



**Handbook for  
2020 Shareholders Meeting of  
Test Research, Inc.  
(Translation)**

May 27<sup>th</sup>, 2020

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# **2020 Shareholders Meeting Agenda of Test Research, Inc.**

**I. Time:** 9:00 a.m. on May 27 (Wednesday), 2020

**II. Venue:** 3F(Training Room of the Company), No. 36-1,Huangxi Street, Shilin District, Taipei City

## **III. Meeting Agenda**

1. Call meeting to order
2. Chairman gives the opening address
3. Reporting items:
  - (1) 2019 Annual Business Report.
  - (2) Audit Committee's Review Report on 2019 Financial Statements.
  - (3) 2019 Employees' and Directors' Remuneration Proposal.
4. Approval items:
  - (1) Adoption of 2019 Financial Statements.
  - (2) Adoption of 2019 Earning Distribution Plan.
5. Discussion items:
  - (1) Proposal of amendments to the Company's Operation Procedure for Lending Funds to Others.
  - (2) Proposal of amendments to the Company's Procedures for Endorsement & Guarantee.
6. Election items:

To elect nine directors (including three independent directors).
7. Other matters:

Proposal of releasing the prohibition on new directors from participation in competitive business.
8. Incidental motions
9. Adjournment

## Reporting Items

Proposal 1: 2019 Annual Business Report.

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

Proposal 2: Audit Committee's Review Report on 2019 Financial Statements.

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

Proposal 3: 2019 Employees' and Directors' Remuneration Proposal.

Explanatory Notes:

- (1) 2019 employees' remuneration and directors' remuneration resolved is NT\$ 18,389,023 and NT\$9,473,130 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 2019.

## Approval Items

Proposal 1: Adoption of 2019 Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

- (1) 2019 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) is 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 2019 Earning Distribution Plan (Proposed by the Board of Directors)

Explanatory Notes:

- (1) This earning distribution plan firstly considers the earning of 2019, and then distributes the undistributed profits after 1998. The common shares are distributed with cash dividend of NT\$3.3 per share.
- (2) For 2019 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:

## Discussion Items

Proposal 1: Proposal of Amendments to the Company's Operation Procedure for Lending Funds to Others.  
Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes: In order to be in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", it is proposed to amend some articles of the Company's Operation Procedure for Lending Funds to Others. For the Amendments Table, please refer to the Appendix 5 of the Handbook.

Resolution:

Proposal 2: Proposal of Amendments to the Company's Procedures for Endorsement & Guarantee. Please proceed to discuss. (Proposed by the Board of Directors)

Explanatory Notes: In order to be in accordance with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", it is proposed to amend some articles of the Company's Procedures for Endorsement & Guarantee. For the Amendments Table, please refer to the Appendix 6 of the Handbook.

Resolution:

## Election Items

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

Explanatory Notes:

- (1) The term of the Company's directors will be ended on May 25, 2020. As required by Article 16 of the Company's Articles of Association, it is proposed to re-elect all 9 directors (including 3 independent directors) in 2020 Shareholders Meeting.
- (2) The new directors (including independent directors) will serve a three-year term since the date of appointment during 2020 Shareholders Meeting (May 27 2020~May 26, 2023). 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 6)

As of March 29, 2020 ; 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. Director of Optodyne International Co., Ltd. Director of Test Research, Inc.	151,211
Chin-Lung, Chen	LL.M National Taiwan University	Managing Partner, Bright & Wise Attorneys-at-Law	Supervisor of Powerchip Technology Corporation. Supervisor of NewSoft Technology Corporation. Supervisor of St.Shine Optical Co., Ltd. Supervisor of Powerchip Semiconductor Manufacturing Corporation. Independent Director of Ever Supreme Bio Technology Co., Ltd. Director of Test Research, Inc.	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.	2,402,864
Ming-Chuan, Tsai	BE(Elec) of Tatung University	Vice President of Test Research, Inc.	Director of Test Research, Inc.	1,350,650
Der-Hong Investment Co., Ltd.			Director of Test Research, Inc.	2,738,939

## Candidates of Independent Directors (a total of 3)

As of March 29, 2020 ; 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 Chicony Power Technology Co., Ltd. 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

(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. Independent Director of Chicony Power Technology Co., Ltd.

Resolution:

## Incidental Motions

## Adjournment

## Appendix 1

### Business Report to Shareholders

Dear Shareholders:

The consolidated revenue of the Company in 2019 was NT\$4.387 billion, decreased by 11% if compared with the figure NT\$4.919 billion in 2018. The after-tax net profit was NT\$ 939 million, which was decreased by 12% if compared with the figure NT\$ 1.064 billion in 2018.

As shown in the consolidated financial statements, the net operating profit margin of the Company last year was 28%, the after-tax - profit margin was 22%, the return on equity was 17%, return on assets was 14%, and debt ratio was 18%. The overall financial condition of the Company was robust and good.

The major factors that contribute the decrease of the revenue and profit in 2019 included (1) the prosperity of the global economy was not as good as expected, (2) the commercialization of new products was delayed, and (3) the expansion of the global market didn't achieve the goal as expected. As a result, the annual revenue and profit were both decreased.

●Future operation strategies, production-sales policies, development strategies and estimated sales volume:

The Company is dedicated to the technical advancement and competitiveness improvement of three technologies of automatic inspection equipment, namely, image technology (AOI, SPI), X-RAY, and board tester (ICT, FCT). To meet the demands for automatic inspection equipment of the industries, the Company will (1) continuously invest more R&D resources to meet customer needs and commercialize various new products with global competitiveness, (2) keep improving the product quality, so as to elevate the machine stability and reliability, (3) intensively research SMT process and expand new demands for automatic inspection devices in the semiconductor industry, (4) get closer to customers, cooperate with globally renowned large manufactures, and provide overall solution of automatic inspection for customers, and (5) expand global market, increase the global market share of the products made by the Company. The Company will successively commercialize a number of new products with global competitiveness and improve the competitiveness of our products this year. The sales volume this year is estimated to have sustainable growth.

