



Test Research, Inc. 2021 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Overseas Securities Exchange

None.

Corporate Website

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I. Letter to Shareholders

Dear Shareholders:

The Company's consolidated revenue amounted to NT\$5.607 billion in 2021 with after-tax profits totaling NT\$1.185 billion. The revenue increased by 13%, compared with NT\$4.951 billion in 2020; and the after-tax net profit increased by 8%, compared with NT\$1.093 billion in the previous year.

As shown on the consolidated financial statements, the Company's operating net profit margin was 28%, after-tax net profit margin was 21%, return on equity was 20%, and return on assets was 16% in 2021. Thus, its overall financial status remains stable and solid.

Main reasons behind the Company's revenue and profit growth in 2021 were attributed as follows: (1) the successive commercialization of new products (2) continuous product competitiveness (3) globalized market deployment (4) close ties with customers and major international manufacturers (5) As the Company's operation is not much affected under the Covid-19 epidemic; its revenue and profit increased for the year.

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

The Company's operating strategy is focused on the improved competitiveness of three automatic inspection equipment, including image optics (AOI, SPI), X-RAY, and electrical test (ICT, FCT). As about 80% of the global semiconductor manufacturing and packaging/testing industry is now in Asia, other than the deep cultivation of SMT process testing equipment, the semiconductor process inspection equipment will represent an important strategy for the future growth of the Company. The proportion of semiconductor inspection equipment out of the Company's overall revenue is expected to increase in the years to come. Opportunities for future growth of the Company lie in (1) The customer's demand for 3D AOI continues to increase, and the Company will strive to become the leading brand of 3D AOI in the world (2) X-RAY and electrical test ICT are the necessary testing equipment for automotive electronics as well as servers in the process, the Company expects that its shipments of X-RAY and electrical test ICT will continue to grow (3) Mini-LED requires mass uses of AOI and SPI testing equipment in the production process (4) The Company's machines are comparably competitive in precision, stability, and testing speed (5) The company's global deployment, and deep cultivation of the global marketplaces. Aided by the continuous increase in customer demand for high-precision, high-function, and high-speed testing equipment, there will be greater opportunities for growth this year.

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

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

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

Sincerely yours.

Chairman: Chieh-Yuan,Chen Manager: Chieh-Yuan,Chen Accounting Chief: Kaun-Yuan, Chen

II. Company Profile

2.1 Date of Incorporation: April 10, 1989.

2.2 Company History

Year	Milestone
1989	Founding of Test Research Inc., TRI. The main business is to develop, manufacture, and sell automated inspection equipment.
1990	Successful development of TR518 Manufacturing Defects Analyzer (ICT).
1993	Introduced TR518F which was the first inspection equipment using Test-Jet technology in R.O.C.
1995	TRI earned ISO 9001 certification
1996	Introduced TR518FE MDA which was honored with the Symbol of Excellence (SOE) Award.
1997	Changed company organization from limited company to corporation company.
1997	Introduced TR518FR MDA which was also honored with SOE Award.
1998	Re-elected Mr. Chieh-Yuan, Chen as Chairman
1998	DOLI Trading Limited established.
1998	TRI Investment Limited established.
1999	Approved to Initial Public Offering by Securities & Futures Institute.
1999	Launched Semiconductor Tester (IC TESTER).
1999	TRI Electronics (Shenzhen) Co., Ltd established.
2000	Launched Automated Test Equipment (ATE).
2000	TPEX approved the application for over-the-counter (OTC) listing.
2001	Listed on Taiwan's Over The Counter market.
2001	Acquired Test-Jet Technology permanent authorization.
2001	TRI Electronics (Suzhou) Co., Ltd established.
2002	TR8001V received Taiwan SOE Award.
2002	Launched Automated Optical Inspection (AOI).
2002	Listed on the Taiwan Stock Exchange.
2002	Test Research USA, Inc. established.
2003	Test Research Singapore Pte Ltd established.
2004	Launched Solder Paste Inspection (SPI).
2004	Launched inspection devices integrated with circuit board and functional test.
2005	TRI Electronics Trading (Shanghai) Co., Ltd. established.

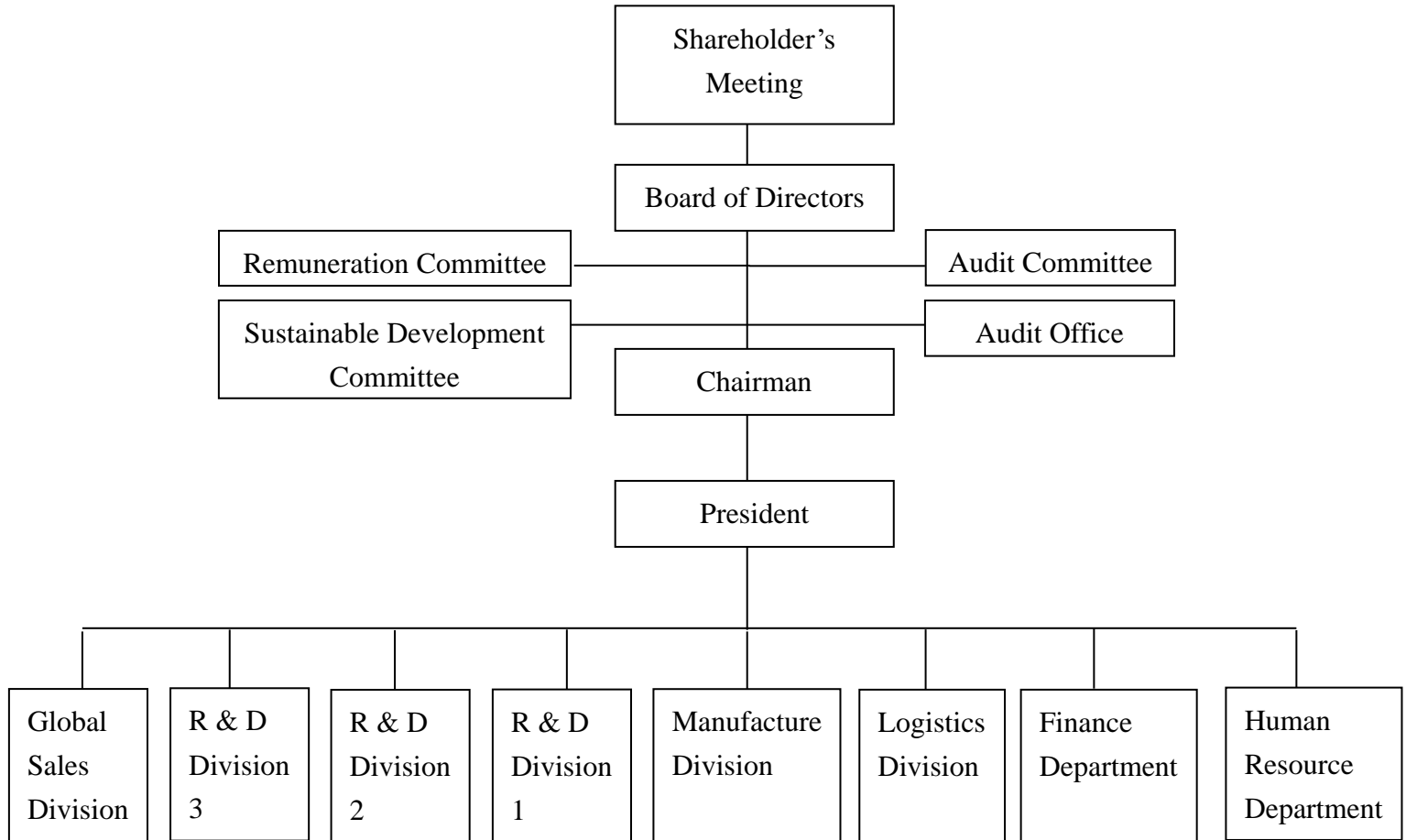
Year	Milestone
2006	Introduced TR7100EP AOI which was honored with the EM Asia Awards.
2007	TRI Test Research Europe GmbH established.
2007	Launched Automated X-ray Inspection (AXI).
2008	TRI won the EM Asia Best Supplier Award.
2008	TRI Japan Corporation established.
2008	Establishment of Manufacturing Plant in Linkou, Taiwan. Won the Gold Plaque Award, Taoyuan Architecture Award for Industrial/Commercial Building.
2008	TRI won the 16 th Excellent Enterprise Innovation Award issued by The ministry of Economic Affairs.
2010	The TR7007 received a 2010 SMTA China East Best Exhibit Technology Award.
2011	The TR7007 SII received a 2011 GLOBAL Technology Award.
2012	The TR7600 SII and the TR5001T TINY each won Test & Measurement World and 2012 Best in Test Awards respectably.
2012	TRI won the EM Asia Innovation Awards “Best Supplier of the year”.
2013	The TR7007 SII and the TR7680 systems each won Test & Measurement World and 2013 Best in Test Awards respectably.
2013	The TR5001T received a 2013 EM Asia Innovation Awards.
2013	TRI won the 1 st Taiwan Mittelstand Award issued by Industrial Development Bureau of the Ministry of Economic Affairs.
2014	The TR7007 SII Plus won Asia Innovation Award-Best 3D SPI.
2014	Received 2014 Best Supplier Award.
2014	The TR7600LL SII Plus won a Global SMT Technology Award.
2014	Selected by the International Trade Bureau of the Ministry of Economic Affairs for subsidize the industry to develop international market plans.
2015	TR7600M SII received 2015 EM Asia Innovation Award.
2015	TR7007Q received 2015 Global Technology Award.
2015	Selected by the International Trade Bureau of the Ministry of Economic Affairs for subsidize the industry to develop international market plans. TRI received this project for two consecutive years.
2016	Won 2016 EM Asia Best Supplier Award by reader's choice.
2016	TR5001 SII won 2016 Global Technology Award.
2016	TRI was chosen as one of targets for special guidance and took a part a program to upgrade SMEs into Mittelstand firms by Industrial Development Bureau of the Ministry of Economic Affairs.

Year	Milestone
2017	TR5001 SII received 2017 EM Asia Innovation Award and Circuits Assembly NPI Award.
2018	TR7700Q received 2018 Circuits Assembly NPI Award.
2018	TR7600F3D received a 2018 EM Asia Innovation Award.
2018	TRI was named Best Supplier of the Year by EM Asia.
2019	TR7700 SV 3D received a 2019 Global Technology Award, a Mexico Technology Award and an Outstanding Product Award of the Year by EM Asia.
2020	TRI KOREA Co., Ltd. established.
2020	TR5001 SII LED Series ICT won the 2020 IPC APEX Innovation Award and EM Asia Innovation Award.
2020	TR7700Q SII AOI received the 2020 EM Asia Innovation Award.
2020	TR7600F3D SII AXI received a Global Technology Award.
2020	Test Research Innovation Vietnam Co., Ltd. established.
2021	TR7700QE-S AOI and TR7600F3D SII AXI received 2021 EM Asia Innovation Awards.
2021	TR7007Q Plus SPI received a 2021 Global Technology Award.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

(1)President:

- A. Plan and set the Company's short, medium and long-term goals and strategies to achieve such goals.
- B. Supervise the establishment of an innovative and efficient operating system for the team.
- C. Determine the Company's organizational structure, manpower allocation, and division of powers and responsibilities to ensure the achievement of goals
- D. Select department management talents, and discover and train successors to maintain the Company's flexible operation.
- E. Regularly review the Company's operating results, and analyze the major differences for improvements.
- F. Maintain and establish good relationships with relevant governmental agencies, customers, and the mass public.

(2)Sustainable Development Committee

- A. To combine green environmental protection, social welfare, and international sustainable standards, and map out corporate sustainable development plans.
- B. To report to the Board of Directors on ESG implementation results and future work plans.

(3)Audit Office:

- A. Perform audits to assess the effectiveness of the design and implementation of the internal control system, and provide recommendations for improvement.
- B. Formulate the annual internal audit and verification plan and implementation, and follow-up reminders for the improvement of abnormal situations and other related matters.

(4)Research & Development Division 1:

- A. Make planning for the development of new hardware technologies and products.
- B. Collect and provide relevant data of new hardware technologies and products.
- C. Supervise relevant hardware technical cooperation programs.
- D. Work out solutions for major hardware quality problems.
- E. Supervise the improvement of existing products in terms of hardware technology and quality.
- F. Supervise the management of hardware technical data on drawings.

(5)Research & Development Division 2:

- A. Make planning for the development of new imaging test technologies and products.
- B. Collect and provide relevant data of new imaging test technologies and products.

- C. Supervise relevant imaging test technical cooperation programs.
- D. Work out solutions for major imaging test quality problems.
- E. Supervise the improvement of existing products in terms of imaging test technology and quality.
- F. Supervise the management of technical data on drawings.

(6) Research & Development Division 3:

- A. Make planning for the development of new software technologies and products.
- B. Collect and provide relevant data of new software technologies and products.
- C. Supervise relevant software technical cooperation programs.
- D. Work out solutions for major software quality problems.
- E. Supervise the improvement of existing products in terms of software technology and quality.
- F. Supervise the management of software technical data on drawings.

(7) Global Sales Division:

- A. Responsible for developing global markets and achieving business goals set by the Company.
- B. Responsible for the operation of direct customers and the management of distributors.
- C. Responsible for providing technical support, training and after-sales service for customers.
- D. Feedback of product problems and handling of customer complaints.
- E. Check and collect accounts receivable.
- F. Responsible for planning global marketing strategies to assist Global Sales Division in developing markets.
- G. Collect market intelligence and generate competitiveness analysis report.
- H. Review development trends and functions of new product.

(8) Manufacture Division:

- A. Complete the scheduled production and system assembly test based on the schedule made by the Production Management Unit, and satisfy the shipping requirements.
- B. Assist in the trial production of RD new products / models and establish the production technology of new products.
- C. Supervise the management of materials and warehouses.
- D. Manage the outsourcing processing operations and customer maintenance.
- E. Responsible for promoting ISO and related audit systems.
- F. Supervise the implementation of new model design verification (including new versions of software, hardware, and mechanism).
- G. Supervise the establishment and implementation of the instrument calibration

system.

- H. Supervise the implementation of incoming inspection, process inspection and outgoing inspection.
- I. Supervise the determination of nonconforming products, handling of quality incompliance, implementation of corrective measures, and handling of customer complaints.

(9) Logistics Division:

- A. Supervise the Company's procurement operations, general affairs and legal affairs at home and abroad.
- B. Production schedule.
- C. Supervise the DCC data management.
- D. Supervise the establishment and implementation of relevant management systems.
- E. Analysis and program design of application systems such as enterprise resource planning (ERP).
- F. Planning, design, construction of Internet, Intranet, and Workflow.
- G. Planning and setting of machine room, voice and video technology.
- H. Responsible for promoting the overall strategic planning based on the balanced scorecard.
- I. Responsible for promoting the improvements of cross-departmental procedures.

(10) Finance Department:

- A. Supervise financial and accounting operations, such as providing financial analysis and management reports to managers for reference when decision-making.
- B. Supervise the institutionalization and improvement of the financial and accounting operations of the reinvestment company.
- C. Provide the financial analysis and management report of the reinvestment company as scheduled to the operator for decision-making reference.
- D. Responsible for the planning and execution of audit committee, board of directors and shareholders' meeting and other related matters.
- E. Handle investor relations and stock affairs.

(11) Human Resource Department:

- A. Responsible for recruitment and personnel training to enhance the overall core competency in the Company.
- B. Promote the Performance Development Process (PDP) and establish a fair and incentive reward system.
- C. Create high-quality corporate culture.
- D. Maintain harmonious relationships with employees.

3.2 Directors and Management Team

3.2.1 Directors

1. Directors

March 27, 2022

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Notes
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Chairman	R.O.C	Chieh-Yuan,Chen	Male 61~70	2020.05.27	3	1989.04.10	37,889,235			16.04%	37,889,235	16.04%	
Director	ROC	Kuang-Chao,Fan	Male 71~75	2020.05.27	3	2002.05.04	142,211	0.06%	151,211	0.06%	5,000	0.00%	0	0	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.	Note 2	None	None	None	None
Director	ROC	Chin-Lung,Chen	Male 71~75	2020.05.27	3	1999.03.27	415,857	0.18%	415,857	0.18%	62,100	0.03%	0	0	LL.M National Taiwan University Managing Partner, Bright & Wise Attorneys-at-Law	Note 3	None	None	None	None
Director	ROC	Chiang-Huai,Lin	Male 61~70	2020.05.27	3	2000.06.03	2,402,864	1.02%	2,357,864	1.00%	589,059	0.25%	0	0	BE(ES)of National Taiwan University of Science and Technology Vice President of Test Research, Inc.	Note 4	None	None	None	None
Director	ROC	Ming-Chuan,Tsai	Male 61~70	2020.05.27	3	2008.06.13	1,350,650	0.57%	1,005,650	0.43%	105,000	0.04%	0	0	BE(Elec)of Tatung University Vice President of Test Research, Inc.	None	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Notes
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Director	ROC	Der-Hong Investment Co., Ltd. (Representative : Chiou-Shann,Fuh)	Male 51~60	2020.05.27	3	2011.04.28	2,738,939 5,000			1.16% 0.00%	2,738,939 182,000	1.16% 0.08%	
Independent Director	ROC	Mei-Jin,Chen	Female 61~70	2020.05.27	3	2017.05.26	0	0.00%	0	0	0	0	0	0	MBA of New York University in USA Chairman of SinoPac Securities Investment Trust Co. Ltd.	None	None	None	None	None
Independent Director	ROC	Yow-Shiuan,Fu	Male 71~75	2020.05.27	3	2017.05.26	0	0.00%	0	0	0	0	0	0	MBA of West Coast University in USA General Manager of WYSE Technology Taiwan Ltd. General Manager of E Ink Holdings Inc.	None	None	None	None	None
Independent Director	ROC	Liang-Chia,Chen	Male 51~60	2020.05.27	3	2017.05.26	0	0.00%	0	0	0	0	0	0	Ph.D. in Advanced manufacturing and mechanical engineering, the university of South Australia, Australia Chair, Manufacturing Automation Technology Research Center, National Taiwan University.	None	None	None	None	None

Note1 : Act as the Company's chairman and concurrent as the president. Concurrently serving as a director of Der-Sheng Investment Co., Ltd., Der-Shin Investment Co., Ltd., Der-Hong Investment Co., Ltd., TRI Electronics (Shenzhen) Ltd., TRI Electronics (Suzhou) Ltd. and TRI Electronics Trading (Shanghai) Ltd..

Note2 : Act as the independent director of U.D. Electronic Corp. Act as the director of 3DFamily Technology Co., Ltd. Act as the chairman of Optodyne International Co., Ltd.

Note3 : Act as the supervisor's representative of Powerchip Technology Corporation. Act as the director of Fu-Ding Investment Co., Ltd. Act as the independent director of Ever Supreme Bio Technology Co., Ltd.

Note4 : Act as the Company's vice president of global sales division. Act as the chairman and concurrent as the president of TRI Electronics (Shenzhen) Ltd., TRI Electronics (Suzhou) Ltd. and TRI Electronics Trading (Shanghai) Ltd. Act as the director of Test Research USA, Inc., TRI Test Research Europe GmbH, TRI Japan Corporation, TRI Malaysia Sdn. Bhd., TRI Korea Co., Ltd. and Test Research Innovation Vietnam Company Limited.

Note5 : Act as the independent director of PenPower Technology Co., Ltd., Logah Technology Corp. and Chicony Power Technology Co., Ltd.

Note6 : Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers): The Company's chairperson and president aims to improve operational efficiency and the execution of decisions. To strengthen the Board's independence, the Company is actively training suitable candidates. Furthermore, the chairperson fully communicates the Company's recent condition, plans, and policies with directors to implement corporate governance. In the future, the Company also plans to enhance the Board's capabilities and supervisory function by increasing the number of independent director seats. The Company currently has the following measures:

- a. The three independent directors have expertise in finance, accounting, and automatic inspection devices, thus ensure efficient supervision.
- b. Arrange directors to participate in professional courses offered by external institutions every year, such as the Securities and Futures Institute, to enhance Board performance.
- c. Independent directors can fully discuss and provide recommendations in functional committees to the Board of Directors in implementing corporate governance.
- d. Over half of the directors in the Board of Directors do not concurrently serve as an employee or executive officer.

2. Major shareholders of the institutional shareholders

March 27, 2022

Name of Institutional Shareholders	Major Shareholders
Der-Hong Investment Co., Ltd.	Chieh-Yuan,Chen (48.3%),Mei-Hsing,Yeh (16.7%)

3. Professional qualifications and independence analysis of directors and independent directors

Criteria Name	Professional qualifications and experiences	Independence Conditions	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Chieh-Yuan,Chen	Graduated from the Department of Electrical Engineering of Tatung University, currently chairman and general manager of the Company, and is committed to the field of automatic detection equipment for nearly 40 years. Has working experiences required in business, financial, and corporate business, and possesses the ability of professional leadership, marketing, operation management, and strategic planning. Expects to lead the Company as an industry pioneer, and move towards a sustainable management.	Not having any of the situations set forth in Article 30 of the Company Act of the ROC.	-
Director Kuang-Chao,Fan	Graduated from UK's Manchester University of Technology with a PhD in mechanical engineering, and was a professor at the Department of Mechanical Engineering of National Taiwan University. Concurrently chairman of Optodyne International Co. Ltd., independent director of U.D. Electronic Corp. and director of 3DFamily Technology Co. Ltd. Has professional qualifications and working experiences of professor in public and private colleges/universities of relevant departments required for the Company's business. Committed to the research of automated optical inspection, providing professional advice on the Company's products, R&D, and sales.	Not having any of the situations set forth in Article 30 of the Company Act of the ROC.	1
Director Chin-Lung,Chen	Graduated with a master of laws degree from National Taiwan University, currently presiding attorney of Bright & Wise Attorneys-at-Law, and acting as legal representative of supervisor of Powerchip Technology Co., Ltd., director of Fu-ding Investment Co., Ltd. and independent director of Ever Supreme Bio Technology Co., Ltd; has legal experiences and qualification certificates to assist the Company in legal professional consultation.	Not having any of the situations set forth in Article 30 of the Company Act of the ROC.	1
Director Chiang-Huai,Lin	Graduated from the Electronic Engineering Department of National Taiwan University of Science and Technology. Currently vice president of the Company's Global Sales Division. Has working experiences required for business, finance, and corporate business, with an international view, global professional market competition judgment, and innovative leadership skills.	Not having any of the situations set forth in Article 30 of the Company Act of the ROC.	-

Criteria Name	Professional qualifications and experiences	Independence Conditions	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Ming-Chuan, Tsai	Graduated from the Electrical Engineering Department of Tatung University, former vice president of the Company's Global Sales Division. Has working experiences required for commercial, financial, and corporate business, specializing in market strategy and business promotion.	Not having any of the situations set forth in Article 30 of the Company Act of the ROC.	-
Director Der-Hong Investment Co., Ltd. (Representative : Chiou-Shann, Fuh)	Graduated from Harvard University with a Ph.D. degree in computer science, currently professor at the Information Engineering Department of National Taiwan University. Has professional qualifications as professor and working experiences in public and private colleges/universities of relevant departments required for the Company's business. Committed to the research of computer vision and digital image processing, providing professional advice on the Company's products, R&D, and sales.	Not having any of the situations set forth in Article 30 of the Company Act of the ROC.	-
Independent Director Mei-Jin, Chen	Graduated from New York University of the U.S. with a master degree in business, currently convener of the Company's Audit Committee and Remuneration Committee. Former Chairman of SinoPac Securities Investment Trust Co. Ltd., and has working experiences required for business, finance, accounting, and corporate operations and rich experiences in banking and financial practice, specializing in corporate finance and accounting practice.	Note1.	-
Independent Director Yow-Shiuan, Fu	Graduated from West Coast University of the U.S. with a master degree in business, currently member of the Company's Audit Committee and Remuneration Committee. Acting as independent director of PenPower Technology Co., Logah Technology Corp., and Chicony Power Technology Co., respectively. Former General Manager of E Ink Holding Inc. and Wyse Technology Taiwan; has the necessary working experience in business, finance, and corporate business, and rich experiences in industrial planning.	Note1.	3
Independent Director Liang-Chia, Chen	Graduated from the University of South Australia with a PhD degree in advanced manufacturing and mechanical engineering, and currently a member of the Company's Audit Committee and Remuneration Committee. A full-time professor at the Department of Mechanical Engineering of National Taiwan University; has professional qualifications as professor and working experiences in public and private colleges/universities of relevant departments required for the Company's business. Committed to the research of automated optical inspection, providing professional advice on the Company's products, R&D, and sales.	Note1.	-

Note1 : During the two years prior to the election and the term of office, all in accordance with the following independent assessment criteria:

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
6. Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
7. Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
8. Not a director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
9. Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;
11. Not having any of the situations set forth in Article 30 of the Company Act of the ROC.
12. Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.

