Stock Code：2908

Test Rite International Co., Ltd.

2022 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 version and Chinese version, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System：
http://mops.twse.com.tw/
Test Rite's Annual Report is available at
http://www.testitegroup.com

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I. Letter to Shareholders

Dear shareholders,

2022 in retrospect: In 2022, the Russia-Ukraine war, coupled with the inflation and rate hikes after the COVID-19 pandemic, not only brought severe challenges to the global supply chain, but also caused the serve plight in the Home Improvement Retail industry. Test-Rite reported revenue of NT$37.4 billion in 2022, a 14.5% decrease YoY, net profit after tax of NT$426 million, and basic EPS of NT$0.86. The Board of Directors approved management's proposal to distribute cash dividends of NT$1.28 per share.

Our trading unit's revenue was NT$18.4 billion and the total amount of shipments was NT$28.7 billion in 2022, a YoY decrease of 27.2% and 26.2%, respectively. It showed that the turbulence in the post-pandemic era disrupted the business plans of global companies and added new uncertainties over whether the global environment can return to normal before the pandemic. Since 2020, the pandemic has caused changes in the global supply chain, followed by hikes in commodity prices as a result of the Russia-Ukraine war; European and American retailers have stayed ahead of their higher-than-usual inventories. These were key challenges that Test-Rite's trading business needed to resolve one by one. Our trading business has implemented the Global Sourcing strategy for many years, so we are able to provide customers with the best supply solutions in response to market conditions regardless of the pandemic, inflation, and more external challenges in the future. Furthermore, considering the wide scope of our trading business, Test-Rite group has established a complete risk management system to cope with the challenges in external environments. In the following, Test-Rite will continue keeping a close watch on the market trends, maintain close touch with our customers, and take countermeasures in a timely manner. Customers' inventory adjustments and new customers are expected to contribute to the growth of sales.

Our retail business revenue was NT$16.4 billion in 2022, a decrease of 1.8% YoY. Due to changes in the global financial environment, rate hikes, and tight monetary policies, consumers lowered their willingness to spend. The slow real-estate market lowered the consumers' demand for household goods. Despite real estate and related industries under the pressure of policies on raising interest rates and cooling off the housing market, the proportion of old houses remained very high in 2022. Houses in three of the six municipalities were more than 30 years old. High housing prices also made it difficult for people to purchase houses. Therefore, the refurbishment of dilapidated houses became an ideal choice and also added fuel to the home improvement market. In order to seize this market opportunity, Test-Rite's community stores provided one-stop service to meet customer needs. With the rapid expansion of community stores, the penetration rate of neighborhoods increased fast, leading to a significant rise in the sales of services. Test-Rite not only continued expanding community stores, but also remodeled the hypermarkets. We linked stores through community stores acting as satellite stores of big stores to seek different target audiences. In the future, our Taiwan retail business will strive to integrate online and offline stores, develop retail brands, and reintegrate the O2O position of each channel to meet market demand. Adopting consumer-oriented thinking, we will improve the overall user experience in using, shopping, and interacting with our products and services while expanding offering of 'hardline' and 'softline' products and services, such as partial renovations and house-cleaning services. We expect e-commerce to play a key role in driving the growth of our retail business.

As of the end of 2022, Test-Rite Group operated 27TLW (DIY) stores, 33 community stores,27 HOLA stores, 14 WMF stores, and 10 hoi! stores in Taiwan.

The following is Test-Rite's consolidated operating results in 2022, along with the business plan for the year and future business strategies. We also discuss the potential impact of external competition, government regulations, and the macroeconomic environment.

1. Operating results in 2022

(1) Operating results based on the business plan for 2022(consolidated):

(NT$ mn)	2022	2021	YoY Change by Value	YoY Change (%)
Net sales	37,409	43,757	(6,348)	(14.5%)
COGS	(28,306)	(33,902)	5,596	(16.5%)
Gross profit	9,103	9,855	(752)	(7.6%)
Operating expense	(8,906)	(9,095)	(189)	(2.1%)
Operating profit	197	760	(563)	(74.1%)
Non-operating profit/(loss)	227	252	(25)	(9.9%)
Net profit before tax	424	1,012	(588)	(58.1%)
Net profit after tax	452	818	(366)	(44.7%)
Recurring net profit attributed to TRIC	426	783	(357)	(45.6%)

(2) Operating results based on the business plan for 2022 (standalone):

(NT$ mn)	2022	2021	YoY Change by Value	YoY Change (%)
Net sales	15,101	22,888	(7,787)	(34.0%)
COGS	(12,602)	(19,857)	(7,255)	(36.5%)
Gross profit	2,499	3,031	(532)	(17.6%)
Operating expense	(2,303)	(2,942)	(639)	(21.7%)
Operating profit	196	89	107	120.2%
Non-operating profit/(loss)	285	825	(540)	(65.5%)
Net profit before tax	481	914	(433)	(47.4%)
Net profit after tax	426	783	(357)	(45.6%)

(3) Key balance sheet and profitability metrics (consolidated)

Item/Year		2022	2021	YoY Change (%)
Balance Sheet	Total Liability/Total Asset	81.74%	81.80%	(0.09%)
	Current Ratio	119.38%	110.36%	9.02%
Profitability	ROE	6.21%	11.63%	(5.42%)
	Net Margin	1.21%	1.87%	(0.66%)
	EPS	0.86	1.58	(72.00%)

(4) Research & Development

The company is not belong the manufacturing industry. Therefore, there is no disclosure information about R&D activities.

2. 2023 business plan and future development strategies

(1) Business plan and managerial principles:

A. Trading Business:

- Continue expanding presence in Southeast Asia and strengthen Global Sourcing.
- Reinforce our existing relationships with key accounts and provide customers with more value-added services to increase shipments.
- Integrate services to elevate the efficiency of procurement and service for customers.
- Maintain strategic cooperation with our vendors and strengthen the supply chain.
- Continue developing new types of products and strengthening product management to establish partnerships with suppliers.
- Establish the ESG concept and put it into practice.

B. Retail Business

- Expand community stores to get closer to consumers' life and expand the service network.
- Seize the business opportunities for home improvement and develop more services.
- Construct a brand style with customer-first service and strengthen product and service differentiation.
- Integrate resources and needs of each channel to improve digital synergy.
- Continue innovating across fields, develop co-branded products, and explore new customer segments.
- Continue increasing the key brands’ share of brand agency.
- Establish the ESG concept and put it into practice.

(2) Future development strategies:

A. Trading Business

- Leverage product development, procurement, and supply chain management to offer best-in-class value-added products and services to our customers.
- Strengthen self-development and design capabilities, develop differentiated product functions, and respond quickly to meet market demand.
- Fortify existing relationships with customers in our trading business and aggressively pursue potential business opportunities.
- Continue promoting a global supply-chain strategy in response to an evolving trading environment worldwide.
- Seek M&A opportunities in the trade and retail businesses to complement the organic growth of existing businesses.
- Implement the ESG concept to create operational advantages.

B. Retail Business

- Provide consumers with trendy and differentiated products to expand our brand’s influence.
- Enhance customers’ experience and promote a healthy home lifestyle.
- Expand community stores actively and communicate with customers to get closer with customers’ lives.
- Strive for the agency of new products and brands.
- Implement the ESG concept to create operational advantages.

(3) An estimate of the quantity of sales goods:

Test Rite Group reported consolidated revenue of NT$8.7 billion in 2023Q1, our trading business will continue keeping a close watch on the follow-up development of the inventory turnover and maintain close contact with our American and European customers. When trading customers complete inventory adjustments, we will take timely response measures, which is expected to drive a new shipment momentum of our trading business. Our Taiwan retail business adjusted our product structure moderately, continuously improved product differentiation, and invested in the enhancement of channel brands and customer experience. Following that, TLW and HOLA will launch a series of promotional activities for Mothers' Day and mid-year sales. As the market sentiment improves in H2, our retail business sales are expected to recover.

3. Potential impact of external competition, government regulations, and the macroeconomic environment

Under the influence of variant virus, Russia-Ukraine war, high inflation and climate change, the global economy didn't perform satisfactorily in 2022. Most countries have implemented tight monetary policy in order to control high inflation. Negative shocks such as rising inflation, policy tightening and financial pressure have dimmed the global economic outlook. Taiwan's year-over-year GDP growth was 2.43% in 2022., a record low in nearly 6 years.

In addition, the slowdown will continue until 2023. Although our country's foreign trade performance has been seriously hit by the weak global economic demand, and the capital investment of manufacturers has also become conservative due to the weak global economy and rising borrowing interest rates. However, benefiting from the continuous relaxation of domestic epidemic prevention control measures and the reopening borders, Chinese people's overseas consumption will be expected to increase significantly. With the impact of interest rate hikes, anti-real estate speculation policies, economic downturn, geopolitical instability, inflation and rising prices, as well as wait-and-see real estate market, the sales of real estate cool down. The total number of houses transferred in 2022 decrease by 8.9% YoY to 244,000. The cooling real estate market and the continuous decline in transaction volume have brought a considerable impact on the home furnishing industry. In 2023, real estate will enter the era of meager profits.

The construction and shortage of workers will force the profit margins of builders to be significantly reduced. In the first half of 2023, there will be a strong wait-and-see atmosphere for buyers in the real estate market, and transactions will slow down. Rigid self-use demand will shift to middle-aged houses, forming a huge repairment needs.

The U.S. GDP growth rate increase by 2.1% in 2022 which decline from 5.9% in 2021 due to the slowdown in economic activity and a recession. The U.S. Federal Reserve raised interest rates seven times last year. Under the circumstance of soaring inflation, raising interest rate will be expected to reduce demand and control costs. The housing market, manufacturing and retail industries were all greatly affected. According to the forecasts of major international forecasting agencies, the economic growth of the United States in 2023 will be significantly lower than that in 2022. The main reason is that people's consumption is squeezed by high inflation, and they are quite cautious of spending items and purchasing goods. Although inflation is still high, the momentum of private consumption in the United States has not disappeared. The retail sales will return to the strong growth in January 2023 which is actually good news for the United States.

The inflation trend declines slowly. If the United States can walk on the road of economic expansion smoothly in 2023, and there is an environment of cooling inflation contemporary , it will be a shot in the arm for the recovery of the global economy. The current US economy is difficult to understand because there are too many complicated signals. Therefore, the performance customers.

In 2022, the crisis in Ukraine will escalate, and the European continent will fall into the biggest geopolitical crisis after the Cold War. The energy crisis was triggered by Western sanctions on Russia which will hit the European economy and exacerbate high inflation and people's livelihood difficulties. The European Union followed the United States in sanctioning Russia, and Russia countered by reducing natural gas supply. The confrontation between the two sides have triggered a European energy supply crisis, pushed up inflation, and brought heavy burdens to European industries and people's lives. The European economy is on the verge of recession. In 2023, the energy crisis and high inflation will lead to continued deterioration of the European economic outlook. In

2023, the energy crisis and high inflation will lead to continued deterioration of the European economic outlook. For European governments, how to reduce the inflation rate is also a challenge to be overcame. China's economic growth rate of 3% in 2022 which didn't exceeded China's predetermined target. It shows that factors such as the spread of the epidemic, strict lockdown, and the international situation still have a strong impact on China's economy in 2022. With the reopening of the China's economy and the recovery of economic activities and liquidity. China's economy is expected to have a greater recovery and growth in 2023.

In brief, the global economy was expected to recover in 2022 originally. However, the military conflict between Russia and Ukraine broke out in the 2022 Q1, which led to a sharp rise in global energy and raw material prices and give another hit of global supply chain. In view of the continuous rise in inflation in Europe and the United States, the US Federal Reserve (Fed) has rapidly raised interest rates since March 2022 in order to curb inflation which caused the global financial markets to become more volatile.

Fortunately, the impact of the epidemic has gradually faded and government's relevant measures have gradually opened. The performance of domestic consumption and related industries have improved so the overall economic performance will not have the great fluctuation.

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

Chairman Judy Lee

II. Company Profile

2.1 Date of Incorporation: August 10th, 1978

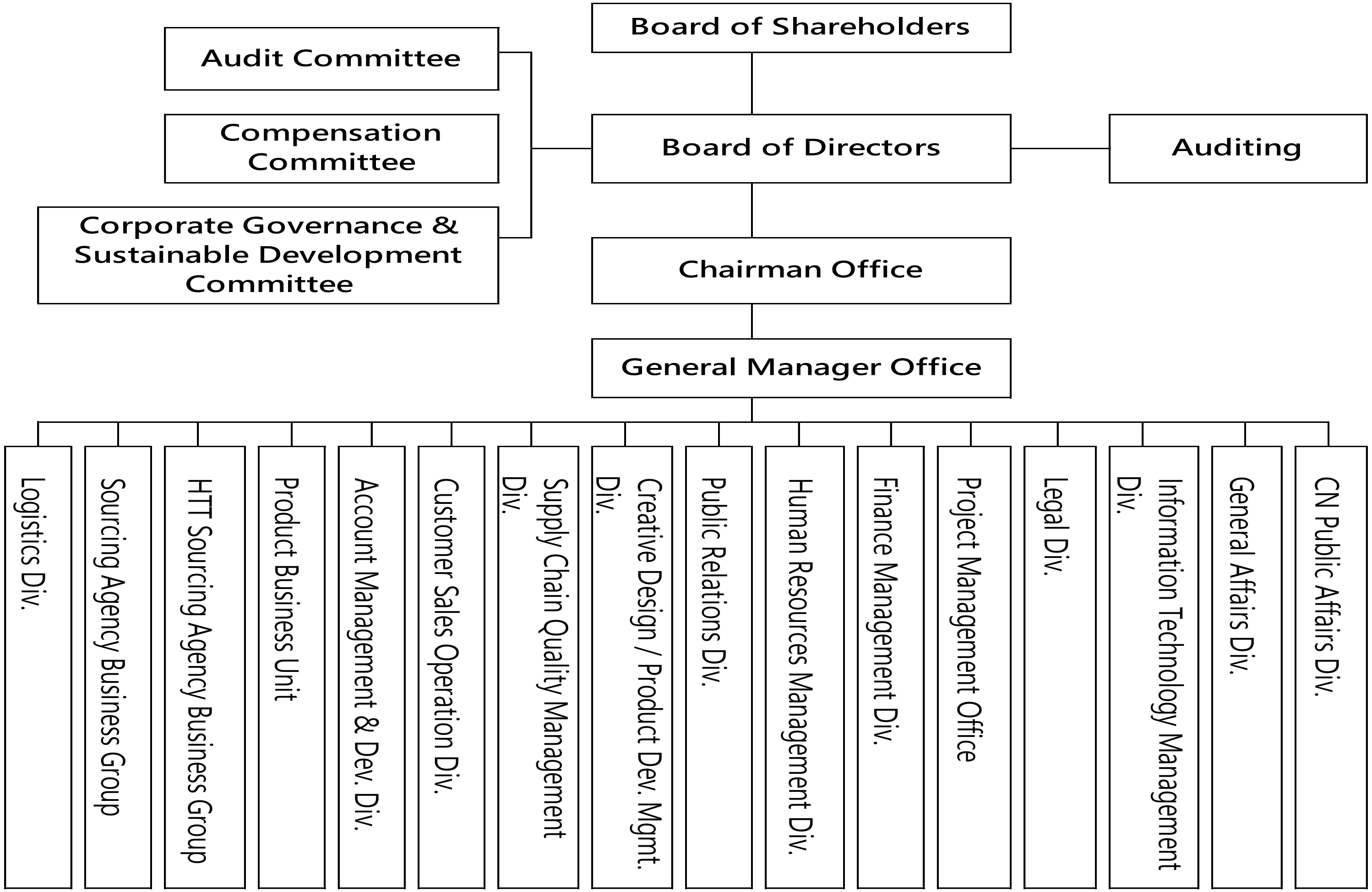
2.2 Company History

Year	Milestones
1978-91	Establishment and Growth
1988-90	“Best Supplier Award from Wal-Mart”
1993	Test Rite IPO (2908TT) –Taiwan Stock Exchange
1996-98	Launch of Retail Business B&Q TLW Taiwan 50-50 JV with Kingfisher HOLA – “House of Living Art”
2000	Packing facilities established in Shanghai and Shenzhen
2001	Named “The Best 200 Small Companies” by Forbes
2004	Retail: Inception of HOLA China
2006	HOLA (2921TT) IPO –Taiwan OTC Exchange Acquisition of Tong-Lung Metal (OTC listed 8705 TT)
2007	Nei-Hu HQ Building Sale-and-Leaseback Purchase of Kingfisher's 50% joint venture stake of TLW Taiwan (US$100mn)
2009	4-in-1 Merger of Taiwan Retail channels: TLW (DIY), HOLA, Freer, and HOLA Casa
2010	Accelerate pace of store openings of HOLA China Canceled 14.8mn treasury shares
2011	Décor House grand opening in September Received Best Supplier Award from Wal-Mart Received Best Cooperation Partner Award from Michaels
2012	Sold TLM to Stanley Black & Decker (Proceed of NT$2.3bn) Merged outstanding shares of TR USA (US$13.8mn) Opened of discount household channel TAYOHYA in Taiwan
2013	Acquired International Art, a trading company with specialization in Seasonal, House ware, Garden tools, and stationary Received 2013 Outstanding Services Award from Michaels
2014	Established warehousing and distribution center in the Shanghai Free-Trade Zone
2015	Completed M&A transaction for shares in German trading subsidiary Introduced the first Crate & Barrel store in Taiwan
2016	TLW new concept store in XiTun Taichung and Test Rite International makes strategic alliance with the Hillman Group
2017	The TR Plus website was launched for the integration of online and offline selling channels
2018	Test-Rite Group cooperate with Taobao to introduce a new retail concept and launch new brand “hoi! good living”
2019	HOLA China announced that it would accelerate the closing of stores trengthen logistic strategy in U.S layout the supply chain of Southeast Asia
2020	Expand the community stores
2021	TLW forayed into Taiwan’s outlying island
2022	Expand investment in Vietnam, increase procurement resources, and continue to deploy new business opportunities.

III. Corporate Governance Report

3.1 Organization Systematic

3.1.1 Organization Systematic Chart



3.1.2Major Corporate Functions

Chairman Office	Promote the smooth operation of the group's business and strengthen the operation and management mechanism, assist the chairman to manage the company's daily operations, schedule arrangements and project work.
General Manager Office	Responsible for the company's policies and operating guidelines evaluation planning and system formulation and other related matters.
Auditing Office	Execute the internal audit business of the company and its subsidiaries, supervise and check the company and its subsidiaries to effectively implement the internal control system.
CN Public Affairs Div.	General administrative and foreign relations management matters in China.
General Affairs Div.	Group general affairs management, asset equipment, building management.
Information Technology Management Div.	Construction and planning of computer hardware equipment and internal application software planning, programming and execution.
Legal Div.	Comprehensively manage the company's legal affairs, litigation, review of contracts, trademark patents and legal-related affairs and regulatory compliance.
Project Management Office	Strategies, project management and process management and optimization operations.
Finance Management Div.	Implementation of corporate governance, investor relationship management, bank relationship management, financial management fund allocation, group insurance and risk management, share management, accounting and account processing, business management profit and loss analysis, group budget preparation and group investment planning benefit analysis, etc. .
Human Resources Management Div.	Human resources planning, utilization and integration, education and training and employee development, planning and implementation of employee welfare matters, and coordination of labor relations.
Public Relations Div.	Public relations maintenance, media exposure and brand image management.
Creative Design & Product Development Management Div.	Provide new product development and design, art, and market strategy formulation.
Supply Chain Quality Management Div.	Support the quality assurance, quality control and supplier evaluation related operations of the line unit.
Customer Sales Operation Div.	Support the operation related operations of trading products business.
Account Management & Development Div.	Customer management related business of trading product business.
Product Business Unit	Trade product business promotion.
HTT Sourcing Agency Business Group	Make strategic alliances with customers and act on behalf of various businesses and agency business promotion, and provide customers with product information and services.
Sourcing Agency Business Group	Agency business promotion and product development and search services.
Logistics Div.	Support related operations such as logistics management of line units.

3.2 Directors and Management Team

3.2.1 Directors

As of April 17, 2023

Title	Nationality	Name	Gender/ years old	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			Remark
							Shares	％	Shares	％	Shares	％	Shares	％			Title	Name	Relation	
Chairman	Republic of China	Ms. Judy Lee	Female seventy one to eight ten year old	2021.08.27	3	1983.07.04	32,911,294	6.45	32,911,294	6.45	31,795,550	6.24	0	0.00	President of Test Rite Int'l Co., Ltd.; Director of Test Rite Retail Co. Ltd. ; Director of Tong Long Metal Industry Co., Ltd. ; Department of Bank and Insurance/ Tanking University	Note 1	Director Director	Tony Ho Robin Ho	Family Family	Note 8
Director	Republic of China	Mr. Tony Ho	Male seventy one to eight ten year old	2021.08.27	3	1983.07.04	31,795,550	6.24	31,795,550	6.24	32,911,294	6.45	0	0.00	Chairman of Test Rite Int'l Co., Ltd.; Chairman of Test Rite Retail Co. Ltd.; Chairman of Tong Long Metal Industry Co., Ltd.; National Taiwan University & Furan University/EMBA Classes	Note 2	Director Director	Judy Lee Robin Ho	Family Family	
Director	Republic of China	Ms. Robin Ho	Female forty one to fifty year old	2021.08.27	3	2010.06.15	1,989,579	0.39	1,989,579	0.39	469 ,000	0.09	0	0.00	COO of Test Rite Int'l Co., Ltd., Department of Business/ Management University of Southern California; MBA of Fujian Catholic University Graduate Institute of Management	Note 3	Director Director	Tony Ho Judy Lee	Family Family	
Independent Director	Republic of China	Mr.Yung-Chi Lai	Male sixty one to seventy year old	2021.08.27	3	2018.06.19	0	0.00	0	0.00	0	0.00	0	0.00	Senior examination for Tax administration highest level qualification; CPA exam passed; Taxation and Tariff Committee officer; National Award of Outstanding SMEs evaluation committee member; Member of National Health Insurance Supervisory Committee, Department of Health, Executive Yuan; Member of Labor Pension fund Supervisory Committee, Council of Labor Affairs, Executive Yuan; Members of Presidential office Economic Development Advisory Conference; Supervisor of National Association of Small & Medium enterprises R.O.C.; Executive Supervisor of Taiwan Provincial Association of Accountants; Member of the Advisory Council on the Protection of Taxpayers' Rights of the Ministry of Finance National Chengchi University Finance graduate school master.	Note 4	-	-	-	
Independent Director	Republic of China	Mr. Ting-Yang Liu	Male fifty one to sixty year old	2021.08.27	3	2015.06.15	0	0.00	0	0.00	0	0.00	0	0.00%	Principal of Taipei University of Maritime Technology; Dean of Graduate Institute of Human Resource and Knowledge ; Dean of Student Affairs of I-Shou University, Researcher of Centre for Human Resource Development and Management Studies at Peking University; Independent director of HER CHEE Industrial Co.,Ltd.; Independent director of Takoma Technologies, Inc.; Alliant International University, Doctor of Education	Note 5				
Independent Director	Republic of China	Mr. Hsin Hsien Huang	Male sixty one to seventy year old	2021.08.27	3	2021.08.27	0	0.00	0	0.00	0	0.00	0	0.00	Judge, Chiayi, Taoyuan, and Shilin District Courts、Director and member of Compensation Committee of Test Rite Int' l Co., Ltd.、Member of committeeof the Taipei City Center for Prevention of Domestic Violence and Sexual Assault、Department of Law, Soochow Universit	Note 6	-	-	-	

Title	Nationality	Name	Gender/ years old	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			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Republic of China	Mr. I-Chuan Li	Male fifty one to sixty year old	2021.08.27	3	2021.08.27	0	0.00	0	0.00	0	0.00	0	0.00	Associate vice president, audit ffice and department of Finance, Pacific Sogo Department、Independent director and member of Remuneration Committee of Success Prime Corporation、PhD, Business Administratioon, Macau.	Note 7	-	-	-	

Note:

1. Director of Test Rite Retail Co., Ltd、Director of Testrite Brand Agency Co., Ltd.、Director of Test Rite C&B Co., Ltd..、Director of Chung Cin Enterprise Co., Ltd.、Chairman of Lih Chiou Co., Ltd.、Chairman of International Art Co., Ltd.、Chairman of Test Rite Business Development Corporation(China) Co., Ltd.、Chairman of B&S Link (Shanghai) Co., Ltd.、Chairman of HOLA Shanghai Retail & Trading Co., Ltd.、Chairman of Light Up Shanghai Retailing Co., Ltd、Chairman of Pro-Quality Service Limited Corporation 、Chairman of Energy Retailing Co., Ltd.、Chairman of Test Rite (China) Investment Co., Ltd.、Director of Test-Rite Int'l (U.S.) Co., Ltd.、Director of Test-Rite Products Corp.、Director of Homezone International Corporation、Director of Test Rite Int’ l (Canada) Ltd.、Director of Test-Rite Int’ l (Australia) Pty Ltd.、Director of Test Rite Pte Ltd.、Director of Test-Rite Products (Hong Kong) Ltd..、Director of Test-Rite (UK) Ltd.、Director of Fortune Miles Trading Inc.、Director of Upmaster International Co., Ltd.、Director of Energy Path International Co., Ltd.、Director of Test-Rite Development GmbH、Director of Avida Company Limited、Director of Lucky Rite Company Ltd.、Director of Golden Rite Co., Ltd.、Supervisor of Quality Master Co., Ltd. 、Member of Test-RiteCorporate Governance & Sustainable Development Committee and Chairperson .
2. Chairman of Test Rite Retail Co., Ltd、Chairman of Testrite Brand Agency Co., Ltd.、Chairman of Test Rite C&B Co., Ltd.、Chairman of Chung Cin Enterprise Co., Ltd. .、Chairman of Lih Teh International Co., Ltd、Director of Test-Rite Int'l (U.S.) Co., Ltd.、Director of Test Rite-Products Corp.、Chairman of Homezone International Corporation、Director of Test Rite Int’ l (Canada) Ltd.、Director of Test-Rite Int'l (Australia) Pty.、Director of Tes-Rite Products (Hong Kong) Ltd.、Director of Test Rite Retailing Limited 、Director of Perfect Group International Limited、Director of Test Rite South American Co., Ltd.、Director of Test Rite Trading Co., Ltd.、Director of Test Rite Retailing Co., Ltd.、Director of B&S Link Corporation、Director of Test Rite International Investment Co., Ltd.、Director of Upmaster International Co., Ltd.、Director of Test-Rite Development GmbH.
3. Director of Test Rite Retail Co., Ltd、Director of Testrite Brand Agency Co., Ltd.、Director of Test Rite C&B Co., Ltd..、Chairman of Lih Chiou Co., Ltd、Chairman of Hola Homefurnishings Co., Ltd.、Chairman of B&S Link Co., Ltd、Chairman of Home Tech Co., Ltd..、Director of International Art Co., Ltd.、Director of Chung Cin Enterprise Co., Ltd.、Director of Light Up Shanghai Retailing Co., Ltd.、Director of Energy Retailing Co., Ltd.、Director of Test-Rite Int'l (Australia) Pty.、Director of Test-Rite (UK) Ltd.、Director of Test-Rite Development GmbH、Director of Test Rite tepro GmbH、GM of Test-Rite International (U.S.)Co., Ltd、Director of Quality Master Co., Ltd、Member of Test-Rite Corporate Governance & Sustainable Development Committee.
4. Member of Test-Rite Audit Committee and chairman/Member of Remuneration Committee and Chairm and Member of Corporate Governance & Sustainable Development、Partner and Director of Baker Tilly Clock & Co.
5. Member of Test-Rite Audit /Member of Remuneration and Member of Corporate Governance & Sustainable Development、Professor of Graduate Institute of Human Resource and Knowledge Management at National Kaohsiung Normal University、Visiting professor of School Business at Macau University of Science and Technology、Director of Li-Chih Valuable Svhool、Member of Level Biotechnology Inc Committee、Member of Level Biotechnology Inc Remuneration Committee.、Member of Level Biotechnology Inc. Audit Committee、Independent Director of Level Biotechnology Inc.
6. Member of Test-Rite Audit /Member of Remuneration and Member of Corporate Governance & Sustainable Development、 Member of Test-Rite Corporate Governance & Sustainable Development Committee、 Director of Jian Yuan law firm、Director of JinghuaSociety Cultural Foundation、Independent Director /member of Compensation
Committee/ member of Audit Committee of PLANET Technology Corporation/ Risk Management Committee Chairperson.
7. Member of Test-Rite Audit /Member of Remuneration and Member of Corporate Governance & Sustainable Development、President of XhangYue Constructon Corporate、President of Lan Bou Wan Development Co., Ltd.、Director of PLANET Technology Corporation.
8. The chairperson acted on behalf of chief executive officer after the former CEO retired in 2020. Test-Rite group’s business covered the trading and retail which is the unique business model so it continued to evaluate and cultivate successor. The company added a new independent director in 2021 and more than half of the directors who are not the company's senior management and employees.

2.Major shareholders of the institutional shareholders

As of April 17, 2023

1、Professional qualifications of directors and independent analysis of Independent director：

Criteria Name	Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Direct
Ms. Judy Lee (Chairman)	● Education& Experience, please refer to 9~10 (1) Basic Information of Directors ● Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company Law	NA	0
Mr. Tony Ho (Director)	● Education& Experience, please refer to 9~10 (1) Basic Information of Directors ● Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company Law	NA	0
Ms. Robin Ho ((Director)	● Education& Experience, please refer to 9~10 (1) Basic Information of Directors ● Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company La	NA	0
Mr.Yung-Chi Lai (Independent Director)	● Education& Experience, please refer to 9~10 (1) Basic ● A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company La	● Independence Analysis of the company's independent directors. ● Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates；hold shares of the corporation；is not a director or supervisor of the Corporation or any of its affiliates. ● Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	0

Mr. Ting-Yang Liu (Independent Director)	● Education& Experience, please refer to 9~10 (1) Basic ● An instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University ● Not been the person of any conditions defined Article30 of the Company La	● Independence Analysis of the company's independent directors. ● Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates；hold shares of the corporation；is not a director or supervisor of the Corporation or any of its affiliates. ● Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	1
Mr. Huang, Hsin Hsien (Independent Director)	● Education& Experience, please refer to 9~10 (1) Basic ● A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who Has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company La	● Independence Analysis of the company's independent directors. ● Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates；hold shares of the corporation；is not a director or supervisor of the Corporation or any of its affiliates. ● Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	1
Mr. Li, I-Chuan (Independent Director)	● Education& Experience, please refer to 9~10 (1) Basic ● Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company ● Not been the person of any conditions defined Article30 of the Company La	● Independence Analysis of the company's independent directors. ● Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates；hold shares of the corporation；is not a director or supervisor of the Corporation or any of its affiliates. ● Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	0

2、Director Diversity and Independence:

(1). Board Diversity Policy: to strengthen corporate governance and improve board structure, the company ‘s governance princile and Procedures for Election of Directors should be taken into consideration, including diversity ,but not limited to gender balance, professional qualifications and skills.

(2). The policy objective and the implementation of results shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs.

Policy objective	Implementation of results
Independence： 1、the number of independent directors or outside directors : more than half . 2、consecutive term:In order to ensure that independent directors can exercise their functions and powers objectively and avoid reducing their independence due to long-term tenure, unless there are special easons (the Company requires the aid of the expertise and relevant experience of the directors), the terms of independent are up to nine consecutive years.	1、Presently,with 4 independent directors accounting for 4/7 and 4 external directors accounting for 4/7 over half of our Board. 2、Presently the independent directors have not served for more than 9 consecutive years.
Gender balance : The company pays attention to gender equality of board composition with at least one female director.	Two female directors accounted for 2/7 of all directors.
Professional knowledge and skills: Each board member shall have the necessary abilities that must be present in the board are as whole are as follows: 1. The ability to make judgments about operations.2. Accounting and financial analysis ability.3. Business management ability.4. Crisis management ability.5. Knowledge of the industry.6. An international market erspective.7. Leadership ability.8. Decision-making ability.	The current board members generally possess the necessary knowledge, skills and qualities to perform their duties, and have a wealth of professional knowledge and practical experience in industry, corporate management, finance, taxation and accounting, and human resources so as to give full play to operational decision-making, risk supervision and management and effective performance of directors’ functions.

3、Independence: The company has 7 directors (Including independence directors). To improve the company's governance performance, the company voluntarily appoint independent directors to provide additional 4 seats for independent directors , more than half of all directors. In addition, the company shall review the qualifications of independence directors annually. In order to ensure that independent directors can exercise their functions and powers objectively and avoid reducing their independence due to long-term tenure, the terms of independent are up to nine consecutives years, All the company’s independence directors comply the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”. The relationship between directors and independence directors may not exit the provisions of paragraph 3 and4 of Article 26-3 of Securities and Exchange Act.

4、The incumbent Board members dirersification policy and practicable:

Diversified Core projects Name of Directors	Gendor	Nationality	Age		Independent Director Term(Years)			As an employee	The ability to make judgments about operations	Accounting and financial analysis	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership Decision-making ability	Law	Professional ability
			<50	>50	<3	3~9	>9										
Ms. Judy Lee Chairman	Female	Republic of China		V				V	V	V	V	V	V	V	V	V	Knowledge of the industry
Mr. Tony Ho Director	Male	Republic of China		V				V	V	V	V	V	V	V	V	V	Judgments about operations
Ms. Robin Ho Director	Female	Republic of China	V					V	V	V	V	V	V	V	V	V	Business management
Mr. Yung-Chi Lai Independent Directo	Male	Republic of China		V		V			V	V	V	V	V		V	V	Crisis management
Mr. Ting-Yang Liu Independent Directo	Male	Republic of China		V		V			V		V	V	V	V	V	V	Leadership Decision-making
Mr. Hsin-Hsien Huang Independent Director	Male	Republic of China		V	V						V	V	V	V	V	V	Leadership Decision-making
Mr. I-Chuan Li Independent Director	Male	Republic of China		V	V				V	V	V	V	V		V		Knowledge of the industry

3.2.2 Management Team

As of April 17, 2023

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			Remark
					Shares	％	Shares	％	Shares	％			Title	Name	Relation	
Strategy and new bsuiness development CEO	Republic of China	Tony Ho	Male	1975.09.01	31,795,550	6.24%	32,911,294	6.45%	0	0.00%	Presidendof Test Rite Int'l Co., Ltd; National Taiwan University &Furan University/EMBA Classes	Note 1	Corporate governan and risk control CEO Chief Operating Officer (COO)	Judy Lee Robin Ho	Spouse Family	(Note 7
Corporate governance and risk control CEO	Republic of China	Judy Lee	Female	1975.09.01	32,911,294	6.45%	31,795,550	6.24%	0	0.00%	President of Test Rite Int'l Co., Ltd.; Department of Bank and Insurance/ Tanking University	Note 2	Strategy and new business development CEO Chief Operating Officer (COO)	Tony Ho Robin Ho	Spouse Family	(Note 7
Chief Operating Officer (COO)	Republic of China	Robin Ho	Female	2009.5.1	1,989,579	0.39%	1,019,000	0.20%	0	0.00%	VP of Test Rite Int'l Co., Ltd. BA, Business Management – University of Southern California MBA, Fujian Catholic University	Note 3	Strategy and new business developme CEO Corporate governance and risk control CEO	Tony Ho Judy Lee	Family Family	
Business Development General Manager t	Republic of China	Shelley Chen	Female	2007.5.1	681	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Department of International Trade/ Ming Chan College	-	-	-	-	
Vice President	Republic of China	John Peng	Male	1998.9.1	300,955	0.06%	0	0%	0	0.00%	Product Manager of Test Rite Int'l Co., Ltd. Yangmei Senior high school	Note 4	-	-	-	
Vice President	Republic of China	Bob Yueh	Male	2009.3.1	13,454	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Department of Industrial Engineering/ Feng Chia University	-	-	-	-	
Vice President	Republic of China	Edward Kao	Male	2009.3.1	412,405	0.08%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd.; MBA, New Jersey Institute of Technology	-	-	-	-	
Vice President	Republic of China	Maggy Chen	Female	2011.12.5	354,512	0.07%	147	0.00%	0	0.00%	General manager of Freer Inc. , Department of Business Management, Soochow University	-	-	-	-	
Vice President	Republic of China	Linda Lin	Female	2003.1.1	0	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Department of Accounting Statistics/ Ming Chua College	Note 5	-	-	-	

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			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President	Republic of China	Lancy Wu	Female	2007.5.1	11,184	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Master of Department of Business Administration, National Taipei University	-	-	-	-	
Vice President	Republic of China	Monica Chen	Female	2009.6.15	130,408	0.03%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Department of Accounting Statistics/Shih Chine College	-	-	-	-	
Vice President	Republic of China	Eddie Wei	Male	2013.2.18	0	0.00%	0	0.00%	0	0.00%	Creative Design Director of Wisefame International Ltd.; Design Director of GoerTek Inc. Master, Department of Industrial Design/ Shih Chine University	-	-	-	-	
Vice President	Republic of China	Lori Huang	Female	2018.3.19	0	0.00%	0	0.00%	0	0.00%	Taiwan Mobile Co., Ltd., Vice Director National Sun Yat-sen University Department of Information Management	-	-	-	-	
Vice President	Republic of China	Eric Chang	Male	2016.7.1	0	0.00%	0	0.00%	0	0.00%	AVP of Test Rite Int'l Co., Ltd. Tung Hai University MBA	Note 6	-	-	-	
Vice President	Republic of China	Jamie Kuo	Female	2017.4.1	1,000	0.00%	0	0.00%	0	0.00%	Hwa Fong Rubber Ind. Co., Ltd. Tanking University/ department of economics	-	-	-	-	
Vice President	Republic of China	Agnes Shih	Female	2019.1.1	8	0.00%	0	0.00%	0	0.00%	Chinese Culture Univar Department of Korean Language and Literature	-	-	-	-	
Director	Republic of China	Johnson Lee	Male	2011.12.6	81,766	0.02%	0	0.00%	0	0.00%	AVP B&S Link Co., Ltd.; Department of Electronic Engineering / Technology and Science Institute of Northern Taiwan	-	-	-	-	
Director	Republic of China	Hamphrey Wang	Male	2012.7.2	0	0.00%	0	0.00%	0	0.00%	AVP of B&Q International Co., Ltd. Department of History/ National Taiwan University	-	-	-	-	
Director	Republic of China	Celine Hsien	Female	2015.3.1	0	0.00%	0	0.00%	0	0.00%	Sales Manager of International AIM. Department of Business Management/ National Central University	-	-	-	-	
Director	Republic of China	Bruce Shen	Male	2016.02.23	0	0.00%	0	0.00%	0	0.00%	PR manager of Lenovo Ltd.	-	-	-	-	

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			Remark
					Shares	％	Shares	％	Shares	％			Title	Name	Relation	
											Department of Mass Communication, Tamkang University					
Director	Republic of China	Antyia Tsai	Female	2017.2.3	917	0.00%	0	0.00%	0	0.00%	MultiStar Industry co., Industry co., Ltd. Private Chinese Culture University/department of Chinese language and literature	-	-	-	-	
Director	Republic of China	Lisa Lin	Female	2018.7.11	356,772	0.07%	967	0.00%	0	0.00%	Ming Chuan University, Department of Accounting and Information Technology	-	-	-	-	
Director	Republic of China	Elaine Shih	Female	2019.5.20	0	0.00%	0	0.00%	0	0.00%	Senior Manager of Test Rite Int’l Co., Ltd. Chunky University of Film and Arts /department of international trade	-	-	-	-	
Director	Republic of China	Melody Wu	Female	2019.6.3	204,991	0.04%	0	0.00%	0	0.00%	Senior Manager of Test Rite Int’l Co., Ltd. Tanking University/ department of Industrial Economics	-	-	-	-	
Director	Republic of China	Noelia.Lu	Female	2019.9.2	803	0.00%	0	0.00%	0	0.00%	Purchase Director of JASONS Market Place Tanking University/ department of Spanish	-	-	-	-	
Director	Republic of China	Nora Huang	Female	2021.4.6	0	0.00%	0	0.00%	0	0.00%	Vietnam Paihong Company Tamkang University department of economy	-	-	-	-	
Director	Republic of China	Miya Hsu	Female	2021.12.2	0	0.00%	0	0.00%	0	0.00%	PricewaterhouseCoopers Taiwan National Chung Hsing University Accounting master.	-	-	-	-	
Director	Republic of China	Eric Yu	Male	2022.7.1	20,000	0.00%	0	0.00%	0	0.00%	Manager of B&S Link Co., Ltd. National Taiwan University of Science and Technology Department of Business Administration	-	--	--	--	

Note：

1. Chairman of Test Rite Retail Co., Ltd.、Chairman of Testrite Brand Agency Co., Ltd.、Chairman of Test Rite C&B Co., Ltd.、Chairman of Chung Cin Enterprise Co., Ltd、Director of Test-Rite Int'l (U.S.) Co., Ltd.、Director of Test-Rite Products Corp.、Director of Homezone International Corporation、Director of Test Rite Int’l (Canada) Ltd.、Director of Test-Rite Int'l (Australia) Pty.、Director of Test-Rite Products (Hong Kong) Ltd.、Director of

Test Rite Retailing Limited 、Director of Perfect Group International Limited、Director of Test Rite South American Co., Ltd.、Director of Test Rite Trading Co., Ltd.、Director of Test Rite Retailing Co., Ltd.、Director of B&S Link Corporation、Director of Upmaster International Co., Ltd.、Director of Test-Rite Development GmbH.

2. Director of Test Rite Retail Co., Ltd.、Director of Testrite Brand Agency Co., Ltd.、Director of Test Rite C&B Co., Ltd.、Director of Chung Cin Enterprise Co., Ltd.、Chairman of Lih Chiou Co., Ltd.、Chairman of International Art Co., Ltd.、Chairman of Test Rite Business Development Corporation(China) Co., Ltd.、Chairman of B&S Link (Shanghai) Co., Ltd.、Chairman of HOLA Shanghai Retail & Trading Co., Ltd.、Chairman of Light Up Shanghai Retailing Co., Ltd.、Chairman of Pro-Quality Service Limited Corporation 、Chairman of Energy Retailing Co., Ltd.、Chairman of Test Rite (China) Investment Co., Ltd.、Director of Test-Rite Int'l (U.S.) Co., Ltd.、Director of Test-Rite Products Corp.、Director of Homezone International Corporation、Director of Test Rite Int'l (Canada) Ltd.、Director of Test-Rite Int'l (Australia) Pty Ltd.、Director of Test Rite Pte Ltd.、Director of Test-Rite Products (Hong Kong) Ltd..、Director of Test-Rite (UK) Ltd.、Director of Fortune Miles Trading Inc.、Director of Upmaster International Co., Ltd.、Director of Energy Path International Co., Ltd.、Director of Test-Rite Development GmbH、Director of Avida Company Limited、Director of Lucky Rite Company Ltd..、Supervisor of Quality Master Co., Ltd.
3. Director of Test Rite Retail Co., Ltd. 、Director of Testrite Brand Agency Co., Ltd. 、Director of Test Rite C&B Co., Ltd. 、Chairman of Fusion International Distribution Inc. 、Chairman of Hola Homefurnishings Co., Ltd. 、Chairman of B&S Link Co., Ltd. 、Chairman ofHome Intelligence Co., Ltd. 、Director of Light Up Shanghai Retailing Co., Ltd. 、Director of Chung Cin Enterprise Co., Ltd. 、Director of HOLA Shanghai Retail & Trading Co. 、Director of Energy Retailing Co., Ltd. 、Director of Tes-Rite Int'l (Australia) Pty. 、Director of Test-Rite (UK) Ltd. 、Director of Test Rite International (Thailand) Ltd 、Director of Test-Rite Development GmbH 、Director of Test Rite tepro GmbH 、GM of Test-Rite International (U.S.)Co., Ltd 、Director of Quality Master Co., Ltd.
4. Supervisor of HOLA Shanghai Retail & Trading Co., Ltd..
5. Supervisor of Test Rite Retail Co., Ltd. 、Supervisor of Test-Rite Home Service Co., Ltd. 、Supervisor of Testrite Brand Agency Co., Ltd. 、Supervisor of Test Rite C&B Co., Ltd. 、Supervisor of Chung Cin Enterprise Co., Ltd.
6. Supervisor of Lih Teh International Co., Ltd. 、Supervisor of Pro-quality Service Co., Ltd. 、Supervisor of Lih Chiou Co., Ltd. 、Supervisor of B&S Link Co., Ltd. 、Syoervisor of Home Tech Co., Ltd. 、Superisor of International Art Co., Ltd. 、Superisor of Hola Homefurnishings Co., Ltd.
7. The chairperson acted on behalf of chief executive officer after the former CEO retired in 2020. Test-Rite group's business covered the trading and retail which is the unique business model so it continued to evaluate and cultivate successor. The company added a new independent director in 2021 and more than half of the directors who are not the company's senior management and employees.

3.3 Remuneration of Directors, President, and Vice Presidents

3.3.1 Remuneration of Directors

As of Dec. 31, 2022：Unit: NT$ thousands

Title	Name	Remuneration								Sum of A+B+C+D and ratio to net income (%)		Relevant remuneration received by directors who are also employees								Ratio of total compensation (A+B+C+D+E+F+G) and net income(%)		Compensation paid to directors from an invested company other than the company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors and supervisors' remunerations(C)		Allowances (D)				Salary, Bonuses, and Allowances(E)		Severance Pay (F)		Employee compensation (G)						
		The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company		From All Consolidated entities		The company	From All Consolidated entities	
																Cash	Stock	Cash	Stock			
Director	Ms. Judy Lee Mr. Tony Ho Ms. Robin Ho	0	0	0	0	4,555	4,555	150	150	4,705 1.10%	4,705 1.10%	17,660	46,571	108	108	869	0	869	0	23,342 5.48%	52,253 12.27%	0
Independent Director	Mr..Yung-Chi Lai Mr. Ting-Yang Liu Mr. Hsin-Hsien Huang Mr. I-Chuan Li	2,250	2,250	0	0	2,847	2,847	456	456	5,553 1.30%	5,553 1.30%	0	0	0	0	0	0	0	0	5,553 1.30%	5,553 1.30%	0

1. Please state the policy, system, standards and structure of independent directors' remuneration, and describe the correlation with the amount of remuneration according to the responsibilities, risks, and investment time: Please refer Annual Report (page 24)
2. In addition to the above remuneration, director remuneration shall be disclosed about the directors' compensation for their services in the most recent year,such as a consultant of the parent company, companies in the consolidated financial statement or invested company : None.

Note 1：The Company's contribution to employee's pension account, not actual amount paid.