●Influence of external competitive environment, regulatory environment and overall operation environment on the Company:

During the outbreak of the COVID-19, the Company has carried out product development and production of customer orders actively and continuously. Facing the fierce global competition, we will continuously make improvements in "leading technology", "stable and reliable quality", and "global market expansion", and will also keep adjusting the systems of the overall company. We are confident that we will seize the opportunity of continuous growth in the future.

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

Sincerely

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 2019 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. 27, 2020

## **Appendix 3**

### **REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE**

PWCR 19003427

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

#### ***Opinion***

We have audited the accompanying consolidated balance sheets of Test Research, Inc. and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, 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, based on our audits and the reports of other independent accountants (please refer to “*other matter*”), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, 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 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 (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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 consolidated financial statements of the current period are stated as follows:

#### **Evaluation of inventories**

### Description

Refer to Note 4(11) for accounting policies adopted for the evaluation of inventories, Note 5 for critical accounting estimates and assumptions related to the evaluation of inventories, and Note 6(4) for details of inventories. As of December 31, 2019, inventory and allowance for valuation losses are NT\$738,433 thousand and NT\$101,228 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 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 evaluation of inventory requires critical judgement and a high degree of uncertainty in estimation, we consider the evaluation of allowance for inventory valuation losses a key audit matter.

### How our audit addressed the matter

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

1. Understanding the industry and operations of the Group, and assessing the reasonableness of accounting policies applied in the evaluation 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 of obsolete or slow-moving inventory.
3. Obtaining inventory aging report and testing movements to confirm whether they are assigned to the correct aging category by the system 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**

#### 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 more than 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 might be based on management judgement depending on past experience, revenue may not be recorded in the proper period. Thus, we consider 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 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.

### ***Other matter - Audits of the other independent accountants***

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$70,268 thousand, constituting 1% of the consolidated total assets as at December 31, 2018, and total operating revenue was NT\$0 for the year then ended. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed relative to these consolidated subsidiaries, is based solely on the audit reports of the other independent accountants.

### ***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, 2019 and 2018.

***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 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.

***Auditor’s 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 auditor’s 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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 auditor’s 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  
For and on behalf of PricewaterhouseCoopers, Taiwan  
February 26, 2020

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 report of independent accountants 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, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets		Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,300,530	20	\$ 1,097,433	17
1136	Current financial assets at amortised cost	6(2)	204,777	3	-	-
1150	Notes receivable, net	6(3)	25,343	-	59,069	1
1170	Accounts receivable, net	6(3)	1,934,508	30	2,067,488	32
1200	Other receivables		21,016	-	27,180	-
130X	Inventory	6(4)	738,433	11	912,770	14
1470	Other current assets	8	39,434	1	46,326	1
11XX	Total current assets		4,264,041	65	4,210,266	65
Non-current assets						
1600	Property, plant and equipment	6(5) and 8	2,135,082	33	2,159,648	34
1755	Right-of-use assets	6(6)	61,824	1	-	-
1780	Intangible assets		20,237	-	16,708	-
1840	Deferred income tax assets	6(17)	76,260	1	72,851	1
1900	Other non-current assets		11,591	-	8,823	-
15XX	Total non-current assets		2,304,994	35	2,258,030	35
1XXX	Total assets		\$ 6,569,035	100	\$ 6,468,296	100

(Continued)



**TEST RESEARCH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	December 31, 2019		December 31, 2018	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2130	Contract liabilities - current	6(12)	\$ 48,694	1	\$ 39,634	1
2150	Notes payable		26,398	-	26,898	-
2170	Accounts payable		455,746	7	381,132	6
2200	Other payables	6(7)	276,615	4	308,338	5
2230	Current income tax liabilities		109,836	2	189,454	3
2280	Current lease liabilities		20,582	-	-	-
2300	Other current liabilities		8,943	-	8,193	-
21XX	Total current liabilities		946,814	14	953,649	15
Non-current liabilities						
2550	Provisions for liabilities - non-current		35,298	-	26,972	-
2570	Deferred income tax liabilities	6(17)	102,193	2	81,354	1
2580	Non-current lease liabilities		40,940	1	-	-
2600	Other non-current liabilities	6(8)	61,358	1	57,852	1
25XX	Total non-current liabilities		239,789	4	166,178	2
2XXX	Total liabilities		1,186,603	18	1,119,827	17
Equity attributable to owners of the parent						
Share capital		6(9)				
3110	Common stock		2,362,160	36	2,362,160	37
Capital surplus		6(10)				
3200	Capital surplus		53,290	1	53,290	1
Retained earnings		6(11)				
3310	Legal reserve		1,213,046	18	1,106,607	17
3320	Special reserve		41,795	1	30,123	1
3350	Unappropriated retained earnings		1,779,411	27	1,838,084	28
Other equity interest						
3400	Other equity interest		( 67,270)	( 1)	( 41,795)	( 1)
31XX	Equity attributable to owners of the parent		5,382,432	82	5,348,469	83
3XXX	Total equity		5,382,432	82	5,348,469	83
Significant contingent liabilities and unrecorded contract commitments		9				
Significant subsequent events		11				
3X2X	Total liabilities and equity		\$ 6,569,035	100	\$ 6,468,296	100

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, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

