or their spouse, or relatives within the second degree of kinship. The Company shall pay special attention to loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the said personnel work. When anyone is involved in the incident with potential conflicts of interest as above, it shall voluntarily explain to the board, direct managerial officer, internal audit chief or HR department head.

3.2 Minimizing incentives to pursue personal gain:

The directors, managerial officers at all levels and all employees shall not be engaged in any of the following activities:

- (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions.
- (2) Obtaining personal gain by using company property or information or taking advantage of their positions.
- (3) Competing with the company. When the company has an opportunity for profit, it is the responsibility of the directors, managerial officers at all levels and all employees to maximize the reasonable and proper benefits that can be obtained by the Company.

3.3 Confidentiality:

The directors, managerial officers at all levels and all employees of the Company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company or the suppliers and customers.

3.4 Fair trade:

The directors, managerial officers at all levels and all employees shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or

through misrepresentation of important matters, or through other unfair trading practices.

3.5 Safeguarding and proper use of company assets:

The directors, managerial officers at all levels and all employees have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.

3.6 Legal compliance:

The directors, managerial officers at all levels and all employees shall comply with the Securities and Exchange Act and other applicable laws, regulations, and bylaws.

3.7 Encouraging reporting on illegal or unethical activities:

The Company shall encourage employees to report to the direct managerial officer, internal audit chief, or HR department head upon suspicion or discovery of any activity in violation of a law or regulation or the Codes of Ethical Conduct. To encourage employees to report illegal or unethical conduct, the Company shall establish the "Reporting and Complaint Handling Measures"(7.1), establish internal and external reporting channels and handling procedures and protect the legal rights and benefits of the informant and the involved party. The Company shall use its best efforts to ensure the safety of the said personnel and protect them from reprisals.

3.8 Disciplinary measures:

When a director or managerial officer violates the Codes of Ethical Conduct, the Company shall convene a board meeting to investigate the fact and determine the disciplinary measures. Moreover, it shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. When the ordinary employee violates the Codes of Ethical Conduct, the Human Resource Evaluation Committee shall determine the disciplinary actions and accept appealing.

4. Procedures for exemption:

Any exemption for directors, managerial officers and ordinary employees from compliance with the codes must be adopted by a resolution of board meeting.

5. Method of disclosure:

The Codes of Ethical Conduct, and any amendments to it, shall be disclosed in its annual reports and prospectuses and on the MOPS.

6. Enforcement:

The company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, and submitted to a shareholders meeting.

Appendix 6

TRI Articles of Association

Chapter 1 General Principles

Article 1: The Company is organized under the provisions of Company Act, with the name of Test Research, Inc.

Article 2: The businesses of the Company include:

- 一、CB01010 machinery and equipment manufacturing.
- 二、CE01010 precision instruments manufacturing.
- 三、CE01030 photographic and optical equipment manufacturing.
- 四、E604010 machinery installation construction.
- 五、EZ05010 apparatus installation construction.
- 六、F113030 wholesale of precision instruments.
- 七、F119010 wholesale of electronic materials.
- 八、F213030 retail sale of computing and business machinery equipment.
- 九、F213040 retail sale of precision instruments.
- 十、F219010 retail sale of electronic materials.
- 十一、F401010 international trade.
- 十二、I301010 information software service.
- 十三、I501010 product design.
- 十四、ZZ99999 all business items that are not prohibited or restricted by laws, except those that are subject to special approval.

Article 3: The Company may act as guarantor externally based on business demands.

Article 4: The re-investment amount of the Company is free from the restriction of no more than 40% in the paid-in capital.

Article 5: The Company is headquartered in Taipei County, and may set up and cancel branch or office home and abroad upon the resolution of the Board of Directors.

Article 6: Removed.

Chapter 2 Shares

Article 7: The capital amount of the Company is NT\$2.5 billion composed of 250,000,000 shares with NTD10 per share. Wherein, the Board of Directors is authorized to issue the unissued shares by installments.