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	From All Consolidated Entities	The company	From All Consolidated Entities
Under NT$ 1,000,000	Mr. Hsin-Hsien Huang、Mr. I-Chuan Li	Mr. Hsin-Hsien Huang、Mr. I-Chuan Li	Mr. Hsin-Hsien Huang、Mr. I-Chuan Li	Mr. Hsin-Hsien Huang、Mr. I-Chuan Li
NT$1,000,000 ~ NT$2,000,000	Mr. Ting-Yang Liu	Mr. Ting-Yang Liu	Mr. Ting-Yang Liu	Mr. Ting-Yang Liu
NT$2,000,000 ~ NT$3,500,000	Ms. Judy Lee、Mr. Tony Ho、Mr. Yung-Chi Lai、Ms. Robin Ho	Ms. Judy Lee、Mr. Tony Ho、Mr. Yung-Chi Lai、Ms. Robin Ho	Mr. Yung-Chi Lai	Mr. Yung-Chi Lai
NT$3,500,000 ~ NT$5,000,000	-	-	-	-
NT$5,000,000 ~ NT$10,000,000	-	-	Ms. Robin Ho	-
NT$10,000,000 ~ NT$15,000,000	-	-	Ms. Judy Lee、Mr. Tony Ho	Ms. Robin Ho
NT$15,000,000 ~ NT$30,000,000	-	-	-	Mr. Tony Ho
NT$30,000,000 ~ NT$50,000,000	-	-	-	Ms. Judy Lee
NT$50,000,000 ~ NT$100,000,000	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	7	7	7	7

3.3.2 Compensation of President and Vice Presidents

As of Dec. 31, 2022: Unit: NT$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee compensation (D)				Ratio of total compensation (A+B+C+D) and net income (%)		Compensation paid to the president and vice president from an invested company other than the company's subsidiary
		The company	From All Consolidated entities	The company	From All Consolidated entities	The company	From All Consolidated entities	The company		From All Consolidated entities		The company	From All Consolidated entities	
								Cash	Stock	Cash	Stock			
CEO of strategy & new business development	Tony Ho	50,333	81,356	1,667	1,667	12,457	12,457	2,839	0	2,839	0	67,296 15.80%	98,319 23.09%	0
CEO of Corporate Governance and risk management	Judy Lee													
Chief Operating Officer (COO)	Robin Ho													
Business Development General Manage t	Shelly Chen													
Vice President	Jane Peng													
Vice President	Bob Yueh													
Vice President	Edward Kao													
Vice President	Maggy Chen													
Vice President	Linda Lin													
Vice President	Lancy Wu													
Vice President	Monica Chen													
Vice President	Lori Huang													
Vice President	Eddie Wei													
Vice President	Eric Chang													
Vice President	Jamie Kuo													
Vice President	Agnes Shih													
Vice President	Daniel lin**													

* *VP Daniel.lin resigned in Mar 2022.

Bracket	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT$ 1,000,000	Daniel.lin	Daniel.lin
NT$1,000,000 ~ NT$2,000,000		
NT$2,000,000 ~ NT$3,500,000	John Peng、Lancy Wu、Agnes Shih、Jamie.Kuo、Eddie Wei、Edward Kao、Monica Chen、Linda Lin、Tony Ho	John Peng、Lancy Wu、Agnes Shih、Jamie.Kuo、Eddie Wei、Edward Kao、Monica Chen、Linda Lin
NT$3,500,000 ~ NT$5,000,000	Bob Yueh、Lori Huang、Shelly Chen、Maggy Chen	Bob Yueh、Lori Huang、Shelly Chen、Maggy Chen
NT$5,000,000 ~ NT$10,000,000	Robin Ho、Eric Chang	Robin Ho、Eric Chang
NT$10,000,000 ~ NT$15,000,000	Judy Lee	-
NT$15,000,000 ~ NT$30,000,000	-	Judy Lee、Tony Ho
NT$30,000,000 ~ NT$50,000,000	-	-
NT$50,000,000 ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	17	17

3.3.3 Employee profit sharing granted to the management team

As of Dec. 31, 2022; Unit: NT$ thousands

	Title	Name	Stock Dividends	Cash Dividends	Total	Proportion of total amount to net profits after tax (%)
Executive Officers	CEO of strategy & new business development	Tony Ho	0	4,909,000	4,909,000	1.15%
	CEO of Corporate Governance and risk management	Judy Lee				
	Chief Operating Officer (COO)	Robin Ho				
	Business Development General Manager	Shelly Chen				
	Vice President	John Peng				
	Vice President	Bob Yueh				
	Vice President	Edward Kao				
	Vice President	Maggy Chen				
	Vice President	Linda Lin				
	Vice President	Lancy Wu				
	Vice President	Monica Chen				
	Vice President	Lori Huang				
	Vice President	Eddie Wei				
	Vice President	Eric Chang				
	Vice President	Jamie Kuo				
	Vice President	Agnes Shih				
	Vice President	Daniel.lin**				
	Director	Johnson Lee				
	Director	Hamphrey Wang				
	Director	Celine Hsien				
	Director	Bruce Shen				
	Director	Antyia Tsai				
	Director	Elaine Shih				
	Director	Melody Wu				
	Director	Noelia Lu				
	Director	Nora.Huang				
	Director	Miya.Hsu				
	Director	Eric Yu*				
	Director	Harrison Yang**				
	Director	Serena.Lin**				

*VP Dir Eruc Yu joins in July 2022.

** VP Daniel.Lin resigned in Mar 2022; Dir Harrison Yang resigned in Apr 2022; Dir Serena.Lin resigned in Oct 2022.

3.3.4 Comparison of Remuneration for Directors Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors Presidents and Vice Presidents

1. The ratio of total remuneration paid by the company and by all companies included in the consolidated financial statements for the most recent two fiscal years to directors presidents and vice presidents of the Company, to the net income in the individual financial statements .

Title \ Year	Ratio of total remuneration paid to directors presidents and vice presidents in the individual financial statements to net income (%)-Companies in the consolidated financial statements			
	2021		2022	
	Company	All companies included	Company	All companies included
Directors	5.62%	9.31%	6.78%	12.75%
Presidents and Vice Presidents	14.84%	18.00%	15.80%	21.75%

2. Guiding principles for compensation to directors and management executives:

<u>The Company’s policies, standards, and portfolios for the payment of remuneration:</u>

The remuneration of directors in the Company and the Group under consolidated financial statements includes the following aspects: The transportation expense are determined by referencing industry standards and are based on the attendance of directors at board meetings. Director remuneration is handled in accordance with the articles of association of our company and its consolidated subsidiaries. The amount of director remuneration is determined by the board of directors through a formal resolution.

Individual director remuneration: The remuneration for each individual director is calculated by multiplying the total amount of director remuneration approved by the board of directors for distribution from the retained earnings by the weighting factors. The weighting factors are determined based on the following criteria: serving as a director/Executive Director/independent director, level of participation in company operations (including ESG implementation) and contribution value, acting as a guarantor for the company's financing needs, director performance evaluation scores, and length of tenure;Compensation for members of functional committees (such as the Compensation Committee and Audit Committee) is calculated based on a fixed remuneration multiplied by the performance evaluation score of the respective committee. However, this allocation still requires review by the Compensation Committee. After the proposal is approved by the board of directors, the remuneration is disbursed.

Remuneration for executives such as the General Manager and vice president includes three categories: salary, bonus, and employee benefits.Salaries are determined based on factors such as the professional expertise and experience of the executives, their job responsibilities, and the local talent market. They are set at a level that reflects the scope of their responsibilities. Annual salary adjustments are implemented considering the economic conditions, industry salary levels, information from professional compensation consulting firms, and individual performance achievements. This ensures that executive remuneration remains competitive. Bonuses include year-end bonuses and performance bonuses. The issuance of year-end bonuses depend on the overall operational performance of the company. Performance bonuses, on the other hand, are highly linked to individual performance and the achievements of the company's operations (including ESG factors). This incentivizes executives to achieve high performance targets. Employee benefits are in accordance with the company's articles of association and are disbursed after submission to the Compensation Committee and approval by the board of directors.

<u>The procedures of remuneration distribution:</u>In accordance with the Company Law and the company's articles of association, The Company shall distribute no less than 1 % of the current year’s profit if any as remuneration for employees and the Board could decide to distribute in stocks or cash.The Board could also decide no more than 2 % of the abovementioned profit as remuneration for Directors. The distribution of remuneration for employees and Directors should be reported during Shareholders’ Meeting. However, when there’s accumulated losses, the Company shall reserve certain amount to

compensate the accumulated losses and then distribute the profits to employees and Directors based onthe abovementioned percentage. The amount, date, and conditions for the disbursement of the aforementioned remunerations are determined by the Compensation Committee and approved by the board of directors. Once the resolutions are passed, the remuneration will be disbursed accordingly.

The correlation with operation performance and future risks: Director remuneration is evaluated by The company's Compensation Committee, taking into account the overall performance of the board of directors, individual director performance, company performance (including ESG factors), andfuture operational and risk considerations. Once the proposal is approved by the board of directors, the remuneration is disbursed. Annual salary adjustments and performance bonuses for executives are highly correlated with individual performance and the overall performance of the company (including ESG implementation). Key indicators considered include the executives' responsibility for business performance and financial indicators, talent development and cultivation within the organization, compliance with regulations, and ESG performance.

Annually, at least once a year, the Compensation Committee conducts regular evaluations and reviews of the remuneration policies, systems, standards, and structures for directors and executives in accordance with regulations. The committee then submits recommendations for discussion by the board of directors to ensure alignment with company policies and market standards, while maintaining a balance between sustainable business operations and risk management.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors

A total of 8 meetings of the board of directors were held in the previous period (Year 2022. Director attendance was as follows：

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)【B/A】	Remarks
Chairman	Ms. Judy Lee	8	0	100%	
Director	Mr. Tony Ho	7	1	88%	
Director	Ms. Robin Ho	8	0	100%	
Independent Director	Mr.Yung-Chi Lai	8	0	100%	
Independent Director	Mr. Ting-Yang Liu	8	0	100%	
Independent Director	Mr. Hsin Hsien Huang	8	0	100%	
Independent Director	Mr. I-Chuan Li	8	0	100%	

Other notable items：

1.If the operation of the board of directors is one of the following circumstances, the dates of meetings, sessions, contents of motions, all independents’ opinion and the Company’s response to independent directors’ opinion should be specified.

(1) If there are the circumstances referred to in Article 14-3 of Securities：Matters are not applicable since the Company has already established an Audit Committee.Please refer the practice of the audit committee , explained Article 14-5 of the Securities and Exchange Act (page 29)

(2) Except before the opening of the matter, resolutions of the directors’ meetings objected to by Independent Directors
or subject to qualified opinion and recorded or declared in writing, the dates of meetings：None

2.If there is Directors’ avoidance of motions in conflict of interest, the Directors’ names, contents of motions, abuses for avoidance and voting should be specified: of As described in the table below.

Date of Meeting	Name of director	Content of proposal	Reason for abstention from voting participation	The result for each motion
2022/1/14	Ms. Judy Lee Mr. Tony Ho Ms. Robin Ho	Motion for the distribution of performance-based bonuses to the Company's individual managers for 2021.	Chairwoman Judy Lee and Director Tony Ho and Director Robin Ho exercised measures to avoid a conflict of interest, as they also serve as managers.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.
2022/6/28	All directors	Motion for the distribution of compensation to the Company's directors for 2021.	Assessment of supervisory compensation for each of the directors,each director will on an individual basis avoid conflicts of interest.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.
2022/6/28	Mr.Yung-Chi Lai Mr. Ting-Yang Liu Mr. Hsin Hsien Huang Mr. I-Chuan Li	Annual remuneration distribution of members of the company's functional committee.	Assessment of supervisory compensation for each of the company's functional committee,Each director will on an individual basis avoid conflicts of interest.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.
2022/6/28	Ms. Judy Lee Mr. Tony Ho Ms. Robin Ho	Passed the managerial officer’s salary adjustment for 2022.	Chairwoman Judy Lee and Director Tony Ho and Director Robin Ho exercised measures to avoid a conflict of interest, as they also serve as managers.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.
2022/11/10	Ms. Judy Lee Mr. Tony Ho Ms. Robin Ho	Motion for the Company's 2022 employees’ remuneration and year-end bonus allocation.	Chairwoman Judy Lee and Director Tony Ho and Director Robin Ho exercised measures to avoid a conflict of interest, as they also serve as managers.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.
2022/11/10	Ms. Judy Lee Ms. Robin Ho Mr.Yung-Chi Lai Mr. Ting-Yang Liu Mr. Hsin Hsien Huang Mr. I-Chuan Li	Appointment of the members of the 1th session of “Corporate Governance and Sustainable Development Committee”.	Due to the appointment of directors and independent directors serving as committee members, they will respectively abstain from the appointment process.	Directors of the were recused from the discussion and voting,all other directors in attendance passed the motion without objection.

3. The execution of self-evaluation by the board of directors and external performance assessment：

Frequency of evaluation	Duration of evaluation	Scope of evaluation	Method of evaluation	Contents of evaluation and outcome
One per Year	2022.1.1～ 2022.12.31	Evaluation of performance by the board of directors	The self-evaluation by the board of directors/ Peer assessment	The extent of participation in the company's business operations, board composition & structure of the board of directors, appointment and continued refresher and higher education programs for directors, internal control system .The evaluation results are divided into 4 levels: Excellent, Grade A, Fair, and Improvement Required. 2022 the evaluation results : Excellent.
One per Year	2022.1.1～ 2022.12.31	Evaluation of performance by the individual board of directors members	Individual self-evaluation by the directors	Domination of the Company's targets and duties, awareness of director responsibilities and powers, extent of participation in the Company's business operation, management and communications of the internal relationship, profession and continued refresher and higher education program of directors, internal control system. The evaluation results are divided into 4 levels: Excellent, Grade A, Fair, and Improvement Required. 2022 the evaluation results : Excellent.
One per Year	2022.1.1～ 2022.12.31	Evaluation of performance by the board of functional committee(s)(Audit committee & companion committee)	The self-evaluation by the of Audit committee & companion committee members	Domination of the Company's targets and duties, awareness of the Committee members on responsibilities and powers, extent of participation in the Company's business operation, management and communications of the internal relationship, expertise of Committee members and continued refresher and higher education program, internal control system. The evaluation results are divided into 4 levels:

				Excellent, Grade A, Fair, and Improvement Required. 2022 the evaluation results : Excellent.
one per three Year	2019.1.1～ 2022.12.30	An external professional organization has been engaged to conduct a performance evaluation of the board of directors.	The company entrusted the Taiwan Association of Board Governance	The performance evaluation covers various aspects, including the composition and structure of the board of directors, the selection and continuous education of directors, the level of board involvement in company operations, enhancing the quality of board decision-making, internal controls, environment, social and corporate governance, and value creation. The company established the new Functional Committees called Corporate Governance and Sustainable Development Committee to deepen corporate governance and sustainable development on November 10, 2022 to promote the sustainable development of the company.

4. Measures taken to strengthen the functionality of the Board：

(1) The composition of the Company's Board of Directors is in terms of diversity, professional knowledge and skills, and independence and gender equality, in accordance with the Company's Code of Governance and the regulations pertaining to the election of directors.

(2) The Company has established an Audit and Compensation Committee; The company established the new Functiona Committees called Corporate Governance and Sustainable Development Committee development on November 10, 2022, to exercise the relevant powers and functions as prescribed by law, and the Board of Directors, through the division of labor among functional committees, actively strengthens the functions of the directors to implement corporate governance to promote the sustainable development of the company.

(3) On April 24, 2019, the Board of Directors approved the establishment of standard operating procedures for handling directors' requests and appointed Senior Vice President Linda Lin with extensive experience in financial and accounting management as the head of corporate governance. She is responsible for supervising and implementing corporate governance operations, coordinating information exchange between directors and managerial departments, providing directors with the necessary information to carry out business and performing their duties, and enhancing the effectiveness of the Board.

(4) The Company arranges for the responsible manager to report to the Board on the status of the development strategies and ad-hoc implementation of the Test Rite Group.

(5) In order to implement the spirit of corporate governance and effectively enhance the transparency of information, the Company fully discloses operational and financial information in annual reports, on its corporate website, and on M.O.P.S., and hosts investor conference the irregularly.

(6) To encourage directors to participate actively in various corporate governance courses, the Company also arranges lecturers to provide lessons at the Company to enrich their knowledge on an ongoing basis.

(7) In order to implement corporate governance and enhance the function of the Board of Directors, the Company has established performance objectives to strengthen the operational efficiency of its Board, and in accordance with the Company's Board Performance Evaluation Method, the performance evaluation of the Board of Directors, Board members, and functional committees is performed at the beginning of each year, In the year2022, an external

professional organization has been engaged to conduct a performance evaluation of the board of directors. The results of these evaluations, covering various aspects, have been reported to the Compensation Committee and the Board of Directors on March 13, 2023. These evaluations will serve as a reference for director remuneration and future nominations.

3.4.2 Independent Directors is as follows:

2022 total of five meetings of the of Audit Committee

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)【B/A】	Remarks
Chairman	Mr.Yung-Chi Lai	5	0	100%	
Independent Director	Mr. Ting-Yang Liu	5	0	100%	
Independent Director	Mr. Hsin Hsien Huang	5	0	100%	
Independent Director	Mr. I-Chuan Li	5	0	100%	

Other notable items:

1. The operation of Audit Committee has any circumstance as the following. It should state the date of Audit Committee、the content of the proposal、the resolution of Audit Committee and how the company treat the Audit Committee’s opinion.

   (a)If there are the circumstances referred to in Article 14-5 of Securities：

Date and Session of Meeting	The details of meeting agenda	An independent director has a dissenting ,qualified opinion or material recommendations	Audit Committee Resolution and the Company's response to the Audit Committee
2022.03.23 (No.1 in 2022)	Reported of internal audit’s business for Q4 2021. Reported of Group internal audit’s business for 2021. Passed the motion for the statement of the Company's internal control system for 2021. Reported on Test Rite Co, Ltd.’s Operational highlights and consolidated financial results for 2021. Passed the motion for profit-sharing for 2021. Passed the motion for the Procedures for Acquisition and Disposal of Assets. Passed the motion for the Articles of Incorporation.	No	Audit Committee :all participating Committee members without an objection, and submitted to the board of directors for final decision. board of directors：Directors approved the proposal unanimously.
2022.05.11 (No.2 in 2022)	Reported of internal audit’s business for Q1 2022. Passed that it change CPA whose independence、suitability evaluation and engagement since 2022 Q1. Passed the remuneration of the consolidated financial results for Q1 12022.	No	
2022.08.11 (No.3 in 2022)	Reported of internal audit’s business for Q2 2022. Passed the remuneration of the consolidated financial results for Q2 2022.	No	
2022.11.10 (No.4 in 2022)	Reported of internal audit’s business for Q3 2022. Passed the remuneration of the consolidated financial results for Q3 2022.	No	

2022.12.23 (No.5 in 2022)	Reported of Company's internal audit plan for 2023. Passed the motion to amend the “Company’s Internal Control System” and “Details on Implementation of Internal Audit”. Passed the motion for the Company's operational plan and budget for 2023. Passed the CPA whose independence and suitability evaluation and engagement. Passed the motion for the right-of-use assets. Passed the motion for the company’s loan funding to its subsidiary, Test Rite Retail Co., Ltd. Passed the motion for the company’s loan funding to its subsidiary, Test Rite Products Corp. Passed the amendment to Procedures for Handling Material Inside Information.	No	

(b) Except for the aforesaid matter, other matter was unapproved by the Audit Committee. However, the matter was approved by two-thirds or more of all the directors：None.

2. Independent directors disclose whose avoidance of personal interest. The disclose contain that Independent directors’ name, the motion’s content and the reason for personal interest avoidance and the participation of voting：None.

3. Independent directors communicate with chief audit Executive and CPA.
(ex: The company’s results of the company's financial and business conditions ,matters and method.)：

(a) Except the monthly audit report, the internal auditing team shall submit the quarterly audit report of the auditing implementation and annual group auditing report to each independent director. If need be the chief audit Executive should contact with the independent directors.

(b) The audit report shall contain the tracked deficiency in internal control and irregularities which needs to be improved. Moreover, it should be prepared the quarterly report and sent to each independent director.

(c) On March 11, 2022, the independent directors communicated with the certified public accountants and the meeting will involve a summary discussion of the audit of the financial statements for the fiscal year 2021 significant events or transactions, significant risks, key audit matters, recommendations and communications, and the audit report.

(d) The Audit Committee will invite public certified accountants to attend the meeting(s) for the relevant motion(s) in the review of quarterly financial statements and auditing and attestation of financial statements, etc.

4. Annual key functions and operations：

(1) Annual key functions

1、Audit amendments to the internal control system.
2、Audit of the effectiveness of the internal control system.
3、Audit amendments to the Acquisition and Disposal ,Engaging in Derivatives Trading, Lending Funds to Others , the handling procedures for financial or operational actions of material significance.
4、Audit of the Major asset or derivatives trading、 Lending Funds or Endorsement and Guarantee.
5、Audit the offering, issuance, or private placement of any equity-type securities.
6、Audit the independence, suitability assessment and appointment of a certified public accountant.
7、Audit appointment or discharge of a financial, accounting, or internal auditing officer.
8、Audit of the financial report.
9、Communicate of internal audit report with the head of internal audit.
10、Communicate the results of annual financial statement audits and other statutory requirements, etc. with certified public accountants.

(2) 2022 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

3.4.3 Corporate Governance Execution Status and Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies"

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Explanatory memorandum	
1.Has the Company implemented a Corporate Governance Code of Practice?	✓		The Company's has implemented a Corporate Governance Code of Practice. The Code of Practice is disclosed on the Company's official website and MOPS.	Compliance
2.Shareholding Structure & Shareholders' Rights (1)What are the Company's methods of handling shareholder suggestions or complaints? (2)Does the Company possess a list of major shareholders and an it's of their ultimate owners? (3)What are the risk management mechanisms and "firewall" between the Company and its affiliates? (4)Has the company established internal regulations to ban its personnel from selling and buying securities with information undisclosed to the market?	✓		(1) In the company's " Corporate Governance Best Practice Principles " the section titled " safeguarding shareholders' Rights and Interests" addresses matters related to shareholders. The company has entrusted a shareholder service agency and has designated a spokesperson and Deputy Spokesperson to handle shareholder-related issues. Additionally, an investor mailbox is available to address shareholder inquiries. (2) The Company has a dedicated team responsible for carrying out shareholder-related services, and has appointed a shareholder services agent from a securities firm to assist with matters related to shareholder services. The Company also has access to the list of major shareholders and ultimate controllers of major shareholders. (3) The Company has established and implemented the following internal control guidelines: Subsidiary Supervision Guidelines, Internal Control System for the Supervision of Subsidiaries and Auditing for the Supervision of Subsidiaries and the Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises. (4) The Company has established its "Procedures for Handling Material Inside Information" to address related norm, and all personnel of the Company have signed an internal personnel statement, stating that they will never engage in any illegal insider-trading activities, and that they will take sole responsibility for all related laws and regulations.	Compliance
3.Composition and Responsibilities of the Board of Directors (1)Has the board of directors established and implemented diversification policy objectives measures in its member setup?	✓		(1) According to Chapter three- Structure of Board of Directors, in our Code of Governance, and Article 2-1 in our Rules for Election of Directors, the nominated and selected candidates shall be considered diversified policy objectives: independence, gender equity and possession the necessary knowledge, skills, and literacy to perform duties. The diversity and its application shall be disclosed in	Compliance

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Explanatory memorandum	
(2)In addition to setting up a remuneration committee and audit committee in accordance with the law, has the Company voluntarily established any other functional committee? (3)Has the Company established a performance rating method for its Board of Directors, and conducted performance ratings accordingly on an annual basis? (4)Does the Company evaluate its CPAs' independence on a regular basis?			Company's website. For the policy objective and the implementation of results, please refer to the description of "Diversity and Independence of the Board of Directors" on page 14. (2) Except for the establishment of Compensation Committee and Audit Committee according to the regulation, the company established the new Functional Committees called Corporate Governance and Sustainable Development Committee to deepen corporate governance and sustainable development on November 10, 2022. (3) The board of directors approved the amendment of Performance Evaluation of Board of Directors and the evaluation methods. The Company's board performance evaluation was conduct by the financial unit. The board of directors conducts an internal assessment at the end of each fiscal year. The board of directors conducts an internal assessment at the end of each fiscal year, and at least once every three years, an external assessment is conducted by an independent external professional institution, expert or scholar team, or others, etc. The evaluation results are reported to the board of directors prior to the first quarter of the following year for performance evaluation. The performance evaluation of the board of directors encompasses five major dimensions, while the performance evaluation of individual board members include six major dimensions. The performance evaluation of functional committees covers four or five major dimensions. The evaluation results are categorized into four levels: excellent, good, meets standards, and needs improvement. The company entrusted the Taiwan Association of Board Governance to conduct an external evaluation in the year 2022. On December 30, 2022, the "Board of Directors Performance Evaluation Report" was issued, which included the evaluation results, recommendations, improvement plans, and actions for the company. The evaluation of the board of directors, individual board members, and functional committees for the fiscal year 2022 was completed at the beginning of the year 2023. The report was presented to the board of directors on March 13, 2023.	

Item	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
			The internal performance evaluation results of the board of directors, individual board members, and functional committees, as well as the exter nal board directors' performance evaluation results, have been published on the company's official website. (4) The Audit Committee of the company conducts regular assessments of the independence of the external auditors annually and subsequently reports the evaluation results to the board of directors. On December 23, 2022, the Audit Committee and the board of directors approved the assessment and appointment of the external auditors based on their independence and suitability. The evaluation is conducted based on the Audit Quality Indicators (AQI) framework, considering five dimensions: professionality, quality control, independence, supervision, and innovation capabilities. The evaluation also includes an assessment of the external auditors hired by the company through an internal self-assessment process. The external auditors meet the criteria of not serving as directors or supervisors of the company, not being shareholders of the company, not receiving remuneration from the company, not being related parties, and not being continuously appointed for audit services for seven years. To obtain an Audit Quality Indicator Report (AQI Report) and the statement of Auditor Independence, it is necessary to ensure that auditors and audit personnel adhere to the independence requirements set by their firm. This is crucial to maintain the fairness, objectivity, and independence of their audit engagements. These documents will be used for discussing the appointment of auditors.	

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<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanatory memorandum</th></tr>
<tr><td>4. Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?</td><td>✓</td><td></td><td>The Company has set up financial division to be responsible for corporate governance。The board of directors approved the process of procedure for the director’s requirement standard and appoint the company’s Company Secretary on April 24, 2019.The Board of Directors resolved to set the standard procedure for director’s requirement and appointed Senior Vice President Linda Lin, who has 25 years of experience in financial and accounting management of public companies, to be responsible for supervising and implementing corporate governance operations, including coordinating the exchange of information between directors and managers, providing timely and sufficient information required for directors to carry out their duties, ensuring board procedures and compliance with all applicable laws and regulations, enhancing board effectiveness, assisting directors in complying with laws and regulations, handling matters related to board and shareholders' meetings, and company registration and change registration, among others.
The highlights of corporate governance related matters in 2022 are as follows:
1. Convening the board meeting and annual general meeting.
2. Convene investor conferences.
3. Board members have completed at least 6 credits of training courses.
4. Convening the communication meetings between the independent Directors, the head of internal audit, and the certified public accountant.
5. Complete the Self-Evaluation or Peer Evaluation of board of directors and director members.
6. Completing performance evaluation of the board and directors.
Corporate governance supervisor training hours totaling 12 hours
<table>
<tr><th>Date of Study</th><th>Hosting Institution</th><th>Name of Course/Program</th></tr>
<tr><td>2022/5/30</td><td>Accounting Research and Development Foundation</td><td>How the board of directors and senior executives review the ESG sustainability report.</td></tr>
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<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons</th></tr>
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<tr><td>2022/5/31</td><td>Accounting Research and Development Foundation</td><td>How to Play the Function of Corporate Governance Supervisor Effectively - Talking about the Legal Responsibilities.</td></tr>
<tr><td>2022/8/29</td><td>Taiwan Corporate Governance Association</td><td>2023 World Economic Outlook.</td></tr>
<tr><td>2022/8/29</td><td>Taiwan Corporate Governance Association</td><td>How the board of directors supervised ESG risks and built sustainable competitiveness of enterprises. Managers.</td></tr>
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</td><td></td></tr>
<tr><td>5. Company whether versus established and Stakeholder (Including but not limited to shareholder & employees & client & suppliers) effective communication channels and public relations departments with stakeholders, responded the important issues of Corporate social responsibility?</td><td>✓</td><td></td><td>The Company has a spokesperson and deputy spokesperson, shareholder services and public relations departments, as well as a mailbox dedicated to investors, the purpose of which is to establish an effective channel of communications with its stakeholders.</td><td>Compliance</td></tr>
<tr><td>6.Has the Company assigned a professional stock transfer agent to handle affairs related to the shareholders' meetings?</td><td>✓</td><td></td><td>The Company has assigned the Stock Agency Department of Yuanta Financial Holdings to handle tasks related to shareholders' meetings.</td><td>Compliance</td></tr>
<tr><td>7.Information Disclosure
(1) Has the Company established a corporate website to disclose information regarding the company’s financials, business and corporate governance status?
(2) What are the other information disclosure channels (e.g., maintaining an English-language website, appointing responsible personnel to handle information collection and disclosure, appointing spokespersons, and webcasting investors’ conference) that the Company has devised?
(3) Does the company release the annual financial report within two months after the end of the fiscal year, and announce</td><td>✓</td><td></td><td>(1) The Company has set up a corporate website at http://www.testritegroup.com to disclose information about its financial business and corporate governance information. A link to public information of the competent authorities is available at http://mops.twse.com.tw.
(2) In addition to a corporate website written in Chinese, the Company has also established an English version of the website; the Company has also disclosed information on the MOPS website in accordance with regulatory requirements, appointed a spokesperson, and completed various reporting requirements. Excerpts of briefings of institutional investor conferences can be found at our corporate</td><td>Compliance</td></tr>
</table>

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Explanatory memorandum	
and declare the first, second, and third quarter financial report and the monthly operating situation within the prescribed time limit？			website. (3) The Company's annual financial report and first, second and third quarter financial reports, as well as the operating conditions for each month, are announced and reported on the public information disclosure website and simultaneously uploaded to the Company's corporate website.	
8.Other important information to facilitate better understanding of the company's corporate governance practices (e.g., 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 insurance purchased for directors and supervisors):	✓		(1) Employee rights：Based on the Company's principles of integrity and good faith, the Company takes proper care of employees and abides by the Labor Standards Act promulgated by the government to protect the legitimate rights and interests of employees, and to provide equal employment opportunities. Our Employee Welfare Committee has implemented an employee pension system that offers employee group insurance, and organizes various training courses for employees, etc. (2) Employee wellness： 1.In terms of employee benefit, Welfare Committee provides employees with supplementary items of wedding, funeral, injury, emergency relief.To encourage employees to keep learning, balance the life and work, it not only establishes the association and provide subsidies but also provides flexible welfare subsidies to stimulate employees to make the skill development, cultivate interest, stress reduction for health care or the flexible and diversified travel subsidy for employees' choice. In addition, the company holds family shopping days for employees in each quarter, offering special discounts for employees, their relatives and friends to purchase daily necessary products such as home repairment, decorations or daily life. 2.In terms of employee benefit, Welfare Committee provides employees with supplementary items of wedding, funeral, injury, emergency relief. To encourage employees to keep learning, balance the life and work, it not only establishes the association and provide subsidies but also provides flexible welfare subsidies to stimulate employees to make the skill development, cultivate interest, stress reduction for health care or the flexible and diversified travel subsidy for employees' choice. In addition, the	Compliance

Item	Implementation Status			Deviations from “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons
	Yes	No	Explanatory memorandum	
			company holds family shopping days for employees in each quarter, offering special discounts for employees, their relatives and friends to purchase daily necessary products such as home repairment, decorations or daily life. (3) In terms of employees’ health care superior to the regulation, Test-Rite arranges the physical check-up for employees regularly (biennial) . In addition, it hires nurses in accordance with the law and offers on-site health physicians by screening potential object with higher health risks. Therefore, nurses will provide health care and preventive health education, etc., to continue to pay attention to protect the health of employees. (3) Investor relations：The Company discloses relevant information in accordance with the law and has appointed a dedicated investor relations officer who is responsible for managing investor relations and associated activities, in order to protect the interests of investors and stakeholders and to fulfill our corporate responsibility to shareholders. (4) Supplier relations and rights of stakeholders：The Company's business philosophy lies in achieving mutual success with our suppliers. We have always maintained a positive and healthy relationship with each supplier, and all requests made to vendors and stakeholders have been reasonable. We always offer communication opportunities and respect the legitimate rights and interests of all parties involved. (5) Directors and supervisors of the Company have continuously attended courses related to Corporate Governance: 1. On August 9, 2022, Independent Director Liu Ting-Yang participated in a three-hour course on “The company's laws and regulations are subject to the supervision of directors business” by the Taiwan Corporate Governance Association. 2. On November 8, 2022, Independent Director Liu Ting-Yang participated in a three-hour course “Net Zero、Carbon Neutral、Corporate compliance" by the Taiwan Corporate Governance Association. 3. On July 26, 2022,Independent Director Yung-Chi participated in a three-hour course “Corporate Restructuring Case Studies” by the	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Explanatory memorandum	
			CPA ASSOCIATIONS R.O.C.(TAIWAN). 4. On August 31, 2022,Independent Director Yung-Chi participated in a three-hour course "Anti-Money laundering/countering the financing of terrorism by the CPA ASSOCIATIONS R.O.C.(TAIWAN). 5. On August 31, 2022,Independent Director I-Chuan Lai participated in a three-hour course "Industry Sustainable Operation-Analysis of Asset Inheritance and Succession Practice" by the Taiwan Investor Relations Institute. 6. On August 29, 2022, Chairwoman Judy Lee, Director Tony Ho, Director Robin Ho,Independent Director Yung-Chi, Hsin Hsien , I-Chuan Lai participated in a three-hour course on "How the board of directors supervised ESG risks and built sustainable competitiveness of enterprises. Managers" by the Taiwan Corporate Governance Association. 7. On August 29, 2022, Chairwoman Judy Lee, Director Tony Ho, Director Robin Ho,Independent Director Yung-Chi, Hsin Hsien , I-Chuan Lai participated in a three-hour course on "2023 World Economic Outlook" by the Taiwan Corporate Governance Association. (6) The board of directors approved the motion of the company's Risk Management Mechanism to establish the internal control and related internal regulations on November 10,2022. In accordance with these regulations, various risk analysis reviews and corresponding management measures have been conducted by the company. (7) Customer policy implementation: The Company adheres to the provisions of the contracts that we enter into with customers, and is committed to protecting consumer rights and to providing good service quality. (8) Insurance coverage purchased by the Company on liability of directors and supervisors: The Company has purchased liability insurance coverage for directors and supervisors and complete the Directors' Liabilities Insurance report by the Board of Directors' meeting at August 11th, 2022.	

Item	Implementation Status			Deviations from "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Explanatory memorandum	
			(9) In order to protect the research and development achievements of intellectual property rights, Testrite has incorporated the themanagement regulations in accordance with Taiwan Intellectual Property System（"TIPS"）since 2019,Testrite was certified by TIPS on December 11th, 2020, and passed the TIPS Level A random inspection in May 2022,A report of the intellectual property management plan and the implementation has been made to the Board of Directors on December 23rd, 2022.	
9.The improvement status for the result of Corporate Governance Evaluation (Not included in the assessment by the company did not need to fill) Our corporate governance the improvement actions are: 1、The board of directors approved the amendment of Performance Evaluation of Board of Directors and conducted the evaluation by an appointed external professional institution and expert on November 10, 2022 2、The company reported the Cybersecurity Risk Management Implementation Status to the board of directors on November 10,2022. Furthermore, we will apply for Information Security Management System for certification in 2023. 3、The board of directors approved the establish the new Functional Committees called Corporate Governance and Sustainable Development c committee on November 10, 2022. 4、The company will report the Communications between the Audit Committee and the independent auditors at the shareholders' meeting in 2023.				Compliance

3.4.4 Composition, Responsibilities and Operations of Remuneration Committee：

1. Information on the Company’s Remuneration Committee members is detailed below：

As of Dec , 31, 2022

Criteria Title (Note 1)	Name	Professional Qualification and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an remuneration committee member
Chairman and Independent director	Mr. Yung-Chi Lai	Education& Experience, please refer to 9~10 (1) Basic.	● Is not a natural-person, person's spouse and the second degree of kinship hired by the Corporation or any of its affiliates；hold shares of the corporation；is not a director or supervisor of the Corporation or any of its affiliates. ● Has not provided audit services to the Corporation or its affiliates; or has in the past two years provided commercial, legal, financial, accounting, or related services to the Corporation or its affiliates.	0
Independent director	Mr. Ting-Yang Liu			1
Independent director	Mr. Hsin-Hsien Huang			1
Independent director	Mr. I-Chuan Li			0

2. The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors:

(1) Prescribe and periodically review the performance review and remuneration policy, system, standards, and Culture for directors, supervisors and managerial officers.

(2) Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

3. Operations of Remuneration Committee：

(1) The Company’s remuneration committee includes 4 members.

(2) The Remuneration Committee members’ respective tenures are from August 27, 2021, to August 26, 2024. The Remuneration Committee convened four regular meetings in the 2022. The Committee members’ attendance status is as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)【B/A】	Remark
Chairman	Mr. Yung-Chi Lai	4	0	100%	
Member	Mr. Ting-Yang Liu	4	0	100%	
Member	Mr. Hsin-Hsien Huang	4	0	100%	
Member	Mr. I-Chuan Li	4	0	100%	

Other notable items:

1.If the directors’ meetings objected to or modified the proposal of remuneration committee：None.

2.If the remuneration committee member objected to or subject to qualified opinion and recorded or declared in writing：None.

3. The results of the meeting and resolution of the Remuneration Committee in the latest year and the opinions of the Company on the members:

Directors' meetings	Contents of Resolutions	Committee Opinions	Resolutions result and of Company's process of the opinions to members
2022.01.14	Passed the motion for company managers' performance-based bonus allocation for 2021.	No	Audit Committee: all participating Committee members without an objection, and submitted to the board of directors for final decision. board of directors：Directors approved the proposal unanimously.
2022.03.25	Passed the motion for allocation of compensation for the Company's directors, and for the Company's employee bonus 2021.	No	
2022.06.28	Passed the managerial officer's salary adjustment for 2022. Passed the motion for company's remuneration of individual Directors in 2021. Passed the motion for company's remuneration of Functional Committees.	No	
2022.11.10	Passed the motion for managers' profit sharing of employee's benefits for 2021 and year-end bonus allocation for 2022. Passed the motion for the company's Rules for Performance Evaluation of Board of Directors.	No	

3.4.5 Implementation of the promotion of sustainable development and the differences and reasons regarding the code of Practice for sustainable development of TWSE/TPEx-listed Companies

Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanatory memorandum	
1. Does the company establish a governance structure to promote sustainable development, and set up a dedicated or concurrently unit with top management in charge, which is authorized and supervised by the board of directors to handle ESG issues?	✓		In order to implement sustainable development, Test Rite up a "Corporate Social Responsibility Committee" in 2012, with the general manager of the group as the chairman, the relevant heads of various business departments of the group as members, the public relations department of the group responsible for relevant administrative coordination and consolidation, the audit department of the group responsible for supervising the assessment, and the establishment of working groups on corporate governance, corporate commitment, social participation, environmental protection, etc. The Committee reports to the Board of Directors at least once a year on its deliberations. In order to strengthen the promotion of sustainable management,Test Rite restructured the "Corporate Social Responsibility Committee" into the "Corporate Governance and Sustainable Development Committee" in November 2022, and the Board of Directors was upgraded to a functional committee under the Board of Directors, consisting of 4 independent directors, 2 directors and 1 senior manager, the chairman serves as the convener and chairman, meets at least twice a year and reports to the Board, and the Board oversees the strategy and achievements of Teli Sustainable Development. In order to strengthen the management of sustainable actions,Test Rite has also up the "Corporate Governance and sustainable Development Executive Committee", with the general manager as the chairman and senior managers as the vice chairman and the leader of the environmental sustainability, social co-prosperity and corporate governance team to lead the members and their	There were no major differences

Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanatory memorandum	
			designated team members to complete relevant tasks and response measures. The Corporate Social Responsibility Committee/Corporate Governance and Sustainable Development Committee of the Company submitted the following work plans and resolutions to the Board of Directors in 2022: (1) the timeline plan for "greenhouse gas inventory and verification"; (2) Progress reports on the implementation of the third and fourth quarters of the "Greenhouse Gas Inventory and Verification"; (3) Special Group annual sustainability promotion results report.	
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		In order to put sustainability into practice and to align with the international growing trend, the Company has collected relevant information and identified from the GRI principles, TCFD guidelines, SASB indicators, and the topics that domestic and foreign peers are focused on in terms of the circumstance of Test Rite Group or it's relativities with the assistance of outside experts and internal discussions, and a total of 17 common themes in the industry by using the means of intersection are identified. According to the effective questionnaire of important internal and external stakeholders, considering the probability of positive and negative occurrence of the issue and the severity of the impact, the Corporate Governance Sustainable Development Committee of Test Rite Group with various working teams have confirmed and collaboratively sifted the results of major subjects as follows: < employee training and career development >, < customer health and safety >, < product marketing and labeling >, < corporate governance and integrity management >. < risk management and compliance >, < diversity and equal opportunity >, < economic performance >, < supply chain and procurement management >, < occupational health and safety >, <-labor	There were no major differences

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<tr><th>Yes</th><th>No</th><th>Explanatory memorandum</th></tr>
<tr><td></td><td></td><td></td><td>relations, forced or compulsory labor, child labor >, < circular economy and packaging material management >, < climate change response and energy management >, etc., as a priority consideration for the sustainable management of Test Rite Group. Please refer to the Y2022 Annual Sustainability Report, and the key points of risk assessment and management strategies corresponding to majors issues are summarized below:
<table><tr><th>Subject</th><th>Major issues</th><th>Description</th></tr><tr><td>Govern</td><td>Economic performance</td><td>1. Trading: Leveraging existing advantages to actively develop Southeast Asia and global supply chains; Deepen the comprehensive integration service modules to create growth with customers and suppliers with value-added services; Continuing to invest in the business and expand the sector of Home related market; Implement ESG concepts and create operational advantages.
2. Retail: Fully develop online and offline omni-channel integration, lead a new consumption model, and fulfill the needs of the new consumer after the pidemic;Establish ESG concepts and</td></tr></table></td><td></td></tr>
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<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>implement them in operations.</td></tr>
<tr><td></td><td>Corporate governance and integrity management</td><td>In view of the seriousness of the threat posed by corruption to social stability and security and the development of the company, and endangering the sustainable development and the rule of law, Test Rite Group conducts with the highest standards of integrity, not only in compliance with legal requirements, but also requests employees and suppliers to comply with the company's anti-orruption regulations.
In 2022, 100% of all employees has completed the signing of the Honesty, Integrity & IP Protection Agreement;
100% of all trading and retail suppliers has Fully signed as well.</td></tr>
<tr><td></td><td>Risk management and compliance</td><td>Each business unit of the company shall identify, analyze, measure, respond, monitor, review and report on possible risks and impacts according to their business, and propose improvement countermeasures; Regularly conduct</td></tr>
</table></td><td></td></tr>
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Item	Implementation Status					Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanatory memorandum			
					information security education and training for all employees of the Group; Optimize the legal notification mechanism, such as the establishment of an energy-saving labelling system; Continuously strengthen compliance with laws and regulations, such as reviewing store’s storage space setting standards and conducting warehouse safety compliance audits.	
				Supply chain and procurement management	Test Rite Group has implemented a supplier evaluation system and established supplier guidelines to request suppliers to comply with relevant social, environmental, corporate governance and other terms. There is a QA/QC/FA (Quality Control and Supplier Evaluation) department, which is responsible for supplier’s factory inspection, product inspection and random testing on product to achieve effective control of poor quality output.	
			Environment and	Merchandising and Labeling	The products should be clearly marked in packaging and displayed in stores with	

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<tr><td></td><td></td><td></td><td><table><tr><td rowspan="2">products</td><td></td><td>certification marks to comply with the Trademark Law; QAQC regularly inspects commodity labels to ensure that certified products comply with the Commodity Labeling Act; The system controls the validity period of commodity labeling, and if the validity period is overdue, the procurement staff will be notified and the certification will be renewed immediately; Combined with marketing promotion with the theme of energy saving, low carbon, health and environmental protection.</td></tr><tr><td>Customer health and safety</td><td>Conduct customer complaint analysis of private label products every month, and if there are three quality concerns involving a single product in a month, a product quality improvement meeting will be held; Hold quarterly meetings on commodity quality management to review and improve the results of product quality management; Strictly control food quality, from the procurement of raw materials to implement production control, supplier evaluation, in-store food quality validity</td></tr></table></td><td></td></tr>
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	Yes	No	Explanatory memorandum			
					management and post market sampling tests by QAQC, and formulate a "food safety management mechanism".	
				Circular economy and packaging material management	For private label products, it is required to integrate the concept of environmental protection into the design at the development stage, including adopting environmentally friendly design for the product itself, using environmentally friendly packaging materials, simplifying packaging, and flat-packed to save transportation energy consumption; Arrange lesson training to ensure that procurement personnel masters the raw materials and specifications of development; Establish an environmental recycling service mechanism, increase exposure of service, and strengthen external communication.	
				Climate change response and energy management	Integrate climate risk and opportunity assessment into the framework of existing risk management, and each department will identify major risk items related to climate change according to its functions,	

Item	Implementation Status					Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Explanatory memorandum			
					and propose countermeasures. Actively introduce green products, promote green consumption, respond to government promotion, and grasp green business opportunities.	
			Society	Occupational health and safety	Gradually promote Taiwan's occupational safety and health management system, and use the systematic management mechanism (PDCA) to continuously improve management performance; Continue to conduct on-the-job education and training on occupational safety and health every year; Occupational disaster incidents are made into case publicity to avoid recurrence; Safety and health related certificates are listed and managed to ensure the effective maintenance of safety and health education and training.	
				Society Occupational health and safety Employee training and	Test Rite Academy was established, in accordance with the Group's training management measures, and planned annual training plans for management, general studies and specific profession of the whole company every year based on	

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	Yes	No	Explanatory memorandum			
				career development	the results of business strategy, operational objectives and training requirement assessment, so as to effectively promote and implement the management by objectives and operation execution of the Group's employee training and career development.	
				Diversity and equal opportunities	In order to protect the rights and interests of employees, the company formulates human rights policies and working rules to ensure legitimate and fair career development opportunities for employees; Continue to advocate gender equality and respect, and require employees to complete sexual harassment prevention education and training courses every year; Regularly review the gender ratio of employees and management positions in each major region/business entity.	
				Employers-Employee Relation, forced or compulsory	Value the importance of labor human rights, strictly abide by labor-related laws and regulations, and allow employees to fully obtain statutory protection; Provide diversified benefits, including well	