				Year ended December 31			
				2019		2018	
Items	Notes			AMOUNT	%	AMOUNT	%
4000 <b>Operating revenue</b>	6(12)		\$	4,386,806	100	\$	4,919,426
5000 <b>Operating costs</b>	6(4)(15)(16)	(		1,897,217)	( 43)	(	2,290,122)
5950 <b>Net operating margin</b>				2,489,589	57		2,629,304
<b>Operating expenses</b>	6(15)(16)						
6100 Selling expenses		(		740,949)	( 17)	(	813,348)
6200 General and administrative expenses		(		150,021)	( 3)	(	151,715)
6300 Research and development expenses		(		422,541)	( 10)	(	379,841)
6450 Expected credit impairment gain (loss)	12(2)			20,436	1		14,649)
6000 <b>Total operating expenses</b>		(		1,293,075)	( 29)	(	1,359,553)
6900 <b>Operating profit</b>				1,196,514	28		1,269,751
<b>Non-operating income and expenses</b>							
7010 Other income	6(13)			14,959	-		23,630
7020 Other gains and losses	6(14)	(		49,106)	( 1)		41,154
7050 Finance costs	6(6)	(		1,408)	-	(	47)
7000 <b>Total non-operating income and expenses</b>		(		35,555)	( 1)		64,737
7900 <b>Profit before income tax</b>				1,160,959	27		1,334,488
7950 Income tax expense	6(17)	(		222,261)	( 5)	(	270,089)
8200 <b>Profit for the year</b>			\$	938,698	22	\$	1,064,399
<b>Other comprehensive loss</b>							
<b>Components of other comprehensive loss that will not be reclassified to profit or loss</b>							
8311 Remeasurement arising on defined benefit plans	6(8)		(\$	5,261)	-	(\$	4,564)
<b>Other comprehensive loss that will be reclassified to profit or loss</b>							
8361 Financial statements translation differences of foreign operations		(		31,844)	( 1)	(	13,989)
8399 Income tax relating to the components of other comprehensive loss	6(17)			6,369	-		2,317
8360 <b>Other comprehensive loss that will be reclassified to profit or loss</b>		(		25,475)	( 1)	(	11,672)
8300 <b>Total other comprehensive loss for the year</b>		(		30,736)	( 1)	(	16,236)
8500 <b>Total comprehensive income for the year</b>			\$	907,962	21	\$	1,048,163
<b>Profit attributable to:</b>							
8610 Owners of the parent			\$	938,698	22	\$	1,064,399
<b>Comprehensive income attributable to:</b>							
8710 Owners of the parent			\$	907,962	21	\$	1,048,163
<b>Earnings per share (in dollars)</b>	6(18)						
9750 <b>Basic earnings per share</b>			\$		3.97	\$	4.51
9850 <b>Diluted earnings per share</b>			\$		3.96	\$	4.48

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

TEST RESEARCH, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018  
(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	Total capital surplus, additional paid-in capital	Donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings		
2018								
Balance at January 1, 2018	\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,047,121	\$ 25,803	\$ 1,550,703	(\$ 30,123)	\$ 5,008,954
Profit for the year	-	-	-	-	-	1,064,399	-	1,064,399
Other comprehensive loss for the year	-	-	-	-	-	( 4,564)	( 11,672)	( 16,236)
Total comprehensive income (loss)	-	-	-	-	-	1,059,835	( 11,672)	1,048,163
Appropriations of 2017 earnings 6(11)								
Legal reserve	-	-	-	59,486	-	( 59,486)	-	-
Special reserve	-	-	-	-	4,320	( 4,320)	-	-
Cash dividends	-	-	-	-	-	( 708,648)	-	( 708,648)
Balance at December 31, 2018	\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,106,607	\$ 30,123	\$ 1,838,084	(\$ 41,795)	\$ 5,348,469
2019								
Balance at January 1, 2019	\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,106,607	\$ 30,123	\$ 1,838,084	(\$ 41,795)	\$ 5,348,469
Profit for the year	-	-	-	-	-	938,698	-	938,698
Other comprehensive loss for the year	-	-	-	-	-	( 5,261)	( 25,475)	( 30,736)
Total comprehensive income (loss)	-	-	-	-	-	933,437	( 25,475)	907,962
Appropriations of 2018 earnings 6(11)								
Legal reserve	-	-	-	106,439	-	( 106,439)	-	-
Special reserve	-	-	-	-	11,672	( 11,672)	-	-
Cash dividends	-	-	-	-	-	( 873,999)	-	( 873,999)
Balance at December 31, 2019	\$ 2,362,160	\$ 51,874	\$ 1,416	\$ 1,213,046	\$ 41,795	\$ 1,779,411	(\$ 67,270)	\$ 5,382,432