4. Board diversity and independence:

- (1) Board diversity: The Company advocates and respects the policy of director diversity. As an attempt to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, it is believed that the diversity policy will help improve the overall performance of the Company. The election of board members is based on the principle of employing talents and abilities, and on diversified and complementary capabilities across industries to include basic composition (age, gender, and nationality, for example.), industry experience and related skills (finance, securities, accounting, law, education, and electronic technology, etc.), business judgment, business management, leadership decision-making, and crisis management capabilities. To reinforce the functions of the Board of Directors and achieve the ideal goals of corporate governance, Article 20 of the Company's "Corporate Governance Code" clearly states that the board as a whole should have the following capabilities: 1. Business judgment ability 2. Accounting and financial analysis ability 3. Operation and management ability 4. Crisis handling ability 5. Industry knowledge 6. International market outlook 7. Leadership and 8. Decision-making.

The Company's diversity policy of current board members and implementation is illustrated as follows:

Diversified core projects	Basic components						Industry experiences				Professional abilities					
	Nationality	Gender	Concurrently employees of the company	Age			Independent director tenure		Finance	Management	international market	Lecturer in colleges and universities	Business	Legal	Accounting	Risk Management
				51 ~ 60 years	61 ~ 69 years	Above 70 years	Below 3 years	3 ~ 9 years								
Name																
Chairman Chieh-Yuan, Chen	ROC	Male	V	V						V	V		V	V	V	V
Director Kuang-Chao, Fan	ROC	Male			V					V	V	V	V			V
Director Chin-Lung, Chen	ROC	Male			V					V			V	V		V
Director Chiang-Huai, Lin	ROC	Male	V	V						V	V		V	V	V	V
Director Ming-Chuan, Tsai	ROC	Male		V						V	V		V	V	V	V

Diversified core projects Name	Basic components						Industry experiences				Professional abilities					
	Nationality	Gender	Concurrently employees of the company	Age			independent director tenure		Finance	Management	international market	Lecturer in colleges and universities	Business	Legal	Accounting	Risk Management
				51 ~ 60 years	61 ~ 69 years	Above 70 years	Below 3 years	3 ~ 9 years								
Director Der-Hong Investment Co., Ltd. (Representative : Chiou-Shann,Fuh)	ROC	Male		V							V					V
Independent Director Mei-Jin,Chen	ROC	Female		V			V	V	V			V		V		V
Independent Director Yow-Shiuan,Fu	ROC	Male			V		V		V	V		V		V		V
Independent Director Liang-Chia,Chen	ROC	Male		V			V				V					V

(2) The Board of Directors' specific management objectives of diversity policy and achievements:

Management goals	Achievements
Directors who also serve as company managers should not exceed one-third seat of directors.	Achieved
The board includes at least one female member.	Achieved
The term of independent directors should not exceed three sessions.	Achieved

(3) Board independence: The Company's Board of Directors consists of nine directors and includes three independent directors, representing a ratio of 22% in terms of employee status. Attention is also paid to gender equality among board members, with a ratio accounting for 11% in female and a ratio of 33% in independent directors. The term of three independent directors has not reached three sessions, and its eligibility requirements comply with laws and regulations.

3.2.2 Management Team

March 27, 2022

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman (Concurrent as the President)	R.O.C	Chieh-Yuan, Chen	Male	1990.03.01	37,889,235	16.04%	17,338,054	7.34%	0	0	BE(Elec) of Tatung University Department Head of Philip Co. Taiwan	Note 1	Director of Logistic Division	Mei-Hsing, Yeh	Spouse	Note 4
Vice President of Global Sales Division	R.O.C	Chiang-Huai, Lin	Male	1998.04.30	2,357,864	1.00%	589,059	0.25%	0	0	BE(ES) of National Taiwan University of Science and Technology President of CHINATECH Corp.	Note 2	None	None	None	
Director of R&D Division 1	R.O.C	Chien-Hsing, Chou	Male	1999.01.07	10,687	0.00%	93,540	0.04%	0	0	BE(ES) of National Taiwan University of Science and Technology Manager of Kingsdale Corp.	None	None	None	None	
Director of R&D Division 2	R.O.C	Wen-Ming, Wu	Male	2021.03.01	25,000	0.01%	6,000	0.00%	0	0	ME(PME) of National Tsing Hua University Principal Investigator of Industrial Technology Research Institute(ITRT)	None	None	None	None	
Director of R&D Division 3	R.O.C	Wen-Kuei, Lee	Male	1996.07.01	132,376	0.06%	12,859	0.01%	0	0	ME(CS/ES) of National Central University Engineer of National Chung-Shan Institute of Science & Technology(NSCIST)	None	None	None	None	
Director of Manufacture Division	R.O.C	Chang-Fa, Lin	Male	2005.04.18	36,000	0.02%	0	0	0	0	BE(Mechanical) of National United University Process Development section Manager of PHILIPS CLI TWN Production Engineering Manager of LainHwa Food Corp.	None	None	None	None	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director of Logistics Division	R.O.C	Mei-Hsing,Yeh	Female	1990.01.06	17,338,054	7.34%	37,889,235	16.04%	0	0	BA(JP) of FuJen Catholic University Secretary of YuChang Industrial Co., Ltd.	Note 3	President	Chieh-Yuan,Chen	Spouse	
Sr. Manager of Human Resources Department	R.O.C	Chia-Lang,Tsai	Male	2018.09.01	10,000	0.00%	0	0	0	0	Master of Information Management of Fu-Jen Catholic University MIS Manager of Potrans Electrical Corp. MIS Manager of Test Research Inc.	None	None	None	None	
Director of Finance Department	R.O.C	Kaun-Yuan,Chen	Male	2004.06.17	178,620	0.08%	0	0	0	0	Master of Science in Accounting of University of Wisconsin-Milwaukee Deputy Manager of KPMG Taiwan Senior Accounting Manager of Primax Electronics Ltd.	None	None	None	None	

Note1 : Act as the director of Der-Sheng Investment Co., Ltd., Der-Shin Investment Co., Ltd., Der-Hong Investment Co., Ltd., TRI Electronics (Shenzhen) Ltd., TRI Electronics (Suzhou) Ltd. and TRI Electronics Trading (Shanghai) Ltd..

Note2 : Act as the Company's vice president of global sales division. Act as the chairman and concurrent as the president of TRI Electronics (Shenzhen) Ltd., TRI Electronics (Suzhou) Ltd. and TRI Electronics Trading (Shanghai) Ltd. Act as the director of Test Research USA, Inc., TRI Test Research Europe GmbH, TRI Japan Corporation, TRI Malaysia Sdn. Bhd., TRI Korea Co.,Ltd. and Test Research Innovation Vietnam Company Limited.

Note3 : Act as the director of TRI Electronics (Shenzhen) Ltd., TRI Electronics (Suzhou) Ltd. and TRI Electronics Trading (Shanghai) Ltd. Act as the chairman of Der-Sheng Investment Co., Ltd., Der-Shin Investment Co., Ltd., and Der-Hong Investment Co., Ltd. Act as the representative of TRI INVESTMENTS LIMITED.

Note4 : Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures (such as increasing the number of independent director seats and more than half of all directors not concurrently serving as employees or executive officers): The Company's chairperson and president aims to improve operational efficiency and the execution of decisions. To strengthen the Board's independence, the Company is actively training suitable candidates. Furthermore, the chairperson fully communicates the Company's recent condition, plans, and policies with directors to implement corporate governance. In the future, the Company also plans to enhance the Board's capabilities and supervisory function by increasing the number of independent director seats. The Company currently has the following measures:

- a. The three independent directors have expertise in finance, accounting, and automatic devices, thus ensure efficient supervision.
- b. Arrange directors to participate in professional courses offered by external institutions every year, such as the Securities and Futures Institute, to enhance Board performance.
- c. Independent directors can fully discuss and provide recommendations in functional committees to the Board of Directors in implementing corporate governance.
- d. Over half of the directors in the Board of Directors do not concurrently serve as an employee or executive officer.

3.2.3 Remuneration of Directors, Independent Directors, President, and Vice Presidents

1. Remuneration of Directors and Independent Directors

December 31, 2021 ; Unit: NT\$ thousands

Other than as disclosed in the above table, the remuneration earned by Directors providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the latest fiscal

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or the Parent Company			
		Base Compensation (A)		Pension (B)		Directors Compensation (C) (Note 1)		Business Expense (D)				Salary, Bonuses, and Allowances (E) (Note 2)		Pension (F) (Note 3)		Employee Compensation (G) (Note 4)							
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements				
														Cash	Stock	Cash	Stock						
Chairman	Chieh-Yuan,Chen																						
Director	Kuang-Chao,Fan																						
Director	Chin-Lung,Chen																						
Director	Chiang-Huai,Lin	0	0	0	0	7,750	7,750	0	0	0.65%	0.65%	6,462	6,462	213	213	1,055	0	1,055	0	0.65%	0.65%	-	
Director	Ming-Chuan,Tsai																						
Director	Der-Hong Investment Co., Ltd. (Representative : Chiou-Shann,Fuh)																						
Independent Director	Mei-Jin,Chen																						
Independent Director	Yow-Shiuan,Fu	0	0	0	0	4,456	4,456	0	0	0.38%	0.38%	0	0	0	0	0	0	0	0	0	0	-	
Independent Director	Liang-Chia,Chen																						

- Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: For the remuneration of independent directors, besides referring to results of director performance evaluations, the Remuneration Committee considers each director's degree of participation and contribution to the Company's operations, links the reasonableness and fairness of performance and risks to remuneration, considers the Company's business performance and the remuneration standards of competitors, and makes recommendations to the Board of Directors in accordance with Article 29-1 of the Company's Articles of Association.
- Other than as disclosed in the above table, the remuneration earned by Directors providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the latest fiscal year: None.

Remuneration Bracket Table for Directors and Independent Directors

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	0	0	0	0
NT\$1,000,000 (inclusive)~ NT\$2,000,000(exclusive)	Directors : Chieh-Yuan,Chen, Kuang-Chao,Fan, Chin-Lung,Chen, Chiang-Huai,Lin, Ming-Chuan,Tsai, Representative of Der-Hong Investment Co., Ltd.: Chiou-Shann,Fuh Independent Directors : Mei-Jing,Chen, Yow-Shiuan,Fu , Liang-Jia,Chen	Directors : Chieh-Yuan,Chen, Kuang-Chao,Fan, Chin-Lung,Chen, Chiang-Huai,Lin, Ming-Chuan,Tsai, Representative of Der-Hong Investment Co., Ltd.: Chiou-Shann,Fuh Independent Directors : Mei-Jing,Chen, Yow-Shiuan,Fu , Liang-Jia,Chen	Directors : Chieh-Yuan,Chen, Kuang-Chao,Fan, Chin-Lung,Chen, Ming-Chuan,Tsai, Representative of Der-Hong Investment Co., Ltd.: Chiou-Shann,Fuh Independent Directors : Mei-Jing,Chen, Yow-Shiuan,Fu , Liang-Jia,Chen	Directors : Chieh-Yuan,Chen, Kuang-Chao,Fan, Chin-Lung,Chen, Ming-Chuan,Tsai, Representative of Der-Hong Investment Co., Ltd.: Chiou-Shann,Fuh Independent Directors : Mei-Jing,Chen, Yow-Shiuan,Fu , Liang-Jia,Chen
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	0	0	0	0
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	0	0	0	0
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	0	0	Director : Chiang-Huai,Lin	Director : Chiang-Huai,Lin
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	0	0	0	0
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	0	0	0	0
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	0	0	0	0
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	0	0	0	0
Over NT\$100,000,000	0	0	0	0
Total	9	9	9	9

Note 1: The directors' compensation for the year 2021 had been approved by Board and will be reported to the 2022 Annual Shareholders' Meeting.

Note 2: All pays to the director who is also an employee of the Company (including the position of president, vice president, other executive officer and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, dormitory, and car for the most recent year (2021). Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration. Furthermore, the salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note 3: Employers shall on a monthly basis contribute labor pension funds to individual labor pension accounts at the Bureau for employees covered by the Act.

Note 4: The employees' compensation for the year 2021 had been approved by Board and will be reported to the 2022 Annual Shareholders' Meeting.

2. Remuneration of the President and Vice President

December 31, 2021 Unit: NT\$ thousands

Title	Name	Salary(A) (Note 2)		Pension (B) (Note 4)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 1)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary or the Parent Company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Chieh-Yuan, Chen													
Vice President of Global Sales Division	Chiang-Huai, Lin	3,247	3,247	213	213	3,215	3,215	1,055	0	1,055	0	0.65%	0.65%	None

Remuneration Bracket Table for President and Vice Presidents

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Chieh-Yuan,Chen	Chieh-Yuan,Chen
NT\$1,000,000 (inclusive)~ NT\$2,000,000(exclusive)	0	0
NT\$2,000,000 (inclusive) ~ NT3,500,000 (exclusive)	0	0
NT\$3,500,000 (inclusive) ~ NT5,00,000 (exclusive)	0	0
NT\$5,000,000 (inclusive) ~ NT10,00,000 (exclusive)	Chiang-Huai,Lin	Chiang-Huai,Lin
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	0	0
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	0	0
NT\$30,000,000 (inclusive)~ NT\$50,000,000 (exclusive)	0	0
NT\$50,000,000 (inclusive)~ NT\$100,000,000 (exclusive)	0	0
Over NT\$100,000,000	0	0
Total	2	2

Note 1: The employees' compensation for the year 2021 had been approved by Board and will be reported to the 2022Annual Shareholders' Meeting.

Note 2: Refers to the salaries, duty allowances, and severance pay paid to the president or vice president in the most recent year (2021).

Note 3: Refers to the remuneration paid to the president or vice president, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year (2021). Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration. Furthermore, the salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note4: Employers shall on a monthly basis contribute labor pension funds to individual labor pension accounts at the Bureau for employees covered by the Act.

3. Compare and describe separately the analysis of total remunerations paid to the Company's directors, president, and vice presidents for the past two years by the Company and all companies in the consolidated report as a percentage of the net income after tax, and describe the correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management performance and future risks:

Unit: NT Thousands

Title	2020		2021	
	Total amount of remuneration (Unit: NT\$ thousands)	Ratio of the total amount to net income after tax (%) (Note)	Total amount of remuneration (Unit: NT\$ thousands)	Ratio of the total amount to net income after tax (%) (Note)
Directors	11,128	1.02%	12,206	1.03%
President and Vice President of Global Sales Division	7,408	0.68%	7,730	0.65%

Note: The Company's 2020 net income after tax was NT\$ thousands \$1,092,656 and the 2021 net income after tax was NT\$ thousands 1,185,054.

- (1) The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration:
The remuneration paid to directors is subject to the Articles of Association. According to the current articles, if the Company has a surplus in the current year, it shall deduct the profit before the remuneration for employees is distributed from the pre-tax profit. If there is any profit that shall be appropriated after making up the loss, it shall set aside no more than 2% as the remuneration for directors, which shall be all paid by cash. As for the remuneration paid to the general manager and deputy general manager, it shall be paid based on their performance and contribution to the company, and by referring to the level in the same industry. The current remuneration includes salary, performance bonus and meal allowance, which shall be all paid by cash.
- (2) The correlation with risks and business performance:
The Company's remuneration procedures for directors and managers are formulated according to both Board of Directors and employee performance evaluations. Reasonable remunerations are rendered not only by referring to the Company's operating performance, future risks, development strategies, and industry trends, but also to take the individual's contributions to the Company's performance into account, including considerations such as the implementation of the Company's core values and operating management capabilities, financial/business performance indicators and comprehensive management indicators, and continuous education and participation in sustainable operations. Other special contributions and/or negative events are weighted for this purpose. Abiding by regulations, the Salary and Compensation Committee and the Board of Director reviewed and approved the performance evaluation and remuneration distribution. By observing the entire environment and business strategies, a timely review on the Company's remuneration distribution policy will be conducted in order to take care of a sustainable operation and interests of stakeholders.

4. Names of executive officers that received employee bonuses and status of the distribution

December 31, 2021; Unit: NT\$ thousands

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	President	Chieh-Yuan,Chen	0	4,882	4,882	0.41%
	Vice President of Global Sales Division	Chiang-Huai,Lin				
	Director of Imaging Test Systems RD Division (Note 1)	Kuang-Pu,Wen				
	Director of R&D Division 1	Chien-Hsing, Chou				
	Director of R&D Division 2 (Note 1)	Wen-Ming, Wu				
	Director of R&D Division 3	Wen-Kuei, Lee				
	Director of Manufacture Division	Chang-Fa,Lin				
	Director of Logistics Division	Mei-Hsing, Yeh				
	Sr. Manager of Human Resources Department	Chia-Lang, Tsai				
	Director of Finance Department	Kaun-Yuan,Chen				

*Note: Refers to the amount of employee compensation distributed to executive officers approved by the Board of Directors (on February 23, 2022), and will be reported to the 2022 Annual Shareholders' Meeting.

Note1: Kuang-Pu,Wen, the director of Imaging Test Systems RD Division retired on February 27,2021, and the division has been renamed to R&D Division 2 since March 1, 2021.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the previous period.

The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Chieh-Yuan,Chen	6	0	100%	-
Director	Kuang-Chao,Fan	6	0	100%	-
Director	Chin-Lung,Chen	6	0	100%	-
Director	Chiang-Huai,Lin	6	0	100%	-
Director	Ming-Chuan,Tsai	6	0	100%	-
Director	Representative of Der-Hong Investment Co., Ltd.: Chiou-Shann, Fuh	6	0	100%	-
Independent director	Mei-Jing,Chen	6	0	100%	-
Independent director	Yow-Shiuan,Fu	6	0	100%	-
Independent director	Liang-Jia,Chen	6	0	100%	-

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:
 - (1) Matters referred to in Article 14-3 of the Securities and Exchange Act:
The Company has established an Audit Committee, and Article 14-3 of the Securities and Exchange Act is not applicable to the Company. Please refer to Page 27~29 of the Annual Report for related information of the operation status of the Audit Committee.
 - (2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors: None.
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:
During the board meeting held on February 24, 2021 and August 04, 2021, it discussed the proposals of the Remuneration Committee and the proposal of performance bonus and salary adjustment for managers, director Chiang-Huai,Lin avoided the discussion and voting because he was an executive officer and was involved in the conflict of interest.

3. The information of evaluation cycles, periods, scope, method and content of self-evaluation of the Board of Directors:

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Annually	2021/1/1~2021/12/31	Note1	Note2	Note3

Note1: The Company's board self-evaluation scope covers the evaluation of the board, functional committees and individual board members.

Note2: Self-evaluation of the board, its functional committees and individual board members' performance

Note3:

- (1) The self-evaluation of the board of directors includes the following aspects: (1) Participation in the operation of the company; (2) Improvement of the quality of the board of directors' decision making; (3) Composition and structure of the board of directors; (4) Election and continuing education of the directors; and (5) Internal control.
- (2) The self-evaluation of the functional committees includes the following aspects: (1) Participation in the operation of the company; (2) Awareness of the duties of the functional committee; (3) Improvement of quality of decisions made by the functional committee; (4) Composition of the functional committee and election of its members; and (5) Internal control.
- (3) The self-evaluation of board members includes the following aspects: (1) Familiarity with the goals and missions of the company; (2) Awareness of the duties of a director; (3) Participation in the operation of the company; (4) Management of internal relationships and communication; (5) The director's professionalism and continuing education; and (6) Internal control.

Note4: The Company measured the performance of the Board and functional committees in accordance with the "Board Performance Evaluation Measures", which is regularly evaluated once a year, and at least every three years by an external professional. The 2021 annual evaluation results have been submitted to the 1st meeting of the 2022 board of directors.

4. Measures taken to strengthen the functionality of the board:
- (1) Based on the "Procedures of the Board of Directors of Publicly Issued Companies", the Company's "Rules of Procedure for the Board of Directors" are formulated for compliance.
 - (2) Among the nine seats of directors, three seats are independent directors, accounting for one-third of all directors. The Audit Committee and Remuneration Committee are composed of all independent directors to assist the Board of Directors to perform its supervisory duties.

- (3) In order to improve information transparency, an "Investor Zone" is available in the Company's website to provide relevant information. Important information after the board meeting is also announced on the public information observatory immediately, and corporate briefing sessions are held regularly.
- (4) To guarantee the assumed risk of directors and managers in conducting businesses, the Company purchases "the liability insurance of directors and manager" each year, and regularly reviews the policy's contents, thus ensuring its insurance compensation amount and coverage to meet requirements.

3.3.2 Operation of the Audit Committee

The Audit Committee assists the Board of Directors in performing its supervision functions. It is also responsible for tasks defined by the Company Act, Securities and Exchange Act and other relevant regulations. The Audit Committee is comprised of all independent directors, with 1 financial expert. Operating according to the Audit Committee Charter and the members shall also maintain good communication channels with the Company's internal auditors, independent auditors, and management.

The Audit Committee is responsible for periodic review of the following important annual matters :

- Financial statements
- Internal control system
- Material transactions of assets, derivatives, loans, endorsements, guarantees
- Audit plans of internal and external auditors and their execution status
- Engaging and removing the Company's independent auditors and accessing such auditors' remuneration and independence
- Risks and control procedures of compliance with government law
- Execution of documentation that involves government agencies

A total of 4 Audit Committee meetings were held in the previous period (2021.01.01~2021.12.31). The attendance of the independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent director	Mei-Jing, Chen	4	0	100%	-
Independent director	Yow-Shiuan, Fu	4	0	100%	-
Independent director	Liang-Jia, Chen	4	0	100%	-

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Audit Committee Date (sessions)	Agenda items and resolutions	Resolution of the Audit Committee	The Company's handling of independent directors' opinions
2021.02.24 (3 th of the 2 th session)	<ol style="list-style-type: none"> 1. Approved to amend the Internal Control System. 2. Approved 2021 appointment of CPA and audit fee assessment. 3. Adoption of 2020 Earning Distribution Plan. 4. Adoption of 2020 Financial Statements. 5. Approved the assessment of the effectiveness of the company's internal control system during the year 2020. 	Approved by all members present in the meeting.	Independent directors had no dissenting or unqualified opinions.
2021.05.05 (4 th of the 2 th session)	<ol style="list-style-type: none"> 1. Approved to amend the Internal Control System. 2. Passed the change of CPA. 3. Passed the appointment to the chief internal auditor of the Company. 4. Approved the project plan for the construction of the Linkou plant (Phase 2). 		
2021.08.04 (5 nd of the 2 th session)	<ol style="list-style-type: none"> 1. Approved to amend the Internal Control System. 2. Adoption of 2021 Q2 Financial Statements. 		
2021.11.03 (6 th of the 2 th session)	<ol style="list-style-type: none"> 1. Approved to amend the Internal Control System. 		