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			labor, child labor insurance, retirement plan, flexible working hours, etc., to protect employees' working rights; Implement diversified and smooth communication channels to ensure the physical and mental health of employees; Hold employee symposiums every year to establish an effective and trustworthy communication bridge between the company and employees.	
3. Environmental issues (1) Does the company establish proper Environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to enhance the efficiency of all resources utilizatio and use renewable materials whichhave low impact on the environment? (3) Does the Company assess the potential risks and Opportunities climate change brings to the company, now and in the future, and take measures to respond to climate-related issues? (4) Has the Company compiled statistics on Greenhouse gas emissions, water consumption, and total weight of waste	✓		(1) In order to implement the provision of green channel services, the Company implements the principles of 5R environmental protection education, and all employees put "reduce", "reuse", "recycle", "rethink" and "reject" into practice, and actually develop implementable measures to reduce environmental load through service design greening. At present, 100% of Test Rite Retail Co., Ltd’s large stores in Taichung and all newly opened small shops in residential areas opened before Y2022 have granted the "Green Store Certification" by the Environmental Protection Administration of the Executive Yuan. (2) Test Rite aims to improve energy efficiency by actively managing electricity and gasoline, green transportation, making good use of video communication, and implementing paperless business operations. In order to create a "green channel", Test Rite Retail Co., Ltd. actively introduces green products to encourage consumers to engage in green consumption; We also actively cooperate with suppliers to develop products containing recycled raw materials, such as HOLA's REAL eco-	There were no major differences

Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
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in the past two years, and does it formulate policies on carbon and water reduction, or waste management?			friendly multi-functional hanger recycled from recycled plastic, and the Dutch Handed By woven basket composed of 70% recycled plastic and natural fibers. (3) Through the introduction of TCFD (Task Force on Climate-related Financial Disclosures), Test Rite will fully check, review and assess the impact of various risks and opportunities subjects on the Group's operations, and propose corresponding strategies and measures to deepen and strengthen the management of climate change. (4) Test Rite has done the statistics on greenhouse gas emissions, water consumption and total waste weight in the past two years, and formulates policies for greenhouse gas reduction, water use reduction or other waste management. The Company's short-term goal is to reduce electricity intensity by 4% year-by-year, and then target a 5% annual reduction in carbon emissions from core operations in the medium and long term goal.	
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Does the Company formulate and Implement reasonable employee benefits measures (including compensation, leaves and other benefits), and appropriately reflect operational performance or achievement in employee	✓		(1) The Human Rights Policy signed and approved by the Chairman of the Board of Directors of Test Rite Group follows internationally recognized human rights standards such as the United Nations Global Compact, the United Nations Universal Declaration of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and formulates human rights management principles according to their connotations, such as ensuring that employees have reasonable working conditions and a safe and healthy working environment; Create a working environment with equality employment free from discrimination and harassment; No forced labor and no child labor; Sexual harassment is strictly prohibited, and advocacy	Compliance

Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Explanatory memorandum	
compensation? (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? (4) Does the company provide its employees with career development and training sessions? (5) Does the Company comply with relevant laws,regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer interests protection policies and customer complaint procedures? (6) Does the Company formulate a supplier Management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation situation?			and effective handling are strengthened. In terms of propelling, the Company requests 100% of Taiwanese employees to participate in gender equality training courses including sexual harassment prevention education, from newcomer training to annual on-the-job training, and regularly reviews the gender ratio of employees and management positions in major regions/operational business units. (2) The salaries of Test Rite employees are mutually agreed with employees in advance according to the salary standards formulated, and are by no means lower than the basic salary approved by the central competent authority. The salary standard is determined according to the employee's academic and experience background, profession with knowledge, professional seniority and personal performance, and does not vary according to gender, religion, race, nationality or party difference, and is managed by the Human Resources Department; Test Rite has established a comprehensive welfare system, not only for full-time employees, but also, for part-time employees, enjoying all employee benefits. If the company makes a profit in the year; it shall allocate not less than 1% as employee remuneration, which shall be distributed in stock or cash by resolution of the board of directors. If the company can make profits in the preceding paragraph, the board of directors shall resolve to allocate not more than 2% as the director's remuneration; The Company will also reflect business operation results (including environmental, social and corporate governance) and work performance in the employee compensation. (3) Test Rite sets up an Occupational Safety and Health Committee, which operates independently and is directly supervised by the General Manager as the Chairman, and implements management functions such	

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			as planning, implementation, examination and improvement to ensure a safe and healthy working environment. The Committee consists of 1 Chairman and 11 members, of which 33% are representatives of the Committee. 1. In order to allow employees to have a more substantial concept and knowledge of safety and health, in order to avoid hidden dangerous factors in the workplace environment, causing physical injury and disasters, we continue to conduct occupational safety and health education and training for different parties (such as new employees, occupational safety and health business supervisors, special operation personnel, etc.). 2. From Y2022 onwards, each unit will carry out internal audit of the implementation of the occupational safety and health management system to ensure the continuous operation of the management system; In addition to the group audit, the audit is carried out once a year, the Company also hires external occupational safety and health professional consultants every year by conducting 2 audits, Headquarters' occupational safety and health management unit will be audited every year from time to time. 3. From Y2022, implementation of operation environment monitoring in accordance with the law, the monitoring results are in accordance with the provisions of laws and regulations. There were no work-related fatal accidents, and two occupational accidents requiring hospitalization occurred. Occupational accident incidents are made into case studies to avoid recurrence. (4) Test Rite regards employees as important assets of the company, in addition to providing good benefits and care for employees, it is also	

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(5) For issues such as customer health and safety, customer privacy, marketing and labeling, we comply with relevant laws and regulations, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or customers. In view of customer privacy and personal data protection, the Company complies with the relevant requirements of TPIPAS, inspects the company's personal information protection status year by year, and sets KPIs as indicators of personal information protection status, and continuously obtains the "dp.mark" verification. If there is any problem, customers can report it in real time through customer opinion questionnaire, customer satisfaction survey, customer service hotline and stores across the country.
(6) For the manufacturing process of suppliers, Test Rite has requested to cooperate with the responsibility of sustainable management, rather than only meeting the minimum standards of laws and regulations. Test Rite has also revised the standards applicable to its own suppliers, and this standard has now become an important basis for the company to evaluate suppliers, and formulate relevant codes of conduct and specific control measures for suppliers according to this standard.
1. Test Rite’s supplier standards (code of conduct) are based on the rules</td><td></td></tr>
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<tr><td></td><td></td><td></td><td>generally accepted by the international society and the basic expectations of suppliers in terms of environment, labor rights, and integrity wise. Test Rite also implemented a supplier assessment system, requiring suppliers with "non-acceptance" assessment results to propose improvement plans.
2. In Y2022, Test Rite fully implemented the assessment policy in its trading field, A-level suppliers accounted for 15.4%, and the number of A-level suppliers increased by 12, the proportion continued to rise, and the overall was stable and rising. Test Rite Retail Co., Ltd. conducted environmental impact assessments on 89 factories, and the average compliance rate was 66.05%, an increase of 6.28% over Y2021.</td><td></td></tr>
<tr><td>5. Does the Company refer to internationally Accepted reporting standards or guidelines when compiling reports on the Company’s non-financial information such as the corporate ESG reports? Have the aforementioned reports been verified or certified by a third-party verification unit?</td><td>✓</td><td></td><td>The Company has forming a sustainability report based the requirement of the Global Reporting Initiatives’ (GRI) the latest release of GRI Sustainability Reporting Standards (GRI Standards) and SASB Standards (Sustainability Accounting Standards Board); the content of sustainability report for Y2022 was funded a confidence report issued by PwC Taiwan.</td><td>There were no major differences</td></tr>
<tr><td colspan="5">6. If the company adheres to the Code of Practice of「Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies」with own sustainable development code, please describe the differences between its operation and compliance:
The Board of Directors of the Company approved the establishment of the Code of Practice of「Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies」on December 16, 2016 ", and follow this Code and subsequent amendments, drive internal and external operations. In response to international growth trends, strengthen the company's propelling to implement the execution of sustainable development, and amendments the name of the Code of Practice from 「Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies」to the name of「Sustainable Development Best Practice Principles for OTC-traded Companies」and its provisions promulgated by the Taiwan Stock Exchange, The</td></tr>
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<tr><td colspan="5">Company's "Code of Practice of「Corporate Social Responsibility Best Practice Principles 」was renamed as 「Sustainability Development Best Practice Principles」, which was approved by the Board of Directors on March 23, 2022 thereafter.</td></tr>
<tr><td colspan="5">7. Other important information that helps understand the operation of corporate sustainable development
(1) Promote green life products (Implement commodity value): Test Rite Retail Co., Ltd. is actively introduced green products and encourage consumers to carry out green consumption. In Y2022, the total purchase amount of retail green products exceeded NT$1.21 billion, and actively cooperates with suppliers to develop and reuse the material of the commodity. In recent years, the sales number of green label products sold in Test Rite Retail Co., Ltd. has shown a growth trend, and the number of green label products on Test Rite Retail Co., Ltd. in Y2022 increased by 16% compared with the previous year.
(2) Development of green building materials and green buildings (Implementation of service value): 「Test Cin International Co., Ltd.」, a subsidiary of Chung Cin Enterprise Co., Ltd., produces and sells a variety of environmentally friendly products, of which three products have obtained the green building materials label to assist customers in implementing environmental protection actions, related products have been promoted and applied to more than 120 construction projects, and assisted 20 domestic construction projects to obtain green building certification. All projects contracted by 「Tony Construction Co., Ltd.」 affiliated to Chung Cin Enterprise Co., Ltd. use green building materials, and are better than and in line with the legal normative utilization rate, and it also promotes the concept of sustainable environmental protection to each construction project, including the introduction of greening, water retention, energy saving, carbon dioxide reduction, etc. Among them, Zhong Nan Social Housing in Nangang District of Taipei, officially obtained the silver mark of green building; In addition, four social housing projects under construction have obtained candidate green building certificates.
(3) Reduce waste (Implement environmental sustainability value): Every year, Test Rite Retail Co., Ltd. will promote the activity of light bulb recycling incentive , and in order to continue to respond to environmental protection and encourage more consumers to participate in recycling activities since June 2022, Test Rite Retail Co., Ltd. increases the frequency of activities to participate in recycling activities with rewards every Saturday; The value of the Y2022 campaign reached NT$ 2,077,821, and the results were fruitful. HOLA has launched the Recycle Craft Action in Y2022, hoping to create a new ecosystem of resource recycling, establish a recycling mechanism for duvets and stainless steel pot products, and encourage consumers to sort out and recycle the eliminated duvets and stainless steel pots, and then to pass recycled products onto HOLA, partially gift to disadvantage units and partially recycle with reproduction, so as to extend the life mileage of products and reduce the environmental damage.
(4) Promote environmentally friendly packaging and simplify packaging materials (Implement green operation value): In order to reduce the impact of plastics on the environment, Test Rite Trading has restricted the use of plastic blister packaging since many years ago, and strives towards the goal of 0% in Y2025; In Y2022 annual plastic blister packaging accounted for 1.87% of the turnover of Test Rite Trading. Test Rite Trading Division has cooperated with the design team for a long time to design and develop a number of environmentally friendly product packaging, and won 4 German Reddot Design Awards in Y2022. In</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanatory memorandum</th></tr>
<tr><td colspan="5">response to the PVC reduction strategy promoted by Test Rite Retail Co., Ltd., its product packaging will adopt “zero” PVC, PE and PP material and replace it with paper; In Y2022, the proportion of PVC packaging in Test Rite Retail Co., Ltd. has successfully decreased from 13% to 8%, continuing to move towards the target of 0%.
(5) Continuous cultivation of young people (Implementing the value of talents): The campaign of 「Dècor Hoüse Award」 are co-sponsored by Chung Cin Enterprise Co., Ltd., Dècor Hoüse Home-themed Shopping Complex and HOLA Cultural Foundation, and co-hosted with the Department of Architecture of National Taiwan University of Science and Technology and the Executive Office of the Education Platform of the Ministry of Education, and this campaign has been committed to promoting the inheritance and joint innovation of Taiwan's home design for 10 consecutive years, bringing together resources from all circles every year to help students broaden their horizons through the foresight and practical experience of industry experts. Cultivate design talents in line with the industry; By Y2022, it has built a stage for more than 3,000 young design talents.</td></tr>
</table>

3.4.6Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/Typed Listed Companies" and Reasons: The Company has established a code for business integrity and honesty, and promotes this policy from time to time in order to prevent staff negligence, which could cause them to mistakenly go against company regulations and affect the Company's goodwill and face the personal risk of criminal charges.

Item	Implementation Status			Non-implementation and Its Reason(s)
	Yes	No	Explanatory memorandum	
1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (1) Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies? (2) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes Preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/Typed Listed companies? (3) Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	✓		(1) The board of directors approved Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct that the company shall has the Act Announcement of Insider trading and Ethical Corporate Management Best Practice Principles to Insiders(i.e., directors and managerial officers) and Quasi-insiders(i.e., group's executive manager and finance and accounting staffs) and sign the statement of Insider trading and Ethical Corporate Management Best Practice Principles at the beginning of every year. In January 2022, the company already disseminated the regulation to a total of 121 directors, managers and Quasi-insiders (i.e., group executives and accountants) to sign the declaration of insider trading and ethical Corporate Management Best Practice Principles as the following: (a)the regulation related with insider trading for confidentiality duty of the insider and Quasi-insiders.(b) ethical corporate management best practice principles and the penalties and handling of violations of laws and regulations. (2) With respect to a confirmed information, this Corporation shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence. (3) The company should disclose its policy in its internal rules which prohibits the use and	consistent

			acceptance of bribery, illegal campaign contributions, improper charity donations, the offering or accepting of unreasonable gifts, hospitality, or any other improper benefits. Violators are punished pursuant to regulations. The Company has invested in crime insurance. Any violator of the Business Integrity Policy (or relevant regulations) will be severely disciplined, including immediate dismissal and termination of business relationship.	
2. Corporate Conduct and Ethics Compliance Practice (1) Has the Company implemented measures to prevent doing business with those who hold unethical records, and also included business conduct and ethics-related clauses in its business contracts? (2) Did the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan? (3) Has the Company established policies to prevent conflict of interest and provided appropriate channels for communication and complaint? (4) Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit? (5) Does the Company host routine internal and external training geared towards business integrity practices?	✓		(1) The Company has incorporated the relevant provisions on the integrity of behavior into all commercial agreements. (2) The Company shall establish its "Code of Ethics for Business Management" within this year and shall assign a full-time business unit to take charge of its implementations and to report the actual status to the Board of Directors from periodically (at least once a year). (3) From time to time, the Company communicates with its employees on the integrity of business operations and reminds them to observe the principles of honesty and to abide by the law. The Company also provides an email address and telephone number Department for reporting violations. (4) The board of directors approved ethical Corporate Management Best Practice Principles and subordinated to approved and regular auditing planning. (5) The company has disseminated the “ Letter ofUndertaking of Integrity” and “ Trade Secrets” to all employees of the group. In April and October,	consistent

			3,891 and 3,929 employees, respectively, completed signing electronically. In addition, the company declared Ethical Management philosophy to external vendors. All our vendors and all employees finished to sign the Letter of Undertaking of Integrity. periodically (at least twice a year).	
3. Has the Company established channels for reporting any ethical irregularities and set up appropriate punitive measures for violations of the policies? (1) Has the Company set in place specific reporting and rewarding systems, as well as constructed a pipeline to facilitate in reporting, and assigned appropriate specialist staff for handle the personnel being reported on? (2) Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation? (3) Has the Company taken measures to ensure that whistleblowers are not subjected to inappropriate treatment from the reporting actions?	✓		(1) The Company has the set of the "Procedures for Ethical Management and Guidelines for Conduct" that stipulated the handling whistleblowing reports and whistleblowing Channels for personnel ‘s unethical conduct. (2) The Company has the set of the "Reporting and Investigation Operation Process" violations may be reported through the designated email address or telephone number provided by the Human Resources Department. Where necessary, employees are welcome to contact HR directly. (3) The company has preserving confidentiality and allowing anonymous reporting to protect the whistleblowers from improper punishment for reporting matters.	consistent
4. Information Disclosure Has the Company disclosed information regarding its corporate social responsibility, which pertains to the Company's relevance and reliability, on its corporate website and the MOPS?	✓		The Company implements Business Integrity Policy and Procedures for Ethical Management and Guidelines for Conduct, and publicly announced this information on our official website. The Company has clearly disclosed its corporate values of integrity, accountability, modesty, customer-driven and high performance on our company website.	consistent
5. If the company has established corporate governance policies based on TSE Corporate Conduct and Ethics Best Practice Principles, please describe any discrepancies between the policies and their implementation. : None.				
6. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., promoting and demonstrating the company's commitment to keeping in line with ethical standards, providing training to its business partners, and reviewing the company's corporate conduct and ethics policy). On November 11, 2013, the Board of Directors approved the establishment of the Code of Conduct for Ethical Operation. On December 16, 2016, the Board of Directors approved the establishment of the Procedures and Guidelines for Ethical Operation. On November 09, 2018, the Board of Directors approved				

the amendment of the Code of Conduct for Ethical Operation and the Procedures and Guidelines for Ethical Operation applicable to Group companies and organizations. On March 25, 2021, the Board of Directors approved the revision of the Code of Conduct and the Procedures and Guidelines for Conducting Business with Integrity and published on the Company's website as required by law.The dedicated unit reports the result of supervision implementation to the board of directors once a year, and have the report to board of directors on November 10, 2022. The Highlights of the report is the Honesty and Integrity plan and implementation. We have been, from time to time, communicating with our suppliers our corporate values of integrity, accountability, modesty, customer-driven and high performance. We have also incorporated the relevant provisions on the integrity of behavior into our commercial agreements.

7. Other important information to facilitate a better understanding of the company's corporate social responsibility practices: : sustainable development report.

3.4.7 If the company has set a corporate governance policy and other related regulations, give methods of inquiry for disclosure of this information. The Company has established procedures to process significant internal significant information and business integrity practices policy. This information is disclosed on the Company's internal data management system as well as on its official website (http://www.testritegroup.com). Special explanations dedicated to integrity practices can be found in the Conflict of Interest section, in which the Company's vision and management for integrity practices are expressed. Additionally, the Company also offers related corporate governance legal information for new directors and managers either when they are first recruited or from time to time.

3.4.8 Other Important Information Regarding Corporate Governance：

1. Managers' training records：

Position	Name	Date of Study	Hosting Institution	Name of Course/Program	Hours of Study
Chief Operating Officer (COO)	Robin Ho	2022/8/29	Taiwan Corporate Governance Association	2023 World Economic Outlook.	3.0
		2022/8/29	Taiwan Corporate Governance Association	How the board of directors supervised ESG risks and built sustainable competitiveness of enterprises. Managers.	3.0
Vice President	Linda Lin	2022/5/30	Taiwan Corporate Governance Association	How the board of directors and senior executives review the ESG sustainability report.	3.0
		2022/5/31	Taiwan Corporate Governance Association	How to Play the Function of Corporate Governance Supervisor Effectively - Talking about the Legal Responsibilities.	3.0
		2022/8/29	Taiwan Corporate Governance Association	2023 World Economic Outlook.	3.0
		2022/8/29	Taiwan Corporate Governance Association	How the board of directors supervised ESG risks and built sustainable competitiveness of enterprises. Managers.	3.0
Auditing Supervisor	Lancy Wu	2022/2/18	The Institute of Internal Auditos	The role of internal auditors in promoting information security governance for enterprises.	3.0
		2022/7/25	Computer Audit Association	Information security protection requirements and strategies for listed companies.	3.0
		2022/8/29	Taiwan Corporate Governance Association	2023 World Economic Outlook.	3.0
		2022/8/29	Taiwan Corporate Governance Association	How the board of directors supervised ESG risks and built sustainable competitiveness of enterprises. Managers.	3.0
		2022/10/7	The Institute of Internal Auditos	Promoting sustainable development of enterprises through risk management- Risk management practice principles for listed companies.	3.0
		2022/10/19	Taiwan Corporate Governance Association	2022 Corporate Governance Summit XVIII-Improve the functions of directors and implement the company's sustainable management.	6.0

2. Employees’certification related to financial transparen：

Name	Certification
Lancy Wu	Qualified Internal Auditor (QIA)、Certified Internal Auditor (CIA)、Internal Control of Corporation Test of Securities and Futures Institute
Lynn Lee	Qualified Internal Auditor (QIA)、Certified Internal Auditor (CIA)、Certification in Risk Management Assurance (CRMA)、Internal Control of Corporation Test of Securities and Futures Institute
Vivian Ko	Internal Control of Corporation Test of Securities and Futures Institute
Ann chang	Internal Control of Corporation Test of Securities and Futures Institute
Eva Ke	Internal Control of Corporation Test of Securities and Futures Institute
Yen-Ting Lin	Internal Control of Corporation Test of Securities and Futures Institute
Amy Chen	Internal Control of Corporation Test of Securities and Futures Institute
Tiffany Chang	Internal Control of Corporation Test of Securities and Futures Institute
Judy Chen	American accountant

3.4.9 Internal Control System：

Test Rite International Co., Ltd.

Statement of Declaration on Internal Control System

Date: March 13, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

1. The Company's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the Company believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement will be an integral part of the Company's Annual Report for the year 2015 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on March 13, 2023, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Test Rite International Co., Ltd.

Chairman：Judy Lee

President：Judy Lee

3.4.10 In the most recent year and up to the printing date of the annual report, if the Company and its internal personnel were punished according to law, or if the Company punished its internal personnel for violating the provisions of the internal control system, and the results of such punishment may have a significant impact on shareholders' equity or securities prices, the punishment content, major defects, and improvement status shall be specified: None

3.4.11 For the most recent year and up to the date of the printing of the Annual Report, the important resolutions of the Shareholders' Meeting and the Board of Directors, and their execution are as follows:

1. Important resolutions of the Shareholders' Meeting and their execution:

The 2022 Stockholder's General Meeting for Test Rite Corporation was held on June 15, 2022 at the Meeting Room, sixth floor, No. 23, Sec. 3, Hsinhu Rd., Neihu District, Taipei City. The matters passed by the shareholders in attendance and their execution are as follows:

(1) TO report 2021 employees' compensation and directors' remuneration.

(2) TO report the cash dividend distribution of 2021.cash dividend from NT$1.28 per share. The chairman of the Board appointed that the ex-dividend is June 21, 2022 and the payable date is July 8,2022.

(3) Acknowledged the sales report and financial reports and consolidated financial statements of the 2021 fiscal year. Execution Cum consolidated financial statements.

●Execution: resolved pass, consolidated financial statements have been published in the Market Observation Post System and the company's website.

(4) Acknowledged the proposal for distribution of 2021 earnings.

●Execution: resolved to pass.

(5) Passed the Amendment to Procedures for Acquisition and Disposal of Assets.

●Execution: resolved pass, have been published in the Market Observation Post System and the company's website.

(6) Passed the Amendment to Articles of Incorporation.

●Execution: resolved pass, have been published in the Market Observation Post System and the company's website.

(7) Passed the Amendment to Rules and Procedures of Shareholders Meeting.

●Execution: resolved pass, have been published in the Market Observation Post System and the company's website.

2. Important resolutions of the Board of Directors:

The Company has held 9 Board of Director Meetings, from May 11, 2022. to April 30, 2023. Abstracts of important resolutions are as follows:

Date of the Board of Directors Meeting	Abstract of Important Resolutions
May. 11.2022	The company's cash distribution reference date and other related matters report. Reported on Test Rite Co, Ltd's consolidated financial results for Q1 2022. The board of directors approves that it change CPA whose independence 、suitability evaluation and engagement since 2022 Q1. Passed the motion of consolidated financial results for Q1 2022.
Jun. 28, 2022	The Report on Organizational Greenhouse Gas Inventory and Verification Schedule Planning and Test Rite Sustainability Report. Passed the managerial officer's salary adjustment . Passed the motion for allocation of compensation for the Company's directors. Passed the motion for allocation of compensation for the Company's functional committee.
Aug. 11, 2022	Reported on Test Rite Co, Ltd's of internal audit's business for Q2 2022. Executive Progress Report on Organizational Greenhouse Gas Inventory and Verification Schedule Planning in the third quarter and Test Rite Sustainability Report. The Company has purchased liability insurance coverage for directors. Passed the motion of consolidated financial results for Q2 2022.
Sep 28,2022	The company's sustainability report promotion plan and execution: Material Topics and Management Approach of ESG((strategy/objective/plan and evaluation, etc. Passed the amendment to Rules of Procedure for Board of Directors Meetings.

	Passed of partial amendments to the of " Long and Short-Term Investment Operations and Management Regulations".
Nov. 10,2022	Reported on Test Rite Co, Ltd's audit business report for Q3 2022. Executive report on Information Security Risk Management. Reported on the supervisory implement of the Company's ethical corporate management policies and prevention programs. Passed the motion for managers' profit sharing of employee's benefits for 2021, and year-end bonus allocation for 2022. Passed the motion of consolidated financial results for Q3 2022. Passed the amendment to Rules for Performance Evaluation of Board of Directors. Passed the motion for the Company's risk management measure. Passed the motion for the Company's Corporate Governance and Sustainable Development Committee Charter. Passed the motion for establishment the Company's 1st term “Corporate Governance and Sustainable Development Committee” and members.
Dec. 23, 2022	The company's report of intellectual property management plan and implementation. Executive Progress Report on Organizational Greenhouse Gas Inventory and Verification Schedule Planning in the fourth quarter. Passed of amendments to the Company's Internal Control System and Internal Audit Implementation Rules. Passed the motion for the Company's operational plan and budget for 2023. Passed the motion to implement the Company's internal audit plan for 2023. Passed the approves CPA independence 、suitability evaluation and engagement since. Passed the motion for the right-of-use assets. Passed the motion for the company’s loan funding to its subsidiary, Test Rite Retail Co., Ltd. Passed the motion for the company’s loan funding to its subsidiary, Test Rite Products Corp. Passed the amendment to Procedures for Handling Material Inside Information.
Jan. 12, 2023	Passed the motion for the company’s managers’ Chinese New Year Bonus.
Mar.13.2023	The company’s board of Directors, member of Board of Directors, Evaluation of performance by the board of functional committee(s)(Audit committee & companion committee) and External Evaluation Results of the Performance of the Board of Directors. Executive Progress Report on Organizational Greenhouse Gas Inventory and Verification Schedule Planning in the first quarterand the Group's (including subsidiaries) greenhouse gas inventory and verification schedule planning report. Passed the motion for allocation of compensation for the Company's directors, and for the Company’s employee bonus 2022. Reported on Test Rite Co, Ltd's Operational Highlights and consolidated financial results for 2022. Passed the motion for profit-sharing for 2022. Passed the motion for the statement of the Company's internal control system for 2022. Passed the motion to amend the Compensation Policy for group’s Directors. Passed the motion for the provision of non-audit services to audit clients and pre-approve the non-confirmation service list provided by the appointed accounting firm. Passed the motion for the Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises. Passed the motion to call for the Company's Stockholder's General Meeting for 2023.
Apr.26/2023	Passed the company’s investment in Hampton Products International Corp.

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

3.4.13 Resignation or Dismissal of Personnel Involved in Preparation of Financial Reports：None.

3.5 Information of Accountant’s Fees

Unit：NTD$ thousand

Auditors	Name	Period	Audited fee	Non-audited fee	Total	Remark
Deloitte & Touche	CHI-Ming Hsu	2022/1~4 season	4,300	3,054	7,354	Non-audited fee：TP 920, Country-by-Country Report 950, Value Chain Analysis 1,124 and Other 60.
	Kuo-Tyan Hong	2022/1~4 season				

3.6 Information on replacement of certified public accountant：For CPA firm’s internal adjustment.

3.7 Company Chairman, President, and financial / accounting manager held positions in the Company’s audit firm or its affiliates within the past year：Non.

3.8 Changes in Shareholding of Directors, Managers and Major Shareholders：

(Unit：Share)

Title	Name	2022		As of April 30, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairwoman	Judy Lee	0	0	0	0
Director	Tony Ho	0	2,200,000	0	0
Director	Robin Ho	0	0	0	0
Independent Director	Yung-Chi Lai	0	0	0	0
Independent Director	Ting-Yang Liu	0	0	0	0
Independent Director	Hsin-Hsien Huang	0	0	0	0
Independent Director	I-Chuan Li	0	0	0	0
Chief Operating Officer (COO)	Robin Ho	0	0	0	0
Business Development General Manage t	Shelly Chen	0	0	0	0
VP	John Peng	0	0	0	0
VP	Bob Yueh	0	0	0	0
VP	Edward Kao	0	0	0	0
VP	Maggy Chen	0	0	0	0
VP	Linda Lin	0	0	0	0
VP	Lancy Wu	0	0	0	0
VP	Monica Chen	0	0	0	0
VP	Eddie Wei	0	0	0	0
VP	Lori Huang	0	0	0	0
VP	Eric Chang	0	0	0	0
VP	Jamie Kuo	0	0	0	0
VP	Agnes Shih	0	0	0	0
Dir	Johnson Lee	0	0	0	0

Title	Name	2022		As of April 30, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Dir	Hamphrey Wang	0	0	0	0
Dir	Celine Hsien	0	0	0	0
Dir	Bruce Shen	0	0	0	0
Dir	Antyia.Tsai	0	0	0	0
Dir	Lisa Lin	0	0	0	0
Dir	Greg Chang	0	0	0	0
Dir	Elaine Shih	0	0	0	0
Dir	Melody Wu	0	0	0	0
Dir	Noelia Lu	0	0	0	0
Dir	Serena Lin	0	0	0	0
Dir	Nora Huang	0	0	0	0
Dir	Miya Hsu	0	0	0	0
Dir	Eric Yu*	20,000	0	0	0

* Dir Eric Yu joined in July 2022.

Shares Trading with Related Parties： None.

Shares Pledge with Related Parties： None.

3.9 Information Disclosing the Relationship between any of the Company's Top Ten Shareholders：

Date: April 17, 2023

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Tsai Wang Enterprise Company Limited Representative: Mr. Chen, Ching-Hwa	50,954,000	9.99	0	0	0	0	Li Hsiung Co., Ltd. Tsai Ye Enterprise Company Limited. Tsai-Chi Co., Ltd. Up Master Investment Co.,Ltd. Quality Master Co., Ltd. Judy Lee Manfu Investment Co., Ltd.	Relationship	-
Li Hsiung Co., Ltd. Representative: Mr. Chen, Ching-Hwa	50,930,263	9.99	0	0	0	0	Tsai Wang Enterprise Company Limited. Tsai Ye Enterprise Company Limited. Tsai-Chi Co., Ltd. Up Master Investment Co.,Ltd. Quality Master Co., Ltd. Judy Lee Manfu Investment Co., Ltd.	Relationship	-
Tsai Ye Enterprise Company Limited. Mr. Chen, Ching-Hwa	50,930,000	9.99	0	0	0	0	Tsai Wang Enterprise Company Limited. Li Hsiung Co., Ltd. Tsai-Chi Co., Ltd. Up Master Investment Co.,Ltd. Quality Master Co., Ltd. Judy Lee Manfu Investment Co., Ltd.	Relationship	-
Tsai-Chi Co., Ltd. Representative: Mr. Chen, Ching-Hwa	50,920,389	9.99	0	0	0	0	Tsai Wang Enterprise Company Limited. Li Hsiung Co., Ltd. Tsai Ye Enterprise Company Limited. Up Master Investment Co.,Ltd. Quality Master Co., Ltd. Judy Lee Manfu Investment Co., Ltd.	Relationship	-
Up Master Investment Co.,Ltd. Mr. Chen, Ching-Hwa	50,906,000	9.98	0	0	0	0	Tsai Wang Enterprise Company Limited. Li Hsiung Co., Ltd. Tsai Ye Enterprise Company Limited. Tsai-Chi Co., Ltd.	Relationship	-

Name	Shareholding		Spouse & Minor		Shareholding by Nominee Arrangement		The relationship between any of the Company's Top Ten Shareholders		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
							Quality Master Co., Ltd. Judy Lee Manfu Investment Co., Ltd.		
Quality Master Co., Ltd. Representative: Mr. Chen, Ching-Hwa	50,669,774	9.94	0	0	0	0	Tsai Wang Enterprise Company Limited. Li Hsiung Co., Ltd. Tsai Ye Enterprise Company Limited. Up Master Investment Co.,Ltd. Tsai-Chi Co., Ltd. Judy Lee Manfu Investment Co., Ltd.	Relationship	-
Judy Lee	32,911,294	6.45	31,795,550	6.24	0	0	Tony Ho Tsai Wang Enterprise Company Limited. Li Hsiung Co., Ltd. Tsai Ye Enterprise Company Limited. Up Master Investment Co.,Ltd. Tsai-Chi Co., Ltd. Quality Master Co., Ltd. Manfu Investment Co., Ltd.	Spouse Relationship Relationship Relationship Relationship Relationship Relationship	-
Tony Ho	31,795,550	6.24	32,911,294	6.45	0	0	Judy Lee	Spouse	-
Chang Qiu Dun	18,504,714	3.63	0	0	0	0	-	-	-
Manfu Investment Co., Ltd. Representative: Mr. Chen, Ching-Hwa	16,978,083	3.33	0	0	0	0	Tsai Wang Enterprise Company Limited. Li Hsiung Co., Ltd. Tsai Ye Enterprise Company Limited. Up Master Investment Co.,Ltd. Quality Master Co., Ltd. Judy Lee	Relationship	-

3.10 Long-term Investment Ownership

Date: December 31, 2022
Unit：Share：%

Long-term Investment	Ownership by Test Rite		Direct/Indirect Ownership by Directors and Management		Total Ownership	
	Shares	%	Shares	%	Shares	%
Test Rite Retail Co., Ltd.	24,999,999	25.00%	75,000,001	75.00%	100,000,000	100.00%
Test Rite Home Service Co., Ltd.	0	0.00%	8,600,000	100.00%	8,600,000	100.00%
Hola Home furnishings Co., Ltd.	0	0.00	60,000	100.00%	60,000	100.00%
Testrite Brand Agency Co., Ltd.	0	0.00	43,022,600	100.00%	43,022,600	100.00%
Test Rite C&B Co., Ltd.	0	0.00	21,000,000	100.00%	21,000,000	100.00%
Chung Cin Enterprise Co., Ltd.	57,291,330	91.67%	0	0.00%	57,291,330	91.67%
Tony Construction Co., Ltd.	0	0.00%	38,000,000	91.67%	38,000,000	91.67%
Test Cin M&E Engineering Co., Ltd.	0	0.00%	8,000,000	91.67%	8,000,000	91.67%
Chung Cin Interior Design Construction Co., Ltd.	0	0.00%	1,200,000	91.67%	1,200,000	91.67%
Chung Cin Lohas Property Management Co.,Ltd.	0	0.00%	3,600,000	60.00%	3,600,000	60.00%
U-ME Enterprise Co., Ltd.	0	0.00%	900,000	55.00%	900,000	55.00%
Test-On Lighting Technology Co., Ltd.	0	0.00%	1,530,000	46.75%	1,530,000	46.75%
Test Cin International Co., Ltd.	0	0.00%	510,000	46.75%	510,000	46.75%
TEST KING Industry Co. Ltd.	0	0.00%	246,000	82.00%	246,000	82.00%
VIET HAN CO., LTD.	0	0.00%	US$4,000,000	91.67%	US$4,000,000	91.67%
CHUNG CIN ENTERPRISE (U.S.) CORP.	0	0.00%	US$1,000,000	91.67%	US$1,000,000	91.67%
Lih Teh International Co., Ltd.	5,000,000	100.00%	0	0.00%	5,000,000	100.00%
Lih Chiou Co., Ltd.	324,754,000	100.00%	0	0.00%	324,754,000	100.00%
Fusion International Distribution, Inc.	999,838	100.00%	0	0.00%	999,838	100.00%
International Art Enterprise Co., Ltd.	1,000,000	100.00%	0	0.00%	1,000,000	100.00%
Chuan Shuai International Co., Ltd.	0	0.0%	816,000	51.00%	816,000	51.00%
B&S Link Co., Ltd., Ltd.	2,300,000	100.00%	0	0.00%	2,300,000	100.00%
Home Intelligence Co., Ltd.	0	0.00%	1,500,000	100.00%	1,500,000	100.00%
Test Rite Pte Ltd.	2,100,000	100.00%	0	0.00%	2,100,000	100.00%
Lucky Rite Company Ltd.	VND$93,200,000,000	100.00%	0	0.00%	VND$93,200,000,000	100.00%
TestRite Products (Hong Kong) Limited.	9,999	99.99%	1	0.01%	10,000	100.00%
Test-Rite International (U.S.) Co., Ltd.	7,635	94.40	453	5.60%	8,088	100.00%
Test Rite Int’l (Canada) Ltd.	100	100.00%	0	0.00%	100	100.00%
Test-Rite Int’l (Australia) Pty Limited.	3,550,000	100.00%	0	0.00%	3,550,000	100.00%
Test-Rite (UK) LTD.	775,930	100.00%	0	0.00%	775,930	100.00%
Test-Rite Development GmbH	9,670,000	100.00%	0	0.00%	9,670,000	100.00%
Test Rite Retailing Co., Ltd.	156,965,000	100.00%	0	0.00%	156,965,000	100.00%
Test Rite Trading Co., Ltd.	83,488,806	100.00%	0	0.00%	83,488,806	100.00%
Fortune Miles Trading Inc.	30,000	100.00%	0	0.00%	30,000	100.00%
Upmaster International Co., Ltd.	6,400,000	100.00%	0	0.00%	6,400,000	100.00%

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Month / Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NTD)	Shares	Amount (NTD)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1978.07	10	200,000	2,000,000	200,000	2,000,000	Initial issue NT$2,000,000	-	-
1981.12	10	700,000	7,000,000	700,000	7,000,000	Capital injection NT$5,000,000	-	-
1983.09	10	1,700,000	17,000,000	1,700,000	17,000,000	Capital injection NT$5,800,000 Capitalization of earnings NT$4,200,000	-	-
1984.12	10	4,700,000	47,000,000	4,700,000	47,000,000	Capital injection NT$25,000,000 Capitalization of earnings NT$5,000,000	-	-
1987.10	10	8,000,000	80,000,000	8,000,000	80,000,000	Capital injection NT$9,400,000 Capitalization of earnings NT$23,600,000	-	-
1988.11	10	19,000,000	190,000,000	19,000,000	190,000,000	Capital injection 78,000,000 Capitalization of earnings NT$32,000,000	-	-
1990.12	10	36,100,000	361,000,000	36,100,000	361,000,000	Capital surplus NT$171,000,000	-	-
1991.07	10	45,125,000	451,250,000	45,125,000	451,250,000	Capital surplus NT$90,250,000	-	-
1992.07	10	56,406,250	564,062,500	56,406,250	564,062,500	Capitalization of earnings NT$67,687,500 Capital surplus NT$45,125,000	-	-

1993.08	10	100,000,000	1,000,000,000	71,018,816	710,188,160	Capitalization of earnings NT$28,203,120 Capital surplus NT$112,812,500 Employee bonuses NT$5,110,040	-	-
1994.08	10	150,000,000	1,500,000,000	116,137,660	1,161,376,600	Capitalization of earnings NT$139,999,948 Employee bonuses NT$11,376,652 Capital surplus NT$10,000,000 Capital injection 289,811,840	-	-
1995.07	10	150,000,000	1,500,000,000	129,400,000	1,294,000,000	Capital surplus NT$116,137,660 Employee bonuses NT$16,485,740	-	-
1996.09	10	150,000,000	1,500,000,000	136,400,000	1,364,000,000	Capital surplus NT$64,700,000 Employee bonuses NT$5,300,000	-	-
1997.08	10	183,680,000	1,836,800,000	150,920,000	1,509,200,000	Capitalization of earnings NT$13,640,000 Employee bonuses NT$8,800,000 Capital surplus NT$122,760,000	-	No：（86）111752
1998.07	10	230,000,000	2,300,000,000	167,600,000	1,676,000,000	Capitalization of earnings NT$15,092,000 Employee bonuses NT$15,880,000 Capital surplus NT$135,828,000	-	No：（087）087118452
1999.07	10	250,000,000	2,500,000,000	200,000,000	2,000,000,000	Capitalization of earnings NT$301,680,000 Employee bonuses NT$22,320,000	-	No：（088）088126231
2000.10	10	370,000,000	3,700,000,000	233,500,000	2,335,000,000	Capitalization of earnings NT$300,000,000 Employee bonuses NT$35,000,000	-	No：（089）135122
2001.03	10	370,000,000	3,700,000,000	239,890,794	2,398,907,940	CB conversion: NT$63,907,940	-	No：（90）09001094870

2001.09	10	470,000,000	4,700,000,000	283,792,955	2,837,932,670	Capitalization of earnings NT$280,029,350 Employee bonuses NT$34,000,000 CB conversion: NT$124,995,380	-	No：（90） 09001369620
2001.11	10	470,000,000	4,700,000,000	287,242,245	2,872,422,450	CB conversion: NT$34,489,780	-	No：（90） 09001414970
2002.01	10	470,000,000	4,700,000,000	287,970,127	2,879,701,270	CB conversion: NT$7,278,820	-	No：09101028620
2002.03	10	470,000,000	4,700,000,000	292,106,179	2,921,061,790	CB conversion: NT$41,360,520	-	No：09101091570
2002.05	10	470,000,000	4,700,000,000	292,126,587	2,921,265,870	CB conversion: NT$204,080	-	No：09101138780
2002.08	10	550,000,000	5,500,000,000	344,989,749	3,449,897,490	CB conversion: NT$200,142,040 Capitalization of earnings NT$285,593,580 Employee bonuses NT$42,896,000	-	No：09101339470
2002.10	10	550,000,000	5,500,000,000	347,892,171	3,478,921,710	CB conversion: NT$29,024,220	-	No：09101433810
2003.01	10	550,000,000	5,500,000,000	347,940,951	3,479,409,510	CB conversion: NT$ 487,800	-	No：09201019620
2004.10	10	550,000,000	5,500,000,000	370,738,598	3,707,385,980	Capitalization of earnings NT$173,970,470 Employee bonuses NT$54,006,000	-	No：09201288970
2004.04	10	550,000,000	5,500,000,000	387,516,315	3,875,163,150	CB conversion: 167,777,170	-	No：09301077730
2004.10	10	550,000,000	5,500,000,000	392,676,369	3,926,763,690	CB conversion: NT$ 1,041,610 Employee bonuses NT$50,558,930	-	No：09301187640
2005.01	10	550,000,000	5,500,000,000	397,311,347	3,973,113,470	CB conversion: NT$ 46,349,780	-	No：09401009700
2005.05	10	550,000,000	5,500,000,000	397,946,375	3,979,463,750	CB conversion: NT$6,350,280	-	No：09401087750
2005.09	10	550,000,000	5,500,000,000	411,269,302	4,112,693,020	Capitalization of earnings NT$73,589,270 Employee bonuses NT$59,640,000	-	No：09401189620
2005.10	10	550,000,000	5,500,000,000	413,743,746	4,137,437,460	CB conversion:NT$24,744,440	-	No：09401212030
2005.12	10	550,000,000	5,500,000,000	416,717,612	4,167,176,120	CB conversion:NT$29,738,660	-	No：09401246200

2006.08	10	660,000,000	6,600,000,000	441,307,884	4,413,078,840	CB conversion:NT$173,910 Capitalization of earnings NT$193,358,810 Employee bonuses NT$52,370,000	-	No：09501194080
2006.11	10	660,000,000	6,600,000,000	448,792,415	4,487,924,150	CB conversion: NT$ 74,845,310	-	No：09501265640
2007.03	10	660,000,000	6,600,000,000	448,864,578	4,488,645,780	CB conversion: NT$ 721,630	-	No：09601053530
2007.09	10	660,000,000	6,600,000,000	448,916,123	4,489,161,230	CB conversion: NT$ 515,450	-	No：09601233820
2007.12	10	660,000,000	6,600,000,000	465,243,433	4,652,434,330	CB conversion:NT$47,865,120 Capitalization of earnings NT$84,857,980 Employee bonuses NT$30,550,000	-	No：09601312360
2008.09	10	660,000,000	6,600,000,000	473,666,067	4,736,660,670	Capitalization of earnings NT$42,696,340 Employee bonuses NT$41,530,000	-	No：09701225500
2009.09	10	660,000,000	6,600,000,000	481,222,872	4,812,228,720	Capitalization of earnings NT$63,957,910 Employee bonuses NT$11,610,140	-	No：09801200020
2009.10	10	660,000,000	6,600,000,000	531,222,872	5,312,228,720	Capital injection NT$500,000,000	-	No：09801236000
2010.09	10	660,000,000	6,600,000,000	516,422,872	5,164,228,720	Cancellation of Treasury Stock NT$148,000,000	-	No：09901205520
2011.11	10	660,000,000	6,600,000,000	507,422,872	5,074,228,720	Cancellation of Treasury Stock NT$90,000,000	-	No：10001272200
2012.08	10	660,000,000	6,600,000,000	521,955,558	5,219,555,580	Capitalization of earnings NT$145,326,860	-	No：10101179940
2014.10	10	660,000,000	6,600,000,000	513,955,558	5,139,555,580	Cancellation of Treasury Stock NT$80,000,000	-	No：10301223850
2015.08	10	660,000,000	6,600,000,000	509,887,558	5,098,875,580	Cancellation of Treasury Stock NT$40,680,000	-	No：10401175160

As of 4/17/2023

Share Type	Authorized Capital				Remarks
	Issued Shares	Treasury Stock	Un-issued Shares	Total Shares	
Common Stock	509,887,558	0	240,112,442	750,000,000	-

4.1.2 Status of Shareholders

As of 4/17/2023

Item	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	2	48	15,208	67	15,325
Shareholding (shares)	0	1,311,205	349,364,035	145,325,457	13,886,861	509,887,558
Percentage %	0.00	0.26	68.52	28.50	2.72	100

4.1.3 Shareholding Distribution Status

1. Common Shares (The par value for each share is NT$10)

As of 4/17/2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage %
1～999	8,401	1,587,363	0.31
1,000～5,000	5,070	10,459,270	2.05
5,001～10,000	863	6,143,912	1.20
10,001～15,000	358	4,245,193	0.83
15,001～20,000	156	2,805,670	0.55
20,001～30,000	160	3,854,023	0.76
30,001～40,000	79	2,744,049	0.54
40,001～50,000	55	2,496,436	0.49
50,001～100,000	78	5,643,570	1.11
100,001～200,000	37	4,821,415	0.95
200,001～400,000	29	8,328,040	1.63
400,001～600,000	12	5,515,428	1.08
600,001～800,000	1	688,545	0.14
800,001～1,000,000	4	3,672,943	0.72
10000,001 or over	22	446,881,701	87.64
Total：	15,325	509,887,558	100.00

2. Preferred Shares：None.

4.1.4 List of Major Shareholders

As of 4/17/2023

Shareholder's Name	Shareholding	
	Shares	Percentage %
Tsai Wang Enterprise Company Limited	50,954,000	9.99%
Li Hsiung Co., Ltd.	50,930,263	9.99%
Tsai Ye Enterprise Company Limited	50,930,000	9.99%
Tsai-Chi Co., Ltd.	50,920,389	9.99%
Up Master Investment	50,906,000	9.98%
Quality Master Co., Ltd.	50,669,774	9.94%
Judy Lee	32,911,294	6.45%
Tony Ho	31,795,550	6.24%
Chang Qiu Dun	18,504,714	3.63%
Manfu Investment Co., Ltd.	16,978,083	3.33%

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

Unit: NT$

Item		2021	2021	2023/1/1-2023/4/30
Market Price per Share	Highest Market Price	28.00	22.75	21.15
	Lowest Market Price	20.50	19.55	19.50
	Average Market Price	21.16	21.21	20.49
Net Worth per Share	Before Distribution	13.38	13.90	-
	After Distribution	12.13	12.62	-
Earnings per Share	Weighted Average Shares	495,581,558	495,581,558	495,581,558
	Diluted Earnings Per Share	1.58	0.86	-
Dividends per Share	Cash Dividends	1.28	1.28	-
	Stock Dividends	-	-	-
	Capital reserve	-	-	-
	Accumulated Undistributed Dividends	-	-	-
Return on Investment	Price / Earnings Ratio (Note3)	13.39	24.66	-
	Price / Dividend Ratio (Note3)	16.53	16.57	-
	Cash Dividend Yield Rate (Note3)	6.05	6.03	-

Note:

1. Data sourced from Taiwan Stock Exchange, or TWSE.
2. The earnings allocation plan is up for voting at the shareholders 'meeting.
3. Price / Earnings Ratio = Average Market Price / Earnings per Share; Price / Dividend Ratio = Average Market Price / Cash Dividends per Share; Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price.