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

**TEST RESEARCH, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**  
(Expressed in thousands of New Taiwan dollars)

	Notes	2019	2018
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 1,160,959	\$ 1,334,488
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(15)	116,077	90,201
Amortisation	6(15)	10,271	8,313
Expected credit impairment (gain) loss	12(2)	( 20,436 )	14,649
Interest income	6(13)	( 7,803 )	( 3,612 )
Interest expense		1,408	47
(Gain) loss on disposal of property, plant and equipment	6(14)	( 4,538 )	( 3,066 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		33,726	( 10,250 )
Accounts receivable		153,416	( 419,941 )
Other receivables		8,189	( 3,468 )
Inventory		127,953	( 150,236 )
Other current assets		6,660	( 8,215 )
Changes in operating liabilities			
Contract liabilities - current		9,060	7,266
Notes payable		( 500 )	( 16,100 )
Accounts payable		74,614	( 182,643 )
Other payables		( 31,723 )	84,000
Other current liabilities		750	6,883
Provisions for liabilities - non-current		8,326	7,712
Other non-current liabilities		( 1,755 )	( 1,660 )
Cash inflow generated from operations		1,644,654	754,368
Interest received		5,778	3,915
Interest paid		( 1,408 )	( 47 )
Income taxes paid		( 290,818 )	( 131,423 )
Net cash flows from operating activities		1,358,206	626,813
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Financial assets at amortised cost		( 204,777 )	-
Increase in other financial assets		( 74 )	( 96 )
Acquisition of property, plant and equipment	6(5)	( 39,964 )	( 34,281 )
Proceeds from disposal of property, plant and equipment		15,492	9,925
Acquisition of intangible assets		( 13,784 )	( 16,913 )
Increase in refundable deposits		( 2,797 )	( 220 )
Decrease in other non-current assets		29	110
Net cash flows used in investing activities		( 245,875 )	( 41,475 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
Lease principal repayment		( 24,360 )	-
Payment of cash dividends	6(11)	( 873,999 )	( 708,648 )
Net cash flows used in financing activities		( 898,359 )	( 708,648 )
Effect due to changes in exchange rate		( 10,875 )	( 9,645 )
Net increase (decrease) in cash and cash equivalents		203,097	( 132,955 )
Cash and cash equivalents at beginning of year		1,097,433	1,230,388
Cash and cash equivalents at end of year		<u>\$ 1,300,530</u>	<u>\$ 1,097,433</u>

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

## Appendix 4

### TRI 2019 Earnings Distribution Table

Unit: NT\$

Undistributed earnings in the beginning of 2018	845,973,593
Add: Net after-tax profit for the year	938,698,142
Less: 10% legal reserve	(93,343,731)
Less: 2019 retained earnings adjustment	(5,260,830)
Less: Special reserve	(25,475,882)
Earnings available for distribution by the end of the fiscal year	1,660,591,292
Distributable item: Dividend to shareholders(NT\$3.3 per share)	(779,512,800)
Undistributed earnings at the end of 2019	881,078,492

Chairman: Chieh-Yuan,Chen

Manager: Chieh-Yuan,Chen

Accounting Chief: Kaun-Yuan, Chen

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

## Appendix 5

### TRI Operation Procedure for Lending Funds to Others Amendments Table

	Original Article	Amended Article
Article 1	<p>Purpose</p> <ol style="list-style-type: none"> <li>1. The Procedures are stipulated to regulate the Company's operation of lending funds to others.</li> <li>2. When any subsidiary of the Company lends funds to others, the Company shall supervise it to stipulate the Operation Procedure for Lending Funds to Others and perform self-inspection, which shall be passed by the Board of two parties before proceeding.</li> </ol>	<p>Purpose</p> <ol style="list-style-type: none"> <li>1. The Procedures are stipulated to regulate the Company's operation of lending funds to others, <u>and shall comply with the Procedures when lending funds.</u></li> <li>2. When any subsidiary of the Company lends funds to others, the Company shall supervise it to stipulate the Operation Procedure for Lending Funds to Others and perform self-inspection, which shall be passed by the Board of two parties before proceeding.</li> </ol>
Article 2	<p>Entities to which the Company may loan funds</p> <ol style="list-style-type: none"> <li>1. According to the provisions of Article 15 in the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances: <ol style="list-style-type: none"> <li>(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement;</li> <li>(2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.</li> </ol> </li> <li>2. The term "short-term" as used in the preceding paragraph means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</li> <li>3. The restriction in subparagraph 2 of paragraph 1, shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares, but such inter-company loans of funds shall be set with limits and period of funds lent as required.</li> </ol>	<p>Entities to which the Company may loan funds</p> <ol style="list-style-type: none"> <li>1. According to the provisions of Article 15 in the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances: <ol style="list-style-type: none"> <li>(1) Where an inter-company or inter-firm business transaction calls for a loan arrangement;</li> <li>(2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.</li> </ol> </li> <li>2. The term "short-term" as used in the preceding paragraph means one year, or where the Company's operating cycle exceeds one year, one operating cycle.</li> <li>3. The restriction in subparagraph 2 of paragraph 1, shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, <u>nor to loans of fund to the public company by any overseas company in which the public company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still</u></li> </ol>

		<p><u>prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.</u></p> <p>4. <u>When a responsible person of a company violates paragraph 1 or the proviso of the preceding paragraph, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.</u></p>
Article8	<p>Supervisory management</p> <ol style="list-style-type: none"> <li>1. When the Company grants a loan, a written record shall be established specifying the borrower, loan amount, date of Board approval, drawdown date, and any other matters required to be reviewed and evaluated by the Procedures.</li> <li>2. The internal auditor shall audit the Procedures and its implementation at least on a quarterly basis and prepare written record of such audit. In the event that a material violation is discovered, the Audit Committee shall be notified in writing immediately and sanctions shall be taken against the responsible manager and person in charge.</li> <li>3. If due to a change of circumstances of the Company, the outstanding balance of the loan exceeds the limit required thereof, an improvement plan shall be adopted and submitted to the Audit Committee, so as to strengthen the internal control of the Company.</li> <li>4. The Company shall evaluate the status of loans and make adequate appropriation of bad debts, as well as make appropriate disclosure of relevant information in the financial reports and provide the relevant information to the CPA for conducting the necessary audit.</li> <li>5. The affairs not mentioned herein this document shall be subject to the Company Act and other laws.</li> </ol>	<p>Supervisory management</p> <ol style="list-style-type: none"> <li>1. When the Company grants a loan, a written record shall be established specifying the borrower, loan amount, date of Board approval, drawdown date, and any other matters required to be reviewed and evaluated by the Procedures.</li> <li>2. The internal auditor shall audit the Procedures and its implementation at least on a quarterly basis and prepare written record of such audit. In the event that a material violation is discovered, the Audit Committee shall be notified in writing immediately and sanctions shall be taken against the responsible manager and person in charge.</li> <li>3. If due to a change of circumstances of the Company, <u>an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or</u> the outstanding balance of the loan exceeds the limit required thereof, an improvement plan shall be adopted and submitted to the Audit Committee, so as to strengthen the internal control of the Company.</li> <li>4. The Company shall evaluate the status of loans and make adequate appropriation of bad debts, as well as make appropriate disclosure of relevant information in the financial reports and provide the relevant information to the CPA for conducting the necessary audit.</li> <li>5. The affairs not mentioned herein this document shall be subject to the Company Act and other laws.</li> </ol>
Article10	The Procedures shall be approved by more than half of the members of Audit Committee, passed by the Board and finally submitted to the shareholders meeting for approval. Any objection by the Director which is recorded or in	The Procedures shall be approved by more than half of the members of Audit Committee, passed by the Board and finally submitted to the shareholders meeting for approval. Any objection by the Director which is recorded or in