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors. None

2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the material items, methods and results of audits of corporate finance or operations, etc.)

(1) Communication methods of independent directors with the internal audit chief and CPAs:

- a. The internal audit chief of the Company will submit the audit report and follow-up report to the independent directors of the Audit Committee for approval. The independent directors will communicate with him regarding the audit report and the follow-up report if any problem during the audit process.
- b. The CPA of the Company communicates with the independent directors on a quarterly basis, and reports to the independent directors regarding the review or audit results or the situation of internal control inspection for the Company and its overseas subsidiaries.

(2) Summary of communications between the independent directors and the internal audit chief:

The independent directors of the Company achieved good communication regarding the implementation and effectiveness of the audit business, with the communication items in 2021 summarized as below:

- a. In 2021/05, Report on the Audit Implementation of Internal Control System for Q1, 2021
- b. In 2021/08, Report on the Audit Implementation of Internal Control System for Q2, 2021
- c. In 2021/11, Report on the Audit Implementation of Internal Control System for Q3, 2021
- d. In 2022/02, Report on the Audit Implementation of Internal Control System for Q4, 2021

(3) Summary of communications between the independent directors and the CPAs:

The independent directors of the Company achieved good communication with the CPA, with the communication items in 2021 summarized as below:

- a. In 2021/05, Reports on the Audit Result of Consolidated Financial Statements for Q1, 2021; The content of financial statements and the audit report were explained and communicated in written forms.
- b. In 2021/08, Reports on the Audit Result of Consolidated Financial Statements for Q2, 2021; The content of financial statements and the audit report were explained and communicated in written forms.
- c. In 2021/11, Reports on the Audit Result of Consolidated Financial Statements for Q3, 2021; The content of financial statements and the audit report were explained and communicated in written forms.
- d. In 2022/02, Reports on the Audit Result of Consolidated and Individual Financial Statements for 2021; the CPA audit report, key audit items, CPA independence were explained and communicated in written forms.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established the “Corporate Governance Code” based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” which was approved by Board.	None.
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The content of the “Corporate Governance Code” includes the matters related to handling of shareholder proposals, questions, disputes and litigations. Currently, the spokesperson is responsible for handling the shareholder proposals or disputes.	(1) None.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company keeps track of major shareholders and the list of ultimate owners of those shares.	(2) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has established appropriate risk control mechanisms and firewalls based on related internal regulations such as Trading with Related Parties Management Regulations, Subsidiary Management Regulations, Procedures for Endorsement & Guarantee, Procedures for Lending Funds to Others and Procedures for the Acquisition or Disposal of Assets. Those who have business connection with affiliated companies are treated as independent third parties to prevent non-arm’s length transactions.	(3) None.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established the Material Information Handling Procedures and the Insider Trading Prevention Management Procedures.	(4) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p>	V		<p>(1) The Company has adopted the "Corporate Governance Code" that formulates the diversification policy in Chapter 3 Strengthen the functions of the Board. The nomination and selection of the directors of the Company' are subject to the provisions of the Company's Articles of Association and adopt the candidate nomination system. The directors selected by the Company have the working experience in business, legal, financial, accounting fields or Company’s business, for which the diversification policy is implemented. In addition to considering different backgrounds and professional fields, the composition of the company’s board of directors has specific</p>	<p>(1) None.</p>

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>goals of "no more than 1/3 of the directors concurrently serving as managers" and "at least one female director”. There are 9 current directors of the company in the 9th term (including 3 independent directors), 22% of directors with employee status, 33% of independent directors, 11% of female directors, and 3 independent directors for the term in 3 to 6 years. Three directors are over 70 years old, five are 60-69 years old, and one is under 60 years old. The directors of the 9th Board include one female and the following members with the expertise in leadership, operational judgement, business management, crisis handling, industrial knowledge and international market outlook, including Chieh-Yuan,Chen, Chiang-Huai,Lin, Chin-Lung,Chen,</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company voluntarily establish other functional committees in addition to the		V	<p>Kuang-Chao,Fan and Ming-Chuan,Tsai. Those who have the professional knowledge and competency in the automatic inspection industry that the Company is engaged in, and are appointed as the professor of national universities include Kuang-Chao,Fan, Chiou-Shann, Fuh and Liang-Jia,Chen. As for the 3 independent directors, Mei-Jing,Chen, Yow-Shiuan,Fu and Liang-Jia,Chen, they provide so much guidance with their expertise in business, finance, administration management and industrial knowledge. The Board has disclosed the diversification policies of the members on the website of the Company and the MOPS.</p> <p>(2) The Company has set up the Remuneration Committee and Audit Committee, and</p>	(2) In evaluation.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p>	V		<p>formulated charters for them. By considering the operational scale, it doesn't set up other functional committees so far.</p> <p>(3) The company has passed the "Board Performance Evaluation Measures" on 109/02/26 by the board of directors, which clearly stipulates that internal performance evaluations will be conducted regularly every year. Before the end of the first quarter of the year, the results of the performance evaluation shall be reported to the board of directors and used as a reference for individual directors' remuneration and nomination for renewal.</p>	(3) None.
<p>(4) Does the company regularly evaluate the independence of CPAs?</p>	V		<p>(4) The Company regularly evaluates the independence of CPAs every year, and obtains the "Independence Statement" from the CPAs every year. The evaluation result</p>	(4) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			has submitted to the Board on May 5, 2021. According to the evaluation of the Company, CPA Pan, Hui-Lin and CPA Yen, Yu-Fun from PwC Taiwan could meet the independence evaluation criteria (Note 1).	
4. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders’ meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders’ meetings)?	V		The Company set up the corporate governance manager upon the resolution of the Board on May 8, 2019, who is also the director of the Finance Department. The main responsibilities include handling matters related to the board meetings and shareholder’s meetings, making board and shareholder’s meeting minutes, assisting directors in taking office and conducting continuing education, providing directors with the data required to execute their business, assisting directors in complying with laws and regulations, handling changes in various operations of the Company, and holding	None.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			investor conferences randomly to maintain investor relations and other corporate governance related matters. etc. Status of continuing education in 2021: Please refer to Executive Officers’ training records.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		a. The Company sets up a spokesperson and an acting spokesperson. The relevant contact information is announced on the MOPS as required. The Company sets up a spokesperson mailbox on the website to establish a communication channel with stakeholders. b. To strengthen the communication between employees and the Company, the Company has set up an employee opinion mailbox on the internal website as the channel to express opinions and complaints.	None

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>c. The Company has set up the customer service page on the website to facilitate smooth communication with customers.</p> <p>d. The Company has set up a supplier platform to check accounts with manufacturers regularly, and follow up the transaction status with suppliers at any time to facilitate smooth communication with suppliers.</p> <p>e. The Company has set up a special area for stakeholders on the website, and assigned personnel for handling and response.</p>	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates KGI Securities Co., Ltd. to deal with shareholder affairs.	None
<p>7. Information Disclosure</p> <p>(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?</p>	V		(1) The Company has set up a website (www.tri.com.tw) to disclose information regarding the Company’s financials,	(1) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		business and corporate governance status. The information related the finance, business and corporate governance of the Company can be also inquired on the MOPS. (2) The Company has assigned an appropriate person to handle information collection and disclosure work on the MOPS, and the information disclosure on the Chinese and English website of the Company.	(2) None.
(3) Does the Company announce and file its annual financial reports within 2 months from the end of the fiscal year? Does the Company announce and file the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date?	V		(3) The Company announces and files its annual financial reports within 2 months from the end of the fiscal year. Moreover, it announces and files the financial reports for Q1, Q2 and Q3, as well as the operation status of each month before the due date.	(3) None.
8. Is there any other important information to	V		a. Rights and benefits for employees: The	None.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>Company always treats employees honestly and protects the legal rights of employees in accordance with the Labor Standard Act.</p> <p>b. Care for employees: The Company provides diversified employee care measures to create a high-quality working environment. Besides the employee welfares required by laws, it also provides group insurance and health check-up. In addition, it also provides diverse education training programs that strengthen core and professional competencies. The Company also provides two-way communication channels such as the general assembly and advice mailbox, respecting the expression of employee's opinions.</p> <p>c. Investor’s relations: The Company discloses the revenue, profit, and major information in</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>real time on the official website and the MOPS. The Company always adheres to the principle of real-time, public and transparent information disclosure, so that all shareholders can fully grasp the development direction of the Company.</p> <p>d. Supplier’s relations: It negotiates and signs contracts with suppliers in accordance with the Company’s procurement regulations, and completes delivery and payment under the terms of the contract.</p> <p>e. Interested party’s rights: In order to ensure the rights of interested parties, the Company has established various communication channels to uphold the core values-the principle of business integrity and responsible attitude.</p> <p>f. Continuing education of directors: The</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>directors of the Company all have the background of professional industry and management experience. (Please refer to the table below for continuing education).</p> <p>g. Implementation of the Company’s risk management policies and risk evaluation criteria: It formulates various internal regulations under laws, so as to conduct various risk managements and evaluations.</p> <p>h. Implementation of customer policies: The Company maintains a stable and good relationship with customers to create profits for the Company.</p> <p>i. Situation of purchasing liability insurance for directors: The Company has purchased liability insurance for all directors.</p>	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.				
No.	Indicator Item		Priority Matters the Require Strengthening and Measures	
2.2	Whether the Company has formulated a policy on diversity of board members, and disclosed the specific management objectives and implementation of the diversity policy on its website and annual report or not?		Respectively disclosed in the annual report and website of board members’ specific management objectives of the diversity policy.	
4.13	Whether the Company has obtained ISO 14001, ISO50001, or similar environmental and/or energy management system certifications or not?		Expected to obtain ISO14001 certification before April 30, 2022.	

Note 1 : CPA Independence Evaluation Criteria

Item	Evaluation Content	No	Yes
1	Has the CPA provided auditing service for the Company for seven consecutive years?	V	
2	Do the members of audit service team, other partners of CPAs, accounting firm and affiliates of the accounting firm have a relationship with the Company against the independence?	V	
3	Do the CPAs and their audit service join the client as a director, supervisor, or officer or is in a key position to exert significant influence over the subject matter of the engagement currently or in the most recent two years?	V	
4	Do the CPAs and their audit service have relative relationship with a director, supervisor, or officer of the Company or those who are in a key position to exert significant influence over the subject matter of the engagement?	V	
5	Do the CPAs join the client as a director, supervisor, or officer or is in a key position to exert significant influence over the subject matter of the engagement within one year of disassociating from the company?	V	
6	Do the CPAs have a direct or material indirect financial interest in the audit client?	V	
7	Do the CPAs receive any valuable gift or present offered by the Company, or its directors and officers?	V	
8	Do the CPAs have a significant close business relationship with the Company?	V	
9	Are the CPAs entering into a potential employment negotiations with the Company?	V	
10	Does the non-audit service provided by the CPAs for the Company involve any key item showing direct influence on the audit case?	V	
11	Do the CPAs act as an advocate on behalf of the Company in litigation or disputes with third parties?	V	
12	Do the CPAs hold the shares of the Company?	V	
13	Do the CPAs hold a position in the Company concurrently and receive fixed amount of payment?	V	
14	Do the CPAs have a relationship of common investment or profit sharing with the Company?	V	
15	Do the CPAs borrow some money from the Company?	V	

Directors' training records:

Title	Name	Elected Date	Date	Training institution	Course	Hours
Chairman	Chieh-Yuan, Chen	1989/04/10	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0
Director	Kuang-Chao, Fan	2002/05/04	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0
			2021/11/04	Taiwan Corporate Governance Association	International taxation and transfer pricing issues in pandemic environments.	3.0
					Group tax management trend in facing the era of supply chain transformation.	3.0
Director	Chin-Lung, Chen	1999/03/27	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0

Title	Name	Elected Date	Date	Training institution	Course	Hours
Director	Chiang-Huai, Lin	2000/06/03	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0
Director	Ming-Chuan, Tsai	2008/06/13	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0
Director	Chiou-Shann, Fuh	2014/06/06	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0
Independent Director	Yow-Shiuan, Fu	2017/05/26	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0

Title	Name	Elected Date	Date	Training institution	Course	Hours
Independent Director	Mei-Jing, Chen	2017/05/26	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0
Independent Director	Liang-Jia, Chen	2017/05/26	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
					Building an ESG sustainability strategy to improve competitiveness.	3.0

Executive Officers' training records:

Title	Name	Date	Training institution	Course	Hours
President (Concurrent as the Chairman)	Chieh-Yuan, Chen	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0
Vice President of Global Sales Division	Chiang-Huai, Lin	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0
Director of Research & Development Division 1	Chien-Hsing, Chou	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0
Director of Research & Development Division 2	Wen-Ming, Wu	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0
Director of Research & Development Division 3	Wen-Kuei, Lee	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0

Title	Name	Date	Training institution	Course	Hours
Director of Manufacture Department	Chang-Fa, Lin	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0
Director of Logistics Division	Mei-Hsing, Yeh	2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0
Sr. Manager of Human Resources Department	Chia-Lang, Tsai	2020/09/09	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0
Director of Finance Department	Kaun-Yuan, Chen	2021/05/27 2021/05/28	Accounting Research and Development Foundation	Continuing Training Course of Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges.	12.0
		2021/06/10	Accounting Research and Development Foundation	Updated policy development and internal control management practices related to “self-editing financial reports”	6.0
		2021/09/08	Accounting Research and Development Foundation	Under the corporate governance framework - the blueprint for sustainable development of enterprises and how enterprises respond.	3.0
				Building an ESG sustainability strategy to improve competitiveness.	3.0

3.3.4 The Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation.

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria		Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
	Name	Professional Qualification and Experience Independence Criteria	
Independent Director (Convener)	Mei-Jing,Chen	Please refer to P12~14 : Professional qualifications and independence analysis of directors and independent directors.	0
Independent Director	Yow-Shiuan,Fu		3
Independent Director	Liang-Jia,Chen		0

B. Attendance of Members at Remuneration Committee Meetings

There are 3 members in the Remuneration Committee. A total of 4 (A) Remuneration Committee meetings were held in the previous period (2021.01.01~2021.12.31). The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convener	Mei-Jing,Chen	4	0	100%	-
Committee Member	Yow-Shiuan,Fu	4	0	100%	-
Committee Member	Liang-Jia,Chen	4	0	100%	-

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified):
None.

2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Meeting Date (Sessions)	Agenda Items	Resolutions	The Company's handling of the opinions of the Remuneration Committee
2021.01.22 (1 st .)	1. Reporting the implement of the previous meeting resolution. 2. Proposal for the 2020 distribution of employees' and directors' remuneration. 3. 2020 executive officers' year-end and performance bonus payment.	No dissenting or unqualified opinions.	Submitted to the Board of Directors and approved by all attending directors
2021.02.24 (2 nd .)	1. Reporting the implement of the previous meeting resolution. 2. Proposal for the executive officer's salary adjustment for the year 2021.	No dissenting or unqualified opinions.	Submitted to the Board of Directors and approved by all attending directors
2021.08.04 (3 rd .)	1. Reporting the implement of the previous meeting resolution. 2. Proposal for the executive officers' performance bonus in the half 2021.	No dissenting or unqualified opinions.	Submitted to the Board of Directors and approved by all attending directors

3.3.5 Sustainable Development

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
1. Does the Company have a special (concurrent) unit to promote sustainable development initiatives, supervised by a Board-appointed member of the management team?	V		<p>On October 24, 2021, the “Sustainable Development Committee” was established under the authorization of the Board of Directors, representing the highest-level sustainable development decision-making center of the Company. Of this committee, the Company’s chairman took the chairman position, and chief officer of human resources served as executive secretary. It was divided into the Environmental Safety Team (manufacturing supervisor is responsible), the Corporate Governance Team (chief financial officer is responsible), and the Community Engagement and Talent Development Team (chief of HR is responsible), and the Company’s senior executives jointly reviewed core operating capabilities and formulated medium and long-term sustainable development plans.</p> <p>The main principle of sustainable management:</p> <ul style="list-style-type: none"> ● R&D of advanced testing technology to improve product quality and optimize human life. ● An integrity and steady operation to comply with laws and regulations and implement corporate governance. ● To continuously improve service quality and competitiveness and achieve customer satisfaction, thus ranking as a leading brand of testing equipment in the world. ● To build operational risk assessment, prevention, response, and improvement, ensuring the Company to mitigate shocks and recover quickly from incidents. ● To establish sound cooperative ties with the supply chain and build a competitive supply chain. 	None.

Evaluation Item	Implementation Status		Abstract Explanation ²	Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<ul style="list-style-type: none"> ● To promote ISO14001 environmental management system, continue energy conservation and carbon reduction activities, create sustainable environmental resources, and fulfill the corporate social responsibility of sustainable environmental maintenance. ● To introduce ISO45001 Occupational Safety and Health Management System, and provide a safe and hygienic workplace environment to ensure the rights and interests of employees. ● To provide competitive rewards, creating a workplace environment for employees to learn and grow. Let employees grow with the Company and form a high-quality corporate culture. ● To be dedicated in social welfare, and the Company and employees participate in activities to give back to the society. <p>The Sustainable Development Committee carries out its operation in accordance with the sustainable management policy, and reports to the Board of Director on a regular basis (at least once per year): On Nov. 3, 2021, it reported to the Board of Directors on the current year’s implementation results of sustainable development and work plans in the years to come. The Company is scheduled to conduct the external audit certification of ISO14001 environmental management system in the first quarter of 2022. This expects to continue energy conservation and carbon reduction activities, create sustainable environmental resources, and fulfill the corporate social responsibility of sustainable environmental maintenance. The Company also expects to conduct the external audit certification of ISO45001 occupational safety and health management system to provide a safe and hygienic workplace environment and ensure the rights and interests of employees. Meanwhile, it promotes various cooperation with the</p>	

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
			Children Are Us Foundation, Taipei Family Support Center, and Commonwealth Magazine of reading activities in remote areas, and upholds with the attitude of taking it from the society and using it for the society to promote public welfare.	
2. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		Relevant risk management policies and strategies of the Company are formulated in the principle of materiality of sustainable operations, and based on risk assessments of important issues, as follows>(*Note1)	None.
3. Environment issues (1) Does the Company establish proper environmental management systems based on the characteristics of its businesses?	V		(1) Establish environmental management systems: a. It establishes the internal management standards for the air-conditioning temperature of the office building to achieve the proper energy utilization. b. The factory located in the Hwa Ya Technology Park in Taoyuan meets many regulations related to green building through the "bright, elegant and comfortable" architectural design. The factory uses transparent glass design and skylight to let natural light sources in, so as to reduce the use	(1) None.

Evaluation Item	Implementation Status		Abstract Explanation ²	Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>of indoor lighting. At the same time, it also connects outdoor green plants with the landscape in the courtyard, which can not only reduce the impact of sunlight, but also obtain a good lighting surface. All these can achieve energy saving, carbon and GHG emission reduction. The planting area has also been greatly increased, with 14m and 8.7m green plants on both sides of the road. Various plant types in the green space with multiple layers and materials on the ground, could create a park landscape for leisure and relaxation.</p> <p>c. To implement energy conservation, carbon reduction, water conservation and other environmental protection and energy conservation actions, it regularly reports the energy conservation results such as the utilities.</p> <p>d. Smoking is completely banned in the office. The smokers are only allowed to smoke in the designated area outdoors to comply with the regulations, and regularly conduct disinfection, rat and pest repellent.</p> <p>e. The Company’s management system is introduced according to ISO14001:2015 standards and TUV Nord is commissioned to conduct the external verification. This external audit expects to carry out on March 22, 2022, and obtain the certification before April 30, 2022.</p>	

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
(2) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(2) The Company is committed to improving the utilization efficiency of various resources and using the recycled materials, with the details as below: a. Proper disposal of wastes, including advocacy and promotion of garbage classification and reduction, and treatment of wastewater b. Recycle and reuse of energy-consuming articles; suppliers are encouraged to jointly promote paper recycle, use of recycled paper and resource recycle. c. Use low-energy office facilities and supplies, and put the energy-saving products in the first choice when purchasing, and include the necessary inspection items to improve the energy-saving ratio.	(2) None.
(3) Does the Company evaluate the current and future potential risks and opportunities brought by the climate change, and take measure to respond to the climate related issues?	V		(3) The Company is also concerned about the impact of climate change on the operating activities, and has formulated the "Energy-saving and Carbon-reduction Management Polices" to minimize the impact of the Company’s operations on the natural environment. Moreover, it is engaged in the research and development, production and service operations in accordance with the following principles. It is explained as below: a. Reduce the resource and energy consumption of products and services. b. Reduce the discharge of pollutants, toxic substances and wastes, and	(3) None.

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
(4) Does the company calculate the greenhouse gases (GHG) emission, water consumption and total weight of wastes for the past two years, and formulated the strategies for energy conservation, carbon reduction, GHG emission reduction, water saving and management of other wastes?	√		<p>properly dispose wastes</p> <p>c. Improve the recyclability and reuse of the raw materials or products.</p> <p>d. Maximize the sustainable use of renewable resources.</p> <p>e. Extend the durability of the products.</p> <p>f. Increase the performance of products and services.</p> <p>(4) The Company calculates the GHG emissions, water consumption and total weight of wastes for every year and discloses them on the official website. The Company establishes the energy-saving and carbon-reduction management policy, which is committed to promoting water saving, energy conservation, waste reduction and resource recycling. In the most recent period, it sets the goal to reduce carbon per unit of revenue by 1% in 2023, namely, five years considered as a period with 2018 as the reference year.</p>	(4) None.

Evaluation Item	Implementation Status		Abstract Explanation ²	Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
4. Social issues				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) Abiding by the Labor Standards Act and other relevant regulations, the Company formulates its work rules and various internal management regulations. The most important is that the Company respects and supports internationally recognized human rights norms and principles, including the Universal Declaration of Human Rights, the United Nations Global Covenant, the International Labor Organization (ILO) Core Convention Standards, and other relevant norms to formulate the "Test Research's Human Rights Policy Code". Meanwhile, the Company complies with relevant labor laws and regulations of the company location to protect the legitimate rights and interests of local employees, and continue to improve the overall working environment of employees. The "ESG Code" is formulated to protect the basic human rights of all colleagues and stakeholders and safeguard social interests.	(1) None.
(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and	V		(2) Apart from the leave system superior to the Labor Standards Act, the Company also provides travel and related allowances in addition to benefits such as free group insurance and regular health check-ups. It extremely emphasizes on the employee rewards, so it implements employee profit distribution plans in addition to the annual salary raise every year.	(2) None.