4.1.6 Dividend end Policy and Implementation Status

1. **Dividend Policy**

   The landscape of the industry in which the Company engages business in contains various risks and uncertainties. As the life cycle of the Company's development enters the stable and mature phase and taking into account the Company's diversification, future operating plans, capital requirements and long-term financial planning, as well as considering shareholders' interests, our dividend policy shall be formulated in accordance with the provisions of the Company Act and other relevant regulatory requirements to ensure the soundness and balance of dividend distribution, the surplus available for distribution，not be less than 50% of the total shareholder dividends. Cash dividends may not be less than 10% of the total dividends However, in the event that the cash dividend is less than NT$0.1 per share, no cash dividends will be distributed. Instead the dividends will be distributed via stock dividends.

2. Proposed Distribution of Dividend

   The Company's audited 2022 financial statements indicate that the net profit totaled to NT$425,888,519 Adjust the adjusted investment retained earnings based on equity method of NT$59,266,748 and the premeasurements of beneficial plan is recognized in retained earnings of NT$6,457,435,and Fair value through other comprehensive income investment vehicle, and the accumulated profit or loss transferred to Retained earnings of NT$(5,981,310),and ding the undistributed retain of NT$3,806,273,10% for Legal reservation of NT$(48,563,139) and the special reserve of NT$217,579,552, the surplus available for distribution was NT$658,454,078~~.~~

   In accordance with the provisions of the Articles and resolution of the board of directors will distribute the cash dividend of NT$ 634,344,394. Based on current outstanding shares 495,581,558(i.e., total number of 509,887,558 issued shares of the Company excluding 14,306,000 treasury shares), the payout amount is NT$ per share is 1.28. (Payout amount of less than NT$1 will not be distributed).

4.1.7 The impact of the company's operating performance and earnings per share on stock dividends proposed in the shareholders' meeting

Not applicable, as the Company does not disclose financial guidance.

4.1.8 Employee, Director Remuneration

1. Pursuant of the Company Act and Article of Incorporation, no less than 1% of any profit made by the company in a year shall be allocated to employee and director remuneration, and the board of directors shall decide to distribute the remuneration as shares or cash, which can also be distributed to employees of affiliated companies that meet certain criteria. The chairman shall be authorized to establish the criteria.

   The company may, with a resolution of the board of directors, allocate no more than 2% of the aforesaid profit to remuneration of directors. Remuneration of employees and of directors shall be presented to the shareholders meeting. A sum shall be set aside in advance to pay down any outstanding cumulative losses before remuneration of employees and of directors can be allocated according to the above percentage.
2. After the end of the fiscal year, should the Board of Directors resolve that the amount of monies to be distributed is to be changed significantly, the original provision of annual expenditure shall be adjusted, no less than 1%, and no more than 2% of the annual profit (i.e. the earnings before tax of the current year less the profit allocated to remuneration of employees and of directors) shall be allocated to remuneration of employees and of directors, respectively. If there is further adjustment of the aforesaid monies up to the date of the Board's meeting, then the Board of Directors shall resolve that annual adjustment entries be recorded in accordance with accounting estimates thereof.

3. The Board of Directors approved remuneration information:
   (1).The company‘s Remuneration of employees and of directors distribution in 2022, The Company’s was approved by the Board of Directors on March 13 2023.This entailed remuneration of NT$4,934,732for employee and NT$7,402,098 for directors bonuses in accordance with the provisions of the Articles of Association. The amount above is identical to that in 2022.
   (2).The ratio of the proposed allotment of employee stock bonus amount and account for the ratio of current net income and employee remuneration: Not applicable.
4. The actual allocation of employee dividends and remuneration to directors in the previous year compared with the distribution plan originally approved by the Board: The company‘s Remuneration of employees and of directors distribution in 2021, The Company’s was approved by the Board of Directors on March 23 2022.This entailed remuneration of NT$9,372,653 for employee and NT$14,058,977 for directors bonuses in accordance with the provisions of the Articles of Association. The amount above is identical to that in 2021.

4.1.9 Buyback of Treasury Stock (treasury stock buyback has been expired)

As of 4/30/2023

Treasury stocks in Batches	14th Batch	15th Batch
Purpose of Buy-back	Transfer to employees	Transfer to employees
Timeframe of Buy-back	2019/4/29~2019/6/24	2019/8/5~2019/10/4
Price range	NTD 20.0~28.0	NTD 20.0~28.0
Class, quantity of shares bought back	9,271,000	5,035,000
Value in KNT$ of bought-back shares	205,255,772	107,999,819
Number of repurchases made as a percentage of the scheduled number of repurchases (%)	46.36%	50.35%
Shares sold/transferred	0	0
Accumulated number of company shares held	9,271,000	14,306,000
Percentage of total company shares held (%)	1.82%	2.81%

4.2 Issuance of Corporate Bonds：None.

4.3 Preferred Shares：None.

4.4 Issuance of Global Deposit Receipts：None.

4.5 Employee Stock Options and restrictions on employees' rights of new shares：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. The main content of the company's current business operations

(1) E605010 Computing Equipment Installation Construction
(2) E801010 Building Maintenance and Upholstery
(3) F101081 Wholesale of Seedling
(4) F101100 Wholesale of Flowers
(5) F101120 Wholesale of Aquarium Fishes
(6) F101130 Wholesale of Vegetable and Fruits
(7) F102020 Wholesale of Edible Oil
(8) F102030 Wholesale of Tobacco Products and Alcoholic Beverages
(9) F102040 Wholesale of Nonalcoholic Beverages
(10) F102170 Wholesale of Food and Grocery
(11) F103010 Wholesale of Animal Feeds
(12) F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
(13) F105050 Wholesale of Furniture, Bedding Kitchen Equipment and Fixtures
(14) F106010 Wholesale of Ironware
(15) F106020 Wholesale of Articles for Daily Use
(16) F106030 Wholesale of Die
(17) F106040 Wholesale of Water Containers
(18) F106050 Wholesale of Pottery, Porcelain and Glassware
(19) F107030 Wholesale of Cleaning Preparations
(20) F107050 Wholesale of Manure
(21) F108040 Wholesale of Cosmetics
(22) F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
(23) F110010 Wholesale of Clocks and Watches
(24) F110020 Wholesale of Spectacles
(25) F111090 Wholesale of Building Materials
(26) F113010 Wholesale of Machinery
(27) F113020 Wholesale of Household Appliance
(28) F113030 Wholesale of Precision Instruments
(29) F113050 Wholesale of Computing and Business Machinery Equipment
(30) F113060 Wholesale of Metrological Instruments
(31) F113070 Wholesale of Telecom Instruments
(32) F113090 Wholesale of Traffic Signal Equipment and Materials
(33) F114010 Wholesale of Automobiles
(34) F114020 Wholesale of Motorcycles
(35) F114030 Wholesale of Motor Vehicle Parts and Supplies
(36) F114040 Wholesale of Bicycle Parts and Supplies
(37) F115010 Wholesale of Jewelry and Precious Metals
(38) F116010 Wholesale of Photographic Equipment
(39) F118010 Wholesale of Computer Software
(40) F119010 Wholesale of Electronic Materials
(41) F199990 Other Wholesale Trade
(42) F201010 Retail sale of Agricultural Products
(43) F201020 Retail sale of Husbandry Products
(44) F201061 Retail sale of Seedling
(45) F201070 Retail sale of Flowers
(46) F201090 Retail Sale of Aquarium Fishes
(47) F202010 Retail sale of Animal Feeds

(48) F203020 Retail Sale of Tobacco and Alcoholic Drinks
(49) F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
(50) F205040 Retail sale of Furniture, Bedding, Kitchen Equipment and Fixtures
(51) F206010 Retail Sale of Ironware
(52) F206020 Retail Sale of Articles for Daily Use
(53) F207030 Retail Sale of Cleaning Preparations
(54) F207050 Retail Sale of Manure
(55) F208040 Retail Sale of Cosmetics
(56) F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
(57) F210010 Retail Sale of Watches and Clocks
(58) F210020 Retail Sale of Spectacles
(59) F211010 Retail Sale of Building Materials
(60) F213010 Retail Sale of Household Appliance
(61) F213030 Retail sale of Computing and Business Machinery Equipment
(62) F213040 Retail Sale of Precision Instruments
(63) F213050 Retail Sale of Metrological Instruments
(64) F213080 Retail Sale of Other Machinery and Equipment
(65) F214010 Retail Sale of Automobiles
(66) F214030 Retail Sale of Motor Vehicle Parts and Supplies
(67) F214040 Retail Sale of Bicycles and Parts
(68) F215010 Retail Sale of Jewelry and Precious Spectacles Metals
(69) F216010 Retail Sale of Photographic Equipment
(70) F218010 Retail Sale of Computer Software
(71) F299990 Retail Sale of Other Retail Trade Not Elsewhere Classified
(72) F301020 Supermarkets
(73) F399040 Retail Business Without Shop
(74) F399010 Supermarkets
(75) F401010 International Trade
(76) F401071 Export and Import of Seedling
(77) F501060 Restaurants
(78) G801010 Warehousing and Storage
(79) H701020 Industrial Factory Buildings Lease Construction and Development
(80) H701010 Residence and Buildings Lease Construction and Development
(81) H703090 Real Estate Commerce
(82) H703100 Real Estate Rental and Leasing
(83) I102010 Investment Consultancy
(84) I103060 Management Consulting Services
(85) I301010 Software Design Services
(86) I301020 Data Processing Services
(87) I301030 Digital Information Supply Services
(88) I401010 General Advertising Services
(89) I501010 Product Designing
(90) I503010 Landscape and Interior Designing
(91) IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
(92) J801030 Athletics and Recreational Sports Stadium
(93) JE01010 Rental and Leasing Business
(94) ZZ99999 Except the permitted business, the Company may engage in other businesses not prohibited or restricted by laws and regulations
(95) A102060 Grain Commerce
(96) F108031 Wholesale of Drugs, Medical Goods
(97) F208031 Retail sale of Medical Equipment
(98) C501060 Wooden Container Manufacturing

(99) C805990 Other Plastic Products Manufacturing
(100) C901010 Pottery and Ceramics Products Manufacturing
(101) CA02050 Metal Valves Manufacturing
(102) CA02060 Metal Containers Manufacturing
(103) CB01010 Machinery and Equipment Manufacturing
(104) CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
(105) CN01010 Furniture and Fixtures Manufacturing
(106) CR01010 Fuel Gas Equipment, Materials and Parts Manufacturing
(107) D301010 Water Supply
(108) E502010 Fuel Pipe Construction
(109) E599010 Pipe Lines Construction
(110) E601010 Electric Appliance Construction
(111) E601020 Electric Appliance Installation
(112) E603130 Gas water heater Appliance Construction
(113) E604010 Machinery Installation Construction
(114) E801070 Kitchen and Bath Facilities Construction
(115) F113990 Wholesale of Other Machinery and Equipment
(116) F206040 Retail Sale of Water Containers

2. Percentage of total revenue of each product or service

(Unit：NTD thousand)

Year Division	2021		2022	
	Amount	%	Amount	%
Principal Trading	25,206,249	57.6%	18,382,399	49.1%
Taiwan Retail	16,909,225	38.6%	16,360,296	43.7%
Others	1,641,884	3.8%	2,666,564	7.2%
Total	43,757,358	100.0%	37,409,259	100%

3. Company's current key business activities:

The Company’s trading business engages in the import and export of household products and the licensing of businesses, including DIY hand tools, hardware, ceiling fans, lighting fixtures and other electrical appliances, bathroom facilities, indoor/outdoor furniture, and other household items. Our retail businesses are engaged in similar products, in addition to the sales and marketing of mattresses and bedding as well as brand licensing of consumer brands. Affiliated businesses include design, which conducts product, packaging and industrial design; construction, which conducts marketplace and office building construction and investment promotions, as well as logistics and warehousing services in Taiwan, Asia, the U.S., and Europe.

4. New business activities under development:

(1) Effort-saving hand tools and related products: Hand tools remain a key product category for the Company and accounted for approximately 70% of total shipments in 2022. In addition to providing comprehensive features for professional tools, effort-saving is also a major consideration for consumers. Based on principles of structural mechanics and leverage, the design of hand tools must take into account not only innovative appearance but also ergonomics in order to meet market demand.

(2) LED energy-saving lamps and related products:

A. With the advocacy for energy conservation in full force across the world, governments have incorporated relevant measures into legislations and policies to encourage investment this field by the private sector.

B. With the advocacy for energy conservation in full force across the world, governments ave incorporated relevant measures into legislations and policies to encourage investment this field by the private sector. Lamps and light fixtures are included in the Company’s export product categories. In the Taiwan retail market, the Company cooperates Toshiba to develop ceiling LED lights and offers the TLW private label range of LED light bulbs.

(3) HOLA private label products:

Test Rite's private label products, including bedding, textiles and dining wares, have been well received in the market. Sales accounted for more than 4/10 of total HOLA sales as of the end of 2022.

5.1.2 Industry Overview

1. Current Status and Industry Development

The Company was founded in August 1978. During its earlier years, the Company focused on the export of hand tools and hardware. As the Company's client base expanded, the number of suppliers grew to more than 4,000, covering an increase in product offerings spanning DIY hand tools and hardware to ceiling fans, light fixtures and other electrical appliances, bathroom equipment, indoor/outdoor furniture and other household items. The Company also gradually expanded operations into China, Southeast Asia (Hong Kong, Thailand and Singapore), Europe (Germany and the UK) and Australia by setting up subsidiaries, representative offices, and branch offices. In 1989, the Company targeted Taiwan's domestic retail market and established a domestic sales/import team, servicing the customer segment that frequents major discount stores. By leveraging the Company's sourcing capabilities, the domestic sales/import team introduced 1,000+ products previously sourced exclusively for the export market to the consumers in Taiwan. Six primary categories by distinct product lines were established, including seasonal merchandise, outdoors, hardware and automotive, housing supplies, stationery, furniture and interior products, with electronics and lighting products as an add-on. Furthermore, in recent years we have also gradually strengthened sales of licenced products.

In 1998 Test Rite entered into a joint venture with UK-based Kingfisher Group to introduce DIY retailer, B&Q, to Taiwan. Subsequently, the Company developed its own retail channel, HOLA, in Taiwan. In December 2004, the Company entered the China retail market with the first HOLA China store opening in Shanghai. In 2008, we bought back 50% of the joint ownership from Kingfisher Group, and completed our four-way retail channel strategy by 2010 (Test Rite, HOLA, HOLA CASA, and FREER).

In 2013, we established HOLA Petite, a brand that personified the French word "petite" and embodies the concept of "delicately beautiful." The brand focuses on three lifestyle essentials: comfortable bedding, rejuvenating baths, and enriching dining experiences. These are manifested in a tasteful real-life interior design space reminiscent of a French home environment that appeals to one's sense of touch, sight, smell, sound and taste. In 2015, Test Rite became a franchisee of renowned American home décor store, Crate & Barrel. The introduction of this classic American brand contributed to Test Rite's leading market share in the Taiwan home décor market in 2018, we launched new retail brand, hoi! good living. In 2019, in an effort to mitigate losses, the decision was made to withdraw HOLA China and start using the second warehouse in North America to enhance our services for our customers. In 2020, the community stores were established. With the position of "a good helper at home, your good neighbor", it can provide customers with goods and services at any time. In 2021, the TLW channel cracked the outlying islands firstly.

Below we discuss the industry dynamics for our trading, agency, and retail businesses:

(1) Market Conditions for Our Trading Business

Since the early import-substitution and export expansion policies of the 1960s to the current move towards trade liberalization and internationalization,becoming a key driving force behind Taiwan's economic development. With China's role as a major global manufacturing center, trade with the mainland has picked up rapidly. In 2022 Taiwan's exports to China accounted for around 20% of its total exports, while corresponding imports was about 11% of total imports.

Test Rite Group actively expanded in China. In 2005, we set up a trading subsidiary in Shanghai to penetrate the Chinese market and solidify relations with suppliers in order to offer products with a competitive advantage to our global retail clientele. In 2006, an office was set up in Shenzhen to explore the Chu Chiang Delta and connect with the broad supply chain network in southern China.

We are engaged in three primary sales models, namely: trading, agency, and imports. Trading accounts for the majority of sales, with the bulk of the buyers located in the U.S. and Europe. We have strong relationships with our customer base and offer customized services. For example, we forecast sales quantities through the analysis of historical data, or we can take charge of product planning, décor and design during major sales seasons throughout the year. At the same time, we have in place a data platform to connect to the inventory management systems of the buyers to instantly store and access the required information. Furthermore, we also handle after-sales services, such as returns and answering phone calls for our clients. Through providing the most value-added services, we have become the trading partner of choice. Meanwhile, in the agency sales model, Test Rite provides an indispensable outsourcing service. Whereas previously many large-scale clients intended to set up their own sourcing offices to source supplies in Asia, Test Rite's proven sourcing capability has won over many buyers who now simply outsource this function.

Emerging markets in Asia are growing rapidly; notably, domestic demand in China is expanding fast. While in the past Asia has been the factory producing goods sold to the U.S. and European markets, the trend is reversing to an increasing extent. Having cultivated markets in the west over the years, Test Rite is well placed to take advantage of this trend by collaborating with well-known global brands as they seek to enter and expand into Asian markets. Through the licensing of these brands, Test Rite has an additional opportunity for growth in providing consumers in Taiwan with the convenient access to world-class quality products.

Exports and Imports by Year — Taiwan

(Unit：USD _million;％)

Year	Total exports	Export Growth rate (%)	Total imports	Import Growth rate (%)	Total amount of trade	Total trade growth rate %
2013	311,428	1.6%	278,010	0.2%	589,438	1.0%
2014	320,092	2.8%	281,850	1.4%	601,942	2.1%
2015	285,344	-10.9%	237,219	-15.8%	522,563	-13.2%
2016	280,321	-1.8%	230,568	-2.8%	510,889	-2.2%
2017	317,249	13.2%	259,266	12.4%	576,515	12.8%
2018	335,909	5.8%	286,333	10.4%	622,241	7.9%
2019	329,194	-2.0%	285,694	-0.2%	614,888	-1.2%
2020	318,898	-2.7%	285,117	-0.2%	631,028	-2.6%
2021	446,378	40.0%	381,494	33.8%	827,873	31.2%
2022	479,442	7.4%	428,009	12.2%	907,451	9.7%

Source：Department of Statistics, Ministry of Finance, R.O.C.

Several factors can complicate the overall operations of an export-import business relative to other industries. His includes exchange rate fluctuations that impact profit margins and barriers to trade, such as government policies, trade protectionism, customs, and regional alliances that create challenging hurdles for expanding into various overseas markets.

Regional economic integration has currently become a cornerstone in international trade and economic development. With the formation of the World Trade Organization (WTO) and later the Association of Southeast Asian nations (ASEAN), combined with increased volume of cross-strait trade, the trading sector in Taiwan is also facing new challenges. In the following we present our view of Taiwan's current trade development from the viewpoints of trade concentration, development of triangular trade, increasing scale and internationalization of customers and trends toward multi-functional trading companies.

A. Decreasing International Trading in Taiwan

According to the Department of Statistics, Ministry of Finance, R.O.C. Data from the Ministry of Economic ,Affairs show that total exports to China (including Hong Kong) amounted to USD185.9 billion in 2022, a 1.6% year-on-year decrease. Total imports were USD85.5 billion (increased by 1.6% from a year ago). Exports from the U.S. increased by 14%, Imports added by 15%. The delay signing of the Cross-Strait Service Trade Agreement and the lack of TPP and RCEP membership pose challenges to Taiwan’s position in international trading going forward.

Regional trade concentration indicator

(Unit：USD _million;％)

Year	Total amount of trade	Export value	Import value	Taiwan to China export amount	China to Taiwan import amount	Taiwan - Top three countries with highest degrees of export concentration	Taiwan - Top three countries with highest degrees of import concentration
2013	589,438	311,428	278,010	125,305	44,931	69.7%	42.1%
2014	601,942	320,092	281,850	128,534	50,989	69.9%	43.6%
2015	522,563	285,344	237,219	112,540	46,734	69.6%	48.4%
2016	510,889	280,321	230,568	112,277	45,321	70.3%	49.7%
2017	576,515	317,249	259,266	130,213	51,555	71.2%	47.7%
2018	622,241	335,909	286,333	96,756	53,783	70.3%	46.7%
2019	614,888	329,194	285,694	132,148	58,447	70.4%	44.9%
2020	631,028	318,898	285,117	102,449	63,576	65.0%	43.1%
2021	827,873	446,378	381,494	188,877	84,179	76.0%	52.0%
2022	907,451	479,442	428,009	185,895	85,492	75.8%	52.2%

Source：Department of Statistics, Ministry of Finance, R.O.C.

In 2022, the top three destinations for Taiwan's exports were: China/Hong Kong, New Southbound countries, and ASEAN countries. The top three sources for Taiwan’s imports were: China/Hong Kong, New Southbound countries and Japan.

B. Increased Share of Triangular Trade

The majority of Taiwanese trading companies are small to medium in size and have performed well historically, given their wealth of experience in foreign trade, knowledge and flexibility in operations, and the relative political stability of Taiwan in the past several decades relative to Southeast Asian countries and China. In recent years, labor-intensive industries have gradually shifted their operational base out of Taiwan. Likely destinations include China and other ASEAN nations, which offer tax benefits and skilled, yet low-cost labor. This has shifted the fundamentals of the trading sector as companies begin to source from suppliers outside of Taiwan, resulting in an increase in triangular trade. In fact, trading companies must rely on triangular trade to thrive and to seek cheaper resources from overseas markets in order to fill the void left by the loss of price competitiveness as the manufacturing base relocated to China and the ASEAN region.

C. Impact on Taiwan's Trading Sector Due to the Growing Size of Manufacturers, Trading Companies and Retailers

Following decades of industrial development both at home and abroad, manufacturers have benefited from significant improvements in production scale. Given the increase in scale, large manufacturers have benefited from more efficient production resulting from lower production and labor costs, while improving their relationships with key customers. Larger trading companies, too, are able to leverage the development of global trade and benefit from scalable logistics and procurement capabilities. However, this scenario has a negative effect on small –and-medium sized trading companies. They are forced to accept lower margins with higher complexity for single orders with smaller quantities and higher SKUs compared to more mainstream, scalable and repeatable orders.

The rapid development of sales channels has also contributed to the growth of large multinational retail chains. These large retailers have gained not only dominant pricing power but their transnational procurement activities have also contributed to domestic traders developing multinational logistics and procurement services, thereby accelerating the speed of the transformation of the trading business where smaller players are gradually marginalized.

D. Trading Firms Capable of Multiple Functions — After-sales Services, Warehousing and Logistics

As global retailers continue to increase in size, they are able to gain bargaining leverage on their suppliers, which include manufacturers, distributors and trading companies. Consequently, these global retailers continue to demand better pricing, the newest and exclusive designs, and other services including financing and logistics.

As such, role player traditional companies have evolved from offering simple buy and sell functions to corporations with multi-national and multi-functional teams adept at providing services ranging from product marketing, warehouse logistics, quality assurance and control, and after-sales customer service.

Taiwan's trade industry is expected to benefit from the signing of the Economic Cooperation Framework Agreement (ECFA) with China. As economic activities increase, Taiwanese trading companies can benefit from their experience in international trade to strengthen communications between multi-national retailers (customers) and various parties along the supply chain.

Trading companies are also well positioned to benefit from developing additional brand licensing opportunities to tap the fast-growing demand of Chinese consumers. In light of this, we have already partnered with various global houseware/product brands for Taiwan and the China markets.

(1) Principal Trading

Output from traditional trading reached NT$28.74 billion in 2022, which was26.2% lower decrease from the previous year, and accounted for 63% of total consolidated trade output. Our major products include hand tools (hand and gardening tools, accounting for 74% of traditional trading revenue) and household items (sanitary equipment, automotive supplies, fireplace equipment and supplies, furniture, Christmas and seasonal products, and barbecue utensils, accounting for 26% of traditional trading revenue). This makes Test Rite the largest professional hand tools and household products trading company in Taiwan. Below we provide further analysis of the Company's key product offerings.

The regions with the highest demand for hand tools and household products are the developed countries, with North America and Europe representing nearly 70% of the exports market for hand tools. Typically, hand tools have been relatively stable and mature in terms of their types and forms, with a relatively lower requirement for innovation. In recent years, multifunctional tools have enjoyed tremendous growth. In order to sustain market demand, the trend is for hand tools and household products to include multiple functions combined with unique design and made with differentiated materials, colors and shapes. In several instances, strong demand has been supported by creative marketing campaigns aligned/partnered with globally appealing pop culture.

Apart from certain manufacturers of brand-name bathroom and sanitary equipment and automotive repair supplies, most manufacturers remain relatively smaller in size.They do not have the scale or resources to brand their products nor the advantages of retail operators with sales channels to retail customers. In terms of manufacturers of hand tools, Japanese and German companies hold dominant technologies, though Taiwan also enjoys a high degree of competitiveness at the global level. However, China, India, and countries in Southeast Asia and Eastern Europe have flourished in the hand tools industry in recent years, as they have introduced low- to medium priced products.

The exports value of furniture, bedding and lighting equipment has declined gradually over the years due to fierce competition in the market. However, the industry began to see a recovery in demand in 2010, as the U.S. economy began to gradually recover, aided by an improving property market and declining unemployment rate.

In January 2015, the Company bought back ownership of various branch offices in Germany. Sales activities in these branches include trading, warehousing, professional delivery of barbecue grills, containers, and outdoor furniture. Looking ahead, we will integrate our resources further to achieve synergies, solidify our operational presence in Europe, and offer superior services to clients in the region. These products are all relatively mature, and the market remains significant.

With the primary export destinations in North America, Europe, and Asia in mind, we will continue to maintain market shares, search for growth drivers, and leverage opportunities to expand with improving overall market conditions.

As the Ravaging Pandemic of COVID-19 in 2020, the global epidemic prevention mechanisms set up continuously, there are customers' strong demand of related prevention products in the U.S. and Europe. Test-Rite has set up a special team in charge of epidemic prevention products and used our powerful global sourcing capabilities to respond to the strong demand from overseas customers.

(2) Agency Business

The agency business model is one based on commissions, where Test Rite acts as the sourcing agent for major retailers in the U.S. and Europe. Services provided include product sourcing, quality assurance and control support, and logistics/warehousing depending on the customer's needs. We leverage our core competencies developed through the success of our principal business for the benefit of agency activities.

In recent years, our agency business has proven to be one of the fastest-growing areas, a trend we expect to continue. On the back of this, we will continue to commit resources to develop sales and expand the number of clients as a way to maximize growth and profit potential. In 2022, our agency business delivered annual sales of NT$10.73 billion, which was 24.4% lower decrease from the previous year r, and accounted for approximately 37% of consolidated trading shipments. Commission income reached NT$362 million, accounting for 1% of total trading revenues

(3) Storefront Retail Merchandise

The global retail business has transformed significantly in recent years, TLW and HOLA have maintained their leading positions in the DIY and home décor industries in Taiwan. Except the brick-and mortar stores, Test-Rite continues to integrate our retail channel's resources and requirement to online and offline channel, develop the omnichannel and elevate our digital skills. TLW and HOLA remain its leading position in DIY and home décor industry in Taiwan. However, Test-Rite very carefully tackles the changing behavior of customers. The proposed new business model of retail aims to break the boundary between online and offline. Through the base of offline membership , customers can now easily extend the selections beyond in-store products, hence breaking the limits of displaying and inventory in physical stores. By guiding the massive offline memberships to online, we hope to fully eliminate the boundary in terms of product, payments, membership and marketing. In 2018, our new brand hoi! was launched with the aim of appealing to a younger generation of shoppers by providing high-quality and value-for-money products. Technology has been deployed in creating a digital shopping experience and synergy that promotes the new retail concept as a means to transform the home products industry. We have also reinforced experiential marketing in our physical stores and replicated the irreplaceable value of in-person service by extending our reach into customers' homes through our TLW Home Improvement Service Unit; this business unit turned a profit in 2016, the first since its inception in 2010.

Our Taiwan retail businesses, including TLW (DIY) and Hola Taiwan, registered sales of NT$16.4 billion in 2022. Due to changes in the global financial environment, rate hikes, and tight monetary policies, consumers lowered their willingness to spend. The slow real-estate marketes lowered the consumers' demand for household goods.Affected by a slowdown in the real estate market in Taiwan, consumer demand for replacement of household items were subdued. According to government data, the wholesale of household items and building materials grew 8.0% and 2.13%., respectively, in 2022.

Year	Household item sales (NTD 100 million)	Household item growth rate (%)	Building materials sales (NTD 100 million)	Building materials growth rate (%)
2013	3,014	-0.02	523	2.32
2014	3,181	5.54	536	2.48
2015	3,170	-0.35	527	-1.66

2016	3,016	-4.85	513	-2.78
2017	2,892	-4.13	489	4.63
2018	2,986	3.25	483	-1.22
2019	2,977	-0.30	455	-5.8
2020	1,795	-8.60	470	4.23
2021	1,824	1.60	469	-0.20
2022	1,970	8.00	479	2.13

Test Rite was the pioneer in DIY solutions in Taiwan. In line with contemporary the new retail philosophy, our concept stores emphasize experiential shopping – i.e., allow customers to have in-store experiences before making a purchasing. Specialized personnel in each product section are on hand to offer professional advice for customers. As for the products themselves, Test Rite offers over 30,000 selections, allowing each customer to find all the tools and materials necessary for home fixture, decoration, and furnishing. In addition, there is a "fixture service center" in every store dedicated to meet customization requirements and to process individualized at-home renovation projects for the customer.

HOLA Taiwan offers a wide variety of home décor at the forefront of living and home styles that are in sync with global trends. HOLA offers a comprehensive lineup of household products with the most exquisite and refined living style aesthetics. These include soft and comfortable bedding, fashionable home décor fabrics, aromatic bathroom and beauty products, and polished, tasteful dining and tea utensils. Equipped with these, customers are able to fill every living space with rich and lively expressions of style, creating happy, beautiful and moving moments at home.

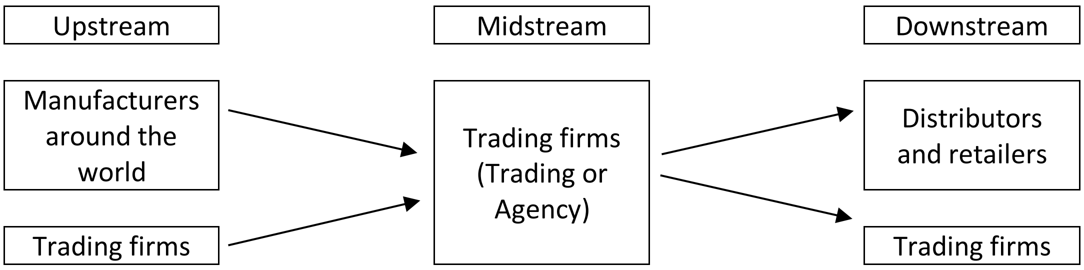
HOLA Taiwan has in-store home décor consultants offering free advice on space and color utilization and décor arrangements to customers. Furthermore, depending on individual needs, customers can ask for custom-made services using our home décor fabrics (special orders for window curtains and various other home décor fabrics), and can arrange for various specialized services, such as home-visit measurements, flexible construction periods, professional workers and installations.

Test Rite's licensed furniture, home décor and other lifestyle products include brands such as Joseph Joseph, Winix, WMF, Joyoung,Cheers,Frette,IRIS,WEDGWOOD, among others, and further enhance the lineup of licensed brands. Committed to developing and licensing diversified products, we opened the first Crate & Barrel home and living retail center at a shopping mall in the Xinyi District in Taipei. Holding true to our corporate vision of "All Matters at Home Matter to Test Rite for Life," we leverage opportunities to expand our retail channels.

2. Industry's upstream, Midstream and Downstream Relationships

(1) Trading Industry's Upstream, Midstream and Downstream Relationships

The main function of the trading industry is to broker trades and bridge gaps between supply and demand. The upstream and downstream structures vary depending on the types of products traded, Below is an example of the structure for trading companies that sources finished goods and sells them to distributors and/or retailers:



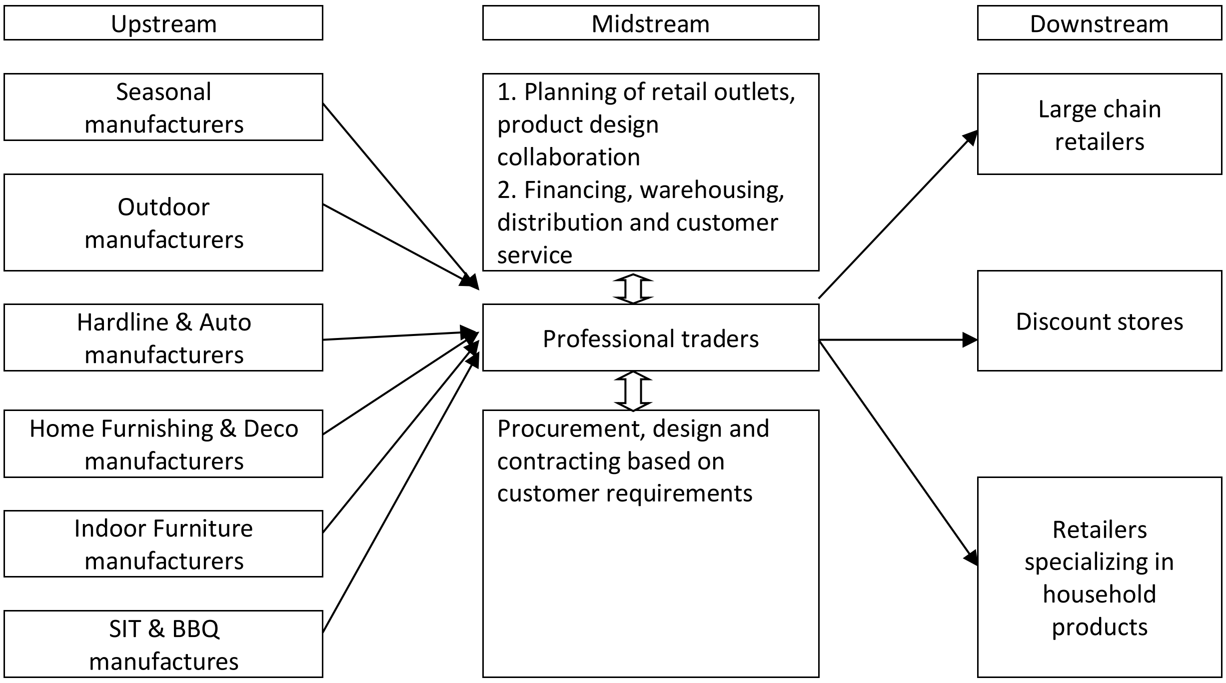
The so-called 'barriers to information access' is mainly geographic isolation and regulatory restrictions. In addition, there is the requirement from upstream and downstream vendors for working capital, as well advantages to either buyers or sellers because of product characteristics or structure of the sales channel. This situation requires trading companies to bridge the gap between potential sellers and potential buyers of products.

Overall, today's trading companies play an increasingly important role in global economic activities and have deepening relationships with both upstream and downstream vendors.

(2) Upstream, Midstream and Downstream Relationships for Hand Tool and Household Product Industries

The upstream suppliers of trading companies in hand tools and household products are the manufacturers, and the corresponding downstream customers are various channel distributors and retailers. Trading companies receive purchase orders from downstream customers through product marketing and via exhibitions. Trading companies then place orders with their upstream manufacturers and are responsible for arranging transportation, delivery, distribution, and warehousing services.

Most often, upstream manufacturers of hand tools and household products are often smaller operations who aim to sell products quickly with the intermediary services provided by trading companies. As for large downstream retailers, the benefit of placing orders with trading companies with sufficient economies of scale translates into a more streamlined ordering process. Larger trading companies can provide services beyond just order fulfillment encompass total Solution services – this includes packaging, logistics, warehousing, and potentially financing services. The relationships of traders with their upstream, midstream and downstream partners are depicted in the following diagram:



In order to provide customers with comprehensive services and identify new sourcing opportunities in local markets, trading companies often open branch offices in both domestic and overseas markets. Trading companies also provide OEM or ODM products for downstream customers and some trading companies have created or acquired own brands to add to their distribution channels along with the existing products they already source for global retail customers. In addition, trading companies can also increase their on size/scalability by acquiring niche players to bolster their product portfolio. An example of this is Test Rite's acquisition in 2013 of International Art, a Christmas and seasonal products specialist based in Shenzhen, China. In 2015, the Company acquired a Germany-based barbequ~~e~~ brand. We will continue to explore additional M&A opportunities going forward.

(3) Developing Trends

With economies becoming increasingly interdependent, combine with the rise of large-scale discount chains~~,~~ and hypermarkets in the retail industry, the trading industry will likely face increasingly competitive in the future. Trading companies will meet these challenges only by seeking to provide more value-added and efficient services, expanding the size of its own operations and enhancing product and service offerings, Future trends in the trading industry include the following:

A. Specialization in Products and Customer Services

With intensified competition, the role of trading companies must evolve beyond order fulfillment to include sourcing and re-selling. Many larger trading companies have already evolved to become full-service suppliers by providing product consultation and after-sales services as well as logistics and distribution functions. Since these services often involve specialized products, trading companies have also become more focused in specific product categories with complete product lines in order to fulfill their areas of specialization and competency.

B. New Markets and Competitors Post-WTO Accession Signing of ECFA, FTA between China, Japan and South Korea

Global trade liberalization remains a key driving force behind the competitive landscape for trading companies. Following Taiwan's accession to the WTO as a full member, trade practices deemed unfair or damaging to Taiwanese businesses can be resolved through the WTO. This enables all parties involved to have effective access to international trade regulations and trends in a more regulated environment, thereby mitigating regulatory risk of trading and investing activities. agreements with other countries to mitigate this impact and further eliminations trade barriers. This has had an impact on trading companies on an on-going basis, including increased pressure from overseas competitors, threats from expansion form emerging markets, and increasingly transparent information on competitors and suppliers in other markets.

C. Applications to Accommodate E-Commerce

The launch of our TR Plus website, which combines TLW and HOLA's online assets, in December 2017 continues to improve the overall user experience in browsing, buying, and interactivity. As a one-of-a-kind, one-stop online platform in Taiwan for all things related to the home, we will continue to expand our “hardline” products as well as develop “softline” offerings such as partial renovations and house-cleaning services. In addition, we embrace the new retail concept, leading to the consolidation of resources from online, offline and logistics, including the integration of big data, physical stores .

The sales results for our e-commerce retail business in 2022 were:

- ●TLW (https://www.trplus.com.tw/TLW) – annual sales revenue of NT$460 million, accounting for 3.7% of total revenue.
- ●HOLA Taiwan (https://www.trplus.com.tw/Hola) – annual sales revenue of NT$220 million, accounting for 1.4% of total revenue.

D. Capabilities of Manufacturers

With the liberalization of global trade, distributors and retailers have undergone significant changes in terms of their business structures. They have evolved from traditionally small, regionally based or brick-and-mortal sales points in the past, to larger companies that have gained stable economies of scale and enjoy significant operating leverage while becoming multi-national or global in presence.

Under these market conditions, smaller manufacturers can work with larger trading companies to become partners of trading companies’ network of suppliers. This enables smaller manufacturers to leverage the service platform established by the trading companies and at the same time minimize the financial pressure from more stringent payment terms demanded by the larger, global retailers. Smaller manufacturers can also leverage trading companies’ logistics capabilities and services or even act as representatives for functions such as product sales, warehousing and distribution.

E. Competition Status

Currently there are no competitors of comparable size in Taiwan to Test-Rite. However, there are many small and medium-sized trading companies in the North American and European markets operating at a much smaller scale than Test Rite in terms of business operation Test Rite’s size enables it to widen the gap versus smaller operators given its relative scale, and portfolio of add-on services such as QA/QC, logistics, and warehousing capabilities.

5.1.3 Research and Development：

Not applicable, as the Company is engaged in the trading industry and is not involved in R&D other than product design.

5.1.4 Long-term and Short-term Development：

1. Operational Guidelines

(1) Steady Growth of Trading, the Company's Primary Business

A. Our approach is to capitalize on our accumulated experience and resources garnered over the years in services such as product design, packaging design, logistics, and warehousing. Our trading business will continue to be nurtured with key accounts. We will also develop new business services and products for multi-national retail operators with comprehensive solutions for cross-border procurement. In addition, we will also be actively developing brand distribution rights for the domestic Taiwan market. Moreover, we will continue to expand partnerships in procurement agency services with existing customers.we will continue to cultivate additional opportunities to grow our agency business.

B. We continue to expand our procurement team in Southeast Asia to develop new regional procurement sources in support of improving production and marketing cost efficiency. Furthermore, we have set a subsidiary business to provide customers access to product quality assurance and quality control services. We have modularized the trading supply chain to provide customized trading services, thereby expanding our service capacity.

(2) Maintaining Growth Our Retail Business

A. Taiwan retail’s store expansion is for the community channel. In addition, Test-Rite continued to remodel the hypermarkets to strengthen the irreplaceability of physical stores. At the same time, we will keep developing private label and unique products to solidify our leading position in the market. Starting in Q3 2019, our TLW channel further reinforced its engagement with local communities through the introduction of small-format stores in providing residents with access to high-quality home goods and services. We remain poised to fulfill the full potential of all our retail channels.

B. Taiwan's consumer market is a relatively more mature market, but it is a market where more and more consumers are looking to make purchases to improve their standard of living. In this respect, we have honmed in on developing localized services to meet customer demand.

(3) Group Integration

The Group continues with its integration effort. Trading business will look to become distribution agent for global brands in both Taiwan and China.

2. Important Marketing and Development Strategies

(1) Product Marketing:

A. Strengthen marketing and promotional capabilities on the trading side; continue to nurture our relationships with key customers; take advantage of our existing ISO-90001 certification and specialty in hardline trading product development and packaging; acquire new customers and new markets.

B. Increase sales and profits by leveraging efficient cross-departmental functions to provide consistent service, on-time delivery, and high-quality products, This builds on efforts to retain customer loyalty and to entrench ourselves as a trusted and reliable supplier. Additionally, to meet the needs of retail customers operating in multiple consumer markets, we work with the marketing/promotional strategies of our customers to offer additional logistics services that are tailored their needs.

C. Enhancing our presence in Taiwan by establishing additional stores, we provide a tight service network aimed at domestic and overseas customers, thus enabling us to enter new markets and to collect information on market supply and demand as well as on products.

D. On the retail side, the company focuses on experiential marketing and digital marketing.

(2) Product Development:

A. Continue to develop hardware, hand tools and household products, thereby reinforce our rreinforcing as a trading company specializing in hardline and house ware products. Produc innovations to encompass new design concepts, ergonomic benefits, multi-unction/specialized functional capabilities, in order to meet fast-changing consumer demands.

B. Taking advantage of our specialty in hardline trading, we intend to explore possibilities of entering relevant product domains and expand our product lines to realize synergies when

C. Both TLW and HOLA are actively developing private label products to extend their product ranges. The main product categories cover bedding, dining wares, storage to cook wares. combining new and existing products.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Sales (Service) Region

(Unit：NTD thousand)

Year / Division	2021		2022	
	Amount	%	Amount	%
Asia	19,084,179	43.6%	19,211,842	51.4%
America	21,902,619	50.1%	15,828,818	42.3%
Europe	2,684,472	6.1%	2,248,163	6.0%
Australia and Others	86,088	0.2%	120,436	0.3%
Total	43,757,358	100%	37,409,259	100%

A.Export Markets

Due to the slowdown in economic activity and a recession, our sales to America that constituted 42.3% of total trading consolidated revenue. Our sales to Europe was 6%. Demand from Asia continues to grow on the back of brisk economic development and increasing consumption. Test Rite's 12 sales locations span over 8 countries globally, and distribution centers have been established in Taiwan,-Germany, and the United States. Moreover, the US distribution center offers warehousing, and delivery and management services for clients in the trading sector. With the trading arm of Test Rite being present in every corner of the world, the Company will be able to take the initiative to provide comprehensive services to customers in the retail sector and benefit from the growing markets .Construction began on a second warehouse in the U.S. east coast, already to open in 2020 and Provide the service to meet customers' requirements and expand related businesses.

At present, hardware and tools, interior design and fixtures, and seasonal merchandise account for most of the Company's exports. The Company will actively engage in development a more comprehensive series of products and product mix, which will enable us to compete more effectively in the markets and to diversify the risk of having only a single product line.

B.Domestic Market

As of the end 2022, Test Rite Group operated 27 TLW (DIY) stores, 33 small TLW stores, 27 HOLA stores, in Taiwan respectively. Our strategy of operating in the "light renovation" market and cultivating market share in communities with our "Easy to Buy for Home Renovation" and small- and medium-sized DIY retail services, we now offer more comprehensive products and services for customers' home renovation and furnishing needs.

2. Market Share
   A. Hand tools: Test Rite's subsidiary has shown steady growth in sales income, which is expected to grow in line with the expansion of the overall brand.
   B. Home appliances: At present, no statistical data is available for this segment given the highly-varied and diverse nature of these products.
3. Future Supply, Demand and Market Growth

   Housing and autos have shown strong market demand in North America. Growth in Europe has been steady while growth in the rest of the world been moderate.
4. Competitive Niche

   A.Steady and continuing growth of the Company's primary business Trading

We continue to expand our operations with through five principal strategies: new products, customer development, product design, brand licensing, and the development of regional markets. With the expansion of our business scope that includes the purchasing agency business, we have also added several new agency clients.

B. Product innovation contributing to our sales advantages and added value

Competition in the market is becoming more intense. As such, the Company increasingly attaches greater important on product design and R&D. In addition to collaborating with manufacturers to produce product packaging and exteriors that meet our customers' requirements, we have also solicited the help of a dedicated industrial design team to create unique products for the Company’s products portfolio.

C.Transforming trading experience and branching out into retail outlet operations

Most our current customers are the large retailer. With accumulated more than several years of practical experience in procurement for retailers which gain in-depth understanding of retailer’s business model. Therefore, we involve in the retail industry and recovers the result of retail business gradually.

D.The Company's trading operations provided valuable insights into how the retail industry is evolving globally. We then leveraged this experience to at a retail business level, resulting in our building of a leading DIY and home furnishing retail chains in Taiwan~~.~~ We expect to continue capitalizing on synergies between our trading and retail businesses going forward.