NT\$50,000,000 in the above capital amount equivalent to 5,000,000 shares of NT\$10 per share are retained for staff subscription right, which shall be issued by installments based on the resolution of the Board of Directors.

Article 8: The shares of the Company are registered, which are issued with the signature or seal of more than 3 directors based on the legal certification. The Company may issue the shares in scriptless form after issuing the shares publically. Moreover, it shall consult the Central Securities Depository for register.

Article 9: Regarding the change of shareholders list, it shall be stopped 60 days before the general Shareholders meeting, 30 days before the interim Shareholders meeting or 5 days before the baseline date when company decides to distribute dividend, bonuses or other profits.

Article 10: The shareholder affairs of the Company shall be subject to the regulations prescribed by the related laws and the competent authority.

Chapter 3 Shareholders Meeting

Article 11: It is divided into the general and interim meetings. The general meeting is held annually by the

Board of Directors of Directors within 6 months after each fiscal year in accordance with laws, while the interim meeting is convened in accordance with laws if necessary.

Article 12: The Chairman shall preside over the meetings convened by the Board of Directors. In case the Chairman is absent, s/he shall designate a person to act in lieu of him. If no one is designated, the directors shall elect one from themselves to act in lieu of the Chairman. As for the meetings convened by any other person having the convening right rather other the Board of Directors, the convener shall act as the Chairman. If there are two or more persons having the convening right, the Chairman of the meeting shall be elected among themselves.

Article 13: If any shareholder can't attend the shareholder meeting for some reason, the Letter of Attorney printed by the Company shall be printed that specifies the authorization scope of the proxy to attend the meeting. The proxy appointment shall be subject to Article 177 of the Company Act and "Regulations Governing the Use of Proxies for Attendance at Shareholders Meetings of Public Listed Companies".

Article 14: The shareholders of the Company shall have one vote for each share unless the voting right is restricted or prohibited by the Company Act.

Article 15: Unless otherwise provided by the Company Act, the resolution of the shareholders meeting requires the presence of shareholders representing more than half of the issued shares, and the approval of more than half of votes of the shareholders attending the meeting. The resolutions of the shareholders meeting shall be recorded in the meeting minutes.

The resolutions passed in the shareholders meeting shall be recorded in memo, which shall be signed or sealed by the Chairman, and distributed to the shareholders within 20 days after the meeting. After the Company issues the shares publically, the memo shall be distributed by making announcements. The memo can be generated and distributed in an electronic way.

Chapter 4 Directors and Audit Committee

Article 16: The Company sets up 5~9 directors. The Board Meeting is authorized to determine the number of directors, which shall include at least 3 independent directors. The election of directors adopts the nomination system as required by the Company Act. The independent directors and non-independent directors shall be elected in the same election, but the respective votes shall be separately calculated to determine the elected persons. The directors shall be elected and appointed based on the cumulative counts as stipulated in Article 198 of the Company Act, with a three-year term, who may be re-elected and re-appointed for one additional term. The representative of entity shareholder may be elected as director. Where there are several representatives of any entity shareholder, they may be elected as directors or supervisors, and the entity shareholder shall appoint a replacement representative based on the position until the expiration of the original term.

As for the professional qualifications, shareholdings, restrictions on concurrent positions held, nomination and other compliances with respect to independent directors, it is subject to the related regulations under the competent authority of the securities.

The Company sets up Audit Committee as required by Securities and Exchange Act, which is composed of all independent directors.

Article 16-1: One of the following relationships may not exist among more than half of the directors.

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

Article 17: The Board of Director shall exercise the legal duties in the Board. An Chairman shall be elected from themselves with the presence of more than 2/3 directors, and the approval of more than half of the directors attending the meeting. The Chairman represents the company externally, and

may appoint several consultants upon the resolution of the board meeting if necessary.

Article 18: The first board meeting of each new term after an election shall be convened by the director who receives the ballot representing the highest number of votes within 15 days. The other board meetings shall be convened by the Chairman, which shall specify the reason and inform the directors within written notice 7 days in advance. However, in case of emergency, the Company's board meeting can be convened via E-mail or fax instead of written notice.