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
<p>other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?</p> <p>(3) Does the Company create a safe and healthy working environment and provide safety and health education for employees regularly?</p>	V		<p>(3) The Company conducts safety and health inspections of working environment regularly on a quarterly basis. It conducts safety and health education for new recruits and in-service employees through online and physical courses, and also implements fire protection drilling every six months. In the implementation of health protection management, it conducts health check-ups and special operation inspections annually for the employees, so as to prevent occupational diseases. Moreover, it provides on-site medical and nursing services in accordance with the provisions of the occupational safety laws and regulations, and also provides the health consultation and promotion for the employees. Related health lectures and first aid knowledge instructions are held randomly.</p>	(3) None.
<p>(4) Does the Company provide employees with opportunities for career</p>	V		<p>(4) The Company plans the individual performance management and development goals based on the balanced scorecard of each department, and establishes the "Performance Management and Development Plan Table",</p>	(4) None.

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
development and training?			which attaches great importance to the self-development plan submitted by employees (writing down 1 to 3 ability items that take the priority for enhancement and development), and is planned in the Company's annual education and training plan.	
(5) Does the Company follow regulations and international standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set policies and appeal procedures for protection of consumer’s rights and interests?	V		(5) The marketing and labeling of the Company's products and services comply with relevant regulations and international standards such as: ISO9000 UL, CE and other regulatory standards. The customer service zone is provided on the Company's website, which is available for the customer to raise questions at any time regarding customer technical support, Q & A information and contact windows. The Internal Control Management Regulations stipulate the customer complaint handling or customer satisfaction management procedures. It shall pay attention to and actively respond to the customer complaints or suggestions.	(5) None.
(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on	V		(6) The Company establishes the "Supplier Management Operation Procedures", and conducts supplier evaluation management based on the ISO third-party management instructions. Suppliers are required to follow environmental protection, safety and health, labor and human rights, and ethics regulations, etc. The supplier evaluation also includes this issue when conducting field	(6) None.

Evaluation Item	Implementation Status			Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
environmental protection, occupational safety and health, or labor’s human rights, and disclose the implementation?			inspection. In 2021, the ISO 14001&ISO 45001 management systems was introduced, and is expected to complete the certification in 2022. It aims to evaluate the possible operation safety and environmental impact of suppliers and contractors, and to prevent the occurrence of occupational disasters or environmental impacts caused by business activities of both parties.	
5. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?		V	The Company refers to the guidelines and formulates the “Sustainable Development Best Practice Principles”. However, considering the scale of the Company's operations, it hasn’t prepared an ESG Report verified by a third-party. It is expected to prepare an ESG report in 2023.	In evaluation.
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.				

Evaluation Item	Implementation Status		Abstract Explanation ²	Deviations from “the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>7. Other important information to facilitate better understanding of the company’s corporate social responsibility practices :</p> <p>(1)The Company attaches great importance to employee rights. It regularly conducts surveys on employee satisfaction and education training, revises and arranges related courses based on the employee needs. In addition, the “Employee Welfare Committee” is set up to show care for employee’s lives, so as to protect employee’s rights and interests and enhance employee welfare, with the expectation to create a better working environment and development space for employees.</p> <p>(2)Environmental protection: The Company is engaged in the research and development and production of automatic inspection equipment. The factory is located in the Hwa Ya Technology Park in Taoyuan. The Hwa Ya Technology Park Administration requires paying the sewage treatment fee annually, which is also responsible for stipulating the environmental protection policies. There is no environmental pollution incident so far. The operations of the existing pollution prevention facilities could meet the inspection standards of environmental protection agencies.</p> <p>(3)Social responsibilities:</p> <p>a. Besides the focus on the business development of the industry, the Company will repay the public in a timely manner for the Company's social responsibilities, such as consumption rights and social welfares, etc. Through commercial activities and donations, it participates into the civic organizations on community development and education, charity and public welfare organizations and local government agencies.</p> <p>b. It actively purchases energy-saving label equipment, low-energy consumption, green energy office supplies, office equipment, information equipment, lighting equipment and related equipment. When the office equipment is not in use, it will automatically enter the power-saving mode. Moreover the energy-saving bulbs are used to replace the traditional bulbs, so as to avoid ozone depletion.</p> <p>c. It avoids or regulates the use of materials and packaging supplied by the suppliers that endanger the human body and the environment as required by international laws and regulations, so as to strive for the CSR enhancement.</p> <p>(4)Investor relations and interested parties: The special line for spokespersons is available and the online investor service zone is planned on the external website.</p>				

*Note1:

Major issues	Risk assessment items	Risk management policy or strategy
Environment	Environmental impact and management	As the global warming increases, enterprises may be subject to measures such as carbon taxes in the future. Test Research Inc. started to introduce ISO14001 environmental management system in 2021, carried out energy-saving operations in the plant, and planned to use green energy equipment.
Society	Occupational safety	Employees are the most important asset of enterprises, which must provide a safe and hygienic workplace environment so that employees can perform their work without worries. Test Research Inc. started to introduce the ISO45001 occupational safety and health management system in 2021, expecting to continuously improve the safety and health of the workplace environment.
Society	Employee care	Due to the return of Taiwanese businessmen in the past two years, the island's labor market has become increasingly competitive. In addition to the offer of a safe and hygienic workplace environment, the Company conducts employee health checks each year, and hires doctors and nurses, according to laws, to provide colleagues with consultation and follow-up care in the factory. A group insurance is also granted for spouses and their children to join for free. Meanwhile, the Company makes a fixed salary adjustment every April with reference to the market salary survey, thus rendering all-round care to colleagues and increasing its competitiveness in the labor market.

Major issues	Risk assessment items	Risk management policy or strategy
Society	Covid-19 impacts and management	A response team was set up to implement relevant publicity and protective measures, including providing of alcohol, masks, and rapid screening reagents. It asked colleagues to measure body temperature and report back, cooperated with the decree to provide full-paid vaccine leaves to encourage colleagues vaccinated, and also adopted diversion measures such as working from home for some colleagues, to reduce the chance of group infection. All relevant measures mentioned above have successfully passed the most serious epidemic of the third level of epidemic prevention and safety.
Corporate Governance	Legal Compliance	Through the establishment of governance organization and implementation of internal control mechanism, it ensures that the Company's personnel and operations have complied with all relevant laws and regulations.
Corporate Governance	Strengthening director functions	Planned relevant training topics for directors and provided them with latest regulations, system development, and policies every year.
Corporate Governance	Stakeholder Communication	Established various communication channels, and actively communicated to reduce confrontation and misunderstanding. Set up investor mailboxes and handled by the spokesperson to be responsible for responding.

3.3.6 Ethical Corporate Management

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p>	V		(1) The Company passed the [Ethical Corporate Management Principles] upon the resolution of the Board on October 26, 2016, which is disclosed on the MOPS and the official website. The policies and practices of business integrity management are addressed in the regulations and publicly available documents. The directors and senior management are also required to present a statement of compliance with the business integrity management policies.	(1) None.
<p>(2) Does the company establish appropriate precautions against high-potential unethical</p>	V		(2) The [Ethical Corporate Management Principles] formulated by the Company sets up	(2) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the Company formulate the operation procedures, guidelines, disciplinary and appeal system against unethical conduct? Does the Company implement and regularly review to revise them?</p>	V		<p>the Risk Management Office affiliated to the Board. It is responsible for regularly analyzing and evaluating the risks of unethical conduct within the operation scope, based on which the unethical conduct prevention schemes are formulated. Moreover, it also establishes business related SOP and guidelines in these schemes.</p> <p>(3) As for the unethical conduct prevention schemes formulated by the Company, the operation procedures and guidelines covers the following matters:</p> <p>a. Criteria for identifying the provision or reception of improper benefits.</p> <p>b. Procedures for handling the provision of legal political contributions.</p>	(3) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<ul style="list-style-type: none"> c. Procedures for handling and the amount limits of provisions of proper charity donation or sponsorship. d. Procedure for reporting and handling the avoidance of interest conflicts of related to the position. e. Confidentiality requirements for confidential and commercial sensitive information acquired for business. f. Regulations and procedures for handling the suppliers, customers and business transaction partners involved in unethical conduct. g. Procedures for handling violations against the Ethical Corporate Management Principles of the Company. 	

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>h. Disciplinary action taken against those involved with the violation.</p> <p>It pays attention to the development of business integrity management related regulations at home and abroad any time, and encourages the employees to propose suggestions to review and improve the Principles, so as to enhance the effectiveness of the business integrity management in the Company.</p>	
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p>			<p>(1) The standard sales contract of the Company clearly states that the contract should be performed in compliance with the business integrity principles. If one party is involved in any misconduct such as dishonesty, corruption</p>	<p>(1) None.</p>

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		<p>or bribery, the other party shall terminate or cancel this contract at any time. If an employee violates the business integrity policies, he will be warned for the first time and the annual bonus (including performance and year-end bonus) will be cancelled. As for the second time, he will be dismissed, and required to compensate all damages. This demonstrates our determination of implementing the business integrity management.</p> <p>(2) To improve the business integrity management, the Company has set up the Risk Management Office affiliated to the Board. The manager of HR Division is responsible for coordinating the managers of Legal Division, Audit Office, and Project Management to formulate the business</p>	(2) None.
	V			

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		<p>integrity policies and supervise the implementation (at least on an annual basis), which shall be reported to the Board. The implementation status of the business integrity management was reported to the Board for the year on 2021/11/03, including: business integrity management advocacy, education and training for business integrity and ethics policies, organization of risk prevention-supplier application management-ethics commitment and reporting system, etc.</p> <p>(3) The Company formulates policies to prevent conflicts of interest and provides appropriate channels for the employees to proactively report whether they have potential conflicts of</p>	(3) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		interest in the Company. (4) The Company has established an effective accounting system and internal control system. The accounting personnel shall perform strict review when paying related expenses. The Audit Office shall regularly check compliance and report to the Board regularly.	(4) None.
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		(5) Business integrity is the core value of the Company, which is advocated during trainings for new recruits and the general meetings of the entire company. In 2021, the Company held internal and external educations and trainings related to business integrity management issues (including compliance with business integrity management regulations, corporate social responsibility, success of R & D patents and	(5) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			infringement litigation, safety management of production and business units, accounting systems and internal control, and etc.) for a total of 342 persons, with a total of 600 training hours.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) The "Ethical Corporate Management Principles", "Ethical Code of Conduct" and "Employee Suggestions and Appeals Management Measures" stipulated by the Company encourage employees to report any illegal conduct or misconduct against the Ethical Code of Conduct. It has also formulated regulations for handling complaints, and established internal and external whistleblowing channels and	(1) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		<p>processing procedures. The employees under the Group can report in person or through the independent reporting mailbox and dedicated line announced on the official website when submitting complaints of business integrity violations to the unit responsible for handling such complaints.</p> <p>(2) The Company has established specific reporting channels and complete processing procedures. The files regarding the acceptance of reporting case, investigation process, investigation results and related documents shall be archived as records. It also keeps the identity of the informant and the content of the report confidential, and supports anonymous reporting. If an investigation reveals a major</p>	(2) None.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide proper whistleblower protection?	V		violation or the Company is at risk of major damage, it shall immediately submit a written report to the independent directors. (3) The "Employee Suggestions and Appeals Management Measures" stipulates that the investigation process and related materials should be kept confidential. The relevant parties have the obligation to cooperate with the investigation. The heads of various departments shall not dismiss, transfer, or conduct other penalties unfavorable to the performance for the employees who submit complaints or assist others in appealing.	(3) None.
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its	V		The Company has disclosed the Ethical Corporate Management Principles as well as the information	None.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
implementation on the company’s website and MOPS?			on the related corporate culture and operational policies on the official website.	
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. No differences.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies). (a) The Company complies with the Company Act, Securities and Exchange Act, Business Accounting Law, regulation related to public companies and other commercial conducts, as the basis for the implementation of business integrity management. (b) The Company has "Internal Material Information Processing Operations" and "Insider Transaction Prevention Management Procedures", which clearly stipulates that directors, managers and employees shall not disclose known internal material information to others, and shall not inquire or collect the Company's undisclosed internal material information that is not related to the individual's duties from those who are aware of such information. For those who are aware of the undisclosed internal material information not acquired by implementation of businesses, it shall not disclose such information to others.				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

3.3.7 If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information:

The Company's Ethical Corporate Management Best-Practice Principles have been posted on the Company's website and MOPS.

3.3.8 Other Important Information Regarding Corporate Governance:

The Company establishes the "Internal Material Information Processing Operations" and "Insider Transaction Prevention Management Procedures", as well as irregularly review the compliance with current laws and the demands of practical management, so as to establish a good internal material information processing and disclosure mechanism, avoid improper disclosure of information, and ensure the consistency and accuracy of the Company's information announced externally, as well as the compliance with the related procedures and laws. This regulation is also announced in the internal document management system for all employees, which can be inquired by employees, managers and directors at any time. At the same time, it randomly advocates notes for material information to all employees of the Company.

3.3.9 Internal Control Systems

1. Internal Control System Statement

Test Research, Inc.
Internal Control System Statement

Date: February 23, 2022

In 2021, the Company conducted an internal audit of its internal control system and hereby declares the following:

- I. The Company acknowledges and understands that the establishment, enforcement and maintenance of the internal control system are the responsibility of the Board of Directors and management, and that the company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance and security of assets), reliability of financial reporting and compliance with relevant regulatory requirements.
- II. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. However, self-supervision measures were implemented within the

Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communications, and 5. monitoring activities. Each of the elements in turn contains certain audit items. Please refer to "Governing Regulations" for details.
- IV. Company has adopted the aforementioned measures for an examination of the effectiveness of the design and implementation of the internal control system.
- V. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2021 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability in financial reporting and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.
- VI. This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. If any fraudulent information, concealment or unlawful practices are discovered in the content of the aforementioned information, the Company shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- VII. VII. This statement was passed by the Board of Directors on February 23, 2022, with none of the six attending Directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Test Research, Inc.

Chairman and President: Chieh-Yuan, Chen

2. If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

3.3.10 If any penalties are imposed on the Company and its personnel or punishments are imposed by the Company on personnel in violation of internal control system regulations in the past year and up to the date of report, and the results of the penalty may have a material effect on shareholders equity or stock price, specify the contents of the penalty, major deficiencies and improvement: None.

3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings in the past year and up to the date of report

1. Major resolutions of the shareholders' meeting and implementation

The Company convened 2021 Annual General Shareholders Meeting on July 7, 2021, the major resolutions of the shareholders' meeting and implementations are listed as below:

Major resolutions	Implementation status
1. Approval of the 2020 business report and financial statements.	Followed the results of resolution.
2. Approval of the 2020 earning distribution plan.	The 2020 earning distribution has been fully allocated. July 28, 2021 is set as the ex-dividend date and August 10 of the same year is set as the cash dividend payment date. The cash dividend is NT\$3.3 per share.

2. Major resolutions of the board of director

Item	Date	Major resolutions
Board meeting	2021.02.24	<ol style="list-style-type: none"> 1. Approval of the Year 2021 business plan. 2. Approved the proposal of Remuneration Committee. 3. Approval of the 2020 business report and financial statements. 4. Adoption of 2020 Earning Distribution Plan. 5. Passed the proposal for the appointment and compensation assessment of CPAs. 6. Passed company's 2021 shareholders meeting held matters. 7. Approved the assessment of past due receivables and other receivables non-fund loans. 8. Approved the assessment of the effectiveness of the company's internal control system during the year 2020. 9. Passed company's year 2020 annual —Internal Control System Statement. 10. Approved to amend the Internal Control System.
Board meeting	2021.05.05	<ol style="list-style-type: none"> 1. Report the Company's consolidated financial statements for the first quarter of year 2021. 2. Passed the change of CPA. 3. Passed the proposal for the independence assessment of CPAs. ° 4. Passed the appointment to the chief internal auditor of the Company. 5. Approved the assessment of past due receivables and other receivables non-fund loans. 6. Approved the project plan for the construction of the Linkou plant (Phase 2). 7. Approved to amend the Internal Control System.
Board meeting	2021.06.09	<ol style="list-style-type: none"> 1. Approved the date and location of the 2021 annual general shareholders' meeting in response to the epidemic.
Board meeting	2021.07.07	<ol style="list-style-type: none"> 1. Passed the ex-dividend date of year 2020 cash dividend distribution.
Board meeting	2020.08.04	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial statements for the second quarter of year 2021. 2. Approved the proposal of Remuneration committee. 3. Approved the assessment of past due receivables and other receivables non-fund loans. 4. Approved to amend the Internal Control System.
Board meeting	2021.11.03	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial statements for the third quarter of year 2021. 2. Approval of the Year 2022 audit plan. 3. Approved to amend the Company's Corporate Social Responsibility Code. 4. Approved to amend the Company's Regulations Governing Procedure for Board of Directors Meetings. 5. Approved to amend the Company's Audit Committee Charter. 6. Approved to amend the Company's Corporate

Item	Date	Major resolutions
		Governance Code. 7. Approved to amend the Company's Regulations Governing Procedure for Management of the procedures for preparation of financial statements. 8. Approved the assessment of past due receivables and other receivables non-fund loans. 9. Approved to amend the Internal Control System. 10. Approved to the Applications for Bank Line of Credit.
Board meeting	2022.02.23	1. Approval of the Year 2022 business plan. 2. Approved the proposal of Remuneration Committee. 3. Approval of the 2021 business report and financial statements. 4. Adoption of 2021 Earning Distribution Plan. 5. Passed the proposal for the appointment and compensation assessment of CPAs. 6. Passed company's 2022 shareholders meeting held matters. 7. Approved the assessment of past due receivables and other receivables non-fund loans. 8. Approved the assessment of the effectiveness of the company's internal control system during the year 2021. 9. Passed company's year 2021 annual —Internal Control System Statement. 10. Approved to amend the Internal Control System.

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.3.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:

As of April 29, 2022

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
KuangPu, Wen	Director of Imaging Test Systems RD Division	2000.08.30	2021.02.27	Retirement

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1 Audit Fee

Unit: NT\$ Thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
PWC	Pan, Hui-Lin Yen, Yu-Fun	2021.1.1~ 2021.12.31	2,950		2,950	
PWC	Yen-Tan Tasi	2021.1.1~ 2021.12.31		610	610	Tax Compliance Audit
PWC	C.Y Hsu	2021.1.1~ 2021.12.31		820	820	Transfer Pricing Analysis; Master File

3.4.2 If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: None.

3.4.3 If the audit fees were reduced more than 10% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed: None.

3.5 Replacement of CPA:

A. Regarding the former CPA

Replacement Date	2021.5.5 approved by Board of Directors		
Replacement reasons and explanations	Due to internal restructuring at PWC, the CPAs of the Company were changed to Pan, Hui-Lin and Yen, Yu-Fun, beginning first quarter of 2021.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	-	-
	No longer accepted (continued) appointment	-	-

Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
Remarks/specify details:			
Other Revealed Matters	None		

B. Regarding the successor CPA

Name of accounting firm	PWC
Name of CPA	Pan, Hui-Lin and Yen, Yu-Fun
Date of appointment	May 5, 2021
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

C. The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

3.6 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2021.

3.7 Changes in Shareholding of Directors, Managers and Major Shareholders

Unit: Shares

Title	Name	2021		As of Mar. 27, 2022	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Director of Manufacture Division	Chang-Fa, Lin	3,000	0	4,000	0

Note: Shares trading with Non- Related Parties.

3.8 Relationship among the Top Ten Shareholders

As of March 27, 2022

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Chieh-Yuan,Chen	37,889,235	16.04%	17,338,054	7.34%	0	0	Mei-Hsing, Yeh Der-Hsin Investment Co., Ltd. Der-Sheng Investment Co., Ltd. Der-Hong Investment Co., Ltd.	Spouse Note4 Note4 Note4	-
Mei-Hsing, Yeh	17,338,054	7.34%	37,889,235	16.04%	0	0	Mei-Hsing, Yeh Der-Hsin Investment Co., Ltd. Der-Sheng Investment Co., Ltd. Der-Hong Investment Co., Ltd.	Spouse Note4 Note4 Note4	-
Der-Hsin Investment Co., Ltd. Mei-Hsing, Yeh	13,464,174 17,338,054	5.70% 7.34%	0 37,889,235	0 16.04%	0	0	Mei-Hsing, Yeh Chieh-Yuan, Chen	Note 4	-

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Der-Sheng Investment Co., Ltd. Mei-Hsing, Yeh	9,595,370 17,338,054	4.06% 7.34%	0 37,889,235	0 16.04%	0 0	0 0	Mei-Hsing, Yeh Chieh-Yuan, Chen	Note 4	-
Fidelity Investment Trust: Fidelity International Small Cap Fund	7,690,000	3.26%	0	0	0	0	-	-	-
Nan Shan Life Insurance Company, Ltd.	4,304,000	1.82%	0	0	0	0	-	-	-
Norges Bank, Norway	3,699,938	1.57%	0	0	0	0	-	-	-
Dong-Hung, Lin	3,310,000	1.40%	0	0	0	0	-	-	-
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	2,789,660	1.18%	0	0	0	0	-	-	-
Der-Hong Investment Co., Ltd. Chiou-Shann, Fuh	2,738,939 182,000	1.16% 0.08%	0	0	0	0	Mei-Hsing, Yeh Chieh-Yuan, Chen	Note 4	-

Note1: The names of all top ten shareholders shall be listed, and the names of institutional shareholder and representative shall be listed separately.

Note2: The shareholding rate is calculated based on the shares held in the name of himself, spouse, minors or others.

Note3: For the shareholders listed above including the legal persons and the individuals, their relations are disclosed.

Note4: Chieh-Yuan, Chen and Mei-Hsing, Yeh are the major shareholder of Der-Hsin Investment Co., Ltd. and Der-Sheng Investment Co., Ltd. and Der-Hong Investment Com, Ltd.