5. Favorable and unfavorable factors for the Group's outlook and response measures

Favorable Factors：

A.The Company has a sound financial structure, access to working capital and a comprehensive global procurement and sales network. This enables us to readily take advantage of market information and customer trends and gain access to products with a sufficient and stable supply as well as quality that is controlled under stringent conditions. We also have strong marketing and procurement teams which are essential in giving us a competitive edge in international markets.

B.Focusing on products, our procurement network extends its reach to geographically diverse suppliers throughout the world. With a solid foundation of business operation, we are able to provide comprehensive services to our customers, which are among the world's leading retail enterprises. Our customers' growth will drive our growth.

C.An increasing number of retailers are engaging procurement agents to conduct procurement on their behalf. The Company is also actively pursuing the expansion of our agency operations to tap into a major growth driver of revenue.

D.Our DIY business is growing at a steady pace. HOLA Taiwan’s private label products are gaining traction with consumers and already accounts (including that of HOLA Casa and HOLA Petite. The percentage of our private label products continues to grow steadily, as do average gross margins in HOLA Taiwan. Within the next three years.

Unfavorable Factors:

A. As demand from emerging economies rises, prices of raw materials are expected to increase accordingly.

B. Fluctuation in the U.S. dollar relative to Asian currencies.

C. Faster- than-expected increase in labor costs in China.

D. Difficulties passing on pressure on our gross profit margin on to higher ASPs.

E. The worldwide supply chain continues to be affected by challenges due to the Russia-Ukraine war, coupled with the inflation and rate.

The Company's response strategies are as follows:

A. Continuing to expand our agency business to provide retail customers and suppliers with more cost-effective communication channels, as well as reducing the Company's own working capital requirements.

B. Cooperating with suppliers in the supply chain to improve design and product development capabilities, enhancing purchasing and bargaining power, and raising the added value of products as well as reducing procurement costs.

C. Strengthen the global sourcing capability and use the long-term stable cooperation with sea freights and forwarders to maintain the steady and flexible shipments and supply chain.

5.2.2 Production Procedures of Main Products

1. Major Products and Their Main Uses:

(1) Test Rite Trading Business Group: market deployment in the Americas, pan Europe, New Zealand & Australia, Southeast Asia India.

Business Sectors	Major Products	Main Uses
Seasonal	Gardening Christmas deco accessories	●Maintenance of gardens (shovels, sprinklers, etc.) and beautifying home environment. ●Christmas gifts and products.
Outdoor	Outdoor furniture BBQ	●Outdoor Furniture (Outdoor tables and chairs, ice bucket, tents, etc.) and BBQ barbecue stoves and other equipment.
Hardline & Auto	Hand tool Tools Hardware Auto accessories Auto parts New business development	●General Hand Tools (including axes, saws, wrenches, and pliers) for Do It Yourself (DIY) projects, essential for the installation and maintenance of household accessories. ●Hardware Components (e.g., screws) for the necessary spare parts for maintenance. ●Automobile accessories and supplies (e.g., automobile mats and windshield wipers) and automotive repair and maintenance products.
Home Furnishing & Deco	Bathing and Storage Kitchenware Home decoration Luggage & Travel accessories	●Home storage box and cabinets or do it yourself (DIY)'s furniture supplies. ●Travel Storage Products (trunk).
SIT	Stationery supplies Indoor furniture Office supplies	●OA Furniture (e.g., desks and office chairs). ●Stationery (e.g., office supplies, file folders and document holders).
Electronics and lighting merchandise	Computer peripherals and accessories Consumer electronics Household lighting Sports and leisure equipment Grills and barbecue equipment	●Computer Accessories 3C merchandise. ●Ceiling fans, electric fans, lamps (including wall-mounted lamps, table lamps, and floor lamps), products designed to enhance airflow indoors and to provide lighting and accessories for both indoors and outdoors. ●Small consumer electronics for individual or family use that adapt well to a user's daily life, and other electrical appliances, such as blow-dryers, shavers, and infrared detectors. ●Sports and leisure related products (bicycles, beauty and health merchandise) – recreational products designed to enhance the entertainment aspects of daily life. ●BBQ, grills etc.

(2) Test Rite Retail Business Group: market deployment in Taiwan.

Product Sector	Channel Brand	Sales Merchandise and Services
Home Furnishings	HOLA HOLA Petite hoi!good life	●A leader in lifestyle trends, HOLA provides fashionable and diverse furniture supplies. There are 27 stores in Taiwan. ●New concept store focused on bedding/dining/bath-related lifestyle applications. There are 5 stores in Taiwan. ●With the depth exploration of the elements really needed in "good life", the concept of material selection and integrating all resources, providing you with the most secure professional delivery, installation, and after-sales service. There are 10 stores in Taiwan.
Home Improvement	Test Rite Retail Test Rite	●Comprehensive, professional, and leading DIY brands for home improvement supplies and services with 27 stores in Taiwan.

	community stor	●Cultivating community services, opening the small TLW with 33 stores.
Mattresses and Bedding	HOLA CASA REVE WEDGWOOD FRETTE	●Sells high-quality furniture, such as mattresses, sofas, sofa beds, and leisure chairs. Exclusive agent for world-renowned brands, such as La-Z-Boy lounge chair, Kingstown mattress, and Kaka Home sofa. Conducts sales through open stores and transparent pricing, and provides comfortable shopping spaces. There are of 5 store counters in Taiwan. ●The Company is the agent for the Reve with 5 store counters. ●The Company is the agent for the Wedgwood home and bedroom decorated fabrics brand. There are presently 12 store counters. ●The Company is the agent for the Fretter premium Italian bedding brand. There are presently 1 store counters.
Comprehensive Household Integrated Services	DÉCOR House	●Professional services integrated with home improvement, home furnishing, furniture, bedding, interior design, and full-house decorations. Collaborates with various representative catering, home appliance, and service brands. Positioned as the "Comprehensive Home Integrated Services Solution" provider, the unit's base in Taoyuan Nankan has a floor area of approximately 4,300 pings and a business area of 17,300 pings. Taiwan's first large-scale shopping mall for household-themed merchandise, there are 2 stores in Taiwan.
Brand Agent	Crate & Barrel	●In 2015 American household channel brand launched in shopping centers in Taipei and Taichung Another store opened in 2016 at Top City Taichung; In 2019 our first outlet sore was opened. There are presently with 2 stores.

2. Major Products and Production Processes: N/A. The Company is engaged in the traditional trading industry and is not involved in manufacturing.

5.2.3 Supply Status of Main Materials

The Company does not manufacture any products;thus no issues exist with regard to supply of raw materials. Upstream suppliers are mainly manufacturers of hardware and hand tools, household products, furniture, office supplies, and IT products. The Company maintains long-term relationships and is on good terms with upstream suppliers. We collaborate with them extensively on product specifications and delivery dates, and the supply of products has not been a problem.

5.2.4 Major Suppliers and Clients

1. Major Clients (each commanding 10%-plus share of annual order volume) Information for the Last Two Calendar Years.

Company Name	2022			2021			203/03/31		
	Amount	Percent	Relation with Issuer	Amount	Amount	Percent	Relation with Issuer	Percent	Amount
A Co.	5,345,799	14%	No relation	7,263,209	16%	No relation	1,412,424	16%	No relation
B Co.	2,897,973	7%	No relation	5,649,961	13%	No relation	655,649	8%	No relation

2. Major Suppliers Information for the Last Two Calendar Years: NA.

5.2.5 Production in the Last Two Years: N/A.

The Company is engaged in the trading industry and is not involved in manufacturing.

5.2.6 Shipments and Sales in the Last Two Years

Unit：NTD$ million

Year Production Figures Business Units	2021		2022	
	Local		Export	
	Amount	Amount	Amount	Amount
Principal Trading(Agency)	-	25,206,249	-	18,382,399
Taiwan Retail	16,666,044	243,181	16,360,296	-
Others	1,641,884	-	2,666,564	-
Total	18,307,928	25,449,430	19,026,860	18,382,399

5.3 Human Resources

Test-Rite International Co., Ltd., and Subsidiari

Year		2021	2022	As of April 30 , 2023
No. of Group Employees	Headquarters	1,709	1,721	1,665
	Store	2,834	2,815	2,648
	Total	4,543	4,536	4,313
Average Age		38.74	39.33	39.99
Average Years of Service		7.52	7.75	8.14
Education`	Ph.D.	0.00%	0.00%	0.00%
	Masters	4.86%	4.94%	4.94%
	Bachelor’s Degree	71.40%	70.58%	69.51%
	Senior High School	22.51%	21.92%	22.50%
	Below Senior High School	1.22%	2.56%	3.05%

Test-Rite International Co., Ltd.

Year		2021	2022	Until April 30, 2023
No. of Group Employees	Headquarters	360	352	332
	Store	0	0	0
	Total	360	352	332
Average Age		42.78	43.60	44.23
Average Years of Service		9.44	10.37	10.95
Education	Ph.D.	0.00%	0.00%	0.00%
	Masters	12.64%	11.27%	11.04%
	Bachelor’s Degree	73.88%	75.43%	75.77%
	Senior High School	13.48%	13.30%	13.19%
	Below Senior High School	0.00%	0.00%	0.00%

5.4 Environmental Expenditure Information:

The Company is only engaging with trading, retail and wholesale businesses, and there is no any involvement in manufacturing subject to the pollution emission, so there is no application of environmental protection for the related permits, payment of fees, equipment investments or personnel establishment. However, Test Rite Retail Co., Ltd's Xinzhuang branch and Nangang Branch were imposed a fine of NT $61,200 totally by the governmental authority in Y2022 for violating the waste cleaning law and disqualification of sampling and testing standards of the effluent quality caused by obstruction of sewage treatment pipeline respectively; All violations have been resolved.

To increase energy efficiency, we have since 2013 replaced rolled out energy efficient and environmentally friendly lighting equipment. In our stores, more power consumption of the lights installed in the sub-district switch, and adjust the store's contract capacity, and then control the performance of power consumption. Total expenditure on environmental conservation over the last three years, including installation of energy saving lighting fixtures, wate management and wastewater treatment, are listed in detail as follows:

Items	2020	2021	2022
Installation of energy saving lighting fixtures	2,666,756	2,934,962	3,200,094
Waste management	9,141,155	10,515,897	11,860,200
Wastewater treatment	481,300	602,281	570,155
Total expenses	**12,289,211**	**14,053,140**	**15,630,449**

5.5 Labor Relations

1. The Company's various employee welfare, educational, training, and retirement-programs are implemented in agreement between management and labor and fulfills the rights of labor.

   (1) Employee Welfare Programs:

   To promote the welfare of our employees and to create an environment in which our employees can enjoy working in, the Company has in place an Employee Welfare Committee to facilitate the promotion and implementation of various employee welfare measures. The funding source of the Employee Welfare Committee is 0.1% of Company's total monthly revenue and 0.5% of the employee's salary. The benefits of Employee Welfare Committee include birthday gifts, gift certificates,flexible welfare subsidies (such as keep learning, cultivate interest, stress reduction for health care and travel subsidies), wedding and funeral allowances, emergency assistance, group subsidies, sports meetings, specific store offers. For the benefit of employee physical and mental health, we work with Hsinchu Life Line to provide the free consultation for employees and we also cooperate with the Blood Service Foundation on setting up blood donation days, and hold health forum with the relevant units. In addition, the Company's welfares program contain provision for employee health plans (labor insurance, health insurance, group/commercial insurance and employee physical examinations), employee shopping discounts, product sample auctions, senior employee rewards, festivities, and the end-of-year party.

   (2) Employee Education and Training Programs

   Test-Rite holds the spirit thatcontinuous learning is hesustainable operation of thecompany and the maintenanceof ompetitiveness, so establish Test-Rite University. In addition,the learning rganization – including the Management College, Trading College, Retail college and General Training College – has been set up in order to develop the human resources systematically. It has launch and implementation of the annual training plan,training and developing the core functional competency of all employees and supervisor's leadership functions and implement systematic feedback to review the effectiveness of trainin.We break the traditional ways of enterprise training and create an innovative learning model, such as building a digital learning platform, developing a variety of digital learning content, and enhancing multiple interactive ways of online learning. Therefore, learners can be inspired by solving problems with real-time feedbacks through self-directed learning.The company invest in digital learning actively which demonstrate that the enterprise focus on human resource development and result.Even under the impact of the epidemic in 2011, it can still use Live stream, digital learning with physical training and other mixed designs to persist and provide flexible and diverse training resources.

A. Management training: According to the leadership competencies, we design corresponding programs to strengthen people management capability and deepen managers' reflection on the fundamental management concepts and skills as well as to inherit our company's management philosophy and culture. In order to root the company's culture in people's hearts, we encourage our people to participate and discuss in the classroom actively. Meanwhile, they can share the experiences with the practical cases of achievement and failure to each other. In addition, talents will be selected based on their individual development needs to participate in external leadership workshop on topics such as ORID and Group Dynamics.

B. Specialized training: According to the professional functions of key positions, we have made a training roadmap and designed a series of professional courses, including merchandising, marketing and sales, trading, etc. The scope of courses covers entry, basic to advanced and to meet the needs of each level of ability.Since 2017 focus on channel strategy, professional experts in various categories of stores have been collecting store sales, and organizing professional knowledge, and regularly holds expert group workshops. The learning content includes applications for each unit, commodity expertise, service response, sales links, etc.In order to make learning not limited by time and place, we provide employees the blended learning resources to learn professional knowledge on the digital platform preliminarily and then conduct the physical face-to-face courses to increase the benefits of training depth. It generates a positive cycle to enhance the employees' motivation of professional growth and improve customers' satisfaction toward our professional impression.In recent years, we encourage our people to develop in a diversified way. We carry out individual development plan for the talents to experience multiple professional paths for a period of time. Thus, they can enrich various professional knowledge and experience who can efficiently respond to external changes in the near future.In addition to internal training, the company also regularly selects people to participate in external training or relevant seminars to improve market sensitivity and maintain proper professional skills.

C. General knowledge training and orientation: Various general knowledge courses for various levels of the management are designed based on individual employees' general knowledge functions, with the aim of helping them improve their efficiency. These courses include communication skils,presentation skills, project management, problem analysis and resolution, and customer service. The ompany attaches much importance to employees' level of identification with the company's culture. During orientation, senior executives personally introduce the company's development and strategies. Courses are also designed to introduce the company's values, so that employees understand that the company values honesty,responsibility, humility,high performance and Customer orientation . In addition, a mentor system has been introduced to provide continuous attention to new employees. Each employee has an exclusive Mentor, who will lead the junior staff to work in a planned way, impart professional knowledge and skills, and guide the new staff to integrate into the company culture, gather centripetal force and improve their development continuously .

Training programs	Training sessions	Attendees	Training Hours	Training expense
General knowledge training	34	39,337	20,635	$ 7,562,745
Specialized training	490	10,794	42,488	
Management training	59	911	2,884	
Total	583	51,042	66,007	

(3) Staff ethical conduct and code of ethics:

A. The company has established code of conduct or staff to follow in their daily work. All employees are required to comply with the ethical conduct and code of ethics of the Company. For example, to adhere to the principles of integrity and honesty, protecting the Company's reputation, exhibiting a spirit of teamwork, loyalty and diligently finishing one's duties, avoiding arrogance and greed, and refraining from behavior that may damage the reputation of individuals or the institution, Staff are also prohibited from using their position to accept gifts or favors.

B. All staff members sign a confidentiality agreement that stipulates they should carefully manage confidential information pertaining to their duties, except in cases where it is necessary to provide information for the execution of a certain duty, information not disclosed by the Company itself may not be disclosed to a third party or for purposes other than those related to the work in question. This applies also for those staff members who have signed the agreement but are no longer with the company.

C. The company has established a "Major Internal Information Processing Procedure" in order to establish good internal processing and a mechanism within the Company for the disclosure of major information; this procedure prevents improper information leaks and ensures the consistency and accuracy of the information published by the Company.

D. The company has established "Personal Data Management Objectives and Policies" for the management and preservation of the company's proprietary information, including that of its personnel and customers. To better regulate the behavior of employees using computers, the company has established its "Personal Computer Security Management Procedures" "Account and Authorization Management Procedures"and" Personal Information breach incident management Instruction " with which all employees must comply.

E. The company has established a Code of Ethics for Business Management and Integrity Declaration and Undertaking. Employees are encouraged to find breaches in the rules or the Code of Practices Act,hold sexual harassment prevention education and training regularly.

F. In order to maintain gender equality and respect at work, the Company prohibits all sexual harassment behavior in the workplace. "Sexual Harassment Prevention Measures, Claims, and Disciplinary Regulations," are in place and employees are encouraged to participate in gender-related educational workshops.

G. Measures in place to advocate the above provisions. Their contents can also be found in the Company's internal messaging systems and the Company's official website.

(4) Retirement programs and status of implementation:

A. The company has adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to an employee's' individual pension contributing the equivalent of 6% of monthly salary and wages.

B. The company has adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salary of the six months prior to retirement.The consolidated company allocates pension based on the total monthly salary of the employees according to the actuarial's calculation. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds of the Ministry of Labor or under mandated management. In accordance with Regulations for Revenues, Expenditures, Safeguarding and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

C. As at year-end 2022, the fair value of the assets in the Company's retirement fund was NTD16,413million; the figure for the consolidated company was NTD298,913million.

(5) Labor-management agreement:

The provisions of the Labor Standards Act apply to the Company, and labor-related affairs are carried out in accordance with this Act. An employee suggestion box is available to take into consideration the opinions of employees and to address their complaints, as well as to solicit feedback and recommendations from them as the basis for improving the Company's operations going forward. Since the Company has always attached great importance to employee welfare and valued two-way communication with employees, we have had very amicable labor relations since the Company's inception and there have not been any incidents of labor dispute.

(6) Fulfillment of labor rights and interests:

The Company has established a set of human resources management guidelines and has been reinforcing the rules contained therein to protect the rights and interests of our employees.

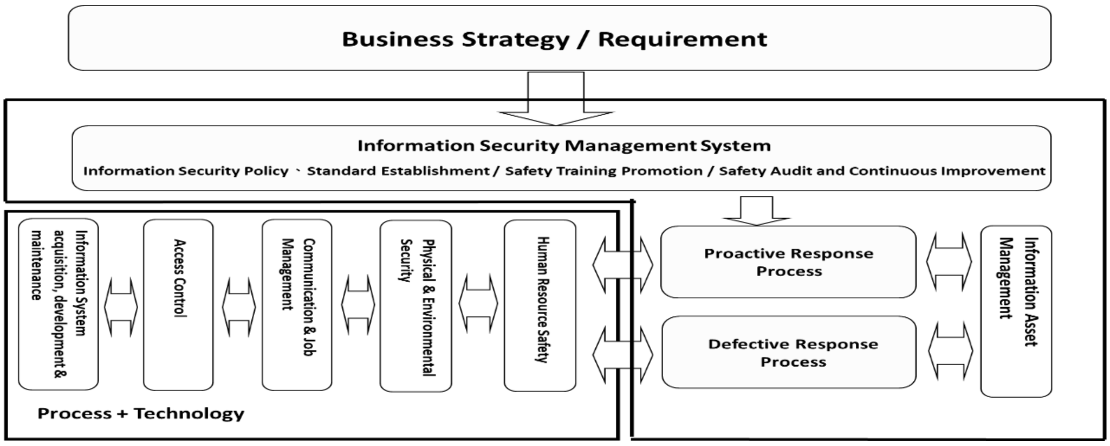
2. No labor disputes occurred in the current year. However, we will continue to enhance communication and coordination between labor and management, and make every effort to provide good welfare measures to promote harmonious labor relations, in order to eliminate the possibility of labor disputes.

5.6 Information Security Management

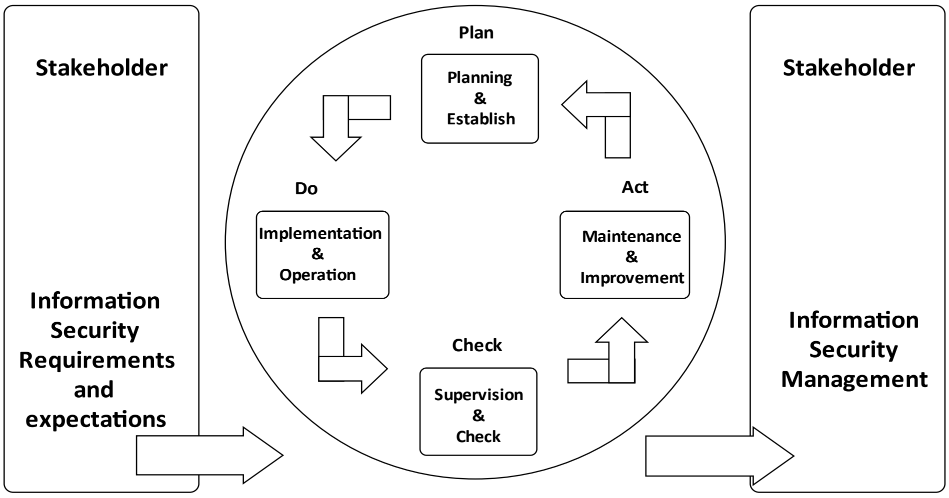
5.6.1Information Security Policy and Management Plan

(1). Information Security Risk Management Framework

The company introduced the ISO27001 “ISO 27001 Information Security Management System” guideline to define the information security management framework, the approach, guiding principles, management processes and technology in order to protect the information security and the effectiveness of information security management,Set up the information technology management committee, responsible for establishing and maintaining the organization vision, strategy, and program to ensure the information assets and technology are well protected, and implement the various management and control requirements, conduct the board meeting every six months, review the implementation and ensure the management standards.



Adopt PDCA (Plan-Do-Check-Act) methodology and mechanism, define the standard operation policy and procedures control potential threats. Plan the risk assessment (Plan), design and implement the control procedures (Do), compliance review (Check), and improve actions (Act) are strictly implemented to continuously improve and strengthen the information security management.



(2). Information Security Goals and Policies

1. In order to manage the information security risk, and achieve the target of establishing the information security system, the emergency response capability and the complete system development environment, company establish the information security policy to protect the confidential and sensitive data, defense of external and internal data loss prevention, and improve the quality of information services.
2. Information Security Policy：
   A. Protect the confidentiality, integrity and availability of information assets, and further to provide secure, stable and efficient information services.
   B. Ensure the access to information assets is duly authorized to prevent unauthorized access, tampering, destruction or improper disclosure.
   C. Establish information security incident response procedures to reduce operation impact.
   D. Provide information security awareness and education training regularly, strengthen the recognition and protection knowledge of information security for all colleagues.
   E. Implement the information security safety management operation, and regularly review of implementation effectiveness to maintain the effectiveness of the information security management system.

(3). Specific Management Plan

Information Security Management Measures		
Type	Description	Operation
Access Control	Management measures for personnel access to internal and external systems and account permissions	• Personnel account authority management and audit • Regular inventory of personnel account permissions • Privilege account management • Operational behavior track record
External Threat and	Protection against external threat detection, internal vulnerabilities,	• Network planning and threat monitoring

Internal Vulnerability Management	virus protection and malware	• External network connection management • Virus protection and malware detection • Server / computer vulnerability protection and update measures • Vulnerability scanning / Penetration testing
Application System Security	Application system security and the process when service is interrupted	• Application system development information security check • Program security scan • Information backup, local/remote backup mechanism • Regular recovery drills
Human and Environmental Safety	Data center security maintenance and equipment management	• Control of personnel entering and leaving the data center • Device management • Data center environment management

(4). Invest resources of the information security management

1. Insurance and Budget

   Company established comprehensive network system and computer-related information security protection procedure, but not guarantee that the company will not be affected by new cyber attacks and information security threats, for example, hacker attacks or ransomware. In order to prevent the financial impacts from major information security incidents and protect the rights and interests of customers and investors, "Data Protection Insurance" has been insured for incident handling and resulting losses. We continue to budget and invest on implementing information security defense capabilities.

2. Execute work & invest in manpower

   Conduct the email social engineering drills for all employees of the group twice in 2022, and the drill results complied with the standards required by the National Information Security Council, and complete the annual information security training for all employees.

   To ensure the security of the overall information environment, the Company regularly maintains and manages the information security of related IT equipment, perform the security protection activities, vulnerability scanning, penetration testing, and cooperate with 7*24 outsourced intrusion detection to monitor and manage the security events, continuously optimize the operation of the information security management.

5.6.2 No major information security incidents in recent years

In 2022 and During the current fiscal year up to the date of publication of the annual report, the company has not been punished or caused major financial losses due to major information security idents.

5.7 Important Contracts

December 31, 2022

Agreement	Counterparty	Period	Major Contents	Restrictions
Lease Agreement	Chung Cin Lohas Property Management Co.,Ltd.	2022.12.26～ 2027.12.25	5F、6F., No.23, Hsin Hu 3rd Road., Nei Hu 114, Taipei, Taiwan, R.O.C	The lease annual rent of NT$ 29,055,516. During leasing year, the yearly rental has to be increased by 1%～2% of previous year agreement.
Long-term loan	Syndicate Loan primarily coordinated and run by First Commercial Bank	2022.11.22 ～2027.11.22	Borrower: Test Rite International Co., Ltd. Project: Credit financing/credit cycles financing	Financial debt ratio cannot exceed 150% Liquidity ratio cannot be lower than 100%. Interest protection multiplier cannot be lower than 250%. Net Worth cannot be lower than NTD5.20 billion. It is calculated based on annually individual financial statements of Testrite.
Long-term loan	First Commercial Bank	2019.05.15～ 2023.05.15	Chung Cin Enterprise Co., Ltd.	Loan secured by the construction land of Chung Cin Enterprise Co., Ltd.
Long-term loan	First Commercial Bank	2021.10.04～ 2027.03.03	Borrower: Test Rite Retail Co., Ltd. Project: relief and economic stimulus package	None
Long-term loan	Chang Hwa Commercial Bank	2022.03..22～ 2024.03.22	Borrower: Test Rite International Co., Ltd. Project: Credit financing/credit cycles financing	None
Long-term loan	Chang Hwa Commercial Bank	2021.12.29～ 2024.12.29	Borrower: Test Rite Retail Co., Ltd. Project: Credit financing	None
Long-term loan	KGI Commercial Bank	2022.09.01～ 2024.09.01	Borrower: Test Rite International Co., Ltd. Project: Credit cycles financing	None
Long-term loan	KGI Commercial Bank	2022.09.08～ 2024.09.07	Borrower: Chung Cin Enterprise Co., Ltd. Project: Credit cycles financing	None
Long-term loan	KGI Commercial Bank	2022.06.22～ 2025.06.22	Borrower: Tony Construction Co., Ltd. Project: Credit cycles financing	None
Long-term loan	The Export-Import Bank of the Republic of China	2019.05.16～ 2025.05.16 2020.05.05～ 2026.05.05	Borrower: Test Rite International Co., Ltd. Project: Credit financing	None

Agreement	Counterparty	Period	Major Contents	Restrictions
Long-term loan	The Export-Import Bank of the Republic of China	2019.12.06～ 2025.12.06	Borrower: Chung Cin Enterprise Co., Ltd. Project: Credit financing	None
Long-term loan	O-Bank	2022.07.22～ 2024.07.21	Borrower: Test Rite International Co., Ltd. Project: Credit Project: Credit cycles financing	Financial debt ratio cannot exceed 150% Liquidity ratio cannot be lower than 100%. Net Worth cannot be lower than NTD5.20 billion. It is calculated based on annually individual financial statements of Testrite.
Long-term loan	O-Bank	2018.04.20～ 2023.04.19	Borrower: Test Rite Business Development Corporation (China) Co., Ltd. Project: Loan Secured	Using Test Rite Business Development (CHINA) Co Ltd.'s real Estate in Shanghai as the Mortgage Guarantee.
Long-term loan	Hua Nan Commercial Bank	2022.03.24～ 2024.03.24	Borrower: Test Rite International Co., Ltd. Project: Credit Project: Credit cycles financing	None
Long-term loan	Bank of Taiwan	2022.12.02～ 2024.12.02	Borrower: Test Rite International Co., Ltd. Project: Credit Project: Credit cycles financing	None
Long-term loan	Yuanta Commercial Bank Co., Ltd.	2021.07.13～ 2024.07.12	Borrower: Test Rite International Co., Ltd. Project: Credit cycles financing	None
Long-term loan	Yuanta Commercial Bank Co., Ltd.	2022.09.13～ 2024.09.12	Borrower: Test Rite Retail Co., Ltd. Project: Credit cycles financing	None
Long-term loan	Far Eastern International Bank	2022.10.28～ 2024.10.28	Borrower: Test Rite International Co., Ltd. Project: Credit cycles financing	None

VI. Financial Information

6.1 Five-Year Financial Summary

6.1.1 Condensed Consolidated Balance Sheet

Unit：NTD$ thousand

Year / Item		Year 2018-2022 Financial Summary (Note1)					2023/3/31 (Note3)
		2018	2019	2020	2021	2022	
Current Assets		13,362,576	13,600,889	16,260,793	17,620,569	17,091,562	17,373,793
Property, Plant and Equipment Note(2)		6,886,512	6,490,332	6,295,191	6,157,708	5,627,917	5,552,297
Right-of-use asset		-	9,606,013	9,121,775	8,918,975	10,122,681	9,865,534
Intangible Assets		2,591,183	2,577,136	2,543,084	2,500,514	2,485,311	2,480,680
Other Assets Note(2)		3,157,748	3,401,580	3,440,855	3,243,403	3,418,370	3,382,150
Total Assets		25,998,019	35,675,950	37,661,698	38,441,169	38,745,841	38,654,454
Current Liabilities	Before allocation	12,052,649	12,037,256	15,565,797	15,967,133	14,316,598	13,529,724
	After allocation	12,705,305	12,389,119	16,096,069	16,601,477	14,950,942	13,529,724
Non-Current Liabilities		6,531,886	17,202,047	15,311,920	15,491,193	17,950,942	18,508,893
Total Liabilities	Before allocation	18,584,535	29,239,303	30,877,717	31,458,326	31,669,433	32,038,617
	After allocation	19,237,191	29,591,166	31,407,989	32,092,670	32,303,777	32,038,617
Equity attributable to owners of the parent		7,337,855	6,297,150	6,638,156	6,820,036	6,888,683	6,421,779
Capital Stock		5,098,875	5,098,875	5,098,875	5,098,875	5,098,875	5,098,875
Capital Surplus	Before allocation	647,962	353,084	1,221	1,221	1,000	1,000
	After allocation	353,084	1,221	1,221	1,221	1,000	1,000
Retained Earnings	Before allocation	1,832,432	1,555,352	2,347,872	2,598,645	2,449,933	1,971,862
	After allocation	1,452,138	1,555,352	1,817,600	1,964,301	1,815,589	1,971,862
Other Equity		(241,414)	(396,905)	(496,556)	(565,449)	(347,869)	(336,702)
Treasury Stock		-	(313,256)	(313,256)	(313,256)	(313,256)	(313,256)
Non-Controlling Interest		75,629	139,497	145,825	162,807	187,725	194,058
Total Equity	Before allocation	7,413,484	6,436,647	6,783,981	6,982,843	7,076,408	6,615,837
	After allocation	6,760,828	6,084,784	6,253,709	6,348,499	6,442,064	6,615,837

Note:

1.2018-2022 financial data have been duly audited by independent auditors.

2. Those who have been made assets revolution should be noted the revaluation date incremental value.

3.March 31, 2023 financial data have been reviewed by independent auditors.

6.1.2 Condensed Standalone Balance Sheet

Unit：NTD$ thousand

Year Item		Year 2018-2022 Financial Summary (Note1)				
		2018	2019	2020	2021	2022
Current Assets		5,073,774	5,894,578	8,209,414	8,409,635	7,563,143
Property, Plant and Equipment Note(2)		746,479	715,048	689,642	687,641	750,853
Right-of-use asset		-	209,710	184,402	126,569	249,121
Intangible Assets		34,302	52,502	46,804	36,259	31,813
Other Assets Note(2)		10,075,364	10,774,406	10,903,819	10,920,757	10,824,996
Total Assets		15,929,919	17,646,244	20,034,081	20,180,861	19,419,926
Current Liabilities	Before allocation	4,251,793	4,083,906	7,296,341	7,092,112	5,295,838
	After allocation	4,904,449	4,435,769	7,826,613	7,726,456	5,930,182
Non-Current Liabilities		4,340,271	7,265,188	6,099,584	6,268,713	7,235,405
Total Liabilities	Before allocation	8,592,064	11,349,094	13,395,925	13,360,825	12,531,243
	After allocation	9,244,720	11,700,957	13,926,197	13,995,169	13,165,587
Equity attributable to owners of the parent		-	-	-	-	-
Capital Stock		5,098,875	5,098,875	5,098,875	5,098,875	5,098,875
Capital Surplus		647,962	353,084	1,221	1,221	1,000
Retained Earnings	Before allocation	1,832,432	1,555,352	2,347,872	2,598,645	2,449,933
	After allocation	1,179,776	1,203,489	1,817,600	1,964,301	1,815,589
Other Equity		(241,414)	(396,905)	(496,556)	(565,449)	(347,869)
Treasury Stock		-	(313,256)	(313,256)	(313,256)	(313,256)
Non-Controlling Interest		-	-	-	-	-
Total Equity	Before allocation	7,337,855	6,297,150	6,638,156	6,820,036	6,888,683
	After allocation	6,685,199	5,945,287	6,107,884	6,185,692	6,254,339

Note:

1. 2018-2022 financial data have been duly audited by independent auditors.
2. Those who have been made assets revolution should be noted the revaluation date incremental value
3. The earnings allocation plan by was approved the board of directors on March 23, 2023 and is up for voting at the shareholders' meeting.

6.1.3 Condensed Consolidated statement of Income - IFRSs

Unit：NTD$ thousand

Year Item	Year 2018-2022 Financial Summary (Note1)					2023/3/31 (Note2)
	2018	2019	2020	2021	2022	
Revenue	39,897,950	38,060,813	41,790,703	43,757,358	37,409,259	8,716,634
Operating revenue	10,260,989	10,309,142	10,660,830	9,854,872	9,103,060	2,316,676
Gross profit	482,642	856,622	1,148,873	759,548	197,028	259,294
Non-operating income and expense	(136,585)	(765,273)	(190,235)	251,958	227,463	(26,938)
Income before tax	346,057	91,349	958,638	1,011,506	424,491	232,356
Income from operations of continued segments - after tax	418,921	111,500	806,869	817,538	452,029	163,544
Income from discontinued operations	-	-	-	-	-	-
Profit or loss for the period	418,921	111,500	806,869	817,538	452,029	163,544
Other comprehensive income	(61,575)	(189,147)	(98,830)	(70,707)	277,876	10,229
Total comprehensive income	357,346	(77,647)	708,039	746,831	729,905	173,773
Allocations of profit or loss for the period attributable to owners of the parent.	406,493	100,355	791,615	782,834	425,889	157,194
Allocations of profit or loss for the period attributable to non-controlling interest.	12,428	11,145	15,254	34,704	26,140	6,350
Allocations of total comprehensive income for the period attributable to owners of the parent.	344,713	(88,775)	692,869	712,152	703,212	167,440
Allocations of total comprehensive income for the period attributable to non-controlling interest.	12,633	11,128	15,170	34,679	26,693	6,333
Earnings per share	0.80	0.20	1.60	1.58	0.86	0.32

Note1：2018-2022 financial data have been duly audited by independent auditors.

Note2：March 31, 2023 financial information is audited by accountant.

6.1.4 Condensed Standalone statement of Income

Unit：NTD$ thousand

Year / Item	Year 2018-2022 Financial Summary(Note)				
	2018	2019	2020	2021	2022
Revenue	18,008,799	17,289,263	20,219,161	22,887,751	15,101,232
Operating revenue	2,732,017	2,631,781	3,198,511	3,030,957	2,499,512
Gross profit	194,296	146,877	451,039	89,240	196,206
Non-operating income and expense	34,310	(190,482)	414,574	824,593	284,931
Income before tax	228,606	(43,605)	865,613	913,833	481,137
Income from operations of continued segments - after tax	406,493	100,355	791,615	782,834	425,889
Income from discontinued operations	-	-	-	-	-
Profit or loss for the period	406,493	100,355	791,615	782,834	425,889
Other comprehensive income	(61,780)	(189,130)	(98,746)	(70,682)	277,323
Total comprehensive income	344,713	(88,775)	692,869	712,152	703,212
Allocations of profit or loss for the period attributable to owners of the parent.	-	-	-	-	-
Allocations of profit or loss for the period attributable to non-controlling interest.	-	-	-	-	-
Allocations of total comprehensive income for the period attributable to owners of the parent.	-	-	-	-	-
Allocations of total comprehensive income for the period attributable to non-controlling interest.	-	-	-	-	-
Earnings per share	0.80	0.20	1.60	1.58	0.86

Note：2018-2022 financial data have been duly audited by independent auditors.

6.1.5 Auditors' Opinions from 2018 to 2022

Year	CPA's Name	CPA's Opinion
2018	YU,HUNG-Bin, Ming-Yu Chiu	Unqualified opinion
2019	CHI-Ming Hsu, YU,HUNG-Bin	Unqualified opinion
2020	CHI-Ming Hsu, YU,HUNG-Bin	Unqualified opinion
2021	CHI-Ming Hsu, Ming-Yu Chiu	Unqualified opinion
2022	CHI-Ming Hsu, Kuo-Tyan Hong	Unqualified opinion

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis

Item \ Year		Financial analysis in the past 5 years (Note1)					2023/3/31 (Note2)
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of liabilities to assets	71.48	81.96	81.99	81.80	81.74	82.88
	Ratio of long-term capital to Property, Plant and Equipment	202.50	251.00	246.21	249.32	290.37	303.41
Solvency (%)	Current ratio	110.87	112.99	104.46	110.36	119.38	128.41
	Quick ratio	60.28	55.99	60.36	56.90	63.00	71.36
	Times interest earned ratio	2.19	1.19	3.80	4.48	1.97	2.68
AR/AP (turnover)	Accounts receivable turnover (turns)	10.54	8.68	8.84	8.09	7.31	7.07
	Average collection period	34.62	42.05	41.28	45.11	49.93	51.62
	Inventory turnover (turns)	4.64	4.52	4.91	4.51	3.30	3.56
	Accounts payable turnover (turns)	4.64	4.41	4.14	3.89	4.08	4.73
	Average days in sales	78.66	80.75	74.33	80.93	110.60	102.52
	Property, Plant and Equipment turnover (turns)	6.38	5.69	6.54	7.03	6.35	6.5
	Total assets turnover (turns)	1.63	1.23	1.14	1.15	0.97	0.94
Profitability	Return on total assets (%)	2.10	1.56	2.91	2.76	2.08	0.71
	Return on stockholders' equity (%)	5.43	1.47	12.24	11.63	6.21	2.36
	Operating income Ratio to issued capital (%)	9.04	16.80	22.53	14.90	3.86	5.09
	Pretax income Ratio to issued capital (%) Operating profit	6.79	1.79	18.8	19.84	8.33	4.56
	Profit ratio (%)	1.02	0.29	1.93	1.87	1.21	1.88
	Earnings per share ($)	0.80	0.20	1.60	1.58	0.86	0.32
Cash flow	Cash flow ratio (%)	8.17	18.63	31.56	9.30	(0.40)	(2.48)
	Cash flow adequacy ratio (%)	67.77	79.45	130.88	102.37	93.60	100.59
	Cash reinvestment ratio (%)	2.12	9.60	24.34	4.98	(3.47)	(4.62)
Leverage	Operating leverage	25.47	11.94	9.95	14.31	57.69	10.97
	Financial leverage	2.73	2.35	1.43	1.62	(0.82)	2.15

Reasons for changes in the various consolidated financial ratios for the two-year period of 2021-2022. (No analysis needed for increases or decreases that are less than 20%.)

1. The interest coverage ratio, return on assets, return on equity, ratio of operating profit to paid-in capital, ratio of net profit before tax to paid-in capital, net profit ratio and earnings per share are mainly caused by the decline in profit.
2. The decrease in inventory turnover ratio and the increase in the average inventory turnover days are mainly caused by the high inventory level of European and American customers, resulting in a decrease in the current sales.
3. The decrease in cash flow ratio, cash adequacy ratio and cash reinvestment ratio are mainly caused by the decrease in net cash inflow from operating activities.

Note:

1.2018-2022 financial data have been duly audited by independent auditors.

2.1Q/2023 financial data have been reviewed by independent auditors

6.2.2 Standalone Financial Analysis

Year Item		Financial analysis in the past 5 years (Note)				
		2018	2019	2020	2021	2022
Financial structure (%)	Ratio of liabilities to assets	53.94	64.31	66.87	66.14	64.53
	Ratio of long-term capital to Property, Plant and Equipment	1,564.43	1,896.70	1,847.01	1,897.68	1,881.07
Solvency (%)	Current ratio	119.33	144.34	112.51	118.58	142.81
	Quick ratio	118.02	140.31	109.49	118.02	142.09
	Times interest earned ratio	2.61	0.70	8.62	13.15	4.67
AR/AP (turnover)	Accounts receivable turnover (turns)	4.51	3.70	3.68	3.31	2.23
	Average collection period	81	99	99	110	164
	Inventory turnover (turns)	430.10	4,032.95	11,145.41	175,429.95	0.00
	Accounts payable turnover (turns)	5.52	4.66	3.84	3.78	3.33
	Average days in sales	1.00	0.10	0.03	0.00	0.00
	Property, Plant and Equipment turnover (turns)	23.69	23.66	28.79	33.24	21.00
	Total assets turnover (turns)	1.20	1.03	1.07	1.14	0.76
Profitability	Return on total assets (%)	3.46	1.29	4.68	4.20	2.68
	Return on stockholders' equity (%)	5.43	1.47	12.24	11.63	6.21
	Operating income Ratio to issued capital (%)	3.81	2.88	8.85	1.75	3.85
	Pretax income Ratio to issued capital (%) Operating profit	4.48	-0.86	16.98	17.92	9.44
	Profit ratio (%)	2.26	0.58	3.92	3.42	2.82
	Earnings per share ($)	0.80	0.20	1.60	1.58	0.86
Cash flow	Cash flow ratio (%)	9.97	7.77	24.05	-3.39	-5.80
	Cash flow adequacy ratio (%)	130.48	152.28	186.37	105.63	64.85
	Cash reinvestment ratio (%)	-1.57	-2.45	10.93	-5.80	-6.59
Leverage	Operating leverage	5.78	7.07	3.11	9.35	5.43
	Financial leverage	3.71	66.94	1.34	6.37	3.01

Reasons for changes in the various financial ratios for the two-year period of 2021-2022. (No analysis needed for increases or decreases that are less than 20%.)

1. The decreasing in Current Ratio and Quick Ratio caused by decreasing of current liabilities. The decrease amounts in major item is account payables.
2. The decreasing in Times Interest Earned Ratio caused by the reduction of Income Before Tax and increase in the average interest rate leading to the increase in the interest expense.
3. The decrease in the Turnover rate is mainly due to decrease in current revenue.
4. The increase in the average collection period is mainly due to decrease in current revenue.
5. The increase in the Property, Plant and Equipment Turnover is mainly due to decrease in current revenue.
6. The increase in the Return on Total Assets is mainly due to decrease in current revenue.
7. The increase in the Return on Stockholders' Equities is mainly due to decrease in current profit after taxes.
8. The decrease in the ratio of operating profit to paid-in capital due to increase the operating profit in the current period because the decrease in operating expenses in the current period.

9. The decrease in the ratio of pre-tax income to issued capital is mainly due to decrease in the investment income using the equity method in the current period.
10. The decrease in Earnings Per Share ($) is mainly due to decrease in net profit in the current period.
11. The decreasing in Cash flow ratio is mainly due to increase in net cash outflow from operating activities.
12. The decreasing in Cash flow adequacy ratio is mainly due to increase in net cash outflow from operating activities.
13. The decrease in the Cash Re-investment Ratio is mainly due to increase in net cash outflow from operating activities and increase in cash dividends.
14. The Increase in degree of operating leverage caused by the drop net operating profit.
15. The Increase in Degree of Financial Leverage caused by increasing the operating profit and interest expense.

Note1: 2017-2021 financial data have been duly audited by independent auditors.
Note2: Formulas for the above table:

1. Financial structure
    (1) Debt to asset ratio = Total liabilities / Total assets
    (2) Long-term capital to fixed asset ratio = (Shareholders' equity +Long-term liabilities) / Net fixed assets
2. Solvency
    (1) Current ratio = Current assets / Current liabilities
    (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) /Current liabilities
    (3) Interest cover = Income before interest and tax / Interest expense
3. A/R, A/P and other turnover ratios
    (1) Accounts receivable turnover = Net revenue / Average accounts receivable
    (2) Average collection days = 365 / AR turnover ratio
    (3) Inventory turnover = COGS / Average inventory
    (4) Accounts payable turnover = COGS / Average accounts payable
    (5) Average days sales = 365 / Inventory turnover ratio
    (6) Fixed asset turnover = Net revenue / Net fixed assets
    (7) Total asset turnover = Net revenue / Total assets
4. Profitability
    (1) Return on assets = [Net income + Interest expense * (1 – Tax rate)]/ Average assets
    (2) Return on equity = Net income / Average equity
    (3) Net income margin = Net income / Net sales
    (4) EPS = (Net income – Preferred stock dividend) / Weighted average outstanding shares
5. Cash flow
    (1) Cash flow ratio = Cash flow from operating activities / Current liabilities
    (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past 5 years / (Capital expenditures + Increases in inventory + Cash dividend) for the past 5 years
    (3) Cash reinvestment rate = (Cash flow from operating activities –Cash dividends) / (Gross fixed assets + Long-term investments + Other assets + Working capital) (Note: Use 0 if working capital value is negative)
6. Leverage
    (1) Operating leverage = (Net revenue – Variable operating costs and expenses) / Operating income
    (2) Financial leverage = Operating income / (Operating income – Interest expense

6.3 Audit Committee’s Review Report for the Most Recent Year

To: Test Rite International Co., Ltd. 2022 Shareholders Meeting

From: Audit Committee of Test Rite International Co., Ltd

Re: Audit Committee’s Review Report

Dear Shareholders,

The Board of Directors hereby provide the company’s business report, consolidated financial statements and motion for profit appropriation in 2022. Audited independent auditors Mr. HSU, CHI-Ming and Mr HONG, KUO-Tyan of Deloitte Touched, hereby issue an unqualified audit report.

The above mentioned business report, consolidated financial statements and motion for profit appropriation was approved and considered in compliance with the relevant laws and regulations by the Audit Committee. Based on Article 14-4 of the Securities and Exchange Act and Company Act 219. Reporting for review.

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

Date: March 13 2023

6.4Consolidated Financial Statements for the Years Ended December 31, 2022and 2021, and Independent Auditors' Report

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

Opinion

We have audited the accompanying consolidated financial statements of Test-Rite International Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits of the consolidated financial statements for the years ended December 31, 2022 and 2021 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

Occurrence of Sales Revenue

As a result of the continuous adjustment of post-pandemic inventory demand, there was a significant decrease in sales revenue in 2022 compared to the previous year. Therefore, the validity of sales revenue from some of the Group's main customers whose sales revenue growth was against the trend in 2022 compared to the previous year is regarded as a key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022. For the accounting policies related to sales revenue, refer to Note 4 to the consolidated financial statements.