	<p>writing shall be submitted to the shareholders meeting for discussion. It is the same for the amendments.</p> <p><u>The comments of each of the Independent Directors shall be fully considered by the Board of Directors during deliberations pursuant to the preceding subparagraph, and the concurring or objecting position and any objection reasons shall be clearly recorded in the Board meeting minutes.</u></p> <p>If the draft or amendment of the Procedures is not approved by more than half of all members of the Audit Committee, it shall be approved by more than 2/3 of the all directors before implementation. Moreover, it shall record the resolution of the Audit Committee in the Board meeting minutes. All members and all directors stated above are calculated based on the actual in-service number.</p>	<p>writing shall be submitted to the shareholders meeting for discussion. It is the same for the amendments.</p> <p>If the draft or amendment of the Procedures is not approved by more than half of all members of the Audit Committee, it shall be approved by more than 2/3 of the all directors before implementation. Moreover, it shall record the resolution of the Audit Committee in the Board meeting minutes. All <u>audit committee</u> members and all directors stated above are calculated based on the actual in-service number.</p>
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## TRI Operation Procedure for Lending Funds to Others

### Article 1: Purpose

1. The Procedures are stipulated to regulate the Company's operation of lending funds to others, and shall comply with the Procedures when lending funds.
2. When any subsidiary of the Company lends funds to others, the Company shall supervise it to stipulate the Operation Procedure for Lending Funds to Others and perform self-inspection, which shall be passed by the Board of two parties before proceeding.

### Article 2: Entities to which the Company may loan funds

1. According to the provisions of Article 15 in the Company Act, the Company shall not loan funds to any of its shareholders or any other person except under the following circumstances:
  - (1) Where an inter-company or inter-firm business transaction calls for a loan arrangement;
  - (2) Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40% of the lender's net worth.
2. The term "short-term" as used in the preceding paragraph means one year, or where the Company's operating cycle exceeds one year, one operating cycle.
3. The restriction in subparagraph 2 of paragraph 1, shall not apply to inter-company loans of funds between overseas companies in which the Company holds, directly or indirectly, 100% of the voting shares, nor to loans of fund to the public company by any overseas company in which the public company holds, directly or indirectly, 100% of the voting shares. However, the Company shall still prescribe limits on the aggregate amount of such loans and on the amount of such loans permitted to a single borrower, and shall specify limits on the durations of such loans.
4. When a responsible person of a company violates paragraph 1 or the proviso of the preceding paragraph, the responsible person shall bear joint and several liability with the borrower for repayment; if the company suffers damage, the responsible person also shall be liable for damages.

### Article 3: Reasons and necessity for granting of loan

Where funds are lent to a company or business with business relationships with the Company, loan may be granted for a company or business in need of short-term financing need due to purchase of materials or operational needs. When the funds are lent for short-term financing, loan may be granted for an invested company that is evaluated based on equity method by the Company and has the need of financing due to business relationship, or others approved by the Audit Committee and the Board of the Company.

### Article 4: Sum limit of all loans and individual loan

1. The accumulated sum of the loans shall not exceed 50% of the net worth of the Company. The amount of capitals lent to others due to short-term financing shall not exceed 40% of the net worth of the Company. The amount of an individual loan granted by the Company shall not exceed NT\$50 million. The financing amount refers to the accumulated amount of the short-term financing of the Company. The net worth refers to the equity attributable to the owner of the parent company specified in the Financial Statement as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
2. For the company or firm with business relationship with the Company, the amount of individual loan is as shown below:
  - (3) For the loan granted for customer, the sum of the amount and the balance outstanding shall not exceed the credit amount listed in the approved Customer Credit Application Form.

- (4) For the loan granted for enterprise, the amount shall not exceed 50% of the total amount of purchases made from the enterprise in the last six months.
- (5) The amount of individual loan shall not exceed NT\$20 million.
3. The amount of total loans granted for short-term financing between the foreign subsidiaries, directly or indirectly, whose 100% voting shares are held by the Company shall not exceed the 20% of the net worth of the Company. The amount of individual loan shall not exceed 10% of the net worth of the Company.