3.9 Ownership of Shares in Affiliated Enterprises

Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
TRI INVESTMENTS LIMITED	6,724,109	100%	0	0	6,724,109	100%
TEST RESEARCH USA, INC.	1,518,935	100%	0	0	1,518,935	100%
TRI TEST RESEARCH EUROPE GMBH	(Note 1)	100%	0	0	(Note 1)	100%
TRI JAPAN CORPORATION	720	100%	0	0	720	100%
TRI MALAYSIA SDN BHD	1,000,000	100%	0	0	1,000,000	100%
TRI KOREA CO.,Ltd.	80,000	100%	0	0	80,000	100%

Note 1: A limited company without shares.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Unit: Shares; NT\$ Thousand

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1989/04	—	—	5,000,000	—	5,000,000	Establishment Capital	—	—
1995/02	—	—	10,000,000	—	10,000,000	Capital Increase by Cash	—	—
1995/11	—	—	30,000,000	—	30,000,000	Capital Increase by Cash	—	—
1996/07	—	—	80,000,000	—	80,000,000	Capital Increase by Cash	—	—
1997/08	10	18,000,000	180,000,000	11,880,000	118,800,000	Capital Increase by Cash Capital Increase by Retained Earnings	—	—
1998/07	10	19,860,000	198,600,000	18,760,000	187,600,000	Capital Increase by Cash Capital Increase by Retained Earnings	—	—
1998/12	66	19,860,000	198,600,000	19,860,000	198,600,000	Capital Increase by Cash	—	—
1999/06	10	36,000,000	360,000,000	30,680,000	306,800,000	Capital Increase by Retained Earnings	—	(88)Tai-Tsai-Zheng (1)No.36650 dated April 30, 1999
2000/07	10	38,000,000	380,000,000	37,380,000	373,800,000	Capital Increase by Retained Earnings	—	(89)Tai-Tsai-Zheng (1)No.58495 dated July 6, 2000
2001/11	10	80,000,000	800,000,000	50,200,000	502,000,000	Capital Increase by Retained Earnings	—	(90)Tai-Tsai-Zheng (1)No.143081 dated July 5, 2001
2002/07	10	85,000,000	850,000,000	61,572,400	615,724,000	Capital Increase by Retained Earnings	—	(91)Tai-Tsai-Zheng (1)No.127097 dated May 17, 2002
2003/09	10	85,000,000	850,000,000	75,747,880	757,478,800	Capital Increase by Retained Earnings	—	Tai-Tsai-Zheng 1 No.0920136606 dated August 13, 2003
2004/10	10	100,000,000	1,000,000,000	88,827,060	888,270,600	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng 1 No.0930136184 dated August 13, 2004

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2005/09	10	120,000,000	1,200,000,000	109,042,500	1,090,425,000	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng l No.0940130810 dated July 28, 2005
2006/09	10	136,000,000	1,360,000,000	127,660,000	1,276,600,000	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng l No.0950133006 dated July 27, 2006
2007/09	10	160,000,000	1,600,000,000	153,800,000	1,538,000,000	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng l No.0960038740 dated July 24, 2007
2008/09	10	200,000,000	2,000,000,000	185,300,000	1,853,000,000	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng l No.09700346772 dated 2008.07.10
2009/10	10	250,000,000	2,500,000,000	192,573,447	1,925,734,470	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng l No.0980040149 dated August 2, 2009
2010/08	10	250,000,000	2,500,000,000	202,202,000	2,022,020,000	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng l No.0990034331 dated July 2, 2010
2011/08	10	250,000,000	2,500,000,000	216,356,000	2,163,560,000	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng l No.1000030072 dated June 29, 2011
2012/08	10	250,000,000	2,500,000,000	222,846,000	2,228,460,000	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng-F a-Zi No. 1010027650 dated June 22, 2012
2013/08	10	250,000,000	2,500,000,000	236,216,000	2,362,160,000	Capital Increase by Retained Earnings	—	Jin-Guan-Zheng-F a-Zi No. 1020025905 dated July 3, 2013

Note: The Company used to be a limited company before August, 1997.

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Outstanding shares (Note)	Un-issued Shares	Total Shares	
Common Stock	236,216,000	13,784,000	250,000,000	—

Note: Shares of listed companies.

Information for Shelf Registration: None.

4.1.2 Status of Shareholders

As of March 27, 2022

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	4	79	16,931	150	17,164
Shareholding (shares)	0	6,027,000	31,430,466	155,230,124	43,528,410	236,216,000
Percentage	0	2.55%	13.31%	65.71%	18.43%	100%

4.1.3 Shareholding Distribution Status

A. Common Shares

Par value: NTD10/Share ; As of March 27, 2022

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	3,705	754,561	0.32%
1,000 ~ 5,000	10,421	21,272,535	9.01%
5,001 ~ 10,000	1,448	11,190,787	4.74%
10,001 ~ 15,000	473	5,956,534	2.52%
15,001 ~ 20,000	312	5,696,674	2.41%
20,001 ~ 30,000	246	6,245,578	2.64%
30,001 ~ 50,000	138	4,900,649	2.07%
40,001 ~ 50,000	84	3,878,217	1.64%
50,001 ~ 100,000	157	11,226,414	4.75%
100,001 ~ 200,000	85	12,208,323	5.17%
200,001 ~ 400,000	40	11,315,120	4.79%
400,001 ~ 600,000	17	8,474,406	3.59%
600,001 ~ 800,000	9	6,151,579	2.60%
800,001 ~ 1,000,000	7	6,206,910	2.63%
1,000,001 or over	22	120,737,713	51.12%
Total	17,164	236,216,000	100.00%

B. Preferred Shares: None.

4.1.4 List of Major Shareholders

As of March 29, 2021

Shareholder's Name	Shareholding	
	Shares	Percentage
Chieh-Yuan, Chen	37,889,235	16.04%
Mei-Hsing, Yeh	17,338,054	7.34%
Der-Shin Investment Co., Ltd.	13,464,174	5.70%
Der-Sheng Investment Co., Ltd.	9,595,370	4.06%
Fidelity Investment Trust: Fidelity International Small Cap Fund	7,690,000	3.26%
Nan Shan Life Insurance Company, Ltd.	4,304,000	1.82%
Norges Bank, Norway	3,699,938	1.57%
Dong-hung, Lin	3,310,000	1.40%
Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	2,789,660	1.18%
Der-Hong Investment Co., Ltd.	2,738,939	1.16%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Items	2020	2021
Market Price per Share		
Highest Market Price	63.90	69.40
Lowest Market Price	38.60	51.00
Average Market Price	54.50	57.61
Net Worth per Share		
Before Distribution	24.14	25.81
After Distribution	20.84(Note 2)	(Note 3)
Earnings per Share (Note 4)		
Weighted Average Shares (thousand shares)	236,216	236,216
Diluted Earnings Per Share	4.63	5.02
Adjusted Diluted Earnings Per Share	4.62	5.01
Dividends per Share		
Cash Dividends	3.3	(Note 3)
Stock Dividends		
• Dividends from Retained Earnings	0	0
• Dividends from Capital Surplus	0	0
Accumulated Undistributed Dividends	0	0
Return on Investment		
Price / Earnings Ratio (Note 1)	11.77	12.44
Price / Dividend Ratio (Note 2)	16.52	17.46
Cash Dividend Yield Rate (Note 3)	0.06	0.06

Unit: NT \$

Note 1: The year's high and low market prices of common stock are provided and the average price for the year is computed based on the year's transaction amount and volume.

Note 2: Based on the distribution resolved by the shareholders meeting of the next year.

Note 3: Earning distribution for 2021 has not been approved by 2022 Shareholders' Meeting.

Note 4: Retroactively adjusted for EPS.

4.1.6 Dividend Policy and Implementation Status

A. Dividend Policy

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.

B. 2021 Shareholder's Meeting Proposal:

Cash dividend of NT\$ 3.3 per share, with a total of NT\$ 779,512,800.

C. The Situation in Which the Dividend Policy is Expected to Change Significantly: None.

4.1.7 Effect of the proposed stock dividends (to be adopted by the shareholders' meeting) on the operating performance and earnings per share:

Not applicable.

The Company did not disclose the financial forecast in year 2022 so it is not necessary to disclose the forecast information of the year 2022.

4.1.8 Compensation of Employees and Directors

A. Article 29-1 of the Company's Articles of Association stipulates that:

" 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. "

B. The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The remuneration of employees and directors is based on the profitability of the

year, and is estimated at a certain ratio within the scope specified in the Company's Articles of Association. The appropriated amount is recognized as operating expenses for the current year. However, if the actual distribution amount resolved by the Board of Directors is different from the estimated amount, it is recognized as profit or loss in the following year.

C. Distribution of Compensation of Employees and Directors for 2021 Approved in the Board of Directors Meeting on February 23, 2022.

(1) 2021 employees' remuneration and directors' remuneration resolved is NT\$ 23,693,725 and NT\$12,205,858 respectively, and the above amount will be paid in cash. The resolution amount doesn't have any difference from the amount of expense recognized for 2021.

(2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: Not Applicable.

D. Information of 2020 Distribution of Compensation of Employees and Directors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, additionally the discrepancy, cause, and how it is treated.

The Company's estimated employee compensation in 2020 was NT\$21,602,182, and the compensation to directors was NT\$11,128,394. There is no difference between the estimated amount and the actual amount distributed.

4.1.9 Buyback of Treasury Stock: None.

4.2 Bonds: None.

4.3 Preferred Shares: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

4.6 Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

4.7 Financing Plans and Implementation: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

1. Main areas of business operations

- (1)CB01010 Machinery and Equipment Manufacturing.
- (2)CE01010 General Instruments Manufacturing;
- (3)CE01030 Photographic and Optical Equipment Manufacturing;
- (4)E604010 Machinery Installation Construction;
- (5)EZ05010 Apparatus and Gauge Installation Construction;
- (6)F113030 Wholesale of Precision Instruments;
- (7)F119010 Wholesale of Electronic Materials;
- (8)F213030 Retail sale of Computer, Office Machinery and Equipment;
- (9)F213040 Retail Sale of Precision Instruments;
- (10)F219010 Retail Sale of Electronic Materials;
- (11)F401010 International Trade;
- (12)I301010 Software Design Services;
- (13)I501010Product Designing;
- (14)ZZ99999 To carry on the business which are not prohibited or restricted by law except for the services licensed under approval.

2. Revenue distribution

Unit ; NT\$ thousands

Major Divisions	Total Sales in Year 2021	(%) of Total Sales
Automatic Inspection Devices	5,441,929	97.06%
Service Revenue	164,761	2.94%
Total	5,606,690	100.00%

3. Main products

- | | |
|--|--|
| (1) In-Circuit Tester | Model: TR518 series
Applicable to the electronic and information products. |
| (2) Circuit board analysis and test fixture manufacturing services | When the user designs the circuit board, it provides analysis on the measurable rate, so as to achieve the maximum test coverage when the circuit board design. In addition, it also provides test fixture manufacturing services. |
| (3) General test integrated with circuit board and functional test | Model: TR5001 series
Applicable to electronic products such as information, communication, network, IA, DVD player, Digital camera, and LCD TV |
| (4) Functional tester for assembly circuit board | Model: TR5001FCT/TR5300FCT
Applicable to high-end consumer electronics such as laptops, tablets, and smartphones. |

- (5) Multifunctional automatic tester for circuit board Model: TR8001/8100 series
Applicable to laptops, PCs, PDAs, communication products, mobile phones, and etc.
- (6) Solder paste automatic optical image inspection machine Model: TR7007 series
Applicable to solder paste SD inspection of SMT production line
- (7) Circuit board automatic optical image inspection machine Model: TR7500/TR7700 series
Applicable to high-density PCBA products such as mobile phones, PDAs, communication products, motherboards, and laptops
- (8) In-Line 3D X-Ray inspection machine Model: TR7600 series
Applicable to high-density hidden multi-soldering components, such as BGA, QFN, PressFit Connector, etc
- (9) 33MHz logic IC tester Model: TR6836 series
Applicable to consumer IC
- (10) Power supply management chip tester Model: TR6800/TR6850 series
Applicable to Power IC, LDO, PWM driven IC, and etc.
- (11) Yield Management System The self-developed yield management system can be connected with the production and inspection equipment of SMT production line through advanced software functions to provide customers with the complete reports on production status and the real-time information of the yield rate on the production line.

4. New products development

Unit: NT thousands

Items in the development plan	Funds to be invested
Multi-core high-speed, high-point assembly circuit board functional testing machine	80,000/year
Fully automated online assembly circuit board testing system	
High-speed online single/multi-lens assembly circuit board 3D inspection machine and high-precision semiconductor precision packaging 3D inspection machine (3D AOI)	300,000/year
High-speed and high-precision online 3D solder paste inspection machine (3D SPI)	
High-speed large-scale online line scan and flat panel scan 3D CT X-ray Inspection Machine (3D AXI)	

5.1.2 Industry Overview

1. Current situation and development of the industry:

The automatic inspection is mainly used to accurately check and indicate the defective parts from the circuit board. Since there are dozens of or even hundreds of electronic parts on the circuit board, the problem such as missed insertion, wrong insertion, cold welding or part fault may occur during the manual or automatic insertion welding. If it relies on manual inspection, it is time-consuming and unreliable, which further affects the efficiency of the production process. The automatic detection equipment solves the aforementioned problems related to defects, reduces the defects found before shipment which may result in rework. Therefore, it is an indispensable detection assistant for the industries such as electronic information and communications in the production process. In recent years, assembly production lines have been faced with requirements for higher yield and output speed, which brings higher market demands for automatic inspection equipment and the stricter requirements for functionality. This will help equipment suppliers with high price / function ratio and fast R & D speed to seize more business opportunities.

The automatic inspection equipment can be divided into ICT, ATE, AOI, SPI, AXI, FCT and IC TESTER based on the functions:

A. In Circuit Tester (ICT):

It mainly combines the ICT with the production process, and sets the software program to inspect the open/short circuit on the circuit board, whether any electronic components included in the accessories are missing, reversed, or damaged during production. It belongs to static process tests.

B. Auto Test Equipment (ATE):

Besides the above static tests, it can only test the digital function of the IC on the circuit board. With the external power supply, it uses the PXI module on the test equipment to measure the analog and digital signals on the circuit board, which is applied to the quality inspection before shipment of the finished products. It belongs to dynamic functional test.

C. Automated Optical Inspection (AOI):

Due to the compact and slim design trend of information and communication products, it makes the circuit board testing technology more difficult. AOI uses optical image scanning / reading technology to replace general visual or traditional probe test. It solves the blind spots of the test for the assembled circuit board due to high distribution density of electronic components, such as skew, tombstone, lifted lead, scratches, polarity, excessive solder, insufficient solder, and etc.

D. Solder Paste Inspection (SPI):

SMT quality is determined by how to improve the printing quality of solder paste. The SPI can quickly measure the thickness and open/short circuit of each solder point, so as to solve the long-term troubles that 2D cannot solve. For compact and slim products, it won't cause poor contact due to small solder

points, insufficient solder, vibration when use, thermal expansion and contraction, so as to improve the quality and capacity of the process.

E. Automatic X-Ray Inspection (AXI):

For the traditional electrical measurement methods that adopt probe implanting, due to the high density of PCB parts, it is quite difficult to implant probes, so the test coverage is greatly reduced. The AOI system that uses visible light as the inspection light source cannot provide effective and satisfactory test coverage in high-density parts, micro parts, shielding solder joints of RF and high-frequency circuits, and etc. Through the good penetration and non-destructive inspection characteristics of X-Ray, it can be combined with traditional AOI systems to greatly improve the overall system test coverage.

F. Function Verification Tester (FCT)

It mainly checks whether the overall performance and specifications of the assembled circuit boards meet the product requirements. The tester applies rated performance indexes through the probe or connector for testing.

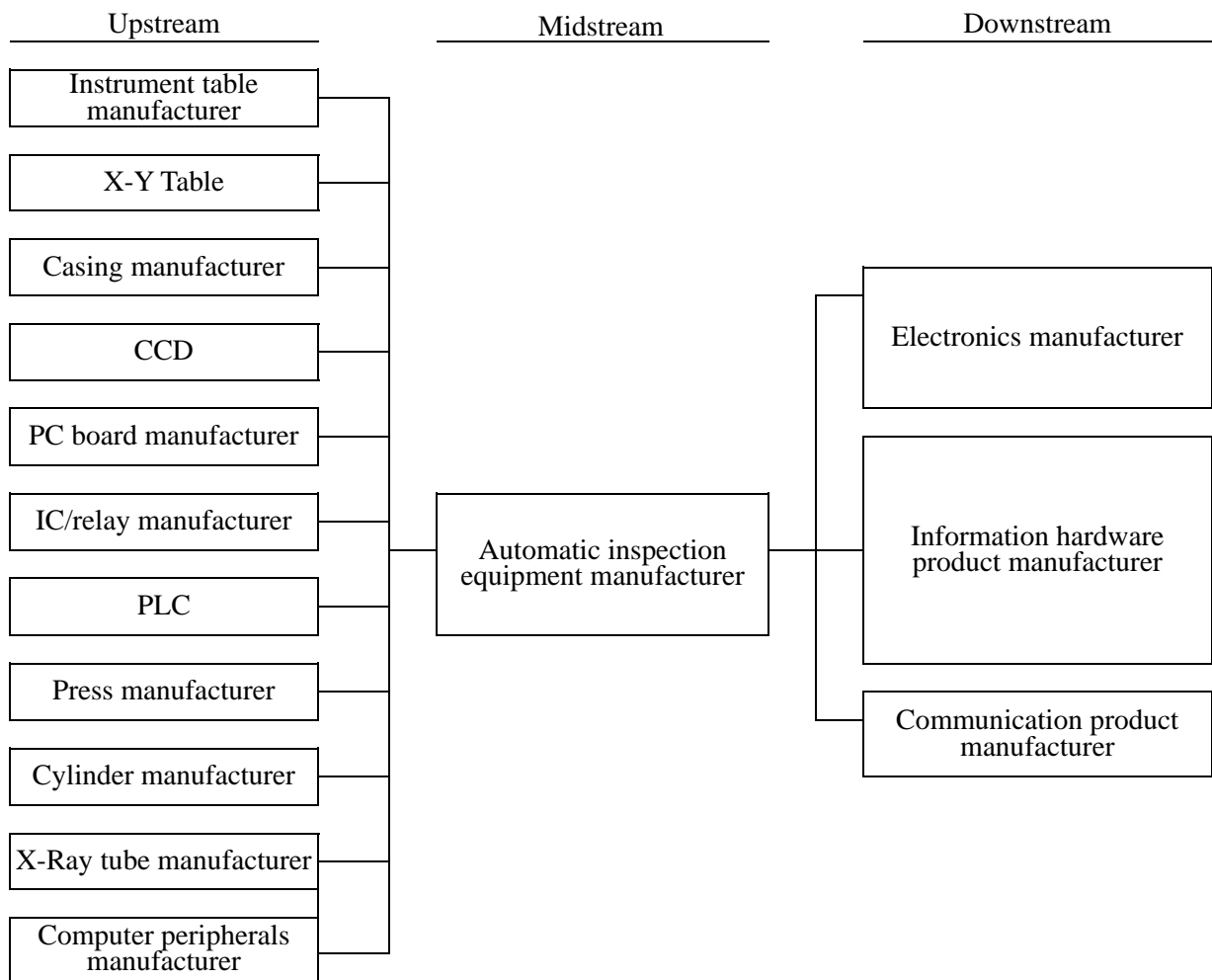
G. IC Tester

With the testing software, the tester sets the specifications and parameters, so as to control the hardware system to simulate various scenarios in which the tested IC will be applied in the future. It also collects and summarizes the functional test results of the tested IC returned from the hardware so as to judge whether it meets the preset specifications and create effective data for engineering analysis.

2. Correlation between the industrial upstream, midstream and downstream

The components needed for manufacturing and assembling the automatic inspection equipment of the Company are mostly purchased from major domestic manufacturers, such as: XY Table, image processing board CCD Camera and X-ray tube, instrument table, PC board, IC, press and computer. After the above-mentioned components are obtained, the Company processes, assembles and inspects them, and finally sells them to manufacturers of information, communications and other industries, which are used to inspect and test the components during its production process, so as to improve the production yield.

The correlation between the industrial upstream, midstream and downstream is shown as below:



3. Product development trend:

In recent years, technology products are developing towards the compact and slim trend. All manufacturers of mobile phones, digital cameras, LCD screens, and laptops are fully committed to promoting the slim feature of their products to consumers. In response to the trend of lightweight products, the products must be designed with smaller size while maintaining the original high yield, which is quite difficult. Taiwan's industry that is dominated by outsourcing, is forced to enter a brand new generation of technology. The manufacturers have invested a lot of funds to update or expand new production lines and purchase more advanced production equipment. In terms of automatic inspection equipment, the growth of the network and the integration of 3C will promote the market demands for automatic inspection equipment. In addition, the rapid growth of communications and portable audio-visual products will bring high market demands for testers with small size and high density of electronic component.

4. Product competition situation:

(1)ICT :

The manufacturers in Taiwan have been engaged in the field of ICT technology

for many years, and have the advantages of the local manufacturers, such as rapid delivery and complete customer service system. The product quality and service have been recognized by customers. Therefore, the ICT products are mainly by the manufacturers in Taiwan. Wherein, the products of the Company are the most competitive and take up the highest market share, with good market reputation, high awareness and high customer acceptance. The Company also pays close attention to the market competition and will further expand its market share through flexible product strategies and local customer service.

(2)ATE/FCT :

At present, the manufacturers in Taiwan are mostly OEM, ODM and EMS. As for the inspection equipment, the foreign customers often designate to use products from international large brands. The Company has developed non-multitask models and simplified the jig manufacturing process. The improved human-machine interface makes it easy-to-operate for users. As the circuit boards are getting highly complicated and integrated, the new generation of automatic inspection equipment is provided to replace the equivalent equipment made from foreign manufacturers gradually. Recently, it has obtained a number of European and American AVL certifications, which will be helpful for the product sales and market expansion.

(3)AOI/SPI/AXI :

At present, there are many foreign competitors related to AOI, SPI and AXI. After investing huge resources in the research and development for many years, the Company has released a comparable machine with well-known foreign manufacturers in terms of the inspection speed and functions. Such machine can fully meet the current strict testing requirements for small components, with extremely high competitiveness in the market. In addition to the miniature trend of electronics, the ICT and ATE equipment that originally used electrical testing will face the problem of incomplete testing (low coverage of insufficient testing points). It is expected that the demands for AOI / SPI / AXI equipment will still have growth space in the next several years.

(4)IC Tester :

Currently, most of the IC testers used in Taiwan's industries are imported. The foreign large manufacturers have accumulated many years of R&D and marketing experience, which have taken up quite high market share. In particular, they acquire the key technologies of high-end ICs with complex test processes and functional integration. With the circuit board testing experience accumulated for years, the Company has entered the field of IC testing. As the consumer ICs are widely applied, which covers the consumer electronics industries such as toys, musical instruments, and home appliances, as well as the fields of information and communications. Therefore, the Company's product development strategy initially takes the low-frequency (10MHz, 20MHz, 33MHz, 100MHz) logic IC testers as a niche market, and mainly promote the products to the consumer IC design, manufacturing companies, and packaging and testing plants.

5. Yield rate of the Company's products:

Under the requirements of the quality policy, "developing advanced technology, pursuing excellent quality, and satisfactory customer service", the Company has been working hard to promote the design and production of high-precision and high-quality measurement equipment that will achieve a win-win outcome with customers. In terms of the quality requirements, it considers the R & D quality, process quality and service quality as the key elements of quality assurance. The Company has also set the installation yield rate, the repeated purchase rate of customers and the number of major factory certifications as the key performance indicators. Through the strategy roadmap, the quality goals are expanded to the entire company, so as to fully promote the implementation of quality. The implementation schemes such as quality verification for products developed, engineering design change process tracking, customer complaint handling, supplier quality counseling, subsidiary quality system linkage, etc. are all in pursuit of the goal of maximum customer satisfaction. Through quality cycles, it achieves continuous improvement and progress to provide customer-oriented quality services. However, under the constant challenge of pursuing better product quality, we are still committed to making breakthroughs. The "Time to Market" is the key in this new economic era. In terms of future efforts: we will strive to accelerate product commercialization, meet new technological challenges, and enhance the confidence in product reliability. We will provide high-quality assurance for our products and the customer's products, which is the Company's goal in quality.