The audit procedures that we performed in response to the occurrence of sales revenue were as follows:

1.We obtained an understanding of the internal controls related to the occurrence of sales revenue, evaluated the design of the key controls, determined that the controls have been implemented and tested the operating effectiveness of the controls.

2.We selected samples from the sales revenue transactions of this major customer and verified the validity of the transactions.

3.We checked whether there are any significant or abnormal sales returns subsequent to the year-end.

Other Matter

We have also audited the parent company financial statements of Test-Rite International Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2.Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

3.Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4.Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5.Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6.Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chi-Ming Hsu and Kuo-Tyan Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

Notice to Readers

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

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 2,756,959	7	$ 1,985,587	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	508,516	1	346,031	1
Financial assets at fair value through other comprehensive income - current (Note 8)	25,890	-	-	-
Financial assets at amortized cost - current (Notes 4, 9 and 26)	87,193	-	94,774	-
Contract assets - current (Notes 4 and 19)	540,465	2	703,187	2
Notes receivable (Notes 5 and 10)	32,796	-	12,560	-
Trade receivable (Notes 4, 10 and 25)	4,618,862	12	5,571,273	15
Finance lease receivables (Note 4)	24,795	-	22,139	-
Other receivables (Note 4)	382,424	1	296,618	1
Inventories (Notes 4, 11 and 26)	7,799,400	20	8,080,424	21
Prepayments	273,008	1	454,634	1
Other current financial assets	6,752	-	18,688	-
Other current assets	34,502	-	34,654	-
Total current assets	17,091,562	44	17,620,569	46
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	61,143	-	68,036	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 26)	5,000	-	5,000	-
Investments accounted for using the equity method	33,449	-	3,481	-
Property, plant and equipment (Notes 4, 13 and 25)	5,627,917	15	6,157,708	16
Right-of-use assets (Notes 4, 14 and 25)	10,122,681	26	8,918,975	23
Goodwill (Note 15)	2,350,132	6	2,346,211	6
Other intangible assets (Note 4)	135,179	-	154,303	1
Deferred tax assets (Notes 4 and 21)	1,878,280	5	1,679,611	4
Refundable deposits (Notes 6, 25 and 26)	1,034,403	3	1,080,017	3
Finance lease receivables - non-current	121,238	-	122,151	-
Other non-current assets (Notes 4 and 17)	284,857	1	285,107	1
Total non-current assets	21,654,279	56	20,820,600	54
TOTAL	$ 38,745,841	100	$ 38,441,169	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 25)	$ 2,297,581	6	$ 1,608,880	4
Short-term bills payable (Notes 16 and 25)	274,780	1	89,885	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	93,663	-
Contract liabilities - current (Notes 4 and 19)	345,909	1	292,070	1
Notes payable	2,071	-	4,051	-
Trade payables (Note 25)	5,493,230	14	8,374,323	22
Other payables (Note 25)	1,876,235	5	2,269,703	6
Current tax liabilities (Note 4)	281,031	1	411,823	1
Lease liabilities - current (Notes 4, 14 and 25)	2,014,967	5	1,470,500	4
Advance receipts	450,615	1	493,364	1
Current portion of long-term borrowings (Notes 16 and 25)	912,205	2	364,630	1
Other current liabilities	367,974	1	494,241	2
Total current liabilities	14,316,598	37	15,967,133	42
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 25)	8,972,099	23	8,144,931	21
Deferred tax liabilities (Notes 4 and 21)	134,527	1	80,863	-
Lease liabilities - non-current (Notes 4, 14 and 25)	8,087,211	21	7,052,605	19
Net defined benefit liabilities - non-current (Notes 4 and 17)	21,608	-	83,251	-
Guarantee deposits received	95,158	-	92,828	-
Other non-current liabilities	42,232	-	36,715	-
Total non-current liabilities	17,352,835	45	15,491,193	40
Total liabilities	31,669,433	82	31,458,326	82
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)				
Share capital				
Ordinary shares	5,098,875	13	5,098,875	13
Capital surplus	1,000	-	1,221	-
Retained earnings				
Legal reserve	1,395,045	4	1,316,941	4
Special reserve	565,449	2	496,556	1
Unappropriated earnings	489,439	1	785,148	2
Total retained earnings	2,449,933	7	2,598,645	7
Other equity	(347,869)	(1)	(565,449)	(1)
Treasury shares	(313,256)	(1)	(313,256)	(1)
Total equity attributable to owners of the Company	6,888,683	18	6,820,036	18
NON-CONTROLLING INTERESTS	187,725	-	162,807	-
Total equity	7,076,408	18	6,982,843	18
TOTAL	$ 38,745,841	100	$ 38,441,169	100

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 19 and 25)	$ 37,409,259	100	$ 43,757,358	100
OPERATING COSTS (Notes 11 and 25)	28,306,199	76	33,902,486	77
GROSS PROFIT	9,103,060	24	9,854,872	23
OPERATING EXPENSES				
Selling and marketing expenses	8,293,387	22	8,397,842	19
General and administrative expenses	610,344	2	689,150	2
Expected credit loss	2,301	-	8,332	-
Total operating expenses	8,906,032	24	9,095,324	21
PROFIT FROM OPERATIONS	197,028	-	759,548	2
NON-OPERATING INCOME AND EXPENSES (Notes 20 and 25)				
Interest income	37,231	-	37,663	-
Other income	235,464	1	227,564	-
Other gains and losses	393,472	1	277,613	1
Financial costs	(437,935)	(1)	(290,863)	(1)
Share of loss of associates accounted for using the equity method	(769)	-	(19)	-
Total non-operating income and expenses	227,463	1	251,958	-
PROFIT BEFORE INCOME TAX	424,491	1	1,011,506	2
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 21)	27,538	-	(193,968)	-
NET PROFIT FOR THE YEAR	452,029	1	817,538	2

(Continued)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 66,024	-	$ 8,924	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(23,015)	-	13,425	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	234,867	1	(93,056)	-
Other comprehensive income (loss) for the year, net of income tax	277,876	1	(70,707)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 729,905	2	$ 746,831	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 425,889	1	$ 782,834	2
Non-controlling interests	26,140	-	34,704	-
	$ 452,029	1	$ 817,538	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 703,212	2	$ 712,152	2
Non-controlling interests	26,693	-	34,679	-
	$ 729,905	2	$ 746,831	2
EARNINGS PER SHARE (Notes 4 and 22)				
Basic	$ 0.86		$ 1.58	
Diluted	$ 0.86		$ 1.58	

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	509,888	$ 5,098,875	$ 1,221	$ 1,237,689	$ 317,663	$ 792,520	$ (453,089)	$ (43,467)	$ (313,256)	$ 6,638,156	$ 145,825	$ 6,783,981
Appropriation of 2020 earnings (Note 18)												
Legal reserve	-	-	-	79,252	-	(79,252)	-	-	-	-	-	-
Special reserve	-	-	-	-	178,893	(178,893)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(530,272)	-	-	-	(530,272)	-	(530,272)
Cash dividend distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,697)	(17,697)
Net profit for the year ended December 31, 2021	-	-	-	-	-	782,834	-	-	-	782,834	34,704	817,538
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	8,934	(93,041)	13,425	-	(70,682)	(25)	(70,707)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	791,768	(93,041)	13,425	-	712,152	34,679	746,831
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(10,723)	-	10,723	-	-	-	-
BALANCE AT DECEMBER 31, 2021	509,888	5,098,875	1,221	1,316,941	496,556	785,148	(546,130)	(19,319)	(313,256)	6,820,036	162,807	6,982,843
Appropriation of 2021 earnings (Note 18)												
Legal reserve	-	-	-	78,104	-	(78,104)	-	-	-	-	-	-
Special reserve	-	-	-	-	68,893	(68,893)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(634,344)	-	-	-	(634,344)	-	(634,344)
Changes in associates and joint ventures for using the equity method	-	-	6	-	-	-	-	-	-	6	-	6
Disposal of partial interest in subsidiaries	-	-	(227)	-	-	-	-	-	-	(227)	26,626	26,399
Cash dividend distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(29,301)	(29,301)
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	900	900
Net profit for the year ended December 31, 2022	-	-	-	-	-	425,889	-	-	-	425,889	26,140	452,029
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	65,724	234,614	(23,015)	-	277,323	553	277,876
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	491,613	234,614	(23,015)	-	703,212	26,693	729,905
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(5,981)	-	5,981	-	-	-	-
BALANCE AT DECEMBER 31, 2022	509,888	$ 5,098,875	$ 1,000	$ 1,395,045	$ 565,449	$ 489,439	$ (311,516)	$ (36,353)	$ (313,256)	$ 6,888,683	$ 187,725	$ 7,076,408

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

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 424,491	$ 1,011,506
Adjustments for:		
Depreciation expense	2,155,207	2,187,164
Amortization expense	125,221	118,590
Expected credit loss recognized on trade receivables	2,301	8,332
Net (gain) loss on fair value change of financial assets and liabilities designated as at fair value through profit or loss	(235,297)	273,915
Interest expense	437,935	290,863
Interest income	(37,231)	(37,663)
Share of loss of associates accounted for using the equity method	769	19
Loss on disposal of property, plant and equipment	2,740	36,469
Loss (gain) on disposal of investments	7,739	(24,216)
Impairment loss	3,429	-
(Gain) on transferring the right of leaseback after sale	(335,024)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(28,590)	(115,842)
Contract assets	162,722	(426,296)
Notes receivable	(20,236)	(2,830)
Trade receivables	949,384	(353,406)
Other receivables	(84,901)	179,933
Inventories	281,024	(1,898,448)
Prepayments	181,408	230,594
Other current assets	152	1,571
Other financial assets	(24,628)	294,804
Other operating assets	(65,762)	45,505
Contract liabilities	53,839	112,699
Notes payable	(1,980)	(1,993)
Trade payables	(2,881,093)	(249,116)
Other payables	(359,076)	216,077
Advance receipts	(42,749)	(34,381)
Other current liabilities	(126,260)	4,827
Other operating liabilities	3,453	(75,178)
Cash generated from operations	548,987	1,793,499
Interest received	36,326	36,459
Interest paid	(430,399)	(291,327)
Income tax paid	(211,477)	(54,250)
Net cash (used in) generated from operating activities	(56,563)	1,484,381

(Continued)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	$ (10,315)	$ (20,500)
Proceeds from sale of financial assets at amortized cost	17,896	17,858
Purchase of financial assets at fair value through other comprehensive income	(82,661)	(137,345)
Proceeds from sale of financial assets at fair value through other comprehensive income	40,863	186,655
Purchase of investments accounted for using the equity methods	(30,194)	(3,500)
Payments for property, plant and equipment	(567,261)	(408,418)
Proceeds from disposal of property, plant and equipment	1,249,577	881
Decrease in refundable deposits	45,614	132,217
Payments for intangible assets	(30,377)	(25,507)
Increase in finance lease receivables	(1,743)	(27,682)
Net cash generated from (used in) investing activities	631,399	(285,341)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	688,701	736,695
Proceeds from (repayments of) short-term bills payable	184,895	(309,963)
Proceeds from long-term borrowings	27,725,097	22,224,187
Repayments of long-term borrowings	(26,358,013)	(22,155,372)
Increase (decrease) in guarantee deposits received	2,330	(73,097)
Dividends paid	(634,344)	(530,272)
Repayment of the principal portion of lease liabilities	(1,484,936)	(1,541,387)
Changes in non-controlling interests	(1,449)	(17,722)
Net cash generated from (used in) financing activities	122,281	(1,666,931)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	74,255	(63,606)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	771,372	(531,497)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,985,587	2,517,084
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,756,959	$ 1,985,587

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

1. GENERAL INFORMATION

Test-Rite International Co., Ltd. (“Test-Rite” or “Company”) was established in August 1978.

Test-Rite is engaged mainly in the import and export of hand tools, auto parts, machinery, furniture, and various home appliances. Test-Rite’s marketplaces are primarily located in the United States of America, Canada, Great Britain, France, Germany, Vietnam, Australia, etc.

The Taiwan Securities and Futures Commission approved Test-Rite’s application for listing on the Taiwan Stock Exchange in February 1993.

The consolidated financial statements of Test-Rite and its subsidiaries, hereto forth collectively referred to as the “Group”, are presented in Test-Rite’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by Test-Rite’s board of directors on March 13, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have material impact on the Group’s accounting policies.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of Test-Rite and the entities controlled by Test-Rite (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisition up to the effective dates of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of Test-Rite and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12 and Table 6 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized as a bargain purchase gain.

Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property, Plant and Equipment, Right-of-use Asset, Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating units to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when a Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

   All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

   1) Measurement categories

      Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

      a) Financial assets at FVTPL

         Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

         Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 24.

      b) Financial assets at amortized cost

         Financial assets that meet the following conditions are subsequently measured at amortized cost:

         i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

   A financial asset is credit impaired when one or more of the following events have occurred:

   i) Significant financial difficulty of the issuer or the borrower;

   ii) Breach of contract, such as a default;

   iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

   iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivable and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

a) Internal or external information shows that the debtor is unlikely to pay its creditors.

b) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Financial liabilities

1) Subsequent measurement

Except financial liabilities at FVTPL, all financial liabilities are measured at amortized cost using the effective interest method.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

2) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

c. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of furniture and various home appliances. Sales of furniture and various home appliances are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

Under Customer Loyalty Program, the Group offers vouchers which can be used for future purchases when the customers purchased the products. The voucher provides a material right to the customer. The transaction price allocated to the voucher is recognized as a contract liability when collected and will be recognized as revenue when the voucher is redeemed or has expired.

b. Revenue from the rendering of services

Service income is recognized when services are provided.

Revenue from a contract to provide services is recognized with reference to the stage of completion of the contract.

c. Construction contract revenue

Revenue from the construction in progress is recognized with reference to the stage of completion of the contract. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations.

Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a deduction of operating expenses, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

For sale and leaseback transactions, if the transfer of an asset satisfies the requirements of IFRS 15 to be accounted for as a sale, the Group recognizes only the amount of any gain or loss which relates to the rights transferred to the buyer-lessor. If the transfer does not satisfy the requirements of IFRS 15 to be accounted for as a sale, it is accounted for as a financing transaction.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service costs, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expenses in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Share-based Payment Arrangements

The fair value at the grant date of the employee share options granted to employee that is vesting immediately is recognized as an expense in full at the grant date, based on the Group's best estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

   Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

   According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

   Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	$ 79,306	$ 70,440
Checking accounts and demand deposits	2,116,547	1,914,301
Cash equivalents	561,106	846
	$ 2,756,959	$ 1,985,587

The time deposits with original maturities of more than 3 months were $92,193 thousand and $99,774 thousand as of December 31, 2022 and 2021, respectively, and reclassified to financial assets at amortized cost (see Note 9).

The following time deposits were pledged as for purchases of raw materials and collaterals warranties of construction and reclassified to refundable deposits paid:

	December 31	
	2022	2021
Time deposits	$ 429,438	$ 529,271

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2022	2021
Financial assets mandatorily classified as at FVTPL - current		
Derivative financial assets		
Foreign exchange forward contracts	$ 249,912	$ 46,691
Non-derivative financial assets		
Equity securities listed in open market	571	421
Mutual funds	236,901	251,010
Corporate bonds	21,132	47,909
	$ 508,516	$ 346,031
Financial liabilities mandatorily classified as at FVTPL - current		
Derivative financial liabilities		
Foreign exchange forward contracts	$ -	$ 93,663
Financial liabilities at FVTPL	$ -	$ 93,663

Outstanding forward exchange contracts as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
December 31, 2022			
Forward exchange contracts - sell	US$/NT$	2023.01.03-2023.05.31	US$489,500/NT$15,043,314
Forward exchange contracts - buy	US$/NT$	2023.01.05-2023.07.18	US$500,000/NT$15,366,000
Forward exchange contracts - sell	EUR/US$	2023.03.29	EUR100/US$107
Forward exchange contracts - buy	US$/EUR	2023.02.01-2023.04.26	US$211/EUR203
Forward exchange contracts - sell	US$/EUR	2023.01.25-2023.08.01	US$540/EUR513
December 31, 2021			
Forward exchange contracts - sell	US$/NT$	2022.01.06-2022.06.29	US$625,000/NT$17,305,000
Forward exchange contracts - buy	US$/NT$	2022.01.04-2022.09.26	US$685,000/NT$18,966,280
Forward exchange contracts - sell	EUR/US$	2022.03.29	EUR100/US$113
Forward exchange contracts - buy	US$/EUR	2022.01.18-2022.10.25	US$41,763/EUR35,232
Forward exchange contracts - sell	US$/EUR	2022.01.24-2022.09.19	US$915/EUR765

The Group entered into derivative contracts to manage exposures to exchange rate fluctuations of foreign-currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FVTOCI

Investments in Equity Instruments

	December 31	
	2022	2021
Current		
Domestic investments - listed shares	$ 25,890	$ -
Non-current		
Domestic investments - unlisted shares	$ 50,042	$ 56,221
Foreign investments - unlisted shares	11,101	11,815
	$ 61,143	$ 68,036

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
Current		
Time deposits with original maturity of more than 3 months (Note 6)	$ 87,193	$ 94,774
Non-current		
Time deposits with original maturity of more than 3 months (Note 6)	$ 5,000	$ 5,000

As of December 31, 2022 and 2021, the financial assets at amortized cost of $5,000 thousand in both years, were pledged as collateral for borrowings and for retail channels (see Note 26).

10. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2022	2021
Notes receivable		
At amortized cost		
Gross carrying amount	$ 32,796	$ 12,560
Less: Allowance for impairment loss	-	-
	32,796	12,560
Trade receivables		
At amortized cost		
Gross carrying amount	3,151,232	3,884,294
Less: Allowance for impairment loss	(13,991)	(11,104)
	3,137,241	3,873,190
Financial assets at FVTOCI	1,481,621	1,698,083
	4,618,862	5,571,273
	$ 4,651,658	$ 5,583,833

a. At amortized cost

The average credit period of sales of goods was 90 days. No interest was charged on notes receivable or trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for notes receivable and trade receivables at an amount equal to lifetime ECLs. The expected credit losses on notes receivable and trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status of notes receivable and trade receivables.

The Group writes off notes receivable or trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For notes receivable or trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

b. At FVTOCI

For trade receivables from some of the Group's main customers, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of notes receivable and trade receivables based on the Group's estimation by reference to past default experience of the debtor and an analysis of the debtor's current financial position.

December 31, 2022

	Not Past Due	**0 to 30 Days Past Due**	**31 to 60 Days Past Due**	**61 to 365 Days Past Due**	**Over 365 Days Past Due**	**Total**
Expected credit loss rate	-	-	-	0%-100%	0%-100%	
Gross carrying amount	$ 4,223,100	$ 173,304	$ 164,558	$ 68,448	$ 36,539	$ 4,665,649
Loss allowance (Lifetime ECLs)	-	-	-	(2,405)	(11,586)	(13,991)
Amortized cost	$ 4,223,100	$ 173,304	$ 164,558	$ 66,043	$ 24,953	$ 4,651,658

December 31, 2021

	Not Past Due	**0 to 30 Days Past Due**	**31 to 60 Days Past Due**	**61 to 365 Days Past Due**	**Over 365 Days Past Due**	**Total**
Expected credit loss rate	-	-	-	0%-100%	0%-100%	
Gross carrying amount	$ 5,220,654	$ 207,686	$ 105,174	$ 48,014	$ 13,409	$ 5,594,937
Loss allowance (Lifetime ECLs)	-	-	-	(1,835)	(9,269)	(11,104)
Amortized cost	$ 5,220,654	$ 207,686	$ 105,174	$ 46,179	$ 4,140	$ 5,583,833

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 11,104	$ 8,636
Add: Net remeasurement of loss allowance	2,301	8,332
Less: Written off	(140)	(5,151)
Less: Reclassification	7	-
Foreign exchange gains and losses	719	(713)
Balance at December 31	$ 13,991	$ 11,104

11. INVENTORIES

	December 31	
	2022	2021
Merchandise	$ 7,429,885	$ 7,717,909
Construction land	237,280	237,280
Buildings and land held for sale	132,235	125,235
	$ 7,799,400	$ 8,080,424

The cost of inventories which related to merchandise recognized as operating costs for the years ended December 31, 2022 and 2021 was $24,967,420 thousand and $31,402,828 thousand, respectively.

The operating costs include inventory write-downs in the amount $180,150 thousand and $241,517 thousand for the years ended December 31, 2022 and 2021, respectively.

Merchandise includes the balance of inventories of Test-Rite Retailing Co., Ltd., Testrite Brand Agency Co., Ltd, Test-Rite C&B, Test-Rite Development GmbH, Test-Rite International (U.S.) Co., Test-Rite (UK) Ltd., Test-Rite Home Service Co., Ltd., Chung Cin Enterprise, Test-On Lighting Technology Co., Ltd., U-ME Enterprise Co., Ltd. and Test Cin International Co., Ltd.

Construction land and buildings and land held for sale include the balance of inventories of Chung Cin Enterprise. Construction land pledged as collateral for bank borrowings is set out in Notes 16 and 26 as of December 31, 2022 and 2021.

12. SUBSIDIARIES

Subsidiaries included in consolidated financial statements:

			% of Ownership		
			December 31		
Investor	Subsidiaries	Main Businesses	2022	2021	Remark
Test-Rite International Co., Ltd.	Fortune Miles Trading Inc.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Retailing Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Trading Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Pte. Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Products (Hong Kong) Limited.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Int’l. (Australia) Pty. Limited.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Int’l. (Canada) Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite (UK) Ltd.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Test-Rite Development GmbH	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Upmaster International Co., Ltd.	Investment holding company	100.00	100.00	

(Continued)

Investor	Subsidiaries	Main Businesses	% of Ownership		Remark
			December 31		
			2022	2021	
Test-Rite International Co., Ltd. and Upmaster Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Lucky Rite Company Ltd.	Tally packaging and property leasing	100.00	100.00	
Test-Rite International Co., Ltd.	Lih Chiou Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	Lih Teh International Co., Ltd.	Investment holding company	100.00	100.00	
Test-Rite International Co., Ltd.	B&S Link Co., Ltd.	Providing information software and electronic information	100.00	100.00	
Test-Rite International Co., Ltd.	Fusion International Distribution, Inc.	Importation and exportation	100.00	100.00	
Test-Rite International Co., Ltd.	Chung Cin Enterprise Co., Ltd.	Authorized builder to build dwelling, rental and sale of building	91.67	91.67	
Test-Rite International Co., Ltd. and Lih Chiou Co., Ltd.	Test-Rite Retail Co., Ltd.	Sale of house decoration hardware and construction materials	100.00	100.00	
Test-Rite International Co., Ltd.	International Art Enterprise Co., Ltd.	Trading of leisure goods	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Tony Construction Co., Ltd.	Build and civil engineering	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Test Cin M&E Engineering Co., Ltd.	Mechanical and electronic engineering	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Chung Cin Interior Design Construction Co., Ltd.	Interior design	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	Viet Han Co., Ltd.	Importation and exportation	100.00	100.00	
Chung Cin Enterprise Co., Ltd.	U-ME Enterprise Co., Ltd.	Cleaning service and land scape design	60.00	60.00	
Chung Cin Enterprise Co., Ltd.	Test-On Lighting Technology Co., Ltd.	Sale of electrical appliances	51.00	51.00	
Chung Cin Enterprise Co., Ltd.	Test Cin International Co., Ltd.	Sale of construction material	51.00	51.00	
Chung Cin Enterprise Co., Ltd.	Chung Cin Lohas Property Management Co., Ltd.	Condominium Buildings Management Service	60.00	100.00	Note 1
Chung Cin Enterprise Co., Ltd.	Test Cin Industrial Co., Ltd.	Mold Rental Industry	70.00	-	Note 2
Chung Cin Enterprise Co., Ltd.	CHUNG CIN ENTERPRISE (U.S.) CORP.	Investment holding company	100.00	100.00	
Test-Rite Retail	Test-Rite Home Service Co., Ltd.	Interior design	100.00	100.00	
Test-Rite Retail	Hola Homefurnishings Co., Ltd.	Sale of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
Test-Rite Retail	Testrite Brand Agency Co., Ltd	Sale of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
Test-Rite Retail	Test Rite C&B Co., Ltd.	Sale of furniture, bedclothes, kitchen equipment and fixtures	100.00	100.00	
B&S Link Co., Ltd.	Home Intelligence Co., Ltd.	Other information provision services	100.00	100.00	
International Art Enterprise Co., Ltd.	Chuan Shuai International Co., Ltd.	Importation and exportation	51.00	51.00	

(Concluded)

Note 1: Chung Cin Enterprise Co., Ltd. sold part of its shares in August 2022, and the percentage of ownership interest decreased from 100% to 60%.

Note 2: Test Cin Industrial Co., Ltd. was established in December 2022.

All financial statements of subsidiaries included in the Group’s consolidated financial statements have been audited.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Land	$ 565,131	$ 644,865
Buildings and improvements	3,071,287	3,655,601
Leasehold improvements	1,510,676	1,467,997
Other equipment	453,291	352,569
Prepayments for property, plant and equipment	27,532	36,676
	$ 5,627,917	$ 6,157,708

	Land	Buildings and Improvements	Leasehold Improvements	Other Equipment	Prepayments for Property, Plant and Equipment	Total
Cost						
Balance at January 1, 2021	$ 647,804	$ 4,784,421	$ 6,400,876	$ 1,476,013	$ 14,308	$ 13,323,422
Additions	-	-	289,950	93,881	31,861	415,692
Disposals	-	-	(437,401)	(155,948)	-	(593,349)
Reclassified	-	-	(3,126)	425	(9,383)	(12,084)
Effect of foreign currency exchange differences	(2,939)	(2,399)	(1,101)	(13,013)	(110)	(19,562)
Balance at December 31, 2021	$ 644,865	$ 4,782,022	$ 6,249,198	$ 1,401,358	$ 36,676	$ 13,114,119
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ 985,734	$ 4,871,024	$ 1,111,551	$ -	$ 6,968,309
Depreciation expense	-	140,578	244,056	98,883	-	483,517
Disposals	-	-	(401,066)	(154,933)	-	(555,999)
Reclassified	-	-	8,259	(168)	-	8,091
Effect of foreign currency exchange differences	-	109	(994)	(6,544)	-	(7,429)
Balance at December 31, 2021	$ -	$ 1,126,421	$ 4,721,279	$ 1,048,789	$ -	$ 6,896,489,
Accumulated impairment						
Balance at January 1, 2021	$ -	$ -	$ 59,922	$ -	$ -	$ 59,922
Balance at December 31, 2021	$ -	$ -	$ 59,922	$ -	$ -	$ 59,922
Carrying amount at December 31, 2021	$ 644,865	$ 3,655,601	$ 1,467,997	$ 352,569	$ 36,676	$ 6,157,708
Cost						
Balance at January 1, 2022	$ 644,865	$ 4,782,022	$ 6,249,198	$ 1,401,358	$ 36,676	$ 13,114,119
Additions	19,021	-	305,382	182,642	18,288	525,333
Disposals	(106,911)	(550,468)	(179,934)	(91,213)	-	(928,526)
Reclassified	-	-	(2,980)	1,558	(28,327)	(29,749)
Effect of foreign currency exchange differences	8,156	71,211	2,655	38,221	895	121,138
Balance at December 31, 2022	$ 565,131	$ 4,302,765	$ 6,374,321	$ 1,532,566	$ 27,532	$ 12,802,315
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ 1,126,421	$ 4,721,279	$ 1,048,789	$ -	$ 6,896,489
Depreciation expense	-	137,478	262,383	103,153	-	503,014
Disposals	-	(36,463)	(176,494)	(91,167)	-	(304,124)
Reclassified	-	-	(4,975)	2,472	-	(2,503)
Effect of foreign currency exchange differences	-	4,042	1,530	16,028	-	21,600
Balance at December 31, 2022	$ -	$ 1,231,478	$ 4,803,723	$ 1,079,275	$ -	$ 7,114,476
Accumulated impairment						
Balance at January 1, 2022	$ -	$ -	$ 59,922	$ -	$ -	$ 59,922
Balance at December 31, 2022	$ -	$ -	$ 59,922	$ -	$ -	$ 59,922
Carrying amount at December 31, 2022	$ 565,131	$ 3,071,287	$ 1,510,676	$ 453,291	$ 27,532	$ 5,627,917

The property, plant and equipment of the Group are depreciated on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	35-60 years
Leasehold improvements	3-20 years
Other equipment	1-20 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Notes 16 and 26.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 151,090	$ 155,162
Buildings and improvements	9,962,847	8,753,967
Others	8,744	9,846
	$ 10,112,681	$ 8,918,975

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 2,393,454	$ 822,646
Depreciation charge for right-of-use assets		
Land	$ 4,073	$ 4,045
Buildings and improvements	1,643,524	1,692,586
Others	4,596	7,016
	$ 1,652,193	$ 1,703,647

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 2,014,967	$ 1,470,500
Non-current	$ 8,087,211	$ 7,052,605

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings and improvements	1.30%-5.50%	1.30%-5.50%
Others	1.30%-4.05%	1.30%-4.05%

c. Material leasing activities and terms

The Group entered into a lease with a related party for an office in Neihu in 2022, refer to Note 25. The Group mainly increased lease agreements of retail stores in 2022 and 2021. Because COVID-19 in 2022 and 2021 severely affected the market conditions, the Group negotiated the rent concessions with the lessor for the lease of office buildings. The lessor agreed to provide rent reduction for the years ended December 31, 2022 and 2021. The Group recognized the impact of rent concessions of $7,823 thousand and $27,929 thousand in profit or loss (recorded as a credit to rent expenses) for the years ended December 31, 2022 and 2021, respectively.

d. Sale and leaseback transactions

To maintain the entire operating of Test-Rite Products Corp., the subsidiary of the Group, Test-Rite Products Corp., the board of directors resolved to sell the real estate to Saturn Intelligence (GA) Ltd., a related party, through sale-and-leaseback for US$39,500,000, with a lease term of 7 years, and a gain of $335,024 thousand was recognized on August 11, 2022. The leaseback of the aforementioned real estate was based on the market quotations to sustain the operation of the distribution center.

e. Other lease information

In order to cope with retail demand, the Group entered into a large number of lease arrangements for the purpose of renting commercial space for the establishment of retail stores. Lease terms are negotiated by the management of each business segment and include a wide range of payment terms. Variable payment terms are used for a variety of reasons, including margin control and operational flexibility.

Variable payment terms lead to the incurrence of higher rental costs for stores with higher sales. However, the use of variable payment terms helps to facilitate the management of margins across the Group.

Variable rental expenses are expected to continue to represent a similar proportion of retail store sales in future years.

15. GOODWILL

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 2,346,211	$ 2,357,747
Impairment loss	(3,429)	-
Effect of foreign currency exchange differences	7,350	(11,536)
Balance at December 31	$ 2,350,132	$ 2,346,211

The carrying amount of goodwill was allocated to cash-generating units as follows:

	December 31	
	2022	2021
Retail	$ 2,092,938	$ 2,092,938
Trading	187,401	183,480
Others	69,793	69,793
	$ 2,350,132	$ 2,346,211

For the years ended December 31, 2022 and 2021, the Group evaluated the recoverable amounts of the above three cash-generating units, and the recoverable amounts were determined based on the value in use. The calculation of value in use was based on the cash flow projections in the financial budgets approved by management covering a 5-year period, and the growth rate used in preparing the budgets was based on the prediction of related industries.

16. BORROWINGS

	December 31	
	2022	2021
Short-term borrowings	$ 2,297,581	$ 1,608,880
Short-term bills payable	$ 274,780	$ 89,885
Current portion of long-term borrowings	$ 912,205	$ 364,630
Long-term borrowings	$ 8,972,099	$ 8,144,931

a. Short-term borrowings as of December 31, 2022 and 2021 were as follows:

	December 31	
	2022	2021
Unsecured borrowings		
Line of credit borrowings	$ 2,297,581	$ 1,608,880

The range of weighted average effective interest rate on bank loans was 1.1395%-6.2% and 0.5187%-1.8450% per annum as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial paper	$ 275,000	$ 90,000
Less: Unamortized discounts on bills payable	(220)	(115)
	$ 274,780	$ 89,885

c. Long-term borrowings

Lending Institution	Loan Tenure	Interest Rate	Collateral	December 31, 2022
First Commercial Bank's syndicated loan	2022.11.22-2027.11.22	1.7890%-5.5180%	No	$ 4,632,940
First Commercial Bank	2021.10.04-2027.03.03	1.8550%	No	400,000
First Commercial Bank	2019.05.15-2023.05.15	2.0000%	Yes	100,000
Hua Nan Bank	2022.03.24-2024.03.24	5.4200%	No	307,320
Bank of Taiwan	2022.12.02-2024.12.02	1.9000%-5.3066%	No	392,196
Chang Hwa Bank	2022.03.22-2024.03.22	1.7800%	No	220,000
Chang Hwa Bank	2021.12.29-2024.12.29	1.9250%	No	500,000
Taiwan Business Bank	2022.07.15-2025.07.15	2.0090%	No	200,000
Taiwan Business Bank	2020.12.18-2023.12.18	2.0780%	No	40,000
Export-Import Bank of the Republic of China	2019.05.16-2025.05.16	1.7465%	No	471,429

(Continued)

Lending Institution	Loan Tenure	Interest Rate	Collateral	December 31, 2022
Export-Import Bank of the Republic of China	2020.05.05-2026.05.05	1.6937%	No	$ 150,000
Export-Import Bank of the Republic of China	2019.12.06-2025.12.06	1.3796%	No	61,714
Cathay United Bank	2022.08.31-2024.08.31	2.0100%	No	100,000
KGI Bank	2022.09.01-2024.09.01	1.8488%-1.8998%	No	600,000
KGI Bank	2022.06.22-2025.06.22	2.3346%	No	5,000
KGI Bank	2022.09.08-2024.09.07	3.0233%	No	100,000
O-Bank	2022.07.22-2024.07.21	2.2460%	No	400,000
O-Bank	2018.04.20-2023.09.19 (Note)	5.5800%	Yes	417,955
Jih Sun International Bank	2020.11.10-2024.05.30	1.7100%-1.7588%	No	123,500
Yuanta Bank	2021.07.13-2024.07.12	1.7500%	No	200,000
Yuanta Bank	2022.09.13-2024.09.12	1.7000%	No	250,000
E.Sun Commercial Bank	2020.11.10-2023.10.15	1.9000%	No	12,250
Far Eastern Bank	2022.10.28-2024.10.28	1.8615%	No	200,000
Less: Current portion				(912,205)
				$ 8,972,099

(Concluded)

Lending Institution	Loan Tenure	Interest Rate	Collateral	December 31, 2021
First Commercial Bank's syndicated loan	2019.06.17-2024.06.17	1.1211%-1.7895%	No	$ 1,392,200
First Commercial Bank	2021.10.04-2026.12.02	1.2300%	No	240,000
First Commercial Bank	2019.05.15-2023.05.15	1.5000%	Yes	100,000
First Commercial Bank	2020.10.12-2022.10.12	1.2450%	No	20,000
First Commercial Bank	2020.10.07-2022.10.07	1.2450%	No	20,000
First Commercial Bank	2020.07.28-2022.07.28	1.2450%	No	20,000
Hua Nan Bank	2021.12.27-2023.12.27	1.1500%	No	470,696
Bank of Taiwan	2021.11.08-2023.11.08	1.2450%	No	300,000
Chang Hwa Bank	2021.12.22-2023.12.22	1.2800%	No	220,000
Chang Hwa Bank	2021.12.29-2024.12.29	1.4000%	No	500,000
Taiwan Business Bank	2021.12.21-2024.12.21	1.3300%	No	300,000
Taiwan Business Bank	2020.12.18-2023.12.18	1.4080%	No	100,000
Export-Import Bank of the Republic of China	2019.05.16-2025.05.16	0.8663%	No	660,000
Export-Import Bank of the Republic of China	2020.05.05-2026.05.05	0.8135%	No	150,000
Export-Import Bank of the Republic of China	2019.12.06-2025.12.06	0.9721%	No	72,000
Taishin International Bank	2021.03.24-2023.03.24	1.2500%	No	300,000
SinoPac Bank	2021.11.12-2023.11.30	1.1522%-1.1734%	No	775,264
SinoPac Bank	2019.11.21-2022.05.31	1.4500%	No	71,758
KGI Bank	2021.09.27-2023.09.27	0.9908%-1.2593%	No	600,000
O-Bank	2021.07.16-2023.07.15	1.0465%	No	276,880
O-Bank	2021.06.23-2023.06.22	1.2475%	No	400,000
O-Bank	2018.04.20-2023.04.19 (Note)	1.2700%	Yes	420,858
Jih International Bank	2020.06.11-2023.06.11	1.3000%	No	300,000
Jih Sun International Bank	2020.11.10-2024.05.30	1.2000%	No	197,906
Jih Sun International Bank	2020.11.10-2024.05.30	1.2000%	No	2,000
Yuanta Bank	2021.07.13-2024.07.12	0.9800%	No	400,000
Far Eastern Bank	2021.11.16-2023.11.16	1.1500%	No	200,000
Less: Current portion				(364,630)
				$ 8,144,931

Note: As of December 31, 2022 and 2021, the Company's long-term mortgage loans from O-Bank amounted to $417,955 thousand and $420,858 thousand, respectively. The loan was originally required to be repaid during April 2018 to April 2023 in accordance with the loan agreement. Due to the impact of the epidemic, the loan agreement with O-Bank was supplemented in April 2022, and the final maturity will be September 2023.

Test-Rite promised to maintain the following financial covenants according to the loan agreements as of December 31, 2022 and 2021:

1) First Commercial Bank Syndicated Loan

    a) For the Financial Liabilities Ratio, Test-Rite shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.

    b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

    c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of no less than 2.5 to 1.

    d) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than $5,200,000 thousand.

    e) The calculations of the ratios are based on the Company's stand-alone financial statements for each year ended December 31.

2) O-Bank Loan

    a) For the Total Liabilities Ratio, Test-Rite shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.

    b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

    c) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than $5,200,000 thousand.

    d) The calculations of the ratios are based on the Company's stand-alone financial statements for each year ended December 31.

3) Taishin International Bank

    a) For the Total Liabilities Ratio, Test-Rite shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.

    b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

    c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of no less than 2.5 to 1.

    d) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than $5,200,000 thousand.

    e) The calculations of the ratios are based on the Company's stand-alone financial statements for each year ended December 31.

4) SinoPac Bank Loan

    a) For the Financial Liabilities Ratio, Test-Rite shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.

    b) For the Current Ratio, Test-Rite shall maintain a ratio of Current Assets to Current Liabilities of no less than 1 to 1.

    c) For the EBITDA Ratio, Test-Rite shall maintain a ratio of EBITDA to Interest Expense of no less than 2.5 to 1.

    d) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than $5,200,000 thousand.

    e) The calculations of the ratios are based on the Company’s stand-alone financial statements for each year ended December 31.

5) Test-Rite Retail promised to maintain the following financial covenants according to the loan agreements with O-Bank:

    a) For the Financial Liabilities Ratio, Test-Rite Retail shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 1.5 to 1.

    b) For the Current Ratio, Test-Rite Retail shall maintain a ratio of Current Assets to Short-term borrowings of no less than 1 to 1.

    c) For the Minimum Tangible Net Equity, Test-Rite shall maintain Tangible Net Equity of no less than $2,000,000 thousand.

    d) The calculations of the ratios are based on the stand-alone financial statements of Test-Rite Retail for each year ended December 31.

6) Test-Rite Retail promised to maintain the following financial covenants according to the loan agreements with Taishin International Bank:

    a) For the Financial Liabilities Ratio, Test-Rite Retail shall maintain a ratio of Financial Liabilities to Tangible Net Equity of no more than 2 to 1.

    b) For the Current Ratio, Test-Rite Retail shall maintain a ratio of Current Assets to Current Financial Liabilities of no less than 1 to 1.

    c) For the EBITDA Ratio, Test-Rite Retail shall maintain a ratio of EBITDA to Interest Expense of no less than 3 to 1.

    d) The calculations of the ratios are based on the stand-alone financial statements of Test-Rite Retail for each year ended December 31.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Act is operated by the government of the Republic of ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	December 31	
	2022	**2021**
Present value of defined benefit obligation	$ 290,269	$ 372,132
Fair value of plan assets	(298,913)	(312,988)
Surplus deficit	(8,644)	59,144
Defined benefit asset (included in other non-current assets)	30,252	24,107
Net defined benefit liability (included in net defined benefit liabilities - non-current)	$ 21,608	$ 83,251

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability (Asset)**
Balance at January 1, 2021	$ 485,793	$ (349,270)	$ 136,523
Service cost			
Past service cost	2,672	-	2,672
Current service cost	1,000	-	1,000
Net interest expense (revenue)	2,180	(2,005)	175
Recognized in profit or loss	5,852	(2,005)	3,847
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,840)	(1,840)
Actuarial profit - changes in financial assumptions	(9,842)	-	(9,842)
Actuarial (profit) loss - experience adjustments	(5,187)	164	(5,023)
Actuarial loss - changes in demographic assumptions	7,781	-	7,781
Recognized in other comprehensive income	(7,248)	(1,676)	(8,924)
Contributions from the employer	-	(54,670)	(54,670)
Benefits paid	(104,714)	95,271	(9,443)
Others	(7,551)	(638)	(8,189)
Balance at December 31, 2021	372,132	(312,988)	59,144

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Service cost			
Past service cost	$ (187)	$ -	$ (187)
Current service cost	2,139	-	2,139
Net interest expense (revenue)	3,019	(2,551)	468
Recognized in profit or loss	4,971	(2,551)	2,420
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(22,784)	(22,784)
Actuarial profit - changes in financial assumptions	(23,114)	-	(23,114)
Actuarial (profit) loss - experience adjustments	(20,413)	287	(20,126)
Recognized in other comprehensive income	(43,527)	(22,497)	(66,024)
Contributions from the employer	-	(9,677)	(9,677)
Benefits paid	(39,667)	35,645	(4,022)
Others	(3,640)	13,155	9,515
Balance at December 31, 2022	$ 290,269	$ (298,913)	$ (8,644)

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2022	2021
Operating expenses	$ 2,420	$ 3,847

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan’s debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rate	1.30-1.50%	0.70%-0.75%
Expected rate of salary increase	2.50-3.00%	2.50%-3.00%

If possible reasonable change in each of the significant actuarial assumptions occurs and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rate		
0.25% increase	$ (7,624)	$ (10,322)
0.25% decrease	$ 7,942	$ 10,770
Expected rate of salary increase		
0.25% increase	$ 7,707	$ 10,394
0.25% decrease	$ (7,438)	$ (10,017)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	$ 7,276	$ 7,691
Average duration of the defined benefit obligation	8.80-17.50 years	8.00-36.40 years

18. EQUITY

a. Share capital

	December 31	
	2022	2021
Number of shares authorized (in thousands)	750,000	750,000
Shares authorized	$ 7,500,000	$ 7,500,000
Number of shares issued and fully paid (in thousands)	509,888	509,888
Shares issued	$ 5,098,875	$ 5,098,875

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

As of December 31, 2022, Test-Rite’s outstanding share capital amounted to $5,098,875 thousand.

b. Capital surplus

	December 31 2022	December 31 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 364	$ 364
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	636	857
	$ 1,000	$ 1,221

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

As the Company's industrial environment is affected by a wide range of variables, the Company adopted a balanced dividends policy. Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Above dividends, legal reserve and capital surplus which is distributed by cash, the Company authorizes the distribution after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors and in Note 20-f.

The dividends policy of Test-Rite is as follows:

The Company's dividends policy shall consider the Company's business diversification, capital needs for future operational plan, along with the shareholder's benefits, and the Company's long-term financial plans. The shareholder's dividends are appropriated based on accumulated distributable earnings, which shall not be lower than 50% of the distributable earnings for the periods and the cash dividends shall not be less than 10% of the shareholders dividend. However, if cash dividends per share are less than $0.1, share dividends could be all distributed instead of cash dividends.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share (NT$) For the Year Ended December 31	
	2021	**2020**	**2021**	**2020**
Legal reserve	$ 78,104	$ 79,252		
Special reserve	68,893	178,893		
Cash dividends	634,344	530,272	$ 1.28	$ 1.07

The above appropriations for cash dividends were resolved by the Company's board of directors on March 23, 2022 and March 25, 2021, respectively, the other appropriations for 2021 and 2020 were resolved by the shareholders meeting on June 15, 2022 and August 27, 2021, respectively.

The appropriation of earnings for 2022 was proposed by the Company's board of directors on March 13, 2023. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 48,563	
(Reversal) special reserve	(217,580)	
Cash dividends	634,344	$ 1.28

The above appropriation for cash dividends was resolved by the Company's board of directors; the other proposed appropriations will not be resolved by the shareholders in their meeting until June 15, 2023.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Company's presentation currency (New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in a foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of foreign operations.