#### Article 5: Procedures for granting of loans

1. Credit investigation: The borrower shall provide required company information and financial information together with the written application for the loan to be submitted to the Company. Upon receipt of the application, the Finance Department of the Company shall investigate, evaluate and draft report on the business, financial condition, repayment capability, creditworthiness and profitability of the borrower as well as the purpose of the loan.  
The detailed evaluation to be conducted for the borrower by the Finance Department shall include at least the following:
  - (1) Necessity and reasonableness of the loan;
  - (2) Necessity of such loan and the amount of loan in light of the borrower's financial condition;
  - (3) Whether the accumulated loan amount is within the loan limit;
  - (4) The risk on the Company's operation and financial conditions as well as the impact on the rights of the members;
  - (5) Whether collateral is required and appraisal on the value of the collateral;
  - (6) Credit investigation and risk evaluation of the borrower shall be attached.
2. Securities:  
In granting of loan, the promissory note of the equivalent amount shall be obtained, and the mortgage on real property or personal property shall be required where necessary. The abovementioned security may be substituted with guarantees by an individual or company with substantial assets at the Board's discretion based on the credit investigation report provided by the Finance Department. For guarantees made by a company, the Articles of Association of such company shall be checked for conformity.
3. Authorization scope:  
In granting of a loan by the Company, after the Finance Department has conducted a credit investigation, it shall be submitted to the General Manager for approval and to the Audit Committee for its approval, and further to the Board for resolution. No other person may be authorized to make such decision.

#### Article 6: Financing period and calculation of interest

1. The term of each loan shall not exceed one year except the term of each loan for financing purpose between the Company's foreign subsidiaries of whom the Company holds, directly or indirectly, 100% of the voting shares shall not exceed three years.
2. The interest rate of the loan shall not be lower than the highest interest rate of the short-term loan granted by the financial institution for the Company. The Company shall take the daily loan sum (accumulated sum) multiplying with the annual interest rate and being divided by 365 days as the daily interest of the loan, which shall be paid on a monthly basis unless the additional resolution by the Board. The borrower shall pay all interest on the day settled in the agreement, which shall not be one week late at least. In some special case, it may make some adjustment based on the actual condition upon the approval of the Board.

Article 7: Subsequent monitoring and procedures for dealing with delinquencies for approved loans

1. Once drawdown on a loan has been made, the financial, business and relevant credit conditions of the borrower and the guarantor shall be regularly monitored. Where collateral is provided, changes in its values shall be noted, and any material change thereto shall be immediately reported to the Chairman and be dealt with according to the relevant instruction.
2. When the borrower is making a repayment upon or prior to maturity, the interest shall first be calculated and repaid together with the principal, before the cancellation and return of the relevant evidence of claim to the borrower or the cancellation of the mortgage registration.
3. At the due date of the loan, the borrower shall pay the principal together with the interest, which shall not be extended. The Company may act on or claim against the collateral or guarantor provided by the borrower for any violation thereof.

Article 8: Supervisory management

When the Company grants a loan, a written record shall be established specifying the borrower, loan amount, date of Board approval, drawdown date, and any other matters required to be reviewed and evaluated by the Procedures.

1. When the Company grants a loan, a written record shall be established specifying the borrower, loan amount, date of Board approval, drawdown date, and any other matters required to be reviewed and evaluated by the Procedures.
2. The internal auditor shall audit the Procedures and its implementation at least on a quarterly basis and prepare written record of such audit. In the event that a material violation is discovered, the Audit Committee shall be notified in writing immediately and sanctions shall be taken against the responsible manager and person in charge.
3. If due to a change of circumstances of the Company, an entity for which an endorsement/guarantee is made does not meet the requirements of these Regulations or the outstanding balance of the loan exceeds the limit required thereof, an improvement plan shall be adopted and submitted to the Audit Committee, so as to strengthen the internal control of the Company.
4. The Company shall evaluate the status of loans and make adequate appropriation of bad debts, as well as make appropriate disclosure of relevant information in the financial reports and provide the relevant information to the CPA for conducting the necessary audit.
5. The affairs not mentioned herein this document shall be subject to the Company Act and other laws.

Article 9: The information disclosure procedure shall be subject to the procedures required by the competent authority.

Article 10: The Procedures shall be approved by more than half of the members of Audit Committee, passed by the Board and finally submitted to the shareholders meeting for approval. Any objection by the Director which is recorded or in writing shall be submitted to the shareholders meeting for discussion. It is the same for the amendments. If the draft or amendment of the Procedures is not approved by more than half of all members of the Audit Committee, it shall be approved by more than 2/3 of the all directors before implementation. Moreover, it shall record the resolution of the Audit Committee in the Board meeting minutes. All audit committee members and all directors stated above are calculated based on the actual in-service number.

## Appendix 6

### TRI Procedures for Endorsement & Guarantee Amendments Table

	Original Article	Amended Article
Article 1	<p>Endorsement and guarantees made by the Company shall be subject to the Procedures.</p> <p>The subsidiary of the Company shall not provide endorsement &amp; guarantee. When it intends to provide endorsement &amp; guarantee, the Company shall supervise the subsidiary to stipulated the Procedure for Endorsement &amp; Guarantee and perform self-inspection, which shall be passed by the Board before proceeding.</p>	<p>1. Endorsement and guarantees made by the Company shall be subject to the Procedures, <u>and shall comply with the Procedures when making endorsement and guarantees.</u></p> <p>2. The subsidiary of the Company shall not provide endorsement &amp; guarantee. When it intends to provide endorsement &amp; guarantee, the Company shall supervise the subsidiary to stipulated the Procedure for Endorsement &amp; Guarantee and perform self-inspection, which shall be passed by the Board before proceeding.</p>
Article 12	<p>The Procedures shall be approved by more than half of the members of Audit Committee, passed by the Board and finally submitted to the shareholders meeting for approval. Any objection by the director which is recorded or in writing shall be submitted to the shareholders meeting for discussion. It is the same for the amendments.</p> <p>The comments of each of the Independent Directors shall be fully considered by the Board of Directors during deliberations pursuant to the preceding subparagraph, and the concurring or objecting position and any objection reasons shall be clearly recorded in the Board meeting minutes.</p> <p>If the draft or amendment of the Procedures is not approved by more than half of all members of the Audit Committee, it shall be approved by more than 2/3 of the all directors before implementation. Moreover, it shall record the resolution of the Audit Committee in the Board meeting minutes. All members and all directors stated above are calculated based on the actual in-service number.</p>	<p>The Procedures shall be approved by more than half of the members of Audit Committee, passed by the Board and finally submitted to the shareholders meeting for approval. Any objection by the director which is recorded or in writing shall be submitted to the shareholders meeting for discussion. It is the same for the amendments.</p> <p>If the draft or amendment of the Procedures is not approved by more than half of all members of the Audit Committee, it shall be approved by more than 2/3 of the all directors before implementation. Moreover, it shall record the resolution of the Audit Committee in the Board meeting minutes. All <u>audit committee</u> members and all directors stated above are calculated based on the actual in-service number.</p>