5.1.3 Research and Development

1. Research and Development Expenses in the Past Two Years

Unit: NT thousands

Year	2020	2021
R&D Expenses (NT\$ thousands)	390,750	497,036
R&D Expenses as a Percentage of Sales Revenue	8%	9%

2. Research and Development Achievements of the TRI in the Past Five Years

Since the establishment, the Company has adhered to the faith of independent research and development, cultivated and recruited professional talents for a long time, so as to build a complete R & D system the covers the technologies of analog, digital, optical inspection, institutions, IC and system software. It aims to meet customer's multi-functional needs for products and maintain the market competitiveness with the technologies leading in the industry. The R&D achievements of the Company in the past five years are listed below:

Year	Major Products Developed	Product functions
2017	TR7700QE AOI	©TR7700QE AOI provided superior 3D solder paste and component assembly inspection functions by combining new generation of 2D and 3D technology based on four-direction adjustable variable position

Year	Major Products Developed	Product functions
		stripe light projection.
2017	TR7500QE AOI	◎TR7500QE AOI combined the new generation of multi-angle 2D and 3D technology based on four-direction adjustable digital stripe light projection and four low-angle cameras. Together with the latest inspection software, it could ensure that there were no missing test results on PCBA.
2017	TR7600 SIII AXI	◎TR7600 SIII AXI series was TRI's new generation of Inline PCBA inspection solution with indexes. TR7600 SIII combined fast high-resolution imaging speed, which greatly improved the image detection efficiency in the advanced automatic X-ray inspection.
2017	TR7600F3D AXI	◎TR7600F3D combined with the ultra-high-resolution imaging and high-precision planar digital CT, as well as the newest and stable hardware platform and the brand new intuitive software interfaces to achieve excellent image quality and reliable inspection results.
2019	TR7700Q SII AOI	◎With flexible detection algorithms and measurement functions, TR7700Q SII could perform accurate measurement and data transmission for smart factory applications. TR7700Q SII was a high-efficiency 3D AOI solution with high inspection speed and high accuracy.
2019	TR7600F3D SII AXI	◎TR7600F3D SII was the new generation of 3D AXI platform capable of high-speed inspection up to 10 FOV / s. With the high-precision inspection function that could detect defects comprehensively, it could be easily integrated into the online MES connection in smart factories.
2020	TR7700QE-S AOI	◎ Built on a high resolution and high precision platform, TR7700QE-S features the packaging purpose in the semiconductor industry. This unit enables to inspect various defects, including wire bonding, sticky crystal, SMD, bumps and tin points. Thus, the accuracy is upgraded through the use of both measurement functions and flexible inspection calculations.
2020	TR7700QM SII AOI	◎TR7700QM SII is built on a high resolution and high expandability structure, and suitable for packaging in the semiconductor industry. In addition of detecting defects of wire bonding, sticky crystal, SMD, bumps, and tin points, this unit can employ the TRI intelligent inspection to detect data base in real time.
2020	TR7007Q Plus SPI	◎TR7007Q Plus 3D SPI platform equips with a total of four sets of digital fringe light projection, an optimized motion control system (EtherCAT), together with an enhanced 2D light source module. This device ensures shadow free inspection, accurate detection of low tin bridge defects, and board-bending compensation so as to eliminate PCB manufacturing process errors.

Year	Major Products Developed	Product functions
2020	TR7007D Plus SPI	◎TR7007D Plus 3D SPI platform equips with two sets of digital fringe light projection, an optimized motion control system (EtherCAT), plus an enhanced 2D light source module, a device to accurately detect low solder bridge defects and perform board bending compensation in order to eliminate PCB process errors eventually.
2020	TR5001 SII LED Series ICT	◎ A new generation of TR5001 SII LED series assembled circuit board tester, this unit provides up to four independent test cores to support multi-core parallel testing and increase test productivity significantly. Regarded as TRI's latest ICT + FCT innovation technology of its kind, the TR5001 SII LED series is dedicated to LED lighting tests. ◎ Winner of both the 2020 EM Asia Innovation Award and 2020 IPC APEX Innovation Award
2021	TR7007 SII Ultra SPI	◎The detection speed of TR7007 SII Ultra 3D SPI platform is in the leading position in the industry, and is built on a reinforced mechanical platform to ensure stability and accuracy during the inspection process.

3. Research and Development Plan

(1) Goals of R&D strategies

The Company's research and development strategies are to be committed to automatic inspection equipment. With the development of Taiwan's information industry, communication industry and IC industry, the products developed by the Company can reduce the production inspection costs, improve the quality of product delivered, and thus improve the overall competitiveness for manufacturers. It makes our product lines of automatic inspection equipment more complete.

(2)Key R&D items

The Company's goal is to provide customers with an overall solution on automatic inspection equipment. In addition to constantly improving and optimizing the functions and quality of the commercialized products, the Company will develop:

- A. High-efficiency automatic inspection equipment: that will provide higher testing speed and complete functional testing for products, improve product quality, and reduce the manpower and costs for testing.
- B. Intelligent Test Software Solutions: that will integrate with AOI, AXI, ICT, ATE, and Functional Test ATE test systems to improve test coverage and reduce overall test time. The intelligent software could improve process yield and product quality, and provide overall solutions of online product inspection for production.

5.1.4 Long-term and Short-term Development

1. Short-term Development

The short-term marketing goals that the Company strives for are to strengthen the global marketing and service network in addition to fully developing the Chinese market in Taiwan and Mainland China. It aims to penetrate into the market of non-Taiwanese businesses and expand the business scope and scale.

For the assembly of automatic inspection equipment industry, the Company has already taken up the leading position in the industry. With a large number of customer clusters, its product quality, services and functions have been deeply recognized by customers. It has also established good relations with electronic information and communication product manufacturers, won the trust of customers and built a good brand image.

ICT and ATE have been certified by many international manufacturers, which have been widely used in many well-known factories. Since SPI & AOI automatic inspection equipment has the same customer clusters as ICT and ATE, it can be quickly promoted to the existing customer clusters. Regarding the automatic inspection equipment, the marketing strategy of the Company is to provide customers with "overall solutions."

2. Long-term Development

It will accelerate the internationalization, strengthen the marketing of self-owned brands, and increase the exposure in various markets around the world, and establish the image of a professional tester manufacturer, so as to become "a well-known brand of global automatic inspection equipment". Moreover, it will collect market intelligence extensively, which will be taken as important reference for formulating product development and marketing strategies.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Target regions for main products:

The Company is mainly engaged in R & D, production, and sales services of automatic inspection equipment. It also constantly seeks breakthroughs in function and quality upon user's needs, so as to provide a complete solution for testing and assembled circuit boards. Besides the sales of testers, TRI also provides factory automation consulting services, which realizes the most comprehensive automation process for the production lines of the factory. Moreover, the production lines could be controlled by the online computers, which is convenient and more efficient. In terms of after-sales service, the Company also provides warranty services including education and training, machine repair, replacement, calibration, and regular maintenance. In addition, the regular software update services are available to allow users to upgrade to more powerful technologies.

Sales (Service) Region:

Unit: NT thousands

(Year) (Division)	2020		2021	
	Sales	Percentage	Sales	Percentage
Asia	4,332,874	87.5%	5,009,618	89.4%
America	229,029	4.6%	384,215	6.8%
Europe	365,964	7.4%	164,456	2.9%
Others	22,828	0.5%	48,401	0.9%
Total	4,950,695	100%	5,606,690	100%

2. Market Share (%) of Major Product:

The Company has been engaged in the field of automatic inspection equipment for decades. At the same time, it has also operated in major markets such as Taiwan and Mainland China for a long time. It not only obtains a high reputation in the industry, but also invests considerable resources in product development and customer management, which is one of the leading brands in Greater China. It currently ranks among the top five globally and takes up the global market share of 10~20%.

3. Market supply, demand situation and future growth:

(1) Industrial characteristics

- a. The industry is R&D technology-oriented, which results in high barriers for new manufacturers to enter the market.

The existing manufacturers have accumulated many years of experience, acquired key technologies and been engaged in the market for a long time. All these are high market barriers and technical bottlenecks for new manufacturers.

- b. The products are widely applied and close linked with the development of downstream industry process.

The tester market covers the industries of electronics, information communication, telecommunications and others, which requires grasping customer demands at any time. Current, the development cycle of consumer products is about 3 months, and the life cycle of products is 6 months. In order to cope with the fast-changing product process, tester manufacturers must be able to meet customer requirements in advance. Otherwise, it will not be able to take up a place steadily in the market.

- c. It takes product function and service as the orientation, and focuses on the key customers

Generally, the tester manufacturers complete customized designs for specific customer needs. Therefore, function update and after-sales service are extremely important.

- d. Low pollution and low energy consumption industry

The design of software and hardware and the mass production process do not consume a lot of energy or cause major pollution.

(2) Market demand

With the growth of the Internet and the rapid integration of 3C technology, it will show higher requirements for user-friendly interface. Taiwan's

information manufacturers take advantage of the mature production technology and flexible manufacturing strength accumulated in the past. Under the rapid growth of global information appliance products, the related manufacturers in Taiwan have successively expanded their production and testing equipment to embrace the coming of post-PC era, which has also promoted the market demands for automatic inspection equipment.

(3) Market supply

The multi-functional automatic inspection equipment developed by the Company can take the advantage of the rapid delivery and the complete customer service system of local manufacturers. Moreover, the downstream applications consider to reduce production inspection costs. Thus, the imported inspection equipment will be gradually replaced. At the meantime, with the continuous growth of the information and telecommunication industry in Taiwan, the market supply in the future will be adequate since the tester manufacturers in Taiwan are engaged in this field for a long time and have acquired mature production technologies.

(4) Future development trend of the industry

- a. With the diversification of electronics and information products, the circuit design tends to be more and more complex, and the requirements for inspection coverage are stricter and it is upgraded toward functional digital measurement technology.
- b. Due to the compact and slim development trend of the electronics, the development of precision optical detection technology will be the development focus of the manufacturers in the future.

4. Favorable and Unfavorable Factors in the Long Term

Favorable factors that affect the future development of the Company

(1) R&D technical strength leading in the industry

The Company has spared no effort in the research and development of product technologies. In terms of hardware design, it has designed the host control board circuit for the automatic inspection equipment, fully mastered the key test technologies. With self-developed application software, it could accurately analyze the test results and feedback the process defects to the front-end manufacturer in real time. In this way, it achieves the purpose of improving the yield of the production process and reducing the inspection costs. Moreover, it greatly increases the added value of the integration of automatic inspection equipment systems, and releases new products that are leading in the industry, which have been recognized and complimented by customers. In addition, the customer's use suggestions and process development trends are reflected by the customer service personnel. After the relevant departments evaluate the feasibility, it will improve the existing automatic detection equipment or develop new products to enhance the competitiveness among the competitors.

(2) Good brand image, and product competitiveness

The Company promotes the brand “TRI innovation” in the markets at home

and abroad. With the long-term efforts in the field of tester, the high-quality products and professional repair services, it has established a good brand image and won the recognition and trust of renowned large factories at home and abroad. With rich experience in marketing equipment and a large number of customer clusters, the Company as a local manufacturer, is more competitive than foreign manufacturers in terms of supply speed, product repair and technical support. Thus our products gradually replace the costly testers made by the manufacturers in the United States and Japan.

(3) With the technical strength accumulated over the past years, it has diversified the product lines in the field of the assembled circuit board inspection, and provides complete inspection requirements and schemes for assembled circuit boards. Therefore, the Company is quite flexible in adjusting its technology and organizational structure, and can take advantage of the positive benefits of expanding its product lines in the right time.

(4) Sound operational and financial condition, and abundant manpower
The revenue of the Company has grown substantially since its establishment, and its financial condition is conservative and stable. Under the philosophy of "team, speed, innovation, integrity, and service" for a long time, we emphasize on the employee welfare, and establish responsibility-oriented management system, etc., so as to attract and retain outstanding employees. At the meantime, it spares no effort to conduct employee training and carry out cultivation plans. Abundant and excellent manpower, plus the Company's solid foundation, is critical for the future growth of the Company.

Unfavorable factors

Some foreign large information factories still designate foreign brand equipment: Despite the operations for many years, the increased global market share and higher awareness, some foreign large information factories still designate foreign brand equipment. As a result, the Company still has to continuously develop foreign AVL certification affairs of foreign large information factories.

Countermeasures:

- A. Strengthen product differentiation, and improve product functions to meet customer needs better; when facing various brands, customers will still consider product functions rather than price to make the decision.
- B. Establish a complete customer service system and real-time after-sales service, and help customers train production line engineers to make it get online easily; thus, they can solve the simple problems by themselves to avoid interruption of the production line and increase the confidence of downstream customers.
- C. Continuously and actively carry out the AVL certification of European and American large factories and maintain good relations with the above-mentioned OEM factories; with the advantages of quick supply and low equipment and maintenance costs of local manufacturers, we could gain customer trust and establish opportunities for future cooperation between the two parties.
- D. Develop overseas markets and expand marketing sites

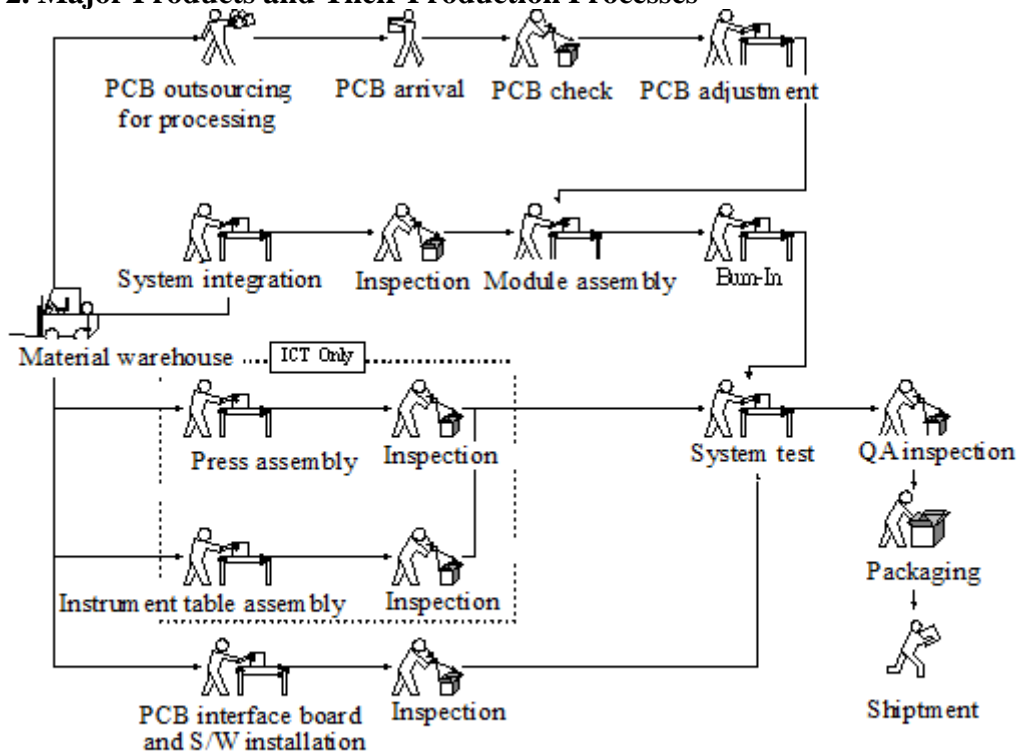
As the electronics, information, communication and other industries shift the production base to Mainland China, the Company has also set up sales and service sites in China and cooperates with local agents to fully grasp customer needs and trends at any time, so as to develop the potential markets in China. It also actively sets up sites in Asia, Europe, America and other regions and cooperates with local potential distributors to establish wide distribution network and expand the business in overseas markets.

5.2.2 Production Procedures of Main Products

1. Major Products and Their Main Uses

Products	Applications
ICT	Suitable for testing the functions of the assembled circuit board of the soldered parts and determining whether the circuit board is open/short circuited and whether the electronic components are missing, reversed, or damaged during production. The abnormal problems mentioned above will be firstly solved in the process to improve the quality management of the circuit board process. This reduces the number of defects found before shipment that may lead to rework.
ATE	In addition to performing the above tests, it can also test the IC digital functions of the circuit board. That is, apply external power is added to measure the linear and digital signals on the circuit board.
FCT	It checks whether the overall performance and specifications of the assembled circuit board meet the product requirements.
IC Tester	Test the functions of consumer IC.
AOI	Suitable for the inspection of the assembled circuit boards with small size and high density such as: Solder Volume, Missing Component, Skew Component, Tombstoned Component, Polarity & Marking, Solder Bridge, Missing Solder, Lifted Lead, Surface Defect on Gold Finger, and Surface Defect on PCB.
SPI	Suitable for solder point inspection before Pick and Places in the process of assembling the circuit board; it could minimize the defective rate of BGA parts welding and Solder Bridge during the process. It can also check the area, height, volume, insufficient, and excessive problems after printing the solder paste, so as to reduce the non-conforming solder joints derived from solder paste printing defects.
AXI	X-Ray AOI inspection machine mainly uses the penetration characteristics of X-Ray to present the images with various brightness on the camera acquisition. It can separate the upper and lower overlapping component images, makes computation and analysis for the images at different CT layer height by nine images taken by different directions of acquisition angle, so as to detect the defect the non-conformities on the circuit board. Especially for BGA components and the parts that can't be inspected visually, it can provide a more advantageous solution.

2. Major Products and Their Production Processes



5.2.3 Supply Status of Main Materials

Main materials	Location of major suppliers
Mechanism related parts	Taiwan
Image parts	United States, Canada, Japan, Germany, The Netherlands, Korea
PCB empty board	Taiwan
Electromechanical parts	Japan, Taiwan
Computer peripherals	Taiwan
XY TABLE	Japan, Taiwan
Relay	Taiwan

The above suppliers are mostly large factories at home and abroad, which have good quality, technology and reputation in the industry, and have cooperated with the company for many years with good and stable partnership. At present, the Company has adequate supply for main materials. For the procurement of raw materials, it generally maintains more than two suppliers, ensuring the stable supply. Thus, there is no shortage of supply for production materials.

5.2.4 Major Suppliers and Clients

1. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2020				2021			
	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer
1	Others	2,226,024	100	-	Others	3,167,956	100	-
	Net Total Supplies	2,226,024	100	-	Net Total Supplies	3,167,956	100	-

Explanation for the variation: No significant variation.

2. Major Clients in the Last Two Calendar Years who has accounted for more than 10% of the total sales of goods in any one of the latest two years

Unit: NT\$ thousands

Item	2020				2021			
	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer
1	Company G	69,513	1	Client	Company G	37,713	1	Client
2	Others	4,881,182	99	-	Others	5,568,977	99	-
E	Net Sales	4,950,695	100	-	Net Sales	5,606,690	100	-

Explanation for the variation: G company's demand increased.

5.2.5 Production in the Last Two Years

Unit: Set/NT\$ thousands

Output Year	2020			2021		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products (or by department)						
Automatic Inspection Devices	3,100	2,885	2,655,842	3,600	3,527	3,361,301

5.2.6 Shipments and Sales in the Last Two Years

Unit: Set/NT\$ thousands

Shipments & Sales Year	2020				2021			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Major Products (or by departments)								
Automatic Inspection Devices	383	1,184,556	2,178	3,766,139	398	936,197	2,223	4,670,493

5.3 Human Resources for the Past Two Years

Year		2020	2021
Number of Employees	Sales	354	368
	R & D	193	207
	Manufacturing	183	198
	Administration	130	130
	Total	860	903
Average Age		34.2	35.8
Average Years of Service		7	8
Education	Ph.D.	1.1%	1.2%
	Masters	24.1%	27.1%
	Bachelor's Degree	70.9%	64.6%
	Senior High School	3.1%	6.7%
	Below Senior High School	0.8%	0.4%

5.4 Environmental Protection Expenditure

5.4.1 Total Losses and Penalties

The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report: None.

5.4.2 Countermeasures

The amount of the loss and punishment caused by polluting the environment in the latest two years and as of the printing date of the annual report; also disclose the future preventive measures and possible expenditure: Not Applicable.

5.5 Labor Relations

5.5.1 The Company's HR strategy is to strive to create an "employer brand" that attracts excellent talents. The important human resources measures are listed as below:

1. Recruit excellent talents

To meet the needs of business growth and internationalization, the Company is actively recruiting various excellent talents. Through full empowerment, we provide a working environment that can realize the full potential and achieve the satisfaction and accomplishment of employees.

2. Performance Development Plan

The Company implements the Performance Development Plan(PDP) that combines the strategic planning with the personal performance management plans through the balanced scorecard. The PDP has effectively integrated resources and focused on the overall strategy and achievement of annual goals of the Company.

3. Compensation system

The Company implements the philosophy of performance-based incentives combines with the above-mentioned PDP, salary raise, bonuses and dividends that are based on the performance and ability evaluation.

4. Welfare measures

Travel allowance / cash gift for festivals/ diversified leisure activities / allowance for marriage, funeral and maternity / hospitalization relief money /allowance for medical examination free group insurance for employees and dependents / regular health check / gym exclusively for employee.

5. Further study, education and training

The Company's training system can enhance employees' competency and enable them to realize their full potential, as well as combine individual growth with organizational development. Every employee could take various training courses carefully arranged under this system, adding value to the colorful life!

(1) Leadership development course: Through a series of management leadership training in management, finance, law, human resources, and etc., it cultivates excellent leaders and establishes the management language with ethics and disciplines in common.

(2) Professional course: By enhancing the professional knowledge and skills of employees, it improves the work performance and increases the competitiveness of employees and the Company. The content of the course includes: a. Elementary professional training: FPGA, RF, MCU, TRIZ, FMEA, C ++, C #, etc. ; b. Advanced professional training: professional training for the specific department, special seminars and external training.

(3) Basic course: The new recruits are conducted with training related to philosophy, so they will be competent of the new position smoothly, which can

also strengthen the cohesion of the Company. The content of the course includes: a. introduction of corporate culture and business philosophy; b. description of company system, welfare, goals and future vision; c. product introduction and future development directions; d. legal concepts that technological employee should possess (for example: patent rights and intellectual property rights); e. utilization of internal management tools.

- (4) External course: Employees can attend seminars and professional training courses at home and abroad in a non-scheduled way, so as to strengthen professional competency and technology. The achievements of the Company's 2021 education and training are as follows:

Number of classes	Total trainees	Total training hours	Total expense(NT\$)
291	12,860	15,936	1,812,540

6. Retirement system and its implementation

The Company established the Labor Retirement Reserve Supervision Committee in 2000, and formulated the labor retirement regulations to handle employee retirement matters. Moreover, it allocated pensions on a monthly basis as required by laws and deposits them in Department of Trusts, the Bank of Taiwan (formerly the Central Trust of China) for management. In addition, a new labor pensions system has been implemented since July 1, 2005, and pensions are appropriated on a monthly basis and deposited into the special account of the Bureau of Labor Insurance for management.

Pension system	Old system	New system
Applicable source of law	Labor Standards Act	Labor Pension Regulations
How to withdraw	In name of the Company, 4% of the employee's total monthly salary is deposited into a special account in the Bank of Taiwan.	According to the insurance coverage of each employee, 6% is allocated to the individual account of the Bureau of Labor Insurance.
Amount to be allocated	Labor retirement reserve accumulated to amount of NT\$60,200,000	An amount of NT\$26,160,000 was allocated in 2021.

7. Labor agreements

The Company deals with the labor issues based on the business philosophy of labor-management integration, co-existence and co-prosperity, and attaches great importance to the opinions of employees. Employees may always fully express the problems encountered at work and in life through the formal or informal communication channels of the Company, so as to seek mutual understanding,

cohesion and consensus, and create outstanding performance together. In addition, since 2000, the labor representatives have been regularly elected, and labor meetings have been held regularly to coordinate the views of both parties and promote the harmony between labor and management. So far no labor disputes have occurred.