2) Unrealized gain (loss) on financial assets at FVTOCI

Unrealized gain (loss) on financial assets at FVTOCI was accumulated gains and losses recognized in other comprehensive income when investments in equity instruments at FVTOCI were subsequently measured at fair value. Unrealized gain (loss) on financial assets at FVTOCI was not reclassified to other gains and losses when those financial instruments were disposed of.

e. Treasury shares

Purpose of Treasury Share	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
2022				
Shares transferred to employees	14,306	-	-	14,306

Purpose of Treasury Share	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
2021				
Shares transferred to employees	14,306	-	-	14,306

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

19. REVENUE

	For the Year Ended December 31 2022	 2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 33,539,124	$ 40,773,003
Other operating revenue	3,870,135	2,984,355
	$ 37,409,259	$ 43,757,358

a. Contract balances

	December 31 2022	 2021
Contract assets		
Properties construction	$ 540,465	$ 703,187
Contract liabilities		
Properties construction	$ 189,658	$ 122,391
Customer loyalty programs	165,251	169,679
	$ 345,909	$ 292,070

b. Disaggregation of revenue

2022

	Reportable Segments Retail	 Trading	 Construction	 Total
Type of goods or services				
Sale of goods	$ 15,742,827	$ 17,352,937	$ 443,360	$ 33,539,124
Other operating revenue	617,469	1,029,462	2,223,204	3,870,135
	$ 16,360,296	$ 18,382,399	$ 2,666,564	$ 37,409,259

2021

	Reportable Segments			
	Retail	Trading	Construction	Total
Type of goods or services				
Sale of goods	$ 16,156,864	$ 24,339,065	$ 277,074	$ 40,773,003
Other operating revenue	752,361	867,184	1,364,810	2,984,355
	$ 16,909,225	$ 25,206,249	$ 1,641,884	$ 43,757,358

20. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 18,748	$ 17,030
Others	18,483	20,633
	$ 37,231	$ 37,663

b. Other income

	For the Year Ended December 31	
	2022	2021
Others	$ 235,464	$ 227,564

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss (gain) on disposal of financial assets	$ (7,739)	$ 24,216
Fair value changes of financial assets and financial liabilities designated at FVTPL	235,297	(273,915)
Loss on disposal of property, plant and equipment	(2,740)	(36,469)
(Gain) on right to transfer leaseback after sale	335,024	-
Net foreign exchange gains	291,925	977,400
Miscellaneous expenses	(454,866)	(413,619)
Impairment losses	(3,429)	-
	$ 393,472	$ 277,613

d. Financial cost

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	$ 135,640	$ 139,313
Other interest expenses	302,295	151,550
	$ 437,935	$ 290,863

a. Contract balances

e. Employee benefits, depreciation and amortization expenses

	2022			2021		
	Operating Cost	**Operating Expense**	**Total**	**Operating Cost**	**Operating Expense**	**Total**
Personal expenses						
Salaries	$ 54,025	$ 3,259,348	$ 3,313,373	$ 48,111	$ 3,186,436	$ 3,234,547
Labor and health insurance expense	4,946	357,928	362,874	3,798	335,374	339,172
Pension expense	2,757	129,905	132,662	2,185	123,417	125,602
Other expense	12,696	210,379	223,075	4,501	214,885	219,386
Depreciation	114,720	2,040,487	2,155,207	184,941	2,002,223	2,187,164
Amortization	-	125,221	125,221	63	118,527	118,590

f. Employees compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 2% respectively, of net profit before income tax, respectively. The compensation of employees and the remuneration of directors are as follows:

Accrual rate

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees	1.0%	1.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees	$ 4,935	$ 9,373
Remuneration of directors	7,402	14,059

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

21. INCOME TAX

a. Major components of income tax (benefit) expense recognized in profit or loss:

	For the Year Ended December 31	
	2022	**2021**
Current tax		
In respect of the current period	$ 141,908	$ 223,539
Adjustments for prior periods	(65,329)	1,577
	76,579	225,116
Deferred tax		
Adjustment for deferred tax assets	(104,117)	(31,148)
Income tax (benefit) expense recognized in profit or loss	$ (27,538)	$ 193,968

b. A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax		
Income tax expense calculated at the statutory rate	$ 201,893	$ 350,124
Tax effect of reconciled items:		
Tax-exempt income	(59,985)	(126,585)
Adjustments to deferred tax assets	(104,117)	(31,148)
Adjustments for prior periods	(65,329)	1,577
Income tax (benefit) expense recognized in profit or loss	$ (27,538)	$ 193,968

c. Deferred tax assets and liabilities

	For the Year Ended December 31	
	2022	2021
Deferred tax assets		
Temporary difference		
Share of losses of subsidiaries accounted for using the equity method	$ 986,074	$ 983,722
Unrealized loss on inventories	13,043	30,967
Allowance for doubtful accounts	11,054	8,009
Allowance for sales returns and discounts	20,447	22,784
Allowance for compensation losses	35,146	37,936
Others	812,516	596,193
	$ 1,878,280	$ 1,679,611
Deferred tax liabilities		
Temporary difference		
Defined benefit obligations	$ 51,581	$ 51,529
Others	82,946	29,334
	$ 134,527	$ 80,863

d. Income tax assessments

The income tax returns of Test-Rite for years through 2020 have been examined and approved by the tax authority.

22. EARNINGS PER SHARE

For the years ended December 31, 2022 and 2021, the amounts of earnings per share were calculated as follows:

	2022		
	Amounts (Numerator)		EPS (NT$)
	Parent Co. Shareholders Income After Tax	Shares (Denominator) (In Thousands)	Parent Co. Shareholders Income After Tax
Basic earnings per share			
Net income to shareholders of ordinary shares	$ 425,889	495,582	$ 0.86
The effects of dilutive potential ordinary shares			
Compensation to employees	-	347	
Diluted earnings per share			
Net income to shareholders of ordinary shares and the effects of potential ordinary shares	$ 425,889	495,929	$ 0.86

	2021		
	Amounts (Numerator)		EPS (NT$)
	Parent Co. Shareholders Income After Tax	Shares (Denominator) (In Thousands)	Parent Co. Shareholders Income After Tax
Basic earnings per share			
Net income to shareholders of ordinary shares	$ 782,834	495,582	$ 1.58
The effects of dilutive potential ordinary shares			
Compensation to employees	-	513	
Diluted earnings per share			
Net income to shareholders of ordinary shares and the effects of potential ordinary shares	$ 782,834	496,095	$ 1.58

Test-Rite may settle the compensation or bonuses paid to employees in cash or shares; therefore, Test-Rite assumes that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

23. CAPITAL MANAGEMENT

The objective of the Company's capital management is to ensure it has the necessary financial resource and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures and dividends spending.

24. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities not carried at fair value approximate their fair value. As of December 31, 2022 and 2021, the carrying amounts approximate their fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 249,912	$ -	$ 249,912
Non-derivative financial assets	$ 258,604	$ -	$ -	$ 258,604
Financial assets at FVTOCI				
Investments in equity instruments	$ 25,890	$ -	$ 61,143	$ 87,033

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 46,691	$ -	$ 46,691
Non-derivative financial assets	$ 299,340	$ -	$ -	$ 299,340
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 93,663	$ -	$ 93,663
Financial assets at FVTOCI				
Investments in equity instruments	$ -	$ -	$ 68,036	$ 68,036

There were no transfers between Level 1 and 2 in the current and prior periods.

Financial Risk Management Objectives and Policies

The Group’s major financial instruments include equity and debt investments, borrowings, trade receivables and trade payables. The Group’s Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group’s policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments for speculative purposes.

a. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates. The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk arising on the export.

There have been no changes to the Group's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (see Note 29).

The sensitivity analysis included only outstanding foreign currency denominated monetary items, and the effect on profit and loss by their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity associated with New Taiwan dollars depreciated 1% against the relevant currency. For a 1% appreciation of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		**EUR Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2022	**2021**	**2022**	**2021**
Foreign currency assets - liabilities				
Equity	$ 17,772	$ 4,167	$ 50	$ (13)

2) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at floating interest rates. The risk is managed by the Group by maintaining floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The Group's interest rate risk arises primarily from fixed revenue investment and floating interest rate borrowings.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ -	$ -
Financial liabilities	274,780	89,885
Cash flow interest rate risk		
Financial assets	1,080,020	629,045
Financial liabilities	12,181,885	10,118,441

The sensitivity analyses were calculated by a change in fair value of the fixed interest rates financial assets and liabilities at the end of the reporting period.

If interest rates at end of the reporting period were higher by 1% and all other variables were held constant, the Group's cash outflow for the years ended December 31, 2022 and 2021 would have been increased by $111,019 thousand and $94,894 thousand, respectively.

b. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

1) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

2) The amount of contingent liabilities in relation to financial guarantee issued by the Group.

The Group direct against the counterparties which deal with materially to providing sufficient collateral or other right pledged, so that it could minimize credit risk effectively. Management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group did transactions with a large number of customers among different industries and geography area. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

c. Liquidity risk

The Group manages and contains sufficient working capital to support the operations so there is no liquidity risk of shortage of funds by the maturity date of implementing obligation to the contracts, reduce the impact on fluctuation of cash flow.

The Group's non-derivative financial liabilities with their agreed repayment period were as follows:

	December 31, 2022			
	1 Year	**2-3 Years**	**3+ Years**	**Total**
Non-derivative financial liabilities				
Non-interest bearing	$ 7,388,613	$ 19,437	$ 58,645	$ 7,466,695
Fixed interest rate liabilities	274,780	-	-	274,780
Variable interest rate liabilities	3,209,786	4,229,980	4,742,119	12,181,885
Lease liabilities	2,014,967	2,842,365	5,244,846	10,102,178
	$ 12,888,146	$ 7,091,782	$ 10,045,610	$ 30,025,538

	December 31, 2021			
	1 Year	2-3 Years	3+ Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 10,656,665	$ 22,447	$ 61,793	$ 10,740,905
Fixed interest rate liabilities	89,885	-	-	89,885
Variable interest rate liabilities	1,973,510	7,699,740	445,191	10,118,441
Lease liabilities	1,470,500	2,036,021	5,016,584	8,523,105
	$ 14,190,560	$ 9,758,208	$ 5,523,568	$ 29,472,336

25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation, refer to Table 13. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Names and relationships of the related parties are outlined as follows:

Name	Relationship
Tsai Wang Enterprise Company Limited	Entity controlled by key management personnel
Li Xiong Co., Ltd.	Entity controlled by key management personnel
Saturn Intelligence (CA) Ltd.	Entity controlled by key management personnel
Saturn Intelligence (AR) Ltd.	Entity controlled by key management personnel
Saturn Intelligence (GA) Ltd.	Entity controlled by key management personnel
Saturn lntelligence (CN) Ltd.	Entity controlled by key management personnel
Upmaster Investment Co., Ltd.	Entity controlled by key management personnel
Tsai Ye Enterprise Company Limited	Entity controlled by key management personnel
Joint Well Inc Limited.	Entity controlled by key management personnel
TAK Health Co., Ltd.	Entity controlled by key management personnel
Yinfong Lasova Co., Ltd.	Entity controlled by key management personnel
X-Cel Relationship Management Co., Ltd.	Entity controlled by key management personnel
Chiu King Co., Ltd.	Entity controlled by key management personnel
Judy Lee	Chairman of Test-Rite
Tony Ho	Related party in substance
Robin Ho	Related party in substance

a. Operating transactions

	Operating Revenue	
	For the Year Ended December 31	
	2022	2021
Entity controlled by key management personnel	$ 14,414	$ 9,217

	Purchase Price	
	For the Year Ended December 31	
	2022	2021
Entity controlled by key management personnel	$ 34,942	$ 32,229

At December 31, 2022 and 2021, the remaining balances were as follows:

	Trade Receivables	
	December 31	
	2022	2021
Entity controlled by key management personnel	$ 212	$ 817

	Trade Payables	
	December 31	
	2022	2021
Entity controlled by key management personnel	$ 10,319	$ 12,634

	Refundable Deposits Paid	
	December 31	
	2022	2021
Tsai Wang Enterprise Company Limited	$ 125,000	$ 125,000
Entity controlled by key management personnel	61,948	24,273
Chairman of Test-Rite	-	105
Related party in substance	117	117
	$ 187,065	$ 149,495

The transaction conditions of related parties are almost the same as non-related parties.

Disposal of property, plant and equipment

On August 11, 2022, the board of directors of Test-Rite Products Corp., the subsidiary of the Group, resolved the disposal of self-use warehouse in the State of Georgia to Saturn Intelligence (GA) Ltd., a related party, for US$39,500 thousand, and the gain on disposal of property, plant and equipment amounted to US$11,245 thousand. After the disposal, Test-Rite Products Corp. leases back the aforementioned real estate by referring to market quotations.

Lease arrangements

Acquisition of right-of-use assets

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2022	2021
Right-of-use assets	Tsai Wang Enterprise Company Limited	$ 1,632,535	$ -
	Entity controlled by key management personnel	261,837	-
		$ 1,894,372	$ -

		December 31	
		2022	2021
Lease liabilities	Tsai Wang Enterprise Company Limited	$ 1,632,535	$ 340,799
	Entity controlled by key management personnel	655,218	364,199
		$ 2,287,753	$ 704,998

Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Interest expense		
Entity controlled by key management personnel	$ 19,603	$ 22,016
Chairman of Test-Rite	-	7
	$ 19,603	$ 22,023

b. Endorsements or guarantees

Endorsements or guarantees that Test-Rite provided to subsidiaries were summarized in Note 27-b.

The borrowing of the Company was guaranteed by related party by personal.

	Shor-Term Borrowing December 31 2022	Shor-Term Borrowing December 31 2021
Chairman of test-rite (Judy Lee)	$ 907,458	$ 22,080
Related party in substance (Tony Ho)	780,633	687,557
Chairman of test-rite (Judy Lee) and related party in substance (Tony Ho)	-	6,923

	Long-Term Borrowing December 31 2022	Long-Term Borrowing December 31 2021
Chairman of test-rite (Judy Lee)	$ 7,081,689	$ 5,555,040
Related party in substance (Tony Ho)	2,180,750	1,551,663
Chairman of test-rite (Judy Lee) and related party in substance (Tony Ho)	100,000	100,000

	Short-Term Bill Payable December 31 2022	Short-Term Bill Payable December 31 2021
Chairman of test-rite (Judy Lee)	$ 199,885	$ -
Related party in substance (Tony Ho)	74,895	89,895

c. Compensation of key management personnel

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 96,669	$ 109,380
Post-employment benefits	1,775	2,132
	$ 98,444	$ 111,512

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

26. PLEDGED ASSETS

	December 31	
	2022	2021
Time deposits (see Notes 6 and 9)	$ 434,438	$ 534,271
Property, plant and equipment (see Notes 13 and 16)	1,569,418	1,581,584
Construction land (see Notes 11 and 16)	149,000	149,000
	$ 2,152,856	$ 2,264,855

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Letter of Credit

The Group's outstanding letters of credit not reflected in the accompanying consolidated financial statements as of December 31, 2022 and 2021 were US$947 thousand and US$3,748 thousand, respectively.

Endorsements/Guarantees Provided

As of December 31, 2022 and 2021, endorsements or guarantees that the Company provided to its subsidiaries were summarized as follows:

(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31	
	2022	2021
Endorsements		
TEST RITE tepro GmbH	US$ -	US$ 10,000
	EUR 15,000	EUR 6,900
Test-Rite Products Corp.	US$ 24,000	US$ 14,000
Test-Rite Pte Ltd.	US$ 2,000	US$ 2,000
Test-Rite C&B	NT$ 45,000	NT$ 45,000

As of December 31, 2022 and 2021, the Group had import duty relief on temporary admission, coupon execution guarantee and CPC Corporation guarantee rendered by banks of approximately $173,858 thousand and $152,300 thousand, respectively.

Energy Retailing Co., Ltd., Light Up Shanghai Retailing Co., Ltd. and Hola Shanghai Retail & Trading Co., Ltd. had been in arguments with Shanghai Wanda Commercial Properties Co., Ltd. for contract dispute. Shanghai Wanda Commercial Properties Co., Ltd. claimed the above-mentioned three companies should pay rent and venue restoration fee for approximately RMB49,856 thousand. This arbitration case had been held in Beijing Arbitration Commission on February 24, 2022. As of March 13, 2023, the commission had yet to make a judgement.

28. OTHER ITEMS

The Group assessed the economic impact caused by the COVID-19 pandemic. As of the date of the consolidated financial statements were approved and issued, it has not had a significant impact on the Group. The Group will continue to observe the relevant epidemic situation and assess its impact.

29. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The information of significant foreign-currency financial assets and liabilities as of December 31, 2022 and 2021 was summarized as follows:

(Unit: Foreign Currencies/New Taiwan Dollars in Thousands)

	December 31					
	2022			2021		
	Foreign Currency	**Exchange Rate**	**New Taiwan Dollar**	**Foreign Currency**	**Exchange Rate**	**New Taiwan Dollar**
Financial assets						
Monetary items						
USD	$ 191,862	30.7320	$ 5,896,303	$ 301,754	27.6880	$ 8,354,965
EUR	224	32.7189	7,329	192	31.1691	5,984
Non-monetary items						
USD	2,672	30.7320	82,115	5,378	27.6880	148,915
Financial liabilities						
Monetary items						
USD	134,034	30.7320	4,119,133	286,705	27.6880	7,938,288
EUR	70	32.7189	2,290	233	31.1691	7,262

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains (losses), refer to Note 20. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments (Note 7)

b. Investees and information about reinvestment:

1) Financing provided to others (Table 7)

2) Endorsements/guarantees provided (Table 8)

3) Marketable securities held (Table 9)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (Table 10)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (Table 11)

10) Information on investees (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 12)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 12)

d. Intercompany relationships and significant intercompany transactions (Table 13)

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 14)

31. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

A Segment - retail segment
B Segment - trading segment
C Segment - construction segment

Segment Revenue and Results

The analysis of the Group revenue and results from continuing operations by reportable segment was as follows:

	2022				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Operating revenue	$ 16,377,651	$ 18,857,644	$ 3,399,381	$ (1,225,417)	$ 37,409,259
Profit from operations	$ 186,431	$ (294,122)	$ 215,461	$ 89,258	$ 197,028

	2021				
	A Segment	B Segment	C Segment	Adjustment and Elimination	Total
Operating revenue	$ 16,938,950	$ 25,619,487	$ 2,260,429	$ (1,061,508)	$ 43,757,358
Profit from operations	$ 231,896	$ 719,900	$ 173,878	$ (366,126)	$ 759,548

All intercompany transactions have been eliminated upon consolidation for the years ended December 31, 2022 and 2021.

Geographical Information

The Group operates in two principal geographical areas - Asia and America.

The Group's revenue from continuing operations from external customers and information on its non-current assets by geographical location were detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2022	2021	2022	2021
Asia	$ 19,211,842	$ 19,084,179	$ 17,655,794	$ 16,767,904
America	15,828,818	21,902,619	724,497	1,015,204
Europe	2,248,163	2,684,472	263,976	176,317
Australia and others	120,436	86,088	932	923
	$ 37,409,259	$ 43,757,358	$ 18,645,199	$ 17,960,348

Non-current assets excluded those classified as financial instruments, deferred pension cost and deferred income tax assets.

Major Customer

Single customers contributing 10% or more to the Group’s revenue were as follows:

	For the Year Ended December 31	
	2022	2021
Customer A	$ 5,345,799	$ 7,263,609
Customer B	2,897,973	5,649,941
	$ 8,243,772	$ 12,913,550

TABLE 1

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS OF INVESTEE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 2)	Actual Amount Borrowed (Note 2)	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	Test-Rite International Co., Ltd.	Test-Rite Retail Co., Ltd.	Other receivables - related party	Y	$ 1,300,000	$ 1,300,000	$ -	-	b	$ -	Business operation	$ -	-	$ -	$ 1,377,737 (Note 6)	$ 2,755,473 (Note 7)
		Test Rite products Corp.	Other receivables - related party	Y	614,640 (US$ 20,000,000)	614,640 (US$ 20,000,000)	-	-	b	-	Business operation	-	-	-	1,377,737 (Note 6)	2,755,473 (Note 7)

Note 1: This refers to the investee company.

Note 2: The exchange rates for the year ended December 31, 2022 are USD/NTD = 30,7320.

Note 3: The highest monthly balance of funds financed to others as of December 31, 2022 is calculated based on the current month’s exchange rate.

Note 4: Nature of financing:

a. Business contacts.
b. Short-term financing is needed.

Note 5: If the nature of financing was business transaction, the amount of business transactions is filled in. The amount of business transaction refers to the amount of transaction between the lender and the borrower in the most recent year.

Note 6: This is 20% of the lender’s shareholders’ equity.

Note 7: This is 40% of the lender’s shareholders’ equity.

TABLE 2

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 4)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 5)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed (Note 3)	Amount Endorsed/ Guaranteed by Collateral (Note 3)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 4)										
0	Test-Rite International Co., Ltd.	Test-Rite Products Corp.	b	$ 3,444,342	$ 771,552 (US$ 24,000,000)	$ 737,568 (US$ 24,000,000)	$ 215,124 (US$ 7,000,000)	$ -	10.71	$ 6,888,683	Yes	-	-
		TEST RITE tepro GmbH	b	3,444,342	491,947 (EUR 15,000,000)	490,784 (EUR 15,000,000)	248,664 (EUR 7,600,000)	-	7.12	6,888,683	Yes	-	-
		Test-Rite Pte Ltd.	b	3,444,342	64,296 (US$ 2,000,000)	61,464 (US$ 2,000,000)	7,458 (US$ 242,677)	-	0.89	6,888,683	Yes	-	-
		Test Rite C&B Co., Ltd.	b	3,444,342	45,000	45,000	45,000	-	0.65	6,888,683	Yes	-	-

Note 1: This refers to the Company.

Note 2: 100.00% of the Company’s shareholders’ equity.

Note 3: The exchange rates for the year ended December 31, 2022 are USD/NTD = 30.7320, EUR/NTD = 32.7189.

Note 4: Endorsee/guarantee

a. Company with business relationship. (limit is 35% of shareholders’ equity)
b. Companies directly or indirectly holding more than 50% of the voting shares. (limit is 50% of shareholders’ equity)
c. Company that directly or indirectly holds more than 50% of the voting shares.

Note 5: Calculated in current exchange rate.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
	Listed shares							
Test-Rite International Co., Ltd.	Taiwan Semiconductor Manufacturing Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	50,000	$ 22,425	-	$ 22,425	
	Phison Electronics Corp.	None	Financial assets at fair value through other comprehensive income - current	11,000	3,465	-	3,465	
	Open-ended funds							
	Allianz Global Investors Inc and Gr	None	Financial assets at fair value through profit or loss - current	3,302,227	26,517	-	26,517	
	FSITC Glbl Artificl Intlignc Fd	None	Financial assets at fair value through profit or loss - current	1,053,186	12,891	-	12,891	
	Fuh Hwa Taiwan Good Income Fund TWD	None	Financial assets at fair value through profit or loss - current	1,746,725	12,995	-	12,995	
	Fuh Hwa Taiwan Small Capital Fund	None	Financial assets at fair value through profit or loss - current	138,841	12,857	-	12,857	
	Franklin Templeton Investment Funds - Franklin Income Fund	None	Financial assets at fair value through profit or loss - current	95,134	29,178	-	29,178	
	Yuanta/P-shares Taiwan Top 50 ETF	None	Financial assets at fair value through profit or loss - current	210,000	23,142	-	23,142	
	Cathay U.S. PHLX Semiconductor Sector ETF	None	Financial assets at fair value through profit or loss - current	138,000	3,126	-	3,126	

Note 1: Marketable securities in this table refers to shares, bonds, beneficiary certificates and the marketable securities derived from the above items that fall within the scope of IFRS No. 9 “Financial Instruments”.

Note 2: For those measured by fair value, the amount is the book balance after adjustment by fair value evaluation and the deduction of accumulated impairments in the column of carrying amount; for those not measured by fair value, the amount is the cost after amortization (after deduction of allowance losses) in the column of carrying amount.

Note 3: For the information on investees, refer to Tables 6 and 12.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Test-Rite International Co., Ltd.	Test-Rite Products Corp.	Subsidiary of Test-Rite International (U.S.) Co.	Sales	$ (3,540,924)	(25)	T/T 180 days to 360 days.	-	-	$ 3,292,469	55	
	Homezone Int’l Corp. (U.S.A.)	Subsidiary of Test-Rite Products Corp.	Sales	(275,463)	(2)	T/T 180 days to 360 days.	-	-	266,043	4	
	TEST RITE tepro GmbH	Subsidiary of Test-Rite Development GmbH	Sales	(856,021)	(6)	T/T 90 days.	-	-	14,396	-	
Testrite Brand Agency Co., Ltd.	Test-Rite Retail Co., Ltd.	Subsidiary of Test-Rite Retail Co., Ltd.	Sales	(186,439)	(19)	No significant difference with third parties.	-	-	29,758	18	
Test-Rite Business Development	Test-Rite Retail Co., Ltd.	Test-Rite International Co., Ltd. indirectly owned second-tier subsidiary	Sales	(172,852)	(61)	No significant difference with third parties.	-	-	2,005	1	

TABLE 5

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
Test-Rite International Co., Ltd.	Test-Rite Products Corp.	Subsidiary of Test-Rite International (U.S.) Co.	Trade receivables	$ 3,292,469	1	$ -	-	$ 233,059	$ -
			Other receivables	309	-	-	-	-	-
	Homezone Int’l Corp (U.S.A.)	Subsidiary of Test-Rite Products Corp.	Trade receivables	266,043	1	-	-	56,008	-
			Other receivables	7	-	-	-	-	-
Test-Rite Home Service Co., Ltd.	Test-Rite Retail Co., Ltd.	Subsidiary of Test-Rite Retail Co., Ltd.	Trade receivables	133,069	4	-	-	122,402	-
Test-Rite Business Development	Test-Rite International Co., Ltd.	Test-Rite International Co., Ltd. indirectly owned second-tier subsidiary.	Trade receivables	286,395	-	-	-	80,143	-

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Test-Rite International Co., Ltd.	Fortune Miles Trading Inc.	Portcullis Chambers, P.O. Box 1225, Apia,Samoa	Investment holding	$ 941 US$ 30,000	$ 941 US$ 30,000	30,000	100.00	$ 680	$ -	$ -	
	Test-Rite Retailing Co., Ltd.	Windward 1, Regatta Office Park, West Bay Road, P.O. Box 897, Grand Cayman KY1-1103, Cayman Islands	Investment holding	5,314,666 US$ 168,751,000	5,314,666 US$ 168,751,000	156,965,000	100.00	425,175	9,569	9,569	
	Test-Rite Trading Co., Ltd.	Windward 1, Regatta Office Park, West Bay Road, P.O. Box 897, Grand Cayman KY1-1103, Cayman Islands	Investment holding	2,530,746 US$ 80,946,495	2,522,489 US$ 80,676,495	83,488,806	100.00	1,312,389	(45,167)	(45,220)	
	Upmaster International Co., Ltd.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands VG1110	Investment holding	311,736 US$ 10,412,013	311,736 US$ 10,412,013	6,400,000	100.00	89,967	(22,387)	(22,387)	
	Test-Rite Pte Ltd.	260 Orchard Road, #12-08 The Heeren Singapore 238855	International trade	39,748 SGD 2,100,000	39,748 SGD 2,100,000	2,100,000	100.00	71,592	7,784	7,784	
	Test-Rite Products (Hong Kong) Limited	7F, NEW BRIGHT BUILDING, 11 SHEUNG YUET ROAD, KOWLOON BAY, KOWLOON, HONG KONG	International trade	4,222 HK$ 1,076,386	4,222 HK$ 1,076,386	9,999	100.00	47,315	251	251	
	TEST-RITE INTL. (AUSTRALIA) PTY. LIMITED	Unit 11/38 Solent Circuit Norwest 2153	International trade	114,453 AUD 4,293,370	114,453 AUD 4,293,370	3,550,000	100.00	14,176	(633)	(633)	
	Test Rite Int'l. (Canada) Ltd.	431 Alden Road, Unit 3, Markham, Ontario L3R 3L4, Canada	International trade	51,483 CAN 1,025,000 US$ 700,000	51,483 CAN 1,025,000 US$ 700,000	100	100.00	456	(41)	(41)	
	TEST-RITE (UK) LTD.	Wsm Partners Llp, Connect House, 133-137 Alexandra Road, London, England, SW19 7JY	International trade	110,976 US$ 2,000,000 GBP 1,000,001	110,976 US$ 2,000,000 GBP 1,000,001	775,930	100.00	54,069	1,036	1,036	
	Test-Rite Development GmbH	MERKURRING 82 22143 HAMBURG, GERMANY	Investment holding	1,087,772 EUR 28,350,002	1,087,772 EUR 28,350,002	9,670,000	100.00	728,583	4,939	4,939	
	Lucky Rite Company Ltd.	Lot BB2, D6 Road, Dat Do I Industrial Park, Phuoc Long Tho Commune, Dat Do District, Ba Ria - Vung Tau Province, Vietnam	Tally packing and real estate leasing	121,132 US$ 4,000,000	121,132 US$ 4,000,000	-	100.00	115,694	33	33	
	Test-Rite International (U.S.) Co., Ltd.	2711 Centerville Rd Ste 400, Wilmington, New Castle, State of Delaware	Investment holding	2,361,038 US$ 77,797,671	2,361,038 US$ 77,797,671	7,635	94.40	1,146,486	(399,759)	(377,373)	
	Lih Chiou Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Various business investments	3,236,137	3,236,137	324,754,000	100.00	3,675,068	44,657	44,689	
	Lih Teh International Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Various business investments	88,290	88,290	5,000,000	100.00	89,377	6,027	6,027	
	B&S Link Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Information processing service	22,994	22,994	2,300,000	100.00	24,592	434	434	
	Fusion International Distribution Inc.	5F., No. 23, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	International trade	5,585	5,585	999,838	100.00	23,455	4,897	4,897	
	ChungCin Enterprise Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Construction management, buying and selling of machinery, hardware and commodities	665,810	665,810	57,291,330	91.67	1,206,083	206,056	187,836	
	International Art Enterprise Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Department store household goods trading	107,109	107,109	1,000,000	100.00	89,673	5,877	5,877	
	Test-Rite Retail Co., Ltd.	1,2,5F., No. 23, Xinhu 3rd Rd., Neihu District, Taipei City, Taiwan (R.O.C.)	Wholesale and retail of general household building materials, equipment and installation	250,000	250,000	24,999,999	25.00	543,265	84,187	121,259	
Upmaster International Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	2711 Centerville Rd Ste 400, Wilmington, New Castle, State of Delaware	Investment holding	135,572 US$ 4,528,116	135,572 US$ 4,528,116	453	5.60	68,615	(399,759)	(22,386)	
Lih Chiou Co., Ltd.	Test-Rite Retail Co., Ltd.	1,2,5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale and retail of general household building materials, equipment and installation	4,705,542	4,705,542	75,000,001	75.00	3,561,922	84,187	63,140	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
ChungCin Enterprise Co., Ltd.	Tony Construction Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Architecture and civil engineering	$ 380,000	$ 380,000	38,000,000	100.00	$ 526,566	$ 52,614	$ 54,269	
	Test Cin M&E Engineering Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Mechanical and electrical engineering	80,000	80,000	8,000,000	100.00	133,203	10,949	11,361	
	Chung Cin Interior Design Construction Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Interior decoration industry	12,000	12,000	1,200,000	100.00	65,927	24,782	24,949	
	VIET HAN CO., LTD.	Vietnam	Import and export trade	120,643 US$ 4,000,000	120,643 US$ 4,000,000	-	100.00	96,330	(7,959)	(7,959)	
	U-ME Enterprise Co., Ltd.	1F., No. 7, Ln. 64, Zhongzheng N. Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	Cleaning services and landscape design	65,000	65,000	900,000	60.00	71,818	13,414	8,048	
	Test-On Lighting Technology Co., Ltd.	Bldg. A, No. 229, Hexing Rd., Zhunan Township, Miaoli County	Appliance wholesale	15,300	15,300	1,530,000	51.00	13,708	2,710	1,382	
	Test Cin International Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Building materials wholesale	5,100	5,100	510,000	51.00	7,956	5,945	3,032	
	Chung Cin Lohas Property Management Co., Ltd.	No. 89, Minshan St., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Apartment building management services	36,000	10,000	3,600,000	60.00	41,035	8,293	7,583	
	Test Cin Industrial Co., Ltd.	1F., No. 89, Minshan St., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Mold Rental Industry	2,100	-	210,000	70.00	2,100	-	-	
	CHUNG CIN ENTERPRISE (U.S.) CORP.	651 N. BROAD ST., SUITE 206, MIDDLETOWN, Delaware 19709, United States	Investment holding	27,864 US$ 1,000,000	27,864 US$ 1,000,000	10,000	100.00	30,689	(43)	(43)	
Test-Rite Retail Co., Ltd.	Test-Rite Home Service Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Interior decoration industry	86,000	86,000	8,600,000	100.00	156,887	54,748	54,748	
	Hola Homefurnishings Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale of furniture, beddings, kitchen utensils and fittings	402	402	60,000	100.00	114	(7)	(7)	
	Testrite Brand Agency Co., Ltd	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale of furniture, beddings, kitchen utensils and fittings	409,802	409,802	43,022,600	100.00	463,014	22,045	22,045	
	Test Rite C&B Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale of furniture, beddings, kitchen utensils and fittings	329,794	329,794	33,000,000	100.00	-	(15,230)	(15,230)	
	Zhenghe Food Co., Ltd.	No. 89, Minshan St., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Wholesale food	3,500	3,500	350,000	35.00	2,717	(2,197)	(769)	
	MENG & YUME INNOVATE PTE. LTD.	1 Raffles Place, #20-01, One Raffles Place, Singapore 048616	Digital Marketing	30,194 US$ 1,000,000	-	-	-	30,732	4,722	-	
B&S Link Co., Ltd.	Home Intelligence Co., Ltd.	5F., No. 23, Xinhu 3rd Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	Other information supply services	15,000	15,000	1,500,000	100.00	16,020	840	840	
International Art Enterprise Co., Ltd.	Chuan Shuai International Co., Ltd.	14F., No. 28, Yongzhong St., Fengshan Dist., Kaohsiung City, Taiwan (R.O.C.)	International trade	8,160	8,160	816,000	51.00	8,160	1,152	588	

Note: For the information on investees in mainland China, refer to Table 12.

(Concluded)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS OF INVESTEE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 2)	Actual Amount Borrowed (Note 2)	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
1	Test-Rite Retail Co., Ltd.	Test Rite C&B Co., Ltd.	Other receivables - related party	Y	$ 180,000	$ 180,000	$ 123,000	1.3700-1.7500	2	$ -	Business operation	$ -	-	$ -	$ 434,612 (Note 6)	$ 869,224 (Note 7)
		Testrite Brand Agency Co., Ltd.	Other receivables - related party	Y	60,000	60,000	50,000	1.4900-1.8250	2	-	Business operation	-	-	-	434,612 (Note 6)	869,224 (Note 7)
		Test Rite PRODUCTS CORP.	Other receivables - related party	Y	112,518 US$ 3,500,000	- US$ -	-	-	2	-	Business operation	-	-	-	434,612 (Note 6)	869,224 (Note 7)
2	Test Rite Development GmbH	TEST RITE tepro GmbH	Other receivables - related party	Y	196,313 EUR 6,000,000	196,313 EUR 6,000,000	196,313 EUR 6,000,000	1.5000	2	-	Business operation	-	-	-	1,457,166 (Note 8)	1,457,166 (Note 8)
3	Energy Retailing Co., Ltd	Test-Rite Business Development	Other receivables - related party	Y	170,696 RMB 38,000,000	167,591 RMB 38,000,000	123,488 RMB 28,000,000	4.3500	2	-	Business operation	-	-	-	425,903 (Note 8)	425,903 (Note 8)
4	Test Rite Trading Co., Ltd.	Test Rite International (Australia) Pty., Ltd.	Other receivables - related party	Y	644 AUD 30,000	621 AUD 30,000	621 AUD 30,000	2.7000	2	-	Business operation	-	-	-	2,620,520 (Note 8)	2,620,520 (Note 8)
5	Test-Rite Home Service Co., Ltd.	Test Rite C&B Co., Ltd.	Other receivables - related party	Y	24,000	24,000	24,000	1.2050	2	-	Business operation	-	-	-	31,377 (Note 6)	62,755 (Note 7)
		Testrite Brand Agency Co., Ltd	Other receivables - related party	Y	28,000	28,000	28,000	2.6160	2	-	Business operation	-	-	-	31,377 (Note 6)	62,755 (Note 7)
6	Testrite Brand Agency Co., Ltd	Test Rite C&B Co., Ltd.	Other receivables - related party	Y	87,000	57,000	-	-	2	-	Business operation	-	-	-	92,603 (Note 6)	185,205 (Note 7)
7	TEST RITE (CHINA) INVESTMENT CO., LTD.	Test-Rite Business Development	Other receivables - related party	Y	166,204 RMB 37,000,000	163,181 RMB 37,000,000	163,181 RMB 37,000,000	4.3500	2	-	Business operation	-	-	-	373,096 (Note 8)	373,096 (Note 8)
8	Chung Cin Enterprise Co., Ltd.	PHOENIX INTERNATIONAL CO., LTD.	Other receivables - related party	Y	71,656 US$ 2,250,000	61,464 US$ 2,000,000	61,464 US$ 2,000,000	3.5000	2	-	Business operation	-	-	-	283,301 (Note 6)	566,602 (Note 7)
		Test Cin International Co., Ltd.	Other receivables - related party	Y	25,000	-	-	-	2	-	Business operation	-	-	-	283,301 (Note 6)	566,602 (Note 7)
9	Lucky Rite Company Limited	Avida Company Limited	Other receivables - related party	Y	8,037 US$ 250,000	7,683 US$ 250,000	7,683 US$ 250,000	10.0000	2	-	Business operation	-	-	-	231,389 (Note 8)	231,389 (Note 8)
10	B&S Link (Shanghai) Co., Ltd	Test-Rite Business Development	Other receivables - related party	Y	44,920 RMB 10,000,000	44,103 RMB 10,000,000	44,103 RMB 10,000,000	4.3500	2	-	Business operation	-	-	-	133,987 (Note 8)	133,987 (Note 8)
11	Hola Shanghai Retail & Trading Co., Ltd	Test-Rite Business Development	Other receivables - related party	Y	85,348 RMB 19,000,000	83,796 RMB 19,000,000	83,796 RMB 19,000,000	4.3500	2	-	Business operation	-	-	-	220,912 (Note 8)	220,912 (Note 8)
12	Test Rite Retailing Limited	Test Rite International (Australia) Pty., Ltd.	Other receivables - related party	Y	1,056 AUD 50,000	1,035 AUD 50,000	1,035 AUD 50,000	2.0000	2	-	Business operation	-	-	-	377,743 (Note 8)	377,743 (Note 8)
13	Test Rite (UK) Ltd.	Test Rite Product Corp.	Other receivables - related party	Y	18,439 US$ 600,000	18,439 US$ 600,000	18,439 US$ 600,000	5.0000	2	-	Business operation	-	-	-	108,137 (Note 8)	108,137 (Note 8)
14	Energy Path International Co., Ltd.	Avida company Limited	Other receivables - related party	Y	8,298 US$ 270,000	8,298 US$ 270,000	8,298 US$ 270,000	8.0000	2	-	Business operation	-	-	-	164,262 (Note 8)	164,262 (Note 8)

Note 1: This refers to the investee company.

Note 2: The exchange rates for the year ended December 31, 2022 are USD/NTD = 30.7320; EUR/NTD = 32.7189; RMB/NTD = 4.4103; AUD/NTD = 20.6965; GBP/NTD=37.0341; VND/NTD= 0.0013.

Note 3: The highest monthly balance of funds financed to others as of December 31, 2022 is calculated based on the current month's exchange rate.

Note 4: Nature of financing:

a. Business contacts.
b. Short-term financing is needed.

Note 5: If the nature of financing was business transaction, the amount of business transactions is filled in. The amount of business transaction refers to the amount of transaction between the lender and the borrower in the most recent year.

Note 6: This is 20% of the lender's shareholders' equity.

Note 7: This is 40% of the lender's shareholders' equity.

Note 8: This is 200% of the Company's shareholders' equity.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED OF INVESTEE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 4)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 4)										
1	Test-Rite Retail Co., Ltd.	Chung Cin Enterprise Co., Ltd.	1	$ 1,086,531	$ 17,574	$ 17,574	$ 17,574	$ -	0.81	$ 2,173,061 (Note 2)	-	-	-
2	Chung Cin Enterprise Co., Ltd.	Tony Construction Co., Ltd.	2	708,252	300,000	300,000	189,579	-	21.18	1,416,504 (Note 3)	Yes	-	-
		Test Cin M&E Engineering Co., Ltd.	2	708,252	80,000	80,000	15,406	-	5.65	1,416,504 (Note 3)	Yes	-	-

Note 1: Refers to the investee company

Note 2: 100.00% of the shareholders’ equity of Test-Rite Retail Co., Ltd.

Note 3: 100.00% of the shareholders’ equity of Chung Cin Enterprise Co., Ltd.

Note 4: Endorsee/guarantee:

a. Associate (the limit is 50% of the shareholders’ equity of Test-Rite Retail Co., Ltd.).

b. Directly or indirectly holds more than 50% of the voting shares (the limit is 50% of the shareholders’ equity of Chung Cin Enterprise Co., Ltd.).

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INVESTEES' MARKETABLE SECURITIES HELD BY INVESTEES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
	Shares							
Test-Rite Retail Co., Ltd.	UNIPAPA INC.	None	Financial assets at fair value through other comprehensive income - non-current	25,000	$ 3,375	1.41	$ 3,375	
	Shares							
Lih Chiou Co., Ltd.	TFC	None	Financial assets at fair value through other comprehensive income - non-current	212,000	2,497	0.04	2,497	
	Athentek	None	Financial assets at fair value through other comprehensive income - non-current	1,533,742	-	8.19	-	
	Open-ended funds							
Lih Chiou Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	None	Financial assets at fair value through profit or loss - current	287,825	3,023	-	3,023	
	Yuanta Global Leaders Balanced Fund - USD (A)	None	Financial assets at fair value through profit or loss - current	3,500,000	34,720	-	34,720	
	Franklin DynaTech Fund A	None	Financial assets at fair value through profit or loss - current	2,963	8,433	-	8,433	
	Allianz Global Investors Fund - Allianz Income and Growth AT USD	None	Financial assets at fair value through profit or loss - current	15,116	9,482	-	9,482	
	Bonds							
Lih Chiou Co., Ltd.	Embarq Corporation Bond	None	Financial assets at fair value through profit or loss - current	1,240,000	17,026	-	17,026	
	Listed shares							
Lih Teh International Co., Ltd.	Taiwan Business Bank Co., Ltd.	None	Financial assets at fair value through profit or loss - current	44,102	571	-	571	
	Shares							
Lih Teh International Co., Ltd.	Grand Cathay Venture Capital II Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	4,000,000	44,170	5.00	44,170	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
	<u>Open-ended funds</u>							
Lih Teh International Co., Ltd.	Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	61,180	$ 1,003	-	$ 1,003	
	Allianz Global Investors Fund - Allianz Income and Growth AT USD	None	Financial assets at fair value through profit or loss - current	22,145	13,890	-	13,890	
	<u>Open-ended funds</u>							
B&S Link Co., Ltd.	Allianz Global Investors Fund	None	Financial assets at fair value through profit or loss - current	7,380	4,623	-	4,623	
	<u>Bonds</u>							
International Art Enterprise Co., Ltd.	Embarq Corporation Bond	None	Financial assets at fair value through profit or loss - current	299,000	4,106	-	4,106	
	<u>Open-ended funds</u>							
Tony Construction Co., Ltd.	Union 2023 ESG High Quality Bond - A (TWD)	None	Financial assets at fair value through profit or loss - current	20,000	183	-	183	
	<u>Convertible corporate bonds</u>							
ChungCin Enterprise Co., Ltd.	Procomp Informatics Ltd. First	None	Financial assets at fair value through profit or loss - current	110,000	-	-	-	
	<u>Open-ended funds</u>							
Test-Rite Home Service Co., Ltd.	Fuh Hwa Money Market	None	Financial assets at fair value through profit or loss - current	2,791,934	40,838	-	40,838	
	<u>Shares</u>							
B&S Link (Shanghai) Co., Ltd.	SHANGHAI WORKLINK TOOLS CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	-	-	19.00	-	
	NINGBO ANLIAN TEJIE SUPPLY CHAIN MANAGEMENT CO., LTD.	None	Financial assets at fair value through other comprehensive income - non-current	-	11,101	19.00	11,101	

Note 1: Marketable securities in this table refers to shares, bonds, beneficiary certificates and the marketable securities derived from the above items that fall within the scope of IFRS No. 9 “Financial Instruments”.

Note 2: For those measured by fair value, the amount is the book balance after adjustment by fair value evaluation and the deduction of accumulated impairments in the column of carrying amount; for those not measured by fair value, the amount is the cost after amortization (after deducting allowance losses) in the column of carrying amount.

Note 3: For information on investees, refer to Tables 6 and 11.

Note 4: Listed in terms of investment amount.

(Concluded)

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Test Rite Products Corp.	4198 Industry Way Flowery Branch, Hall County, GA 30542	2022.8.11	2019.1.24	$ 658,879	$ 1,248,832	All received	$ 335,024	Saturn Intelligence (GA) LTD.	Related party	Maintaining entire operating	Refer to the price of the appraisal report issued by CBRE and Newmark.	None

Note 1: The appraisal results of the assets which should be appraised when disposed of in accordance with the regulations should be indicated in the “Pricing Reference” column.

Note 2: “Paid-In Capital” refers to the paid-in capital of the Company. If the shares have no par value or the par value is less than NT$10, the 20% of paid-in capital should be based on the 10% of the equity attributable to the owners the Company on the balance sheet.

Note 3: The event date refers to the date of contract signing, date of payment, date of consignment, date of transfer, dates of board resolution, or any other date that can confirm the counterparty and monetary amount of the transaction, whichever date occurs the earliest.

Note 4: The carrying amounts and transaction prices were calculated in exchange rate of 31.6160 on the date of transfer. The gain or loss on disposal was calculated in average exchange rate of 29.7944 from January to December 2022.

Note 5: Contract price of $1,248,832 thousand. The carrying value of the real estate was $658,879 thousand, and the deferred recognition of $220,938 thousand for the gain on sale and leaseback resulted in a gain on disposal of $335,024 thousand for transferring.

TABLE 11

The information of TEST RITE tepro GmbH's derivative instruments is disclosed as follows:

1. Contract amounts and credit risk:

   As of December 31, 2022 and 2021, TEST RITE tepro GmbH signed forward foreign exchange trading contracts as follows:

	December 31			
	2022		2021	
	Contract Amount (Nominal Principal)	Credit Risk	Contract Amount (Nominal Principal)	Credit Risk
Forward exchange contracts				
Purposes other than trading	Pre order US$ 211	$ -	Pre order US$ 41,763	$ -
	Pre order US$ 540	-	Pre order US$ 915	-

   TEST RITE tepro GmbH deals with banks with good credit, and it is expected that the counterparty will not default, so the possibility of credit risk is extremely small.

2. Market price risk:

   TEST RITE tepro GmbH evaluates the market risk of traded financial products based on the market price and establishes a stop loss point based on the risk value that the company can bear to settle the investment position. For non-trading financial products, the profit and loss cause by exchange rate fluctuation was roughly offset by the profit and loss of the hedged items; therefore, the market price risk is not that significant.

3. Liquidity risk, cash flow risk and the amount, duration and uncertainty of future cash demand:

   The working capital of TEST RITE tepro GmbH is sufficient to cover the cash outflows from contracts; therefore, there is no financing risk.

4. Net profit and loss of derivative instrument transactions and presentation in the financial statements.

   TEST RITE tepro GmbH's foreign currency exchange profit (loss) by operating derivative financial products during 2022 and 2021 were $200,240 thousand and $(5,650) thousand, respectively, and the amounts were accounted as exchange profit (loss).

TABLE 12

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA OF PROSPERITY DIELECTRICS CO., LTD.
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. The names of investee companies in mainland China, their main businesses and products, total amount of paid-in capital, inward and outward, method of investment, remittance of funds, percentage of ownership in investment, investment gain or loss, carrying amount, and accumulated repatriation of Investment Income were as follows:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 7)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward						
B&S Link (Shanghai) Co., Ltd.	R&D and design of computer and network technology	US$ 795,902	Note 1	$ 24,460 US$ 795,902	$ -	$ -	$ 24,460 US$ 795,902	$ 3,743 (Note 4)	100.00	$ 3,743	$ 67,922	$ -
Hola Beijing Retail & Trading Co., Ltd.	Retail	US$ 2,600,000 (Note 5)	Note 2	36,878 US$ 1,200,000	-	-	36,878 US$ 1,200,000	- (Note 4)	100.00	-	-	-
TEST RITE (CHINA) INVESTMENT CO., LTD.	Investment industry	US$ 93,280,000 (Note 6)	Note 2	2,258,802 US$ 73,500,000	-	-	2,258,802 US$ 73,500,000	4,202 (Note 4)	100.00	4,202	186,548	-
Energy Retailing Co., Ltd.	Rental industry	US$ 17,000,000	Note 2	522,444 US$ 17,000,000	-	-	522,444 US$ 17,000,000	5,353 (Note 4)	100.00	5,353	212,951	-
Test-Rite Business Development	Trade	US$ 71,000,000	Note 3	2,181,972 US$ 71,000,000	-	-	2,181,972 US$ 71,000,000	(48,086) (Note 4)	100.00	(48,086)	1,163,744	-

Note 1: Investment in mainland China companies through B&S Link Corporation (Cayman) established in a third region.