Article 19: Unless otherwise provided by the Company Act and the Articles of Association, the resolutions shall be attended by more than 2/3 directors and approved by more than half number of the attending directors.

Article 20: When the Chairman is on leave or can't exercise the duties for some reason, the proxy shall be subject to Article 208 of the Company Act.

Article 21: The director may authorize another director in written form to attend the board meeting in lieu of him. However, each director can only serve as the proxy of only one director.

Article 22: The board organizes the board meeting, with the rights as listed below:

- 一、 Make and revising business plan.
- 二、 Make earning distribution or loss recovery plan.
- 三、 Make capital increase/decrease plan.
- 四、 Amend the Articles of Association.
- 五、 Review the important contracts.
- 六、 Appoint managers.
- 七、 Set up and cancel the branches and offices.
- 八、 Budgeting and final accounts.
- 九、 Decide the transaction of real properties and investment into other businesses.
- 十、 Other rights granted based on the Company Act or the resolution of shareholders meeting.

Article 23: Removed.

Article 24: The duties and related affairs of the Audit Committee and its members are subject to the related regulations under the competent authority of the securities.

Article 25: The directors shall be distributed with remuneration as stipulated by Article 29, who shall also receive some reward of a fixed amount every month. The board is authorized to determine the reward based on the competitors and the level of listed companies.

Chapter 5 Managers

Article 26: The Company shall set up General Manager, whose appointment, dismiss and remuneration shall be subject to Article 29 of the Company Act.

Article 27: The General Manager shall deal with all businesses of the Company as instructed by the Board.

Chapter 6 Accounting

Article 28: The fiscal year of the Company is from Jan. 1 to Dec. 31. At the end of each fiscal year, it shall close the final accounts. After the final accounts every year, the Board will prepare various reports as required by laws, which shall be submitted to the shareholders meeting for approval.

Article 29: After the final accounts of the Company, if there are earnings, the Company shall first pay the tax, make up the losses for the preceding years and then set aside a legal reserve of 10% of the net profit. However, it is an exception when the legal reserve of profit reaches the capital sum. After an additional special reserve shall be set aside or reversed in compliance with laws, it shall be the distributable profit of the year. Together with the undistributed profit at the end of the period, it will be the cumulative distributable profit of the shareholders. The Board shall work out the earning distribution plan, and submit it to the shareholders meeting for resolution on distribution. The Company is engaged in the industries related to high-tech automatic inspection devices. It is in the growth period of the corporate life cycle. To cope with the overall environment and

characteristics of industrial growth, achieve business sustainability, and pursue the long-term profit of the company and stabilize operating performance goals, the dividend policy of the Company shall be based on the capital expenditure budget and the capital demands in the future. The dividend for shareholder shall be appropriated from the cumulative distributable profit, which shall be no less than 60% of the distributable profit of the current year. The cash dividend shall be no less than 50% of the amount distributed in the current year.

Article 29-1: If the Company gains some profits in the year, it shall make up the loss based on the pre-tax profit before deducting the remuneration of the employees. If there are still some profits remaining, it shall appropriate no less than 1% as the remuneration of the employees, and no more than 2% as the remuneration of the directors.

The subjects distributed with the above remuneration shall include the employees of the subsidiaries.

Chapter 7 Supplementary Provisions

Article 30: The affairs not mentioned herein this document shall be subject to the Company Act and other laws.