## TRI Procedures for Endorsement & Guarantee

### Article 1:

1. Endorsement and guarantees made by the Company shall be subject to the Procedures, and shall comply with the Procedures when making endorsement and guarantees.
2. The subsidiary of the Company shall not provide endorsement & guarantee. When it intends to provide endorsement & guarantee, the Company shall supervise the subsidiary to stipulated the Procedure for Endorsement & Guarantee and perform self-inspection, which shall be passed by the Board before proceeding.

### Article 2: Applicable subjects

1. Financing Endorsements and Guarantees:
  - (1) Bill discount financing
  - (2) Endorsement or guarantee made to meet the financing needs of another company.
  - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company.
2. Customs duty endorsement/guarantee: it refers to an endorsement or guarantee for the Company or another company with respect to customs duty matters.
3. Other endorsements/guarantees: it refers to endorsements or guarantees beyond the scope of the above two subparagraphs.
4. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedures.

### Article 3: Subject of endorsements/guarantees

The Company may, in order to fulfill its contractual obligations, provide mutual endorsements/guarantees for another company in the same industry for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholdings. Except for the above, the Company may provide endorsements/guarantees only to the following companies:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares. The subject of endorsements/guarantees can't be a subsidiary with the net worth lower than the half of the paid-in capital. The Finance Department shall regularly review the net worth of the subject of endorsements/guarantees on a regular basis. For the subsidiary with the net worth lower than the half of the paid-in capital, it shall terminate the endorsements/guarantees for it. The subsidiary and parent company stated herein shall be determined under the Regulations Governing the Preparation of Financial Reports by Securities Issuers. For those which prepare the Financial Statements based on the International Financial Reporting Standards, the net worth refers to the equity attributable to the owner of the parent company specified in the balance sheet as required by Regulations Governing the Preparation of Financial Reports by Securities Issuers. In the case of the subsidiary whose shares have no par value or a par value other than NT\$10, the paid-in capital paragraph shall refer to the sum of the share capital plus the capital reserve minus the original issue premium.

### Article 4: Limits of endorsements/guarantees

1. The total amount of the Company's liability in respect of endorsements/guarantees cannot exceed 40% of the paid-in capital, and the endorsements/guarantees for an individual entity cannot exceed 20% of the paid-in

capital except for the subsidiary in which the Company holds more than 90% of the votes of the common shares. Otherwise, it shall not exceed 20% of the paid-in capital and 40% of the paid-capital of the Company in its most recent financial statements.

2. Where endorsements/ guarantees are provided due to the business relationship of the Company, in addition to the requirements of the above paragraph, the amount of the individual endorsement/guarantee in respect of the business or company cannot exceed the business transaction amount between the parties in the last year. “Business transaction amount” refers the amount of purchases or sales between the parties, whichever is greater.

#### Article 5: Determination and authorization

1. Endorsements/Guarantees by the Company shall be approved by the Audit Committee, and submitted to the Board for approval before proceeding. The opinions of the Independent Directors shall be fully considered, and the concurring or objecting opinions and reasons proposed by the independent directors shall be recorded in the minutes of the Board meeting. The Board may authorize the Chairman to approve in advance any endorsement/guarantee which is less than 10% of the Company’s paid-in capital based on the related provisions of the Procedures. It shall report the same to the Board for ratification after the fact. Moreover, the implementation details shall be reported to the shareholders meeting for inspection.
2. In case the Company needs to conduct endorsement/guarantee in excess of the limits set out in the Procedures to satisfy its business requirements, the Company shall obtain approval from the Audit Committee and resolution of the Board, and half or more of the Directors shall act as joint guarantors for any loss that may be caused to the Company by the excess endorsement/guarantee. The Company shall also amend the Procedures and submit the same to the shareholders meeting for ratification after the fact. If the shareholders meeting does not approve, the Company shall adopt a plan to discharge the amount in excess within a given time limit. The opinions of the Independent Directors shall be fully considered by the Board in the above meeting, and the concurring or objecting position of the Independent Directors and any objection reasons shall be clearly recorded in the Board meeting minutes.

#### Article 6: Procedures for making endorsements/guarantees

1. The entity for which the endorsement/guarantee is made shall complete and submit an “Endorsement/Guarantee Application” to the Finance Department of the Company. The Finance Department shall conduct the credit investigation, evaluate the risk and prepare written record, which shall be reviewed and then submitted to the General Manager and the Chairman for approval. It shall obtain collateral when necessary.
2. The Finance Department shall conduct credit investigation on the entity for which endorsement/guarantee is made and conduct risk evaluation, which shall include the following:
  - (1) The necessity of and reasonableness of the endorsements/guarantees.
  - (2) The necessity of the amount of endorsement/guarantee based on the financial status of the entity for which the endorsement/guarantee is made.
  - (3) Whether the accumulative endorsements/guarantees amount is within the limit.
  - (4) For endorsement/guarantee due to business relationship, whether the amount of endorsement/guarantee and business transaction amount are within the limit.
  - (5) Risk on the operations and financial conditions of the Company and impact on the rights of the Members.