8. Code of Conduct

To regulate the employees service, appointment, resignation, dismissal, suspension without pay, lay-off, compensation, working hours, overtime work, leave, retirement, pension, assessment, reward and punishment, welfare, safety and health, employee complaint management and various conducts, the Code of Conduct was established in 2000, and reported to the competent authority for regular review. After the amendment was approved by the labor-management conference, it will be also filed to the competent authority for review.

9. Code of Ethical Conduct

To guide the Company's directors, managers at all levels and all employees to act in conformation to the ethical standards, and to make the Company's stakeholders understand the ethical standards better, the Company has established the Code of Ethical Conduct, including the following eight items:

- (1) Prevent conflicts of interest
- (2) Avoid pursuit of personal benefits
- (3) Confidentiality
- (4) Fair trade
- (5) Protect and properly use company assets
- (6) Comply with laws and regulations
- (7) Encourage reporting any illegal or ethical misconduct against the Code of Ethical Conduct
- (8) Disciplinary measures.

10. Working environment and safety protection measures for employees

Working environment and safety protection are to protect employees from occupational injury. The Safety and Health Work Rules were established in 2000. The occupational safety and health team of the Company regularly checks the working environment and safety protection measures in accordance with safety and health management and automatic inspection regulations. It formulates the safety and health codes that stipulates the safety management matters, including the following seven items, which should be followed by employees:

- (1) Occupational safety and health management and rights and responsibilities at all levels: The occupational safety and health team is set up in accordance with the provisions of the Occupational Safety and Health Act, to manage all occupational safety and health related affairs of the Company.

- (2) Maintenance and inspection of equipment: The inspection is divided into regular inspection, key inspection, and operation checkpoint, etc. The using department should make the plan and send to the occupational safety and health team for review, which shall be then implemented in practice.
- (3) Work safety and health standards: It includes the general safety and health precautions, safety and health precautions in the workplace, hand tool operation precautions, precautions related to material storage and transportation operation safety, electrical, air compressor, mechanical processing, safety precautions got organic solvents operation, fire and explosion prevention precautions.
- (4) Education and training: All workers must undergo at least three hours of safety and health training every three years. Moreover, they should undergo at least three hours of on-the-job training annually based on the job transfer or the needs of each department.
- (5) First aid and rescue: In case of any accidental injury at work, it should notify the first-aid personnel immediately. The injured personnel should be sent to the doctor for emergency medical treatment depending on the actual condition. In case of injury caused by special job, in addition to medical treatment and reporting to the management for handling, a written report should be prepared and submitted to the occupational safety and health team. The current lines for emergency are 110 and 119.
- (6) Preparation, maintenance and use of protective equipment
- (7) Accident reporting: When any injury occurs to the employee in the department at work, it should report to the supervisor immediately. The supervisor must report to the occupational safety and health team within 24 hours. In case of major accident, the scene should be kept after the rescue, which should not be moved or destroyed without authorization. It facilitates the identification and inspection of the judicial authorities and labor inspection agencies. If a major disaster defined by laws occurs in the department, the occupational safety and health team should report to the local labor inspection agency within eight hours. In addition, the spokesperson of the Company is responsible for the press release. Occupational disasters in the department shall be investigated by the competent department. The occupational safety and health team shall collect the data and perform monthly analysis, as well as formulate preventive measures and report them to the General Manager for approval.

5.5.2 Explain if there is any loss caused by any labor disputes in the most recent year and as of the printing date of the annual report, and disclose the potential estimated amount and the measures taking at present and in the future. If reasonable estimation is not available, please state the fact of not being able to reasonably estimate:

1. Losses sustained due to labor disputes: Please refer to VII-7.6.1 -12-(2).
2. Labor inspection results found in violation of the Labor Standards Act: None.

5.6 Cyber Security Management

5.6.1 The Company's Cyber security management framework, Cyber security policies, management plan and investments in resources for cyber security

1. Cyber security management framework

The Company's IT department follows the information security's internal control management measures and is responsible for implementation of various information security services. Beginning in 2021, it has introduced ISO/27001:2013 certification and built an information security management system (ISMS) that meets international standards. Therefore, a cross-departmental information security management committee was set up to coordinate the formulation of various information security policies related to the Company's overall information security, and to supervise the implementation and inspection of information security. A review meeting of information security management is held every year to report the effectiveness of information security managements, discuss information security-related issues, and make decisions on the future direction of the Company. Under the committee, there are three functional groups, namely "Information Security Maintenance and Response Team", "Information Security System Establishment and Implementation Team", and "Information Security Audit Team". Their respective responsibilities include various information security maintenance and emergency response processing, implementation of documents and system settings, and regular review of the company's information security implementation status.

2. Cyber security policy

To enhance the system of Company's information security managements is in implementation, effectively operated, supervised and managed, and carried out continuously, and to maintain confidentiality, integrity, availability, and legal compliance of important information systems. It formulates and promulgates the Company's information security policies for employees to guide their daily works. This enables all employees to understand, implement and maintain, and ensure that all the important business data of the Company, the maintenance and operation of the information security communication system and network, and the security control of personnel and suppliers to comply with relevant information security standards, and achieve the goal of continuous operation of the Company's business. And to formulate quantitative indicators of information security performance, confirm the implementation status of the information security management system and whether the set information security objectives are achieved or not? The continuous improvement cycle mode: (Plan), (Do), (Check), and (Action) is used to ensure the effectiveness and continuity of the Company's overall information security.

3. Specific management plan and resources invested in cyber security management

Internet security	<ul style="list-style-type: none"> ● To strengthen firewall and network control and avoid network security threats ● To introduce various security technologies, and actively detect/scan host system security ● To strengthen external connection security control mechanism
Equipment safety	<ul style="list-style-type: none"> ● To implement inventory of assets and equipment and equipment room access control ● Hosts are regularly patched and updated ● Centralized control of computer antivirus system of enterprises
Data security	<ul style="list-style-type: none"> ● To establish a backup and backup mechanism for important information systems, and carry out restoration drills on a regular basis. ● Permission application control and periodic review mechanism ● Operation, research and development of products and personal data security protection mechanisms, including the establishment of an independent and exclusive operating environment.
Personnel safety	<ul style="list-style-type: none"> ● Newcomers sign confidentiality contract ● To implement internal staff information security education and training courses ● Periodic replacement of staff account password
Supplier security	<ul style="list-style-type: none"> ● Information vendors sign information security confidentiality documents ● Remote log-in authority control for outsourced vendors
Application security	<ul style="list-style-type: none"> ● Integrated development process and conduct security checks ● Special permission and management of usage rights
Education training	<ul style="list-style-type: none"> ● To implement email social engineering drills and raise the awareness of information security of employees ● To regularly publicize the company's information security policy and safety precautions
Law to follow	<ul style="list-style-type: none"> ● In response to the requirements of relevant government laws and regulations, timely adjust the company's internal information security policies and measures

5.6.2 Losses Related to Cyber Security for the Most Recent Year and Up To the Publication Date of this Annual Report: None.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Technical authorization	Agilent Technologies Incorporated	2002.07 Permanent	Permanent authorization of IC empty solder inspection technology and electrolytic capacitor reverse inspection technology	The only company in Greater China that obtains permanent authorization
Entrusted research plan	National Pingtung University of Science and Technology	2021/08/01 2022/07/31	2021 automatic optical inspection technology development	Upon the written consent of TRI in advance, National Pingtung University of Science and Technology is entitled to authorize a third-party to use the intellectual property in the industry other than the SMT automatic optical inspection. The profits shall be divided equally by both parties.
R&D Cooperation Projects	Inventec Corporation	2020/12/01	Cooperation and authorization of industrial upgrading and innovation platform coaching	The intellectual property rights acquired in the implementation of this project is owned by both parties in accordance with real capital contribution ratios; and they can reach accord on other agreements, however.

Agreement	Counterparty	Period	Major Contents	Restrictions
Appointment contract	JJP Architects & Planners.	2020/10/12	To appoint the architect firm for Phase II new construction of Linkou Plant, including its design and supervision consultancy works.	The copyright of design graphics deriving from the performance of this contract belongs to the assignee, but the Company ought to use it with no charges. Without a written consent of the other party, the right of this contract is not allowed to transfer to the third party.

Agreement	Counterparty	Period	Major Contents	Restrictions
R&D program cooperation	Taiwan Small & Medium Enterprise Counseling Foundation	2021/01/18 2022/12/31	High-end server automatic optical inspection system intelligent upgrade plan	<p>1. Within two years from the date when the research and development results of the subsidy plan are produced, the Company's research and development results are not allowed to produce or use outside the jurisdiction of the nation. However, this is not the case if it is approved by the Ministry of Economic Affairs or its affiliated agencies or handled in accordance with relevant laws and regulations.</p> <p>2. The knowledge, technology, intellectual property rights, and other research and development results obtained from the implementation of this plan are owned by Test Research Inc. The Company is responsible for management and use in accordance with relevant laws and regulations. The Ministry of Economic Affairs or its subordinate agencies may obtain free, non-transferable and non-exclusive rights to implement the research and development results by agreement with Test Research based on the interests of the state and social welfare. The same agreement shall also be made when the Company authorizes or transfers the research and development results to a third party.</p>

Agreement	Counterparty	Period	Major Contents	Restrictions
Contract	Lee Ming Construction Co., Ltd	2021/6/7	Lee Ming Construction is responsible for the new construction of Linkou Plant, Phase II.	-
Cooperative development	National Yang Ming Chiao Tung University	2022/03/01 2022/08/31	Development of CT reconstruction algorithm	<p>1. Both parties promised not to cite the name, school emblem, trademark of the other party when using or promoting the research results for commercial purposes (including but not limited to public marketing, promotion or advertising of products/goods or services, etc.) without the written consent of the other party, and or other adequate means of representation.</p> <p>2. Without the prior written consent of both parties, the rights and obligations under this contract may not be assigned to any third party.</p>

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Balance Sheet and Statements of Income

Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		3,826,399	4,210,266	4,264,041	4,695,517	5,608,128
Property, Plant and Equipment		2,166,358	2,159,648	2,135,082	2,131,960	2,227,309
Intangible assets		8,089	16,708	20,237	24,807	26,772
Other assets		61,054	81,674	149,675	145,019	147,773
Total assets		6,061,900	6,468,296	6,569,035	6,997,303	8,009,982
Current liabilities	Before distribution	938,166	953,649	946,814	1,004,493	1,591,014
	After distribution	1,646,814	1,827,648	1,726,327	1,784,006	(Note 2)
Non-current liabilities		114,780	166,178	239,789	290,616	322,677
Total liabilities	Before distribution	1,052,946	1,119,827	1,186,603	1,295,109	1,913,691
	After distribution	1,761,594	1,993,826	1,966,116	2,074,622	(Note 2)
Equity attributable to shareholders of the parent		5,008,954	5,348,469	5,382,432	5,702,194	6,096,291
Capital stock		2,362,160	2,362,160	2,362,160	2,362,160	2,362,160
Capital surplus		53,290	53,290	53,290	53,290	53,290
Retained earnings	Before distribution	2,623,627	2,974,814	3,034,252	3,343,953	3,749,203
	After distribution	1,914,979	2,100,815	2,254,739	2,564,440	(Note 2)
Other equity interest		(30,123)	(41,795)	(67,270)	(57,209)	(68,362)
Treasury stock		0	0	0	0	0
Non-controlling interest		0	0	0	0	0
Total equity	Before distribution	5,008,954	5,348,469	5,382,432	5,702,194	6,096,291
	After distribution	4,300,306	4,474,470	4,602,919	4,922,681	(Note 2)

Note 1: The above financial statements have been audited by an independent accountant.

Note 2: Pending for shareholders' approval.

Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial Summary for The Last Five Years				
	2017	2018	2019	2020	2021
Operating revenue	3,601,158	4,919,426	4,386,806	4,950,695	5,606,690
Gross profit	1,907,605	2,629,304	2,489,589	2,715,256	3,047,841
Income from operations	757,682	1,269,751	1,196,514	1,437,325	1,558,100
Non-operating income and expense	(41,489)	64,737	(35,555)	(64,080)	(598)
Income before tax	716,193	1,334,488	1,160,959	1,373,245	1,557,502
Profit for the year from continuing operation	594,865	1,064,399	938,698	1,092,656	1,185,054
Loss on discontinued operations	0	0	0	0	0
Net income (Loss)	594,865	1,064,399	938,698	1,092,656	1,185,054
Other comprehensive income (income after tax)	(6,522)	(16,236)	(30,736)	6,619	(11,444)
Total comprehensive income	588,343	1,048,163	907,962	1,099,275	1,173,610
Net income attributable to shareholders of the parent	594,865	1,064,399	938,698	1,092,656	1,185,054
Net income attributable to non-controlling interest	0	0	0	0	0
Comprehensive income attributable to Shareholders of the parent	588,343	1,048,163	907,962	1,099,275	1,173,610
Comprehensive income attributable to non-controlling interest	0	0	0	0	0
Earnings per share	2.52	4.51	3.97	4.63	5.02

Note 1: The above financial statements have been audited by an independent accountant.

Condensed Balance Sheet(Parent Company Only)

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		3,343,363	3,554,959	3,543,082	3,900,780	4,579,218
Investments accounted for using equity method		587,854	757,520	815,715	888,325	1,096,803
Property, Plant and Equipment		2,020,372	2,014,950	1,993,580	1,957,334	2,051,942
Intangible assets		8,036	16,162	19,834	24,331	26,453
Other assets		46,194	62,529	69,137	78,667	74,126
Total assets		6,005,819	6,406,120	6,441,386	6,849,437	7,828,542
Current liabilities	Before distribution	882,194	874,082	873,451	906,069	1,458,862
	After distribution	1,590,842	1,748,081	1,652,964	1,685,582	(Note 2)
Non-current liabilities		114,671	183,569	185,503	241,174	273,389
Total liabilities	Before distribution	996,865	1,057,651	1,058,954	1,147,243	1,732,251
	After distribution	1,705,513	1,931,650	1,838,467	1,926,756	(Note 2)
Capital stock		2,362,160	2,362,160	2,362,160	2,362,160	2,362,160
Capital surplus		53,290	53,290	53,290	53,290	53,290
Retained earnings	Before distribution	2,623,627	2,974,814	3,034,252	3,343,953	3,749,203
	After distribution	1,914,979	2,100,815	2,254,739	2,564,440	(Note 2)
Other equity interest		(30,123)	(41,795)	(67,270)	(57,209)	(68,362)
Treasury stock		0	0	0	0	0
Total equity	Before distribution	5,008,954	5,348,469	5,382,432	5,702,194	6,096,291
	After distribution	4,300,306	4,474,470	4,602,919	4,922,681	(Note 2)

Note 1: The above financial statements have been audited by an independent accountant.

Note 2: Pending for shareholders' approval.

Condensed Statement of Comprehensive Income(Parent Company Only)

Unit: NT\$ thousands (Except EPS: NT\$)

Item \ Year	Financial Summary for The Last Five Years				
	2017	2018	2019	2020	2021
Operating revenue	3,298,989	4,408,491	4,007,099	4,728,188	5,410,730
Gross profit	1,570,409	2,134,719	2,145,174	2,468,510	2,621,099
Income from operations	707,365	1,112,129	1,090,185	1,303,266	1,303,048
Non-operating income and expense	(7,863)	186,726	56,216	35,908	180,896
Income before tax	699,502	1,298,855	1,146,401	1,339,174	1,483,944
Profit for the year from continuing operation	594,865	1,064,399	938,698	1,092,656	1,185,065
Loss on discontinued operations	0	0	0	0	0
Net income (Loss)	594,865	1,064,399	938,698	1,092,656	1,185,054
Other comprehensive income (income after tax)	(6,522)	(16,236)	(30,736)	6,619	(11,444)
Total comprehensive income	588,343	1,048,163	907,962	1,099,275	1,173,610
Earnings per share	2.52	4.51	3.97	4.63	5.02

Note 1: The above financial statements have been audited by independent auditors.

6.1.2 Auditors' Opinions from 2017 to 2021

Year	Accounting Firm	CPA	Audit Opinion
2017	PricewaterhouseCoopers, Taiwan	Pan, Hui-Lin; Liao, A-Shen	An Unqualified Opinion (with Other matter paragraph) (Note1)
2018	PricewaterhouseCoopers, Taiwan	Pan, Hui-Lin; Liao, A-Shen	An Unqualified Opinion (with Other matter paragraph) (Note1)
2019	PricewaterhouseCoopers, Taiwan	Pan, Hui-Lin; Liao, A-Shen	An Unqualified Opinion
2020	PricewaterhouseCoopers, Taiwan	Pan, Hui-Lin; Liao, A-Shen	An Unqualified Opinion
2021	PricewaterhouseCoopers, Taiwan	Pan, Hui-Lin; Yen, Yu-Fun	An Unqualified Opinion

Note 1 : An Unqualified Opinion with other matter paragraph: The CPAs adopted financial statements of certain consolidated subsidiaries which were audited by other independent accountants and wanted to separate responsibilities.

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis

Item \ Year		Financial Analysis for the Last Five Years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt Ratio	17.37	17.31	18.06	18.51	23.89
	Ratio of long-term capital to property, plant and equipment	236.51	255.35	263.33	281.09	288.19
Solvency (%)	Current ratio	407.86	441.49	450.36	467.45	352.49
	Quick ratio	318.21	342.97	370.42	372.59	241.18
	Interest earned ratio (times)	(Note3)	28,394.36	825.54	1,004.83	1,007.14
Operating performance	Accounts receivable turnover (times)	2.43	2.53	2.13	2.54	2.60
	Average collection period	150	144	171	144	140
	Inventory turnover (times)	2.21	2.38	2.04	2.36	1.74
	Accounts payable turnover (times)	3.79	4.51	4.26	4.50	3.51
	Average days in sales	165	154	179	155	210
	Property, plant and equipment turnover (times)	1.66	2.27	2.04	2.32	2.57
	Total assets turnover (times)	0.61	0.79	0.67	0.73	0.75
Profitability	Return on total assets (%)	10.05	16.99	14.42	16.12	15.81
	Return on stockholders' equity (%)	11.74	20.55	17.50	19.71	20.09
	Pre-tax income to paid-in capital (%)	30.32	56.49	49.15	58.14	65.94
	Profit ratio (%)	16.52	21.64	21.40	22.07	21.14
	Earnings per share (NT\$) (Note2)	2.52	4.51	3.97	4.63	5.02
Cash flow	Cash flow ratio (%)	26.49	65.73	143.45	111.52	37.17
	Cash flow adequacy ratio (%)	75.77	65.39	70.58	79.08	68.52
	Cash reinvestment ratio (%)	-8.08	-1.34	7.84	5.16	-2.66
Leverage	Operating leverage	2.50	2.05	2.10	1.92	1.97
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Please provide the reasons for changes in financial ratios in the most recent two years (analysis not required if the change does not reach 20%).

- (1) Debt ratio increase: In response to the demand for shipments, the Company actively prepared materials, and the increase in accounts payable resulted in an increase in the debt ratio.
- (2) Current ratio, Quick ratio, Inventory turnover and Accounts payable turnover decrease: In response to the demand for shipments, the Company actively prepared materials, resulting in a substantial increase in inventories and accounts payable, resulting in a decrease in the relevant ratios.
- (3) Cash flow ratio and Cash reinvestment ratio decrease: It is due to the lower cash flows from operating activities in recent year.

Note 1: The above financial statements have been audited by independent accountants.

Note 2: Based on weighted average shares outstanding in each year.

Note 3: There's no interest expense in each year.

B. Financial Analysis (Parent Company Only)

Item \ Year		Financial Analysis for the Last Five Years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt Ratio	16.60	16.51	16.44	16.75	22.13
	Ratio of long-term capital to property, plant and equipment	253.60	274.55	279.29	303.65	310.42
Solvency (%)	Current ratio	378.98	406.71	405.64	430.52	313.89
	Quick ratio	289.01	305.78	323.56	332.22	195.38
	Interest earned ratio (times)	(Note3)	27,636.21	(Note3)	(Note3)	(Note3)
Operating performance	Accounts receivable turnover (times)	3.01	3.55	2.95	3.15	2.98
	Average collection period	121	103	124	116	122
	Inventory turnover (times)	2.36	2.49	2.11	2.51	1.77
	Accounts payable turnover (times)	3.78	4.48	4.28	4.73	3.6
	Average days in sales	154	147	173	145	206
	Property, plant and equipment turnover (times)	1.62	2.18	2.00	2.39	2.56
	Total assets turnover (times)	0.56	0.71	0.62	0.71	0.70
Profitability	Return on total assets (%)	10.13	17.15	14.61	16.44	16.15
	Return on stockholders' equity (%)	11.74	20.55	17.50	19.71	20.09
	Pre-tax income to paid-in capital (%)	29.61	54.99	48.53	59.69	62.82
	Profit ratio (%)	18.03	24.14	23.43	23.11	23.05
	Earnings per share (NT\$) (Note2)	2.52	4.51	3.97	4.63	5.02

Cash flow	Cash flow ratio (%)	43.59	53.94	147	111.36	30.08
	Cash flow adequacy ratio (%)	80.34	64.32	69.90	74.80	65.07
	Cash reinvestment ratio (%)	-5.89	-3.99	6.83	3.59	-4.97
Leverage	Operating leverage	2.10	1.82	1.86	1.78	1.99
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Please provide the reasons for changes in financial ratios in the most recent two years (analysis not required if the change does not reach 20%).

- (1) Debt ratio increase: In response to the demand for shipments, the Company actively prepared materials, and the increase in accounts payable resulted in an increase in the debt ratio.
- (2) Current ratio, Quick ratio, Inventory turnover and Accounts payable turnover decrease: In response to the demand for shipments, the Company actively prepared materials, resulting in a substantial increase in inventories and accounts payable, resulting in a decrease in the relevant ratios.
- (3) Cash flow ratio and Cash reinvestment ratio decrease: It is due to the lower cash flows from operating activities in recent year.

Note 1: The above financial statements have been audited by independent accountants.

Note 2: Based on weighted average shares outstanding in each year.

Note 3: There's no interest expense in each year.

Note 4: The formulas for financial analysis calculations are as follows:

(1) Financial structure:

- a. Debt to asset ratio = Total Liabilities / Total Assets
- b. Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

(2) Liquidity:

- a. Current Ratio = Current Assets / Current Liabilities
- b. Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities
- c. Time interest earned = net income before income tax and interest expense / current interest expense.

(3) Operating ability:

- a. Average Collection Turnover = Net Sales / Average Trade Receivables (including all accounts receivable and all notes receivable resulting from trade)
- b. Average Collection Days = 365 / Average Collection Turnover
- c. Inventory turnover ratio = cost of goods sold / average amount of inventory.
- d. Average Payables Turnover = Cost of Sales / Average Trade Payables (including all accounts payable and all notes payable resulting from trade)
- e. Average Inventory Turnover Days = 365 / Average Inventory Turnover

f. Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment.

g. Fixed assets turnover ratio = net sales / total average fixed assets.

(4) Profitability:

a. Return on Total Assets = (Net Income + Interest Expenses * (1-Effective Tax Rate)) / Average Total Assets

b. Return on Equity = Net Income / Average Equity

c. Net profit margin = after-tax profit / net operating income.

d. Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

(5) Cash flows:

a. Cash flow ratio = new cash flows from operating activities / current liabilities.

b. Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years.

c. Cash reinvestment ratio = (net cash flows from operating activities – cash dividend) / (gross margin of property, plant and equipment + long-term investment + other noncurrent assets + working capital).