Article 31: The document was drafted on March 31, 1989

The 1st amendment was on June 1, 1989

The 2nd amendment was on April 6, 1990

The 3rd amendment was on February 25, 1995

The 4th amendment was on November 20, 1995

The 5th amendment was on July 18, 1996

The 6th amendment was on May 27, 1997

The 7th amendment was on June 8, 1997

The 8th amendment was on June 18, 1998

The 9th amendment was on March 27, 1999

The 10th amendment was on June 3, 2000

The 11th amendment was on April 28, 2001

The 12th amendment was on May 4, 2002

The 13th amendment was on June 23, 2003

The 14th amendment was on June 15, 2004

The 15th amendment was on June 14, 2005

The 16th amendment was on June 9, 2006

The 17th amendment was on June 15, 2007

The 18th amendment was on June 13, 2008

The 19th amendment was on June 19, 2009

The 20th amendment was on June 18, 2010

The 21st amendment was on June 6, 2011

The 22nd amendment was on June 3, 2016

The 23rd amendment was on May 26, 2018

The 24rd amendment was on May 29, 2019

Apendix7

TRI Director Election Rules

Article 1: Unless otherwise provided by the Company Act and the Articles, the election of the directors in the Company shall be subject to this regulation.

Article 2: The election of the directors in the Company shall be conducted in the shareholders meeting.

Article 3: Anyone with legal ability can be elected as director of the Company based on the regulations of the Rules.

Article 3-1: One of the following relationships may not exist among more than half of the directors.

1. A spousal relationship.
2. A familial relationship within the second degree of kinship.

Article 4: The election of the directors in the Company shall be subject to the candidate nomination system prescribed in the Company Act, together with the registered cumulative voting. The candidates are registered based on the shareholder account number or the identity card number printed on the ballot. The number of votes exercisable in respect of one share shall be the same as the number of directors to be elected, and the total number of votes per share may be consolidated for election of one candidate or split for election of multiple candidates. The independent directors and non-independent directors shall be elected in the same election, but the respective votes shall be separately calculated.

Article 5: The number of directors shall be specified in the Articles of Association and passed by the Board, and the candidates receiving a majority of votes will be appointed. If two or more candidates receive an equal number of votes, a draw shall take place between them to determine who shall be elected. Where a candidate is not present, the Chairman shall draw on behalf of the candidate.

Article 6: The Board shall prepare the ballots. With the Company seal, the ballots shall specify the shareholder account number or the identity card number, and fill in the number of votes.

Article 6-1: When the elected director doesn't meet the condition set forth in Article 3-1, the elected director who receives the lowest number of votes among those not meeting the condition shall be deemed invalid.

Article 7: The Chairman shall appoint several persons each to check, count and record the ballots prior to the casting of ballot.

Article 8: The Board shall set up a ballot box to be inspected by the ballot examiner prior to the casting of ballots.

Article 9: The person casting the vote shall specify the shareholder account name or the identity card number, and the name shareholder number on each ballot in the column entitled "Candidate". If the candidate is a government entity or a juristic person, the person casting the vote shall specify the name of the government entity or juristic person and may in addition specify the name of the representative.

Article 10: The ballot shall be null and invalid upon occurrence of one of the following.

1. Ballots which are not in compliance with the Rules.
2. Blank ballots which are cast into the ballot box.
3. Scribbled and unidentifiable writing.
4. The account name, name, account number or identity card number, and the entitled votes of the elected candidate are altered.
5. For a candidate who is also a shareholder, the account name and the account number are -

- 30 - inconsistent with the information recorded in the Register of shareholders. For a candidate who is not a shareholder, the name and the identity card number provided are inconsistent upon further verification.
6. The account name (name) of the candidate is the same with other shareholder, but no shareholder number (or identity card number) is provided for identification.
 7. Writing other words and symbols than the account name(or name) of the candidate or shareholder account number (or identity card number) and the number of votes entitled.
 8. The number of voted candidates exceeds the number of directors to be elected.
 9. The number of votes cast by the voter exceeds the sum of votes held by him.
 10. Ballots which are not put into the ballot box.

Article 11: When the number of entitled votes is less than the number of votes held by the voter, the difference of votes shall be deemed as waiver.

Article 12: After the voting is finished, the ballots shall be counted publically, and the voting results shall be announced by the Chairman publically.

Article 13: The Company shall send each elected director a notice of appointment.

Article 14: The affairs not mentioned herein this document shall be subject to the Company Act and the Articles of Association.