- (6) Whether collateral should be obtained and the appraised value of the collateral.
  - (7) Credit investigation report and risk evaluation record shall be attached.
3. The Finance Department shall prepare a memorandum book to record in detail the following information: the subject of endorsement/guarantee, the amount, the date of Board approval or of authorization by the Chairman, the date of endorsement/guarantee, and the risk evaluation.
  4. The Finance Department shall evaluate or identify loss contingencies of the endorsements/guarantees and disclose information relevant to the endorsements/guarantees as appropriate in the financial statements, and shall provide the relevant information to a certified public accountant for adoption of necessary audit and preparation of the audit report.
  5. Where the subject of endorsement/guarantee later becomes non-conformity with the requirements set forth in the Procedures due to some changes of the Company, or if the amount of endorsement/guarantee exceeds the limit due to changes in the basis of calculation, the endorsement/guarantee made for the business or entity or the portion exceeding the limit shall be cancelled upon expiration of the contract or within a timeframe specified in a plan adopted by the Company. The relevant improvement plan shall also be submitted to the Audit Committee and reported to the Board.

#### Article 7: Discharge of endorsements/guarantees

1. If upon full repayment of debt or renewal due to extended term the relevant identification or negotiable instrument for an endorsement/guarantee needs to be cancelled, the entity for which the endorsement/guarantee is made shall, together with a formal request letter, submit the relevant identification of the original endorsement/guarantee to the Company's Finance Department, and the Finance Department shall affix the "Cancellation" seal onto the identification and return the same. The request letter shall be kept by the Company for recordation.
2. The Finance Department shall from time to time record the cancellation of endorsement/guarantee into the memorandum book for endorsements/guarantees to reduce the amount of endorsement/guarantee.

#### Article 8: Internal control

1. The internal auditor of the Company shall at least on a quarterly basis audit the Procedures and the implementation and shall prepare a written record. The internal auditor shall immediately notify the Audit Committee in writing upon discovery of any material violation.
2. The Company shall comply with the Procedures in making endorsements/guarantees. In case of material violation, the manager or person-in-charge shall be sanctioned depending on the actual condition.

#### Article 9: Safekeeping and procedures for chop

1. The Company shall use the corporate chop registered from the MOEA as the dedicated chop for endorsements/guarantees. The chop and the related vouchers shall be kept in the custody of a designated person and may be used to seal or issue negotiable instruments only in prescribed procedures. Moreover, the appointment or transfer of the custodian shall be reported to the Board for approval.
2. When making a guarantee for a foreign company, the Company shall have the guarantee agreement signed by Chairman.

Article 10: The information disclosure procedure shall be subject to the procedures required by the competent authority.

Article 11: The affairs not mentioned herein this document shall be subject to the applicable laws and the related regulations of the Company.

Article 12: The Procedures shall be approved by more than half of the members of Audit Committee, passed by the Board and finally submitted to the shareholders meeting for approval. Any objection by the director which is recorded or in writing shall be submitted to the shareholders meeting for discussion. It is the same for the amendments. If the draft or amendment of the Procedures is not approved by more than half of all members of the Audit Committee, it shall be approved by more than 2/3 of the all directors before implementation. Moreover, it shall record the resolution of the Audit Committee in the Board meeting minutes. All audit committee members and all directors stated above are calculated based on the actual in-service number.



## Appendix 7

### 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 1<sup>st</sup> amendment was on June 1, 1989

The 2<sup>nd</sup> amendment was on April 6, 1990

The 3<sup>rd</sup> amendment was on February 25, 1995

The 4<sup>th</sup> amendment was on November 20, 1995

The 5<sup>th</sup> amendment was on July 18, 1996

The 6<sup>th</sup> amendment was on May 27, 1997

The 7<sup>th</sup> amendment was on June 8, 1997

The 8<sup>th</sup> amendment was on June 18, 1998

The 9<sup>th</sup> amendment was on March 27, 1999

The 10<sup>th</sup> amendment was on June 3, 2000

The 11<sup>th</sup> amendment was on April 28, 2001

The 12<sup>th</sup> amendment was on May 4, 2002

The 13<sup>th</sup> amendment was on June 23, 2003

The 14<sup>th</sup> amendment was on June 15, 2004

The 15<sup>th</sup> amendment was on June 14, 2005

The 16<sup>th</sup> amendment was on June 9, 2006

The 17<sup>th</sup> amendment was on June 15, 2007

The 18<sup>th</sup> amendment was on June 13, 2008

The 19<sup>th</sup> amendment was on June 19, 2009

The 20<sup>th</sup> amendment was on June 18, 2010

The 21<sup>st</sup> amendment was on June 6, 2011

The 22<sup>nd</sup> amendment was on June 3, 2016

The 23<sup>rd</sup> amendment was on May 26, 2018

The 24<sup>rd</sup> amendment was on May 29, 2019

## **Apendix8**

### **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 9**

### **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 10 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:

March 29, 2020			
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	1,045,650	0.44%
Director	Representative of Der-Hong Investment Co., Ltd.: Qiu-Shan,Fu	2,738,939	1.16%
Independent Director	Mei-Jing,Chen	0	0.00%
Independent Director	You-Xuan,Fu	0	0.00%
Independent Director	Liang-Jia,Chen	0	0.00%
Total shareholdings of all directors		44,598,756	18.88%

## Appendix 11 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, 2020~March 30, 2020, which is already disclosed on MOPS.
3. No proposal from shareholders is received by the Company.