(6) Leverage:

a. Operating leverage = (net operating revenue – variable operating cost and expenses) / operating profit.

b. Financial leverage = operating profit / (operating profit – interest expense).

Note 5: It shall be noted when calculating the above earning per share:

- (1) It shall be based on the weighted average number of ordinary shares instead of the number of issued-and-outstanding stocks at the end of the year.
- (2) If there is Capital Increased by Cash or treasury stock trading, the calculation of the weighted average number of shares shall be considered during the outstanding period.
- (3) If there are retained earnings or capital surplus transferred to capital, when calculating the earnings per share of the previous years and the semiannual, the increased capital shall be retrospectively adjusted according to the proportion while it is not necessary to consider the issue period of the capital increase.
- (4) If the preferred stock is unconvertible cumulative preferred stock, the dividend for the year (whether or not it is distributed) shall be deducted from net income or add into net loss; if it is not cumulative and there is net income, dividend of the preferred stock shall be deducted from net income while it does not need to be adjusted if there is net loss.

Note 6: It shall be noted when analyze the cash flow:

- (1) Net Cash Provided by Operating Activities refers to the amount of net cash from operating activities in the Statements of Cash Flows.
- (2) Capital Expenditure refers to the cash amount of capital investment every year.
- (3) Inventory increase is only counted when the ending balance is greater than the opening balance. If the inventory is decreased at the end of the year, it is counted as zero.
- (4) Cash dividends include cash dividends for ordinary shares and preferred shares.
- (5) Gross Property, Plant and Equipment refers to the total amount of Property, Plant and Equipment before deducting the accumulated depreciation.

Note 7: The issuer should classify various operating costs and expenses into fixed and variable. If there is an estimation or subjective judgment involved, attention should be paid to its rationality and consistency.

Note 8: If the company's stock is not denominated or the denomination is not NT\$10, the calculation of Return on total stockholders' equity shall be changed to the calculation based on the equity attributable to shareholders of the parent on the balance sheets.

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors prepares the 2021 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.

Test Research, Inc.

Convener of TRI Audit Committee: Mei-Jing, Chen

Feb.24, 2022

6.4 Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

- Please refer to page 65~100 of the Chinese annual report.
- Please visit the MOPS website for inquiry the English-version Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report.

Test Research, Inc. and Subsidiaries

Representation Letter

The entities that are required to be included in the combined financial statements of Test Research, Inc. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Test Research, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Test Research, Inc.
Chairman: Chieh-Yuan, Chen
(Feb.23, 2022)

6.5 Individual Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report

- Please refer to page 101~135 of the Chinese annual report.
- Please visit the MOPS website for inquiry the English-version Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020, and Independent Auditors' Report.

6.6 The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of the annual report: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Analytical basis: the change rate is more than 20%, and the change amount is more than NTD\$10 million.

Unit: NT\$ thousands

Item \ Year	Year		Difference	
	2021	2020	Amount	%
Current Assets	5,608,128	4,695,517	912,611	19.44
Fixed Assets	2,227,309	2,131,960	95,349	4.47
Other Assets	174,545	169,826	4,719	2.78
Total Assets	8,009,982	6,997,303	1,012,679	14.47
Current Liabilities	1,591,014	1,004,493	586,521	58.39
Long-term Liabilities	322,677	290,616	32,061	11.03
Total Liabilities	1,913,691	1,295,109	618,582	47.76
Capital Stock	2,362,160	2,362,160	0	0.00
Capital Surplus	53,290	53,290	0	0.00
Retained Earnings	3,749,203	3,343,953	405,250	12.12
Other Equity Interest	(68,362)	(57,209)	(11,153)	19.50
Total Stockholders' Equity	6,096,291	5,702,194	394,097	6.91
<p>1. Analysis of changes in financial ratios:</p> <p>The increase in Current Liabilities was due to the increase in Accounts Payable and Notes Payable.</p> <ul style="list-style-type: none"> • Effect of changes on the company's future business: The Company's business scope has not changed significantly. • Future response actions: Not applicable. 				

7.2 Analysis of Financial Performance

Analytical basis: the change rate is more than 20%, and the change amount is more than NTD\$10 million.

Unit: NT\$ thousands

Item	Year		Difference	
	2021	2020	Amount	%
Net Operating Revenue	5,606,690	4,950,695	655,995	13.25
Operating Cost	(2,558,849)	(2,235,439)	(323,410)	14.47
Operating Margin	3,047,841	2,715,256	332,585	12.25
Operating Expenses	(1,489,741)	(1,277,931)	(211,810)	16.57
Operating Profit	1,558,100	1,437,325	120,775	8.40
Non-operating Income and Expense	(598)	(64,080)	63,482	(99.07)
Income Before Tax	1,557,502	1,373,245	184,257	13.42
Income Tax Expense	(372,448)	(280,589)	(91,859)	32.74
Current Period Net Profit	1,185,054	1,092,656	92,398	8.46
<p>1. Analysis of changes in financial ratios:</p> <p>(1) The decrease in Non-operating Income and Expense was due to the decrease in loss on foreign currency exchange.</p> <p>(2) The increase in income tax expenses was mainly due to the increase in the revenue of the current period compared with the previous period.</p> <p>2. The expected sales volume and its basis in next year, the possible impact on the company's future financial business and corresponding plan: please refer to the description of "to shareholder's letter"</p>				

7.3 Analysis of Cash Flow

Cash Flow Analysis for the Current Year and the Coming Year:

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
1,560,909	591,413	925,944	1,226,378	-	-
1. Analysis of change in cash flow in the current year: (1) Operating Activities : Mainly due to the company's operations. (2) Investing Activities : Mainly due to acquisition of fixed and intangible assets. (3) Financing Activities : Mainly due to distribution of cash dividends. 2. Improvement plan for insufficient liquidity: There is no liquidity insufficiency. 3. Cash liquidity analysis for the coming year:					
Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,226,378	901,738	1,528,318	599,798	-	-

7.4 Major Capital Expenditure Items:

7.4.1 Major Capital Expenditure Items and Source of Capital:

Unit: NT\$ thousands

Projected item	Actual or expected Source of Capital	Projected monetary amount	Actual or estimated use of Capital		
			2020	2021	2022
Linkou Plant (Phase 2)	Cash in hands and loan from the bank	1,828,800	69,494	608,076	1,151,230

7.4.2 Expected Benefits: None.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

1. Investment Policy in the Last Year:

The Company's reinvestment policies in last year are to mainly expand the sales and service sites in Mainland China which are all 100% shareholding reinvestment companies. With the goal of getting close to customers for fast service, it can always grasp the customer needs and improve the competitiveness of the Company.

2. Main Causes for Profits or Losses:

The investment income recognized based on the equity method in 2021 was NT\$198,089 thousands. Due to the recovery of the global economy and the commercialization of multiple new products with global competitiveness, it has resulted in the Company's sales growth, and further increased the profits of the reinvestment companies.

3. Improvement Plans :

The Company has been committed to improvements in product specifications, accuracy and quality and technological innovation of automation so as to keep in line with the inspection field with higher requirements and automation, and to ensure the driving force of the revenue growth in the future.

4. Investment Plans for the Coming Year: None.

7.6 Analysis of Risk Management in the Most Recent Year and as of the Date of Publication of the Annual Report:

7.6 .1 Analysis of Risk Management

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Interest rate

The Company's annual interest gains and expenses of 2021 were NT\$ 8,065 thousands and NT\$ 1,548 thousands, accounting for 0.14% and 0.09% of the annual operating income and net profit before tax, respectively. The ratios were quite low. It is estimated that the changes in interest rate in the future won't show significant influence on the overall operations and profit/ loss of the Company.

(2) Foreign exchange rates

The Company's annual exchange loss in 2021 was NT\$ 37,348 thousands, which accounted for 0.67% and 2.4% of annual operating income and net profit before tax, respectively. The ratios were quite low. However, since the export accounted for a considerable proportion of the Company's revenue, changes in the exchange rate of the NT\$ to the US\$ may have an impact on the Company's profit and loss. Thus, the following response measures will be continuously implemented:

The Finance Division regularly evaluates and analyzes the Company's overall risk positions and existing transactions undertaken in accordance with the international political and the existing transactions based on the international economic situation, including risk positions such as interest rate and exchange rate. The risk positions are avoided based on the conservative and stable principles, and the net position of natural hedging is taken as the hedging criteria.

(3) Inflation

The price of raw materials required by the company is stable, so the impact of short-term inflation situation does not currently have a significant impact on the

Company's profits and business operations.

2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company insists on the conservative and stable principles and is not engaged in any high-risk investments, highly leveraged investments, lending funds to other parties, endorsements, guarantees, or derivatives transactions. Moreover, according to the "Procedures for Lending Funds to Others", "Procedures for Endorsement & Guarantee", "Procedures for Conducting Derivative Transactions", and "Procedures for the Acquisition or Disposal of Assets", the above-mentioned items shall be subject to the related regulations and responsive measures, which shall be also regularly audited by the dedicated audit office. In the future, it will still strictly follow the related regulations, so as to guarantee the maximum benefits of the Company.

3. Future Research & Development Projects and Corresponding Budget

As for the research and development plan in the future, please refer to "V. Operational highlights" in this annual report. It is estimated that it will invest a total of NT\$499,219 thousands as R&D expense in 2022.

4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

In response to the amendments made by the competent authorities on corporate governance, Company Act and securities-related laws and regulations, the Company has cooperated with it, and it doesn't show significant impact on the Company's financial operations currently.

5. Effects of and Response to Changes in Technology (including cyber security risk) and the Industry Relating to Corporate Finance and Sales: None.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures

The Company has always adhered to the professional and ethical operating principles, and attached great importance to corporate image and risk control. At present, there is no foreseeable crisis.

7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: Not Applicable.

8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans:

In an attempt to meet future business expansion and operational needs, the Board of Directors approved the construction of Linkou Plant (Phase 2) building worth NT\$1.8288 billion on May 5, 2021, and began the ground-breaking in June

2021. There will be four floors underground and ten floors above ground, with a total floor area of 34,773.18 square meters. Floor planning for the 1st to 7th floors above the ground are the production assembly and verification area, and the 8th to 10th floors are the R&D office and expects to obtain the use license in July of 2023. It is estimated that there will still be sufficient production capacity in the next few years to continue to increase revenue and profits, which will be helpful for the expansion of future operations. The Company has continued to evaluate the possible risks of insufficient funds, backward project progress, and business order status that may arise from various expansion plants before investing. Relevant measures are formulated to reduce the adverse impact of various risks on the Company's operations at the same time.

9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

There is no risk associated with any consolidation of sales or purchasing operations. Please refer to “the List of customer accounting for more than 10% of the total sales in the most recent two years”.

10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The directors of the Company or the majority shareholders who hold more than 10% of the Company had made no significant transfer or replacement of shares in 2020 and as of the annual report publication date.

11. Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

12. Litigation or Non-litigation Matters

Litigious and non-litigious matters, the directors, supervisors, general managers and substantial principals of the Company, the shareholders with over 10% shareholdings and affiliated companies have been determined or are included in the lawsuit; non-litigation or administrative litigation results may have a significant effect on the Company's shareholders' equity or securities prices must be fully disclosed in detail and include the cost of litigation, date of commencement of proceedings, main litigants and the current situation as of the Annual Report publication date:

- (1) The former manager Jin-Yuan Lin and 15 other managers or employees of the Company were charged with breach of trust, securities exchange law, trade secret law and copyright law, and the Taiwan Shilin District Prosecutor's Office initiated a public prosecution in the Taiwan Shilin District Court in 2019, and it is now under the trial of the Court. For the civil liability involved by these persons, the Company has filed a petition with the Intellectual Property Court in 2018 that they should be jointly and severally compensated NT\$200 million. It was rejected by the court, and the Company has filed an appeal, which is now being tried by the Intellectual Property and Commercial Court. These cases have no material adverse impact on the financial position of the Company, however.
- (2) The former manager of the Company, Jin-Yuan Lin was dismissed by the Company because of the criminal offenses mentioned above. He filed a claim for confirming the employment relationship between Lin and the Company and for compensation payment in the amount of NT\$27,235,686 and a severance pay of NT\$7,969,730 against the Company in the Shih-Lin District Court. The Shilin District Court ruled on April 30, 2021 to reject the request. Afterwards, he appealed and is currently tried by the Taiwan High Court.

13. Other Major Risks: None.

14. The financial commodities (including the financial derivatives) that adopt hedging accounting, its hedging transaction category, goal, method, effectiveness and accounting handling: None.

7.6.2 Organizational architecture of risk management:

Each operation risk of the Company is managed by the relevant department based on the nature of its business. The Audit Office will review the existing or potential risks of each operation, and then formulate and implement a risk-oriented annual audit plan. The management units for each risk are listed as below:

Global Sales Division: Responsible for business decision, marketing strategies, product promotion, learning market trend planning to reduce strategic and business operational risks.

Logistics Division: Responsible for the procurement operations at home and abroad. It is also responsible for production scheduling, legal affairs, establishment and implementation of relevant management systems, as well as analysis and procedure design of application systems such as enterprise resource planning (ERP) to reduce risks for general operations, legal affairs and information security.

Finance Department: Responsible for finance, accounting operations, capital planning, financial scheduling and utilization. It is also responsible for providing financial analysis and management reports to reduce financial risks.

7.7 Other Important Matters: None.

VIII. Special Disclosure

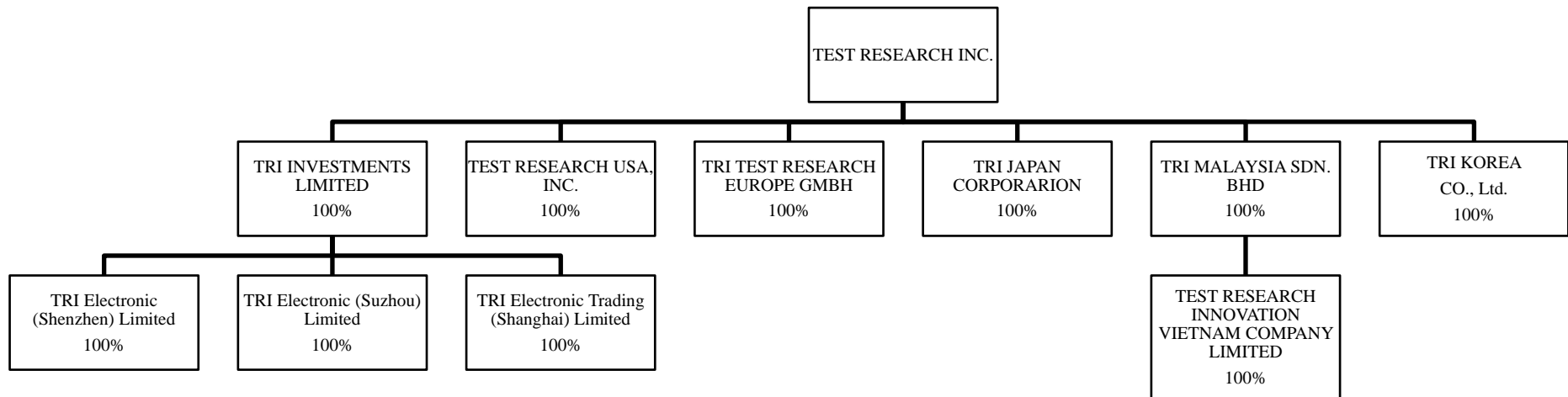
8.1 Summary of Affiliated Companies

8.1.1 Subsidiary Companies Consolidated Business Report

1. Overview of Affiliated Companies

(1) Organization chart of affiliated enterprises

As of December 31, 2021



(2) Information on affiliated enterprises

December 31, 2021; Unit: NT\$ Thousands

Name of Enterprise	Date of Establishment	Address	Paid-in capital	Main Business and Products
TRI INVESTMENTS LIMITED	1998.10.30	Offshore Chambers, PO BOX 217, Apia Samoa	USD 6,724	Investment holdings
TEST RESEARCH USA, INC.	2002.12.10	832 Jury Court, Suite 4, San Jose, CA 95112, U.S.A.	USD 2,019	Trading of test equipment
TRI TEST RESEARCH EUROPE GMBH	2007.05.02	Gugelstr. 32 90443 Nuremberg , Germany	EUR 200	Trading of test equipment
TRI JAPAN CORPORATION	2008.01.07	2 - 9 - 9 Midori, Sumida-ku, Tokyo ,130-0021 Japan	JPY 36,000	Trading of test equipment
TRI MALAYSIA SDN BHD	2000.09.30	C-11-1, Ground Floor, Lorong Bayan Indah 3 Bay Avenue, 11900 Bayan Lepas Penang, Malaysia	MYR 1,000	Trading of test equipment
TRI KOREA CO., Ltd.	2020.01.17	207, 296, Sandan-ro, Danwon-gu, Ansan-si, Gyeonggi-do, Korea	KRW400,000	Trading of test equipment
TRI Electronic (Shenzhen) Limited	1999.04.13	5F.3, Guangxia Rd., Shang-mei-lin Area, Fu-Tian Dist., Shenzhen, Guangdong, 518049, China	USD 3,050	Manufacture and sales of test equipment
TRI Electronic (Suzhou) Limited	2001.04.12	B Unit, Building 4, 78 Xinglin St., Suzhou Industrial Park, 215123, China	USD 2,589	Manufacture and sales of test equipment
TRI Electronic Trading (Shanghai) Limited	2001.07.05	Room 6C, Building 14, No. 470, Guiping Rd., Xuhui Dist., Shanghai, 200233, China	USD 3,900	Import and export of equipment, consulting and after-sale maintenance service of equipment
TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	2020.12.30	Shop House 01, Kinh Duong Vuong street, Vu Ninh ward, Bac Ninh province, Vietnam	VND 3,465,000	Trading of test equipment

(3) Information on the shareholders of the companies shall be concluded as the existence of the controlling and subordinate relation in accordance with Article 369-3 of the Company Act: None.

(4) Industries covered by the operations of all affiliates:

- A. TRI INVESTMENTS LIMITED is only the holding company established by the company in a third place for investment in Mainland China, which is not engaged in other business rather than investment.
- B. The Company sells finished products to enterprises in the China through TRI Electronic (Shenzhen) Limited, TRI Electronic (Suzhou) Limited and TRI Electronic Trading (Shanghai) Limited.
- C. The Company also sells semi-finished products to TRI Electronic (Shenzhen) Limited and TRI Electronic (Suzhou) Limited. These semi-finished products integrated with the parts and components purchased in China will be sold to the enterprise in China after assembly.
- D. Through TEST RESEARCH USA, INC., TRI JAPAN CORPORATION, TRI TEST RESEARCH EUROPE GMBH, TRI MALAYSIA SDN BHD, TRI KOREA CO., Ltd., TRI Electronic (Shenzhen) Limited, TRI Electronic (Suzhou) Limited and TRI Electronic Trading (Shanghai) Limited, TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED, the Company promotes the export business and market development.

(5) Information on Directors, Supervisors, and Presidents of affiliates:

Unit: Shares; %

Name of Enterprise	Title	Name or Representative	Share Held	
			Number of Shares	Shareholding Percentage
TRI INVESTMENTS LIMITED	Director	Mei-Hsing, Yeh	6,724,109	100%
TEST RESEARCH USA, INC.	Director	Chiang-Huai, Lin	1,518,935	100%
TRI TEST RESEARCH EUROPE GMBH	Director	Chiang-Huai, Lin	(Note 1)	-
TRI JAPAN CORPORATION	Representative Director	Yu-Jen, Huang	720	100%
	Director	Chiang-Huai, Lin		
	Director	Mao-Ching, Wang		
TRI MALAYSIA SDN BHD	Director	Chiang-Huai, Lin	1,000,000	100%
	Director	Sik-Wah, Then		
TRI KOREA CO., Ltd.	Director	Chiang-Huai, Lin	80,000	100%
TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	Director	Chiang-Huai, Lin	(Note 1)	-
TRI Electronic (Shenzhen) Limited	Chairman and Concurrent as the President	Chiang-Huai, Lin	(Note 1)	-
	Director	Mei-Hsing, Yeh		
	Director	Chieh-Yuan, Chen		
TRI Electronic (Suzhou) Limited	Chairman and Concurrent as the President	Chiang-Huai, Lin	(Note 1)	-
	Director	Mei-Hsing, Yeh		
	Director	Chieh-Yuan, Chen		
TRI Electronic (Shanghai) Limited	Chairman and Concurrent as the President	Chiang-Huai, Lin	(Note 1)	-
	Director	Mei-Hsing, Yeh		
	Director	Chieh-Yuan, Chen		

Note 1 : It is a limited company without shares.

2. Affiliated enterprises' operational review:

December 31, 2021; Unit: NT\$ Thousands

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Profit	Current profit and loss (After tax)	Earnings Per Share (NT\$) (After tax)
TRI INVESTMENTS LIMITED	219,811	1,059,812	0	1,059,812	0	0	197,795	29.42
TEST RESEARCH USA, INC.	55,884	59,188	873	58,315	40,432	4,173	3,063	2.02
TRI TEST RESEARCH EUROPE GMBH	6,264	14,902	2,530	12,372	26,062	-6,891	-6,454	(Note2)
TRI JAPAN CORPORATION	8,658	17,632	4,335	13,297	34,519	7,051	6,158	8,553
TRI MALAYSIA SDN BHD	6,355	20,641	1,263	19,378	8,227	1,573	846	0.85
TRI KOREA CO., Ltd.	9,400	14,414	1,185	13,229	15,229	735	618	7.73
TEST RESEARCH INNOVATION VIETNAM COMPANY LIMITED	4,148	6,247	1,513	4,734	5,587	1,064	598	(Note2)
TRI Electronic (Shenzhen) Limited	84,424	934,099	198,776	735,323	740,510	84,986	73,205	(Note2)
TRI Electronic (Suzhou) Limited	71,661	696,550	453,818	242,732	836,936	154,271	116,362	(Note2)
TRI Electronic Trading (Shanghai) Limited	107,952	85,007	3,250	81,757	24,154	6,627	8,228	(Note2)

Note 1: The balance sheet is translated using the spot exchange rate at year-end, while P&L is translated using the YTD average spot exchange rate.

Note 2 : It is a limited company without shares.

8.1.2 Consolidated financial declaration statement of affiliated enterprises and consolidated financial statement: Please refer to page 129.

8.1.3 Affiliation report: None.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Other Supplemental Information: None.

8.5 Supplementary Information Disclosure:

The Company sets up a spokesperson, a deputy spokesperson and a shareholding affairs unit that can be taken as the Company's external contact and communication window. In response to the Company's major decisions, all announcements have been implemented through the exchange website, so that the investors can obtain the Company's information quickly and in details. The Company also releases public press releases randomly to explain the Company's operating conditions. Investors can get the latest information of the Company from the press release or some zones on the website (www.tri.com.tw) such as "About Us", "Product Introduction", "News Center", "Customer Service", and "Investor Relations". In addition, the "Contact Us" zone of the website has added channels for external communication. Through the convenient Internet services, it is expected to serve all shareholders and allow the investors to have a better understand on the Company's operations.

8.6 Matters, if any, that may affect shareholders' equity or securities price as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and as of the printing date of the annual report: None

Test Research, Inc.

Chairman: Chieh-Yaun, Chen