Article 15: The Rules shall be implemented upon the approval of the shareholders meeting, and it is the same for the amendments.

Appendix 8

TRI Rules Governing the Shareholders Meeting

1. The general shareholders meeting of the Company is subject to the Rules.
2. The shareholders attending the meeting (or the proxies) shall present the attendance card and submit the sign-in card for checking in, based on which the attending votes shall be calculated.
3. Unless otherwise provided by the Company Act, the Chairman shall call the general meeting to order at the time schedules and when the attending shareholders hold more than half of the issued shares. If the scheduled time is due and the number of shares represented by the attending shareholders is less than the quorum, the Chairman may announce to postpone the time for the meeting. If the number of shares represented by the attending shareholders is less than the quorum after two postponements, but more than 1/3 of the issued shares, it shall be subject to “the tentative resolution passed by more than half of the votes represented by the attending shareholders” pursuant to Article 175 of the Company Act.
If the number of shares represented by the attending shareholders reaches the above quorum before the tentative resolution is passed, the Chairman shall call the meeting to order and submit the said tentative resolution for ratification in the meeting.
4. The meeting agenda is determined by the Board, based on which the general meeting shall be held.
5. When making a speech, the attending shareholder shall fill out a speech note with the number of attendance card and name. The sequence of speeches shall be determined by the Chairman.
6. When the attending shareholder makes a speech, each speech time shall not exceed five minutes, which can be extended for three minutes upon the approval of the Chairman.
7. Any shareholder may not speak more than twice concerning the same proposal item.
8. During the discussion of proposals, the Chairman may announce the conclusion of discussion at the appropriate time, and also announce the termination of discussion when necessary.
9. The shareholders of the Company shall have one vote for each share unless the voting right is restricted or prohibited by the Company Act.
10. As for voting for proposals, unless otherwise provided by the Company Act, it shall be passed upon the consent of more than half of the voting rights represented by the attending shareholders. When voting, the Chairman may consult the number of objecting shareholders. If the voting rights of the objecting shareholders are less than a half, or no objection is consulted by the Chairman, the proposal shall be deemed as being passed, which has the same effect as voting.
11. During the general meeting, the Chairman may, at his or her discretion, set for intermission.
12. The affairs not mentioned herein this document shall be subject to the Company Act and the Articles of Association of the Company.

The Rules shall be implemented upon the approval of the Board, and it is the same for the amendments.

Appendix 9 Current Shareholdings of All Directors:

1. The paid-in capital of the Company is NT\$2,362,160,000, with a total of 236,216,000 shares issued.
2. According to Article 26 of Securities and Exchange Act, the minimum number of shares held by all directors is 12,000,000.

Until the book closure date of this general meeting, the shareholding of all directors recorded under the shareholder book is as listed below:

April 2, 2023

Title	Account Name	Number of shares held	Shareholding percent
Chairman	Chieh-Yuan,Chen	37,889,235	16.04%
Director	Kuang-Chao,Fan	151,211	0.06%
Director	Chin-Lung,Chen	415,857	0.18%
Director	Chiang-Huai,Lin	2,357,864	1.00%
Director	Ming-Chuan,Tsai	1,006,000	0.43%
Director	Representative of Der-Hong Investment Co., Ltd.: Chiou-Shann,Fuh	2,738,939	1.16%
Independent Director	Mei-Jing,Chen	0	0.00%
Independent Director	Yow-Shiuan, Fu	0	0.00%
Independent Director	Liang-Jia,Chen	0	0.00%
Total shareholdings of all directors		44,559,106	18.87%

Appendix 10 Any other matters that need to be specified:

The notes for proposals handled in this shareholders meeting:

- Notes: 1. According to Article 172-1 of the Company Act, the shareholder representing more than 1% of the issued shares shall submit proposal in written forms for the shareholders meeting, which is limited to one proposal within 300 words.
2. The period for receiving the shareholder's proposal for this shareholders meeting is March 20, 2023~March 29, 2023, which is already disclosed on MOPS.
 3. No proposal from shareholders is received by the Company.