Note 2: Investment in mainland China companies through Test-Rite Retailing Co., Ltd. established in a third region.

Note 3: Investment in mainland China companies through Test-Rite Trading Co., Ltd. established in a third region.

Note 4: It is based on the financial statements of the investee company that have been audited.

Note 5: The amount of US$1,400,000 of paid-in capital was indirect investment through Test Rite (China) Investment Co.

Note 6: The amount of US$19,780,000 of paid-in capital was invested with shares in Light Up Shanghai Retailing Co., Ltd., Hola Shanghai Living Art Retailing Co., Ltd., Hola Hangzhou Retailing Co., Ltd. And Hola Beijing Retail & Trading Co., Ltd. through Test Rite (China) Investment Co.

Note 7: Relevant figures in this table involve foreign currency except for the investment gains and losses recognized in the current period (calculated in average exchange rate from January 1, 2022 to December 31, 2022), was calculated in the closing exchange rate on December 31, 2022.

2. Investment quota for mainland China:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
NT$6,600,655 US$214,781,158	NT$7,087,757 US$230,631,158	(Note 3)

Note 1: The average exchange rates as of December 31, 2022 are USD/NTD = 30.7320.

Note 2: The average exchange rates for the year ended December 31, 2022 are USD/NTD = 29.7944.

Note 3: The Company was approved as the operation headquarters by the Industrial Development Bureau, Ministry of Economic Affairs and is thus exempted from the related regulations of “Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China”.

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
	2022						
0	Test-Rite International Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	Parent company to subsidiary	Sales	$ 3,828,296	Collection terms are within 180 to 360 days	10
		Test-Rite International (U.S.) Co., Ltd.	Parent company to subsidiary	Trade receivables	3,558,512	Collection terms are within 180 to 360 days	9
		Test-Rite Development GmbH	Parent company to subsidiary	Sales	856,021	Collection terms are within 90 days	2
		Test-Rite Development GmbH	Parent company to subsidiary	Trade receivables	14,396	Collection terms are within 90 days	-
1	Test-Rite Business Development	Test-Rite International Co., Ltd.	Second-tier subsidiary to Parent company	Sales	659,058	No significant difference with third parties	2
		Test-Rite International Co., Ltd.	Second-tier subsidiary to Parent company	Trade receivables	286,395	No significant difference with third parties	1
2	Test-Rite Home Service Co., Ltd.	Test-Rite Retail Co., Ltd.	Second-tier subsidiary to subsidiary	Sales	348,027	No significant difference with third parties	1
		Test-Rite Retail Co., Ltd.	Second-tier subsidiary to subsidiary	Trade receivables	133,069	No significant difference with third parties	-
3	Testrite Brand Agency Co., Ltd.	Test-Rite Retail Co., Ltd.	Second-tier subsidiary to subsidiary	Sales	186,439	No significant difference with third parties	-
		Test-Rite Retail Co., Ltd.	Second-tier subsidiary to subsidiary	Trade receivables	29,758	No significant difference with third parties	-
	2021						
0	Test-Rite International Co., Ltd.	Test-Rite International (U.S.) Co., Ltd.	Parent company to subsidiary	Sales	6,167,451	Collection terms are within 90 to 180 days	14
		Test-Rite International (U.S.) Co., Ltd.	Parent company to subsidiary	Trade receivables	4,890,834	Collection terms are within 90 to 180 days	13
		Test-Rite Development GmbH	Parent company to subsidiary	Sales	1,013,258	Collection terms are within 90 days	2
		Test-Rite Development GmbH	Parent company to subsidiary	Trade receivables	239,157	Collection terms are within 90 days	1
1	Test-Rite Business Development	Test-Rite International Co., Ltd.	Second-tier subsidiary to Parent company	Sales	888,526	Collection terms are within 14 days	2
		Test-Rite International Co., Ltd.	Second-tier subsidiary to Parent company	Trade receivables	184,106	Collection terms are within 14 days	-
2	Testrite Brand Agency Co., Ltd	Test-Rite Retail Co., Ltd.	Second-tier subsidiary to subsidiary	Sales	209,080	No significant difference with third parties	1
		Test-Rite Retail Co., Ltd.	Second-tier subsidiary to subsidiary	Trade receivables	55,146	No significant difference with third parties	-

TEST-RITE INTERNATIONAL CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tsai Wang Enterprise Company Limited	50,954,000	9.99
Li Xiong Co., Ltd.	50,930,263	9.98
Tsai Ye Enterprise Company Limited	50,930,000	9.98
X-Cel Relationship Management Co., Ltd.	50,920,389	9.98
Up Master Investment Co., Ltd.	50,906,000	9.98
Quality Master Co., Ltd.	50,669,774	9.93
Judy Lee	32,911,294	6.45
Tony Ho	31,795,550	6.23

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Status

Unit：NTD$ thousand

Year Item	2021	2022	Difference	
			Amount	%
Current Assets	17,620,569	17,091,562	(529,007)	-3.0%
Long-term Investment	6,157,708	5,627,917	(529,791)	-8.6%
Fixed Assets	2,500,514	2,485,311	(15,203)	-0.6%
Other Assets	12,162,378	13,541,051	1,378,673	11.3%
Total Assets	38,441,169	38,745,841	304,672	0.8%
Current Liabilities	15,967,133	14,316,598	(1,650,535)	-10.3%
Long-term Liabilities	15,491,193	17,352,835	1,861,642	12.0%
Other Liabilities	31,458,326	31,669,433	211,107	0.7%
Total Liabilities	5,098,875	5,098,875	0	0%
Capital stock	1,221	1,000	(221)	-18.1%
Capital surplus	2,598,645	2,449,933	(148,712)	-5.7%
Retained Earnings	(565,449)	(347,869)	217,580	-38.5%
treasury stock	(313,256)	(313,256)	0	0%
Non-controlling Interests	162,807	187,725	24,918	15.3%
Total Stockholders' Equity	6,982,843	7,076,408	93,565	1.3%

Causes of significant changes in Assets, Liabilities, and Stockholders’ Equity for the most recent two-year period, and explanations of their effects are detailed below (includes changes of up to 20% and the amount of the change up to NTD10 million). If such changes pose a significant impact, future countermeasures shall be elaborated: No such situation.

7.2 Analysis of Operating Results

7.2.1 Analysis of Operating Results

Unit：NTD$ thousand

Item \ Year	2021	2022	Difference	
			Amount	%
Net Sales	43,757,358	37,409,259	(6,348,099)	-14.5%
Cost of Sales	33,902,486	28,306,199	(5,596,287)	-16.5%
Gross Profit	9,854,872	9,103,060	(751,812)	-7.6%
Operating Expenses	9,095,324	8,906,032	(189,292)	-2.1%
Operating Income	759,548	197,028	(562,520)	-74.1%
Non-operating Income and Expenses	251,958	227,463	(24,495)	-9.7%
Income Before Tax	1,011,506	424,491	(587,015)	-58.0%
Tax Benefit (Expense)	(193,968)	27,538	221,506	-114.2%
Income After Tax	817,538	452,029	(365,509)	-44.7%

Causes of significant changes in sales revenue, operating net income, and net income before tax for the most recent two-year period, and explanations of their effects are detailed below (includes changes of up to 20%). If such changes pose a significant impact, future countermeasures shall be elaborated:

1. Decrease in operating income, income before tax and net income for the current period: mainly caused by the high inventory level of major customers in Y2022 and the decline in sales.
2. Decrease in income tax expenses: mainly caused by the loss of overseas subsidiaries and the deferred income tax assets.

7.2.2 The expected sales quantity for the upcoming year and the key factors influencing the company's anticipated sales growth or decline are as follows:

At the beginning of 2020, the severe Covid- 19 epidemic broke out in the world, which hit the global economy hard, and various industries were in an unparalleled crisis; When he global economy gradually recovered in 2021, retailers continued to stock up actively, due to the sustained increase in raw material prices, high freight rates, and the instability of shipping times; In 2022, the problem of congested port continued to affect the pace of stocking and increase the cost of daily operation. Subsequently, this has posed a severe challenge for retailers to adjust inventory levels due to excessive stock levels. Furthermore, in response to the global battle against inflation, a series of interest rate hiking were launched in 2022, which greatly increased the cost of funds. As a supplier to many major global retailers, Test Rite trading business is bound to face certain impacts from these challenging circumstances. In addition, based on its positioning of a comprehensive integrated service provider and leveraging its international procurement capabilities, Test Rite trading business continues to deploy and expand its branches and supply chains in Southeast Asian markets. Therefore, when countries unblock and resume business activities, it will be expected to help expand more business opportunities.

Since 2016, Integrated Housing and Land Tax was officially implemented, which has partially suppressed the purchase demand of home buyers for DIY and household products.With the implementation and revisions of various policies such as the " One Fixed Day Off and One Flexible Rest Day per Week" policy in 2017, the pension reform policy in 2018, the US-China trade war in 2019, the retail industry being engulfed in the COVID-19 pandemic from 2020 to 2022 and Russia-Ukraine war, inflation, and interest rate hiking in 2022 , etc. Thus, the overall economic environment has been severe and has posed challenges to consumer spending power. The changes in macroeconomic environment has led to a shift in consumer behavior. In response, we have expanded our sales efforts in the service sector, actively expanded community-based stores to be closer to our customers and provide timely professional services. We have also focused on experiential marketing to enhance the consumer experience and improve our brand distinctiveness. These efforts are aimed at strengthening customer loyalty. In response to changes in consumers' work patterns, lifestyles, and disposable incomes, we continue to develop high-quality products and leverage our service capabilities to better meet the diverse needs of consumers with different purchasing power in their desired lifestyles.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit：NTD$ thousand

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Inflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Deficit	
				Financing Plans	Financing Plans
1,985,587	(56,563)	771,372	2,756,959	N.A.	N.A.

1. Operating Activities: The net cash outflow from operating activities NTD 57 billion, was attributable mostly to income before tax of NTD 424 billion as a result of non-cash expenses of NTD1,734 billion, the increase in net cash inflow caused by other receivable, prepayment, other financial statement, other payable, financial assets at fair value through profit or loss, Inventories, Accounts payable andother payables. The decrease in net cash outflow caused by Accounts receivable and other financial asset,resulting in a net cash outflow of approximately NT 2,215 billion.
2. Investment activities: Net cash outflow from investing activities NTD631 billion came mostly from the disposal of properties and Fair value through other comprehensive income financial assets.
3. Financing activities: The net cash outflow from financing activities NTD 122 billion mainly due to repayment on Bank loan, cash dividend payout and repayment on leases.

7.3.2 Plans for improvement for inadequate liquidity: Inadequate liquidity does not apply to the Company.

7.3.3 Cash Flow Analysis for the Coming Year

Unit：NTD$ thousand

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	
				Financing Plans	Financing Plans
2,756,959	5,943,000	(158,000)	2,598,959	N.A.	N.A.

Analysis of cash flow changes for the coming year:

1. Operating activities: It is expected that existing business activities will continue to stabilize in the second half of Y2023, furthermore, the business activities will be resumed and be able to explore more new business opportunities due to the ease of the epidemic and various countries are gradually lifting lockdowns,cash inflow from operating activities has attained NTD5,943 billion.
2. Investing and financing activities: cash outflow for investment and financing activities of NTD6,101 billion resulted from the entire year, which included new stores opening, stores renovations, Office buildings and equity investment etc . Financing activities included the planned cash dividend payout and the repayment of loans and leases.

7.4 Major Capital Expenditure Items: None.

7.5 Investment Policy in the Previous-Year, Main Drivers of Profits/Loss Improvement and Investment Plans for the Coming Year

7.5.1 Investment Policy in the Previous Year, Main Drivers of Profit /Loss Improvement Plans

The Company's long-term investment policy is in line with its operating and strategic development plans, and carefully planned investment activities are conducted and managed at home and abroad within acceptable risk tolerance. In addition to complying with government regulations, our operations and practices are conducted in accordance with the Company's established Guidelines for Managing Long- and Short-term Investment Operations and Guidelines for the Acquisition or Disposal of Assets in order to effectively manage, monitor and control the financial and operating status of our subsidiaries.

7.5.2 Main Drivers of Profit/Loss and Improvement Plans

Date: December 31, 2022; Unit: NT$

Remarks Item	Original investment amount	Policies	Reasons for gain or loss	Action plan
Test-Rite Retail Co., Ltd.	4,955,542	Wholesale and retail of general household building materials, equipment and installation	Profit recognized under the equity method	NA
Test-Rite Home Service Co., Ltd.	86,000	Interior design	Profit recognized under the equity method	NA
Hola Home furnishings Co., Ltd.	402	Sales of furniture, bedding, kitchen equipment and fixtures	Loss recognized under the equity method	NA
Testrite Brand Agency Co., Ltd.	409,802	Sales of furniture, bedding, kitchen equipment and fixtures	Profit recognized by under the equity method	NA
Test Rite C&B Co., Ltd.	329,794	Sales of furniture, bedding, kitchen equipment and fixtures	Loss recognized under the equity method	Review and improve operational performance and establish effective cost and expense control measures.
Lih Chiou Co., Ltd.	3,236,137	Investment holding company	Profit recognized under the equity method	NA
Lih Teh International Co., Ltd.	88,290	Investment holding company	Profit recognized under the equity method	NA
Fusion International Distribution, Inc.	5,585	Importation and exportation	Profit recognized under the equity method	NA
International Art Enterprise Co., Ltd.	107,109	Trading of leisure goods	Profit recognized under the equity method	NA
Pro Strike International Co., Ltd.	8,160	Importation and exportation	Profit recognized under the equity method	NA
B&S Link Co., Ltd., Ltd.	22,994	Providing information software and electronic information	Profit recognized under the equity method	NA
Home Tech Co., Ltd.	15,000	Other information provision services	Profit recognized under the equity method	NA
Chung Cin Enterprise Co., Ltd.	665,810	Authorized builder of dwellings, rental and sale of building	Profit recognized under the equity method	NA
Tony Construction Co., Ltd.	380,000	Building and civil engineering	Profit recognized under the equity method	NA
Test Cin M&E Engineering Co., Ltd.	80,000	Mechanical and electronic engineering	Profit recognized under the equity method	NA
Chung Cin Interior Design Construction Co., Ltd.	12,000	Interior design	Profit recognized under the equity method	NA
Chung Cin Lohas Property Management Co.,Ltd.	6,000	Condominium Buildings Management Service	Profit recognized under the equity method	NA
TEST KING Industry Co. Ltd.	2,100	Mold Rental Industry	NA	NA
U-ME Enterprise Co.,Ltd.	65,000	Cleaning service and land scape design	Profit recognized under the equity method	NA
Test-On Lighting Technology Co.,Ltd.	15,300	Sale of electrical appliances	Profit recognized by under the equity method	NA
Test Cin International Co., Ltd.	5,100	Sale of construction material	Profit recognized under the equity method	NA
Viet Han Co., Ltd..	120,643	Importation and exportation	Loss recognized by under the equity method	Review and improve operational performance and establish effective cost and expense control measures.
CHUNG CIN ENTERPRISE (U.S.)	27,864	Investment holding company	Loss recognized under the equity method	NA

CORP.				
Test-Rite Products (Hong Kong) Limited	4,222	Importation and exportation	Profit recognized under the equity method	NA
Test Rite Pte Ltd.	39,748	Importation and exportation	Profit recognized under the equity method	NA
Test-Rite Int’l (Australia) Pty. Limited	114,453	Importation and exportation	Loss recognized under the equity method	Review and improve operational performance and establish effective cost and expense control measures.
Test-Rite (UK) Ltd.	110,976	Importation and exportation	Profit recognized under the equity method	NA
Test-Rite Development GmbH	1,087,772	Investment holding company	Mainly due to the investment in the holding company of Germany Trading subsidiaries, the Profit of which were recognized under the equity method.	NA
Test-Rite International (U.S.)Co., Ltd.	2,496,610	Investment holding company	Loss recognized under the equity method	Review and improve operational performance and establish effective cost and expense control measures.
Test Rite Int’l (Canada) Ltd.	51,483	Importation and exportation	Loss recognized under the equity method	Review and improve operational performance and establishing effective cost and expense control measures.
Test Rite Retailing Co., Ltd.	5,314,666	Investment holding company	Profit recognized under the equity method	NA
Test Rite Trading Co., Ltd.	2,522,489	Investment holding company	Mainly due to the investment in the holding company of China Trading subsidiaries, the loss of which were recognized under the equity method.	NA
Upmaster International Co., Ltd.	311,736	Investment holding company	Mainly due to the investment in the holding company of U.S Trading subsidiaries, the losse of which were recognized under the equity method.	NA
Fortune Miles Trading Inc.	941	Investment holding company	Annual fee payments and loss recognized the equity method	NA
Lucky Rite Company Ltd.	121,132	Tally packing and real estate leasing	Profit recognized under the equity method	NA

7.5.3 Investment plan in one year: No major investment project.

7.6 Analysis of Risk Management

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

1. Interest rate

(1) Losses that have impacted the company: the Company's interest expenses from loans for 2021 and 2022 were NT$290,863 million and NT$437,935 million. decrease in interest expense on loans mainly due to due to a slight decrease in borrowing rates.

Unit：NT$ thousand

Item／Year	2021	2022
Ratio of liabilities to assets (%)	81.80	81.74
Interest expense	290,863	437,935
Income before tax	1,011,506	424,491
Ratio of interest expense to income before tax (%)	28.76	103.17

(2) Future countermeasures: as the Company's primary business and reinvestment of profits are both in a healthy state, debts and loans will be paid off gradually, However, the sharp increase in interest rates has raised in the global financial market in the past two years. Therefore, the interest expense of the corporate loan has also increased significantly at home and abroad. The company will always pay attention to changes in market interest rates, adjust the financial structure and have optimal capital allocation in a timely manner, in order to minimize the cost of capital for the group and reduce the impact of interest rate changes on the company and its subsidiaries.

2. Foreign exchange rates

(1) The impact on the Company’s profit and loss:

Unit：NT$ thousand

Item／Year	2021	2022
Foreign exchange gain	977,400	291,925
Valuation loss of forward exchange agreement	(259,750)	296,662
Foreign exchange gain, (net)	717,650	(4,737)
Operating revenues	43,757,358	37,409,259
Income before income tax	1,011,506	424,491
Foreign exchange gain / Operating revenues（%）	1.64	(0.01)

(2) Future measures: The Company is a professional trading company focusing predominantly on exports trading. For the most recent fiscal year, our exports revenue accounted for approximately 49% of total revenue. We place orders with suppliers as soon as we receive purchase orders from customers. In accordance with the Company's order and sales process, we have adopted a two-way quotation system to shorten the entire order management process and are able to provide quotations that reflect the latest foreign exchange rate trends. In addition, the Company pays close attention to changes of the global economic landscape and fluctuations of foreign exchange rates of major currencies. Our overseas subsidiaries also constantly provide us with local market news and updates, thereby enabling us to make adjust ments to our hedging approach.

3.Inflation

Energy and raw material costs are the main drivers of, inflation. While inflation in general has a limited effect on the Company due to the nature of our industry, we will continue to monitor it impact closely.

7.6.2 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 is committed to the development of our primary business and does not engage in high-risk or highly-leveraged investment activities.

Any loans extended by the Company to third parties require approval by the Board and are conducted in compliance with the Company’s Procedure for Extending Loans to Third Parties. The Company provides guarantees to affiliated enterprises that it owns in excess of 50% in equity and to other companies with which it conducts business. The total amount of guarantees and guarantee provided to a single company are well within the allowable limits. We have provided all guarantees in compliance with the Company's Procedure for Providing Guarantees, and they have received prior approval from or are recognized retroactively by the Board. These guarantees are not expected to have a major impact on the Company's financial position.

In addition, with respect to derivatives trading, the Company is an export-oriented trading firm; as such, we engage in hedging measures such as forward foreign exchange and foreign currency option contracts to hedge the risk of exchange rate fluctuations. As option contracts expire, even if the counterparties elect to exercise their contractual obligations, the Company shall conduct settlements with the foreign currency claims that have reached the expiration dates. The market price risk from exchange rate fluctuations and demand for cash in the future have no significant impact on the Company and our counterparties are reputable banks with excellent credit ratings. As a result, the likelihood of credit risk is limited. In addition, the procedure for conducting derivatives trading is compliant with the Company's Procedure for Trading Derivative Instruments, and the amount traded is also within the authorized limits. We also provide monthly reports in accordance with regulations and therefore no significant impact on the Company's financial position is expected.

7.6.3 Future Research & Development Projects and Corresponding Budget: None.

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

As the Company exports mainly to the Americas and Europe, there have not been occurrences of major incidents regarding policy or legislative changes in foreign countries in recent years that have had a major impact on the Company's financial position or business operations.

The Company will continue to improve the access to and collection of business intelligence in our major overseas markets in order gain better control of our business operations and financial position. In addition, the Company's legal department is charged with the responsibility of monitoring major policy and legislative changes at home and abroad in order to be able to propose appropriate response measures for the Company in a timely manner.

7.6.5 Effects of and Response to Changes in Technology and in Industry Relating to Corporate Finance and Sales

The Company has established the B&S Link global electronic trading platform, which employs information technology to streamline supply chain management operations. In order to strengthen the partnerships between Test Rite Group, suppliers and banks as well as to improve the overall value of the supply chain and to create a win-win scenario for all parties involved, Test Rite Group are collaborating with a number of banks and the subsidiary B&S Link to offer a comprehensive, convenient and preferential online financing services program to our suppliers, fully integrating information flow, business flow and cash flow. With this platform, we have pioneered a brand new cross-sector cooperative business model. As a result, we have greater financial resources to expand our business to grow, and at the same time enabling more suppliers to all aspects of business development.There is no significant impact on our company’s financial business due to the change of technology including the risk of information security.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures

The Company has a reputable corporate image and there has not been any changes that would require enterprise crisis management.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The Company is a trading company and does not own any manufacturing plants following the sale of Tung Lung Metal. We do not have any additional plans to invest in factories.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The Company does not have any issues associated with the consolidation of sales or purchasing operations.

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

The shareholdings of the Company’s directors and supervisors have been stable in the last few years, and there have been no major transfers or changes in shares.

7.6.11 Effects of, Risks Relating to and Response to Changes in Control over the Company

The structure of our principal shareholders is solid, and we have a strong professional Management team. There is minimal risk that a change in control would cause damage to theCompany.

7.6.12 Litigation or Non-litigation Matters: None.

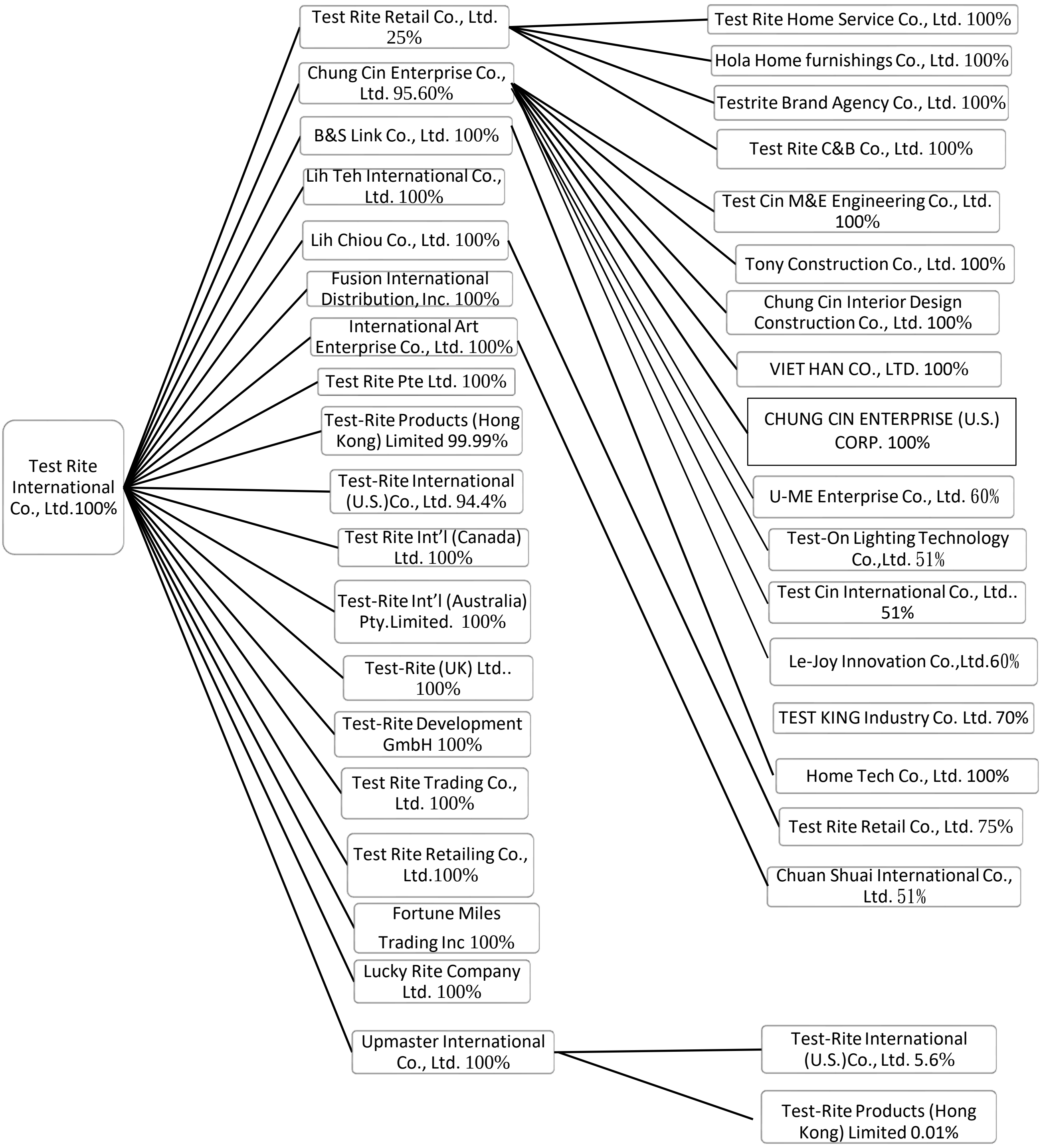
7.6.13 Other important risks, and mitigation measures being or to be taken:

During the current fiscal year up to the date of publication of the annual report, there is no known important risk of the Company.

8.VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Investment Holding Structure



8.1.2 Profile of Affiliates：

Name	Date of Incorporation	Address	Paid-up capital	Main business
Test Rite Retail Co., Ltd.	3/1/1995	1, 2, 5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 1,000,000,000	Wholesale and retail of general household building materials, equipment and installation
Test Rite Home Service Co., Ltd.	6/23/2004	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 86,000,000	Interior decoration industry
Hola Home furnishings Co., Ltd.	9/30/2010	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 600,000	Wholesale of furniture, beddings, kitchen utensils and fittings
Testrite Brand Agency Co., Ltd.	10/1/2010	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 430,226,000	Wholesale of furniture, beddings, kitchen utensils and fittings
Test Rite C&B Co., Ltd.	10/1/2010	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 210,000,000	Wholesale of furniture, beddings, kitchen utensils and fittings
Lih Teh International Co., Ltd.	9/14/1994	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 50,000,000	Various business investments
Lih Chiou Co., Ltd.	9/14/1994	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 3,247,540,000	Various business investments
Fusion International Distribution, Inc.	10/6/1994	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 9,998,380	International trade
International Art Enterprise Co., Ltd.	10/17/1972	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 10,000,000	Department store household goods trading
B&S Link Co., Ltd.	2/5/2001	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 23,000,000	Information processing service
Home Tech Co., Ltd.	9/19/2017	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 15,000,000	Other information supply services
Chung Cin Enterprise Co., Ltd.	5/23/1994	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 625,000,000	Construction management, buying and selling of machinery, hardware and commodities
Test Cin M&E Engineering Co., Ltd.	9/8/1997	1F, No. 89, Minshan St., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 80,000,000	Mechanical and electrical engineering
Tony Construction Co., Ltd.	4/22/1992	1F, No. 89, Minshan St., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 380,000,000	Architecture and civil engineering
Chung Cin Interior Design Construction Co., Ltd.	7/31/2003	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 12,000,000	Interior decoration industry

Le-Joy Innovation Co.,Ltd.	10/23/2020	1F, No. 89, Minshan St. , Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 60,000,000	Apartment building management services
U-ME Enterprise Co.,Ltd.	24/9/2009	1F., No. 7, Ln. 64, Zhongzheng N. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	NTD 15,000,000	Cleaning services and landscape design
Test-On Lighting Technology Co., Ltd.	16/11/1998	No. 229, Hexing Rd., Zhunan Township, Miaoli County 350026 , Taiwan,R.O.C.	NTD 30,000,000	Appliance wholesale
Test Cin International Co., Ltd.	28/11/2018	5F, No. 23, Hsin Hu 3rd Rd., Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 10,000,000	Building materials wholesale
TEST KING Industry Co. Ltd.	07/12/2022	1F, No. 89, Minshan St. , Nei Hu Dist., Taipei City 11494, Taiwan, R.O.C.	NTD 3,000,000	Mold Rental Industry
Viet Han Co., Ltd.	2/14/2009	No.6 Nguyen Khac Vien, Tan Phu Ward, Dist.7, HCMC.	USD 4,000,000	Import and export trade
CHUNG CIN ENTERPRISE (U.S.) CORP.	9/10/2021	651 N. BROAD ST., SUITE 206, MIDDLETOWN, Delaware 19709, United States	USD 1,000,000	nvestment holding
Test-Rite Products (Hong Kong) Limited	12/30/1980	Room 2502, 25/F., 148 Electric Road, North Point , Hong Kong	HK$ 1,000,000	International trade
Test Rite Pte Ltd.	8/11/1989	138 Cecil Street, #13-02, Cecil Court, Singapore (069538))	S$ 2,100,000	International trade
Test-Rite Int'l (Australia) Pty.Limited	4/12/1990	Unit 11 / 38 Solent Circuit Norwest 2153	A$ 3,550,000	International trade
Test-Rite (UK) Ltd.	7/27/2010	Wsm Partners Llp, Connect House, 133-137 Alexandra Road, London, England, SW19 7JY	GBP$ 775,930	International trade
Test-Rite Development GmbH	1/25/2002	Merkurring 82, 22143 Hamburg, Germany	EURO$ 9,670,000	Investment holding
Test-Rite International (U.S.)Co., Ltd.	6/25/1991	2711 Centerville Rd Ste 400, Wilmington, New Castle, State of Delaware	USD 80,878,000	Investment holding
Test Rite Int'l (Canada) Ltd.	12/29/1999	110 Riviera Drive, Markham, Ontario L3R 5M1, Canada.	CAD$ 1,575,000	IInternational trade
Test Rite Retailing Co., Ltd.	4/8/2003	Windward 1, Regatta Office Park, West Bay Road, P.O.Box 897, Grand Cayman KY1-1103, Cayman Islands	USD 156,965,000	Investment holding
Test Rite Trading Co., Ltd.	10/23/2002	Windward 1, Regatta Office Park, West Bay Road, P.O.Box 897, Grand Cayman KY1-1103, Cayman Islands	USD 83,218,806	Investment holding
Fortune Miles Trading Inc.	9/21/2001	Portcullis Chambers, P.O.Box 1225, Apia,Samoa	USD 30,000	Investment holding
Upmaster International Co., Ltd.	6/14/1996	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, British Virgin Islands VG1110	USD 6,400,000	Investment holding
Lucky Rite Company Ltd.	2019.11.19	Lot BB2, D6 Road, Dat Do I industrial park, Phuoc Long Tho commune, Dat Do district, Ba Ria - Vung Tau province, Vietnam	USD 4,000,000	Tally packing and real estate leasing

8.1.3 Shareholders concluded as the existence of the controlling and subordinate company relation: None.

8.1.4The industries covered by the business operated by the affiliates overall (Please describe the mutual dealings and division of work among such affiliates):

The industries covered by the business operated by the affiliates overall is trading and retail. Overall, the mutual dealings and division of work among such affiliates as the following, Based on the supply chain of trading, we develop the retail channels, introduce the brand agency, launch the home service, integrate the online and offline channel, even invest the business of construction management, logistics and warehousing services, and building materials business. It has not only connected the upstream, mid-stream and downstream of the home industry chain successfully but also provided services for the big and small of the home.

8.1.5Information of Affiliated Companies Director and President

Date: December 31, 2022

Company Name	Title	Name or Representative	Share	%
Test-Rite Retail Co., Ltd.	Chairman	Test Rite Int’l Co., Ltd.	24,999,999	25.00
		Representative：Tony Ho	0	0.00
	Director	Test Rite Int’l Co., Ltd.	24,999,999	25.00
		Representative：Judy Lee	0	0.00
	Director	Test Rite Int’l Co., Ltd.	24,999,999	25.00
		Representative：Robin Ho	0	0.00
	Supervisor	Lih Chiou Co., Ltd. Representative	75,000,001	75.00
		Representative：Linda Lin	0	0.00
Test-Rite Home Service Co., Ltd.	Chairman	Test-Rite Retail Co., Ltd.	8,600,000	100.00
		Representative：Jason Chang	0	0.00
	Supervisor	Test-Rite Retail Co., Ltd.	8,600,000	100.00
		Representative：Linda Lin	0	0.00
Hola Home furnishings Co., Ltd.	Chairman	Test-Rite Retail Co., Ltd.	60,000	100.00
		Representative：Robin Ho	0	0.00
	Supervisor	Test-Rite Retail Co., Ltd.	60,000	100.00
		Representative：Eric Chang	0	0.00
Testrite Brand Agency Co., Ltd.	Chairman	Test-Rite Retail Co., Ltd.	43,022,600	100.00
		Representative：Tony Ho	0	0.00
	Director	Test-Rite Retail Co., Ltd.	43,022,600	100.00
		Representative：Judy Lee	0	0.00
	Director	Test-Rite Retail Co., Ltd.	43,022,600	100.00
		Representative：Robin Ho	0	0.00
	Supervisor	Test-Rite Retail Co., Ltd.	43,022,600	100.00
		Representative：Linda Lin	0	0.00
Test Rite C&B Co., Ltd.	Chairman	Test-Rite Retail Co., Ltd.	21,000,000	100.00
		Representative：Tony Ho	0	0.00
	Director	Test-Rite Retail Co., Ltd.	21,000,000	100.00
		Representative：Judy Lee	0	0.00
	Director	Test-Rite Retail Co., Ltd.	21,000,000	100.00
		Representative：Robin Ho	0	0.00
	Supervisor	Test-Rite Retail Co., Ltd.	21,000,000	100.00
		Representative：Linda Lin	0	0.00
Lih Teh International Co., Ltd.	Chairman	Test Rite Int’l Co., Ltd.	5,000,000	100.00
		Representative：Tony Ho	0	0.00
	Supervisor	Test Rite Int’l Co., Ltd.	5,000,000	100.00

		Representative：Eric Chang	0	0.00
Lih Chiou Co., Ltd.	Chairman	Test Rite Int’l Co., Ltd.	324,754,000	100.00
		Representative：Judy Lee	0	0.00
	Supervisor	Test Rite Int’l Co., Ltd.	324,754,000	100.00
		Representative：Eric Chang	0	0.00
Fusion International Distribution, Inc	Chairman	Test Rite Int’l Co., Ltd.	999,838	100.00
		Representative：Robin Ho	0	0.00
	Supervisor	Test Rite Int’l Co., Ltd.	999,838	100.00
		Representative：Eric Chang	0	0.00
International Art Enterprise Co., Ltd.	Chairman	Test Rite Int’l Co., Ltd.	1,000,000	100.00
		Representative：Judy Lee	0	0.00
	Supervisor	Test Rite Int’l Co., Ltd.	1,000,000	100.00
		Representative：Eric Chan	0	0.00
B&S Link Co., Ltd.	Chairman	Test Rite Int’l Co., Ltd.	2,300,000	100.00
		Representative：Robin Ho	0	0.00
	Supervisor	Test Rite Int’l Co., Ltd.	2,300,000	100.00
		Representative：Eric Chang	0	0.00
Home Tech Co., Ltd.	Chairman	B&S Link Co., Ltd.	1,500,000	100.00
		Representative：Robin Ho	0	0.00
	Supervisor	Test Rite Int’l Co., Ltd.	1,500,000	100.00
		Representative：Eric Chang	0	0.00
Chung Cin Enterprise Co., Ltd.	Chairman	Test Rite Int’l Co., Ltd.	57,291,330	91.67
		Representative：Tony Ho	0	0.00
	Director	Test Rite Int’l Co., Ltd.	57,291,330	91.67
		Representative：Judy Lee	0	0.00
	Director	Test Rite Int’l Co., Ltd.	57,291,330	91.67
		Representative：Robin Ho	0	0.00
	Director	Test Rite Int’l Co., Ltd.	57,291,330	91.67
		Representative：YC Hsieh	0	0.00
	Supervisor	Represtenative:Linda Lin	0	0.00
Test Cin M&E Engineering Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd.	8,000,000	100.00
		Representative：YC Hsieh	0	0.00
	Supervisor	Chung Cin Enterprise Co., Ltd.	8,000,000	100.00
		Representative：HUANG,CHIA-CHUANG	0	0.00
Tony Construction Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd.	38,000,000	100.00
		Representative：HUANG, PIN SHU	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	38,000,000	100.00
		Representative：YC Hsieh	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	38,000,000	100.00
		Representative：Hannis Chang	0	0.00
	Supervisor	Chung Cin Enterprise Co., Ltd.	38,000,000	100.00
		Representative：WANG, I- Hsin	0	0.00
Chung Cin Interior Design Construction Co., Ltd	Chairman	Chung Cin Enterprise Co., Ltd.	1,200,000	100.00
		Representative：YC Hsieh	0	0.00
	Supervisor	Chung Cin Enterprise Co., Ltd.	1,200,000	100.00
		Representative：TSENG , CHIN-YI	0	0.00
Le-Joy Innovation Co.,Ltd	Chairman	Chung Cin Enterprise Co., Ltd.	3,600,000	60.00
		Representative：YC Hsieh	0	0.00

	Director	Chung Cin Enterprise Co., Ltd.	3,600,000	60.00
		Representative：Hannis Chang	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	3,600,000	60.00
		Representative：Chen, Pao-Hung	0	0.00
	Supervisor	Representative：CHIU, HSIAO- SAN	6,000	0.10
Youmei Enterprise Co., Ltd.	Chairman	Guo Hong Investment Co., Ltd.	600,000	40.00
		Representative：Chen Yen Chang	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	900,000	60.00
		Representative：YC Hsieh	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	900,000	60.00
		Representative：Hannis Chang	0	0.00
	Supervisor	Chen, Pao-Hung	0	0.00
Test-On Lighting Technology Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd.	1,530,000	51.00
		Representative：YC Hsieh	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	1,530,000	51.00
		Representative：Hannis Chang	0	0.00
	Director	YU TZU CHIANG	840,000	28.00
	Supervisor	YU SHU HSIEN	315,000	10.50
Test Cin International Co., Ltd.	Chairman	Chung Cin Enterprise Co., Ltd.	510,000	51.00
		Representative：YC Hsieh	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	510,000	51.00
		Representative：Hannis Chang	0	0.00
	Director	Alex Yang	350,000	35.00
	Supervisor	WANG, I- Hsin	0	0.00
TEST KING Industry Co. Ltd.	Chairman	Chung Cin Enterprise Co., Ltd.	210,000	70.00
		Representative：YC Hsieh	0	0.00
	Director	Chung Cin Enterprise Co., Ltd.	210,000	70.00
		Representative：WANG, I- Hsin	0	0.00
	Director	HUANG, PIN SHU	36,000	12.00
	Supervisor	Representative：Hannis Chang	0	0
VIET HAN CO., LTD.	Director	YC Hsieh	0	0.00
				0.00
CHUNG CIN ENTERPRISE (U.S.) CORP	Director	YC Hsieh	0	0.00
				0.00
Test-Rite Products (Hong Kong) Limited	Director	Tony Ho	0	0.00
	Director	Judy Lee	0	0.00
Test Rite Pte Ltd.	Director	Tony Ho	0	0.00
	Director	Judy Lee	0	0.00
	Director	Yang Furong	0	0.00
Test-Rite Int'l (Australia) Pty.Limited	Director	Tony Ho	0	0.00
	Director	Judy Lee	0	0.00
	Director	Robin Ho	0	0.00
	Director	Jan Colin Payne	0	0.00
Test-Rite (UK) Ltd.	Director	Judy Lee	0	0.00
	Director	Robin HO	0	0.00
Test-Rite Development GmbH	Director	None	0	0.00
Test-Rite International (U.S.)Co., Ltd.	Director	Tony Ho	0	0.00
	Director	Judy Lee	0	0.00

Test Rite Int'l (Canada) Ltd.	Director Director Director	Tony Ho Judy Lee Huei-Ming Annie Wang	0 0 0	0.00 0.00 0.00
Test Rite Retailing Co., Ltd.	Director	Tony Ho	0	0.00
Test Rite Trading Co., Ltd.	Director	Tony Ho	0	0.00
Fortune Miles Trading Inc.	Director	Judy Lee	0	0.00
Upmaster International Co., Ltd.	Director Director	Tony Ho Judy Lee	0 0	0.00 0.00
Lucky Rite Company Ltd.	Director	Judy Lee	0	0.00

8.1.6 Affiliates' Operating Highlights

As of 12/31/2022
(Unit: NT$ except EPS ($))

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Sales	Operating Profit (Loss)	Net Income (Net of Tax)	EPS (Net of Tax)
Test Rite Int'l Co., Ltd.	5,098,876	19,534,466	12,645,784	6,888,683	15,101,232	196,206	425,889	0.86
Test-Rite Retail Co., Ltd.	1,000,000	16,266,091	14,093,030	2,173,061	14,989,992	84,068	84,187	0.84
Test-Rite Home Service Co., Ltd.	86,000	335,494	178,607	156,887	787,742	66,145	54,748	6.37
Hola Home furnishings Co., Ltd.	600	114	0	114	0	(7)	(7)	(0.12)
Testrite Brand Agency Co., Ltd.	430,226	747,212	284,198	463,014	972,738	30,777	22,045	0.51
Test Rite C&B Co., Ltd.	210,000	233,093	260,954	(27,861)	173,641	5,766	(15,230)	(0.73)
Chung Cin Enterprise Co., Ltd.	625,000	4,073,571	2,657,067	1,416,504	597,975	85,388	206,150	3.30
Tony Construction Co., Ltd.	380,000	1,127,328	593,877	533,452	1,478,381	66,498	52,614	1.38
Test Cin M&E Engineering Co., Ltd.	80,000	314,113	177,919	136,194	263,200	13,749	13,129	1.64
Chung Cin Interior Design Construction Co., Ltd.	12,000	105,968	39,636	66,332	316,213	29,564	24,782	20.65
Viet Han Co, Ltd.	111,379	180,830	82,538	98,292	0	(6,462)	(8,425)	0.00
Test Cin International Co., Ltd.	10,000	91,590	75,990	15,599	224,297	7,932	5,945	5.95
Youmei Enterprise Co., Ltd.	15,000	56,618	20,921	35,697	156,006	16,791	13,414	8.94
Test-On Lighting Technology Co., Ltd.	30,000	40,117	13,239	26,879	72,534	3,319	2,710	0.90
Le-Joy Innovation Co.,Ltd.	60,000	1,713,544	1,645,151	68,393	82,004	9,093	8,293	1.38
TEST KING Industry Co. Ltd.	3,000	3,000	0	3,000	0	0	0	0.00
CHUNG CIN ENTERPRISE (U.S.) CORP.	31	30,689	0	30,689	0	(67)	(43)	(4.31)
B&S Link Co., Ltd.	23,000	24,592	0	24,592	1,724	(64)	434	0.19
Home Intelligence Co., Ltd.	15,000	20,394	4,374	16,020	14,345	1,023	840	0.56
Lih Teh International Co., Ltd.	50,000	89,483	106	89,377	0	(348)	6,027	1.21

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Sales	Operating Profit (Loss)	Net Income (Net of Tax)	EPS (Net of Tax)
Lih Chiou Co., Ltd.	3,247,540	3,677,016	1,980	3,675,036	0	(1,924)	44,657	0.14
Fusion International Distribution, Inc.	9,998	30,918	7,463	23,455	17,351	3,119	4,897	4.90
International Art Enterprise Co., Ltd.	10,000	72,678	36,805	35,873	102,854	4,237	5,877	5.88
Chuan Shuai International Co., Ltd.	16,000	19,831	236	19,595	915	495	1,152	0.72
Lucky Rite Company Ltd.	120,448	121,158	5,463	115,694	0	(2,269)	33	0.00
Test Rite Pte Ltd.	39,361	85,327	13,736	71,592	71,388	9,610	7,784	3.71
Test-Rite Products (Hong Kong) Limited	3,945	30,762	1,723	29,039	28,990	301	251	25.13
Test-Rite International (U.S.) Co., Ltd.	2,485,567	7,210,858	5,985,586	1,225,272	6,631,408	(562,531)	(399,759)	(49,426.18)
Test Rite Int’l (Canada) Ltd.	35,622	518	62	456	0	(68)	(41)	(412.02)
Test-Rite Int’l(Australia) Pty.Limited	73,473	1,511	2,223	(712)	0	(607)	(633)	(0.18)
Test-Rite (UK) Ltd.	28,736	56,780	2,711	54,068	16,058	(313)	1,036	1.33
Test-Rite Development GmbH	316,392	1,251,518	522,935	728,583	1,709,291	39,996	4,939	0.51
Test Rite Retailing Co., Ltd.	4,823,848	573,223	148,048	425,175	0	(167)	9,569	0.06
Test Rite Trading Co., Ltd.	2,565,778	2,306,174	995,914	1,310,260	875,174	(82,950)	(45,167)	(0.54)
Fortune Miles Trading Inc.	922	680	0	680	0	0	0	0.00
Upmaster International Co., Ltd.	196,685	95,168	0	95,168	0	0	(17,343)	(2.71)

8.1.7 Consolidated financial statements of affiliated companies

Statement of Declaration

For fiscal year 2022 (January 1 to December 31, 2022), the affiliated companies that should be incorporated into the Company's consolidated financial statements pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, and those that should be incorporated similarly in accordance with Statement of International Financial Reporting Standards No. 10 are the same companies, and the relevant information required to be disclosed in the consolidated financial statements of affiliated companies have been disclosed in the aforementioned consolidated financial statements of the parent and subsidiaries.Therefore there is no need to prepare consolidated financial statements separately for the Company's affiliated enterprises companies.
The above is hereby declared.

Test Rite International Co., Ltd.
Chairman：Judy Lee
March13, 2023

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

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

8.4 Other Necessary Supplement: None.

8.5 Explanation for significant departures from shareholders' rights provisions for a primary listed or emerging market company: Not applicable.

IX. Any Events in 2022 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders’ Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.