Test Rite International Co., Ltd.
2023 Annual General Shareholders′ Meeting

Meeting Minutes

- Time: 9:00 am, June 15, 2023
- Place: Test Rite International Co., Ltd. (6F., No. 23, Hsin-Hu 3rd Road, Nei Hu, Taipei, Taiwan)
- Convening Method: Physical shareholders' meeting
- Total outstanding shares of Test Rite International Co., Ltd. (excluding the shares with not voting rights stipulated in Article 179 of the Company Act)：495,581,558 shares
- Total shares represented by shareholders present (including the shares with e-voting rights 319,387,916 shares)：442,177,799 shares
- Percentage of shares held by shareholders present：89.22%
- Chairman: Mr. Tony Ho (Chairwoman, Ms. Judy Lee was away on business and appointed Mr. Tony Ho, Director, to chair the 2023 Annual General Shareholders' meeting) / Recorder：Ms. Linda Lin
- Directors present: Yung Chi Lai, Independent Director、Ting-Yang Liu, Independent Director、Hsin Hsien Huang, Independent Director、I-Chuan Li, Independent Director、Ms. Robin Ho, Director
- The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.
- Chairman's Address (omitted)

Management Presentation

1. **Business Report for 2022. (Please see Annex 1)**

2. **Audit Committee's Review Report on the 2022 Financial Statements and the communications with internal auditing officers by the Audit Committee. (Please see Annex 2 and Annex 3)**

3. **Report on the distribution of employees' compensation and directors' remuneration for 2022.**

Details：

The distribution of remuneration was implemented pursuant to the Company's Articles of Incorporation. The Company's 2022 pretax profit before deducting the compensaion of employees and the remuneration of directors is NT$493,473,172. The compensation of employees and the remuneration of directors were determined by the board of directors. A total amount of employees' compensation is NT$4,934,732 and a total amount of directors' remuneration is NT$7,402,098. All compensation and remuneration shall be distributed in cash.

4. Report on the 2022 earnings distribution of cash dividends.

Details：

1、The Board of Directors is authorized to decide the distribution of partial or full dividends in cash, and report the decision to the shareholders' meeting in accordance of the Articles of Incorporation.

2、Fiscal year 2022 profits are to be distributed in the following manners with profits from fiscal year 2022 are to be distributed with first.

(1) 10% of the profits, or NT$48,563,139 is to be reserved as Legal Reserve.

(2) Shareholder dividends totaled NT$ 634,344,394 dollars. Based on the calculated number of total outstanding shares as of April 17, 2023 is 495,581,558 (i.e., total number of 509,887,558 issued shares of the Company excluding 14,306,000 treasury shares). Accordingly, each eligible share will receive a cash dividend payout of NT$1.28 per share (payout amount of less than NT$1 will be not be distributed).

(3) After the distribution, the accumulated retained earnings is NT$24,109,684.

3、The chairman was authorized by the Board of Directors to decide the ex-dividend date, date of issuance, and other relevant issues. In the event that proposed distribution of earnings is affected by a change in the Company's outstanding common shares, the chairman is authorized by the Board of Directors to make adjustment to such distribution at his/her discretion.

Proposals

1. Adoption of the Business Report for 2022 and the Financial Statements (proposed by the Board of Directors).

Details：

1. The Company's 2022 Financial Statements and the Consolidated Financial Statements independently audited by CPAs Mr. HSU, CHI-MING and Mr. HONG, KUO-TYAN of Deloitte & Touche, along with the Business Report for 2022, have been approved by the Board of Directors and examined by the Company's Audit Committee.
2. Please refer to Annex 1 for the Business Report for 2022 and Annex 4 for the independent auditors' audit report and Financial Statements.
3. The Business Report for 2022 and the Financial Statements are to be discussed for approval by the shareholders.

RESOLVED, the above proposal was accepted as submitted.

Voting Results：

Number of shares represented at the time of voting	For	Against	Abstained
438,875,574 shares	435,883,196 shares	37,585shares	2,954,793 shares

2. Adoption of the proposal for the 2022 profits distribution (proposed by the Board of Directors).

Details：

1. In accordance with the Articles of Incorporation, the distribution of earnings for 2022 are detailed in Annex 5.
2. The proposal is to be discussed for approval by shareholders.

RESOLVED, the above proposal was accepted as submitted.

Voting Results：

Number of shares represented at the time of voting	For	Against	Abstained
438,875,574 shares	436,123,889 shares	47,733shares	2,703,952shares

Questions and Motions： None.

Adjournment (Time：9：20 am)

(No inquiries were raised by shareholders at the Shareholders' Meeting)

Annex 1

Test Rite International Co., Ltd.
Business Report

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 27 TLW (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	(12,507)	(19,911)	(7,404)	(37.2%)
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%	(0.06%)
	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	(45.57%)

(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) Anestimate 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 productstructure 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 has 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 2023Lastly, 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 theobjective 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 encouragement.

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 has 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.

Sincerely,

Chairman: Judy Lee GM: Judy Lee Controller: Linda Lin

Annex 2

To: Test Rite International Co., Ltd. 2023 Shareholders' Meeting
From: Audit Committee of Test Rite International Co., Ltd
Re: Audit Committee's Review Report

Dear shareholders,

Here we ensure the annual financial reports of TRIC stands alone and its consolidation for 2022 have been rendered by Board and audited independent auditors Mr. HSU, CHI-MING and Mr. HONG, KUO-TYAN of Deloitte Touche.

Further we review 2022 Business report and 2022 Profits Distribution proposal and assure to it's compliance with Article 14-4 of the Securities and Exchange Act and Company Act No. 219 as well.

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

March 13, 2023

Annex 3

Test-Rite International Co., Ltd.

The communication between the Audit Committee and the internal auditing officers is as follows：

Date	Sessions	Object Issues to communicate	Result
2022.03.11	The communication session with independent directors	1) The introduction of special request audit. 2) The mechanism of risk assessment. 3) Presentation of the result. 4) The methodological of store audit.	Discussed by all members of Audit Committee present at the meeting, will manage the issues by following the recommendation.
2022.03.23	The 3rd Audit Committee's meeting of 2nd session	1)Submission of the 2021 Q4 audit working papers. 2)Submission of the 2021 Group audit working papers.	No objection for the meeting.
2022.05.11	The 4th Audit Committee's meeting of 2nd session	Submission of the 2022 Q1 audit working papers.	No objection for the meeting.
2022.08.11	The 5th Audit Committee's meeting of 2nd session	Submission of the 2022 Q2 audit working papers.	No objection for the meeting.
2022.11.10	The 6th Audit Committee's meeting of 2nd session	Submission of the 2022 Q3 audit working papers.	No objection for the meeting.
2022.12.23	The 7th Audit Committee's meeting of 2nd session	Submission of the 2023 audit plan.	Will submit to the board of directors for resolutions after deliberation.

Annex 4

Test-Rite International Co., Ltd.

Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors’ Report

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

Basis for Opinion

We conducted our audits of the 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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the 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 Company's financial statements for the year ended December 31, 2022 is described as follows:

<u>Occurrence of Sales Revenue</u>

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 Company's main customers whose sales revenue growth was against the trend in 2022 compared to the previous year is regarded as key audit matter of the Company's financial statements for the year ended December 31, 2022. For the accounting policies related to sales revenue, please refer to Note 4 of the 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. Check whether there are any significant or abnormal subsequent sales returns after the period.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

5.Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

TEST-RITE INTERNATIONAL CO., LTD.

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)	$ 703,987	4	$ 87,351	-
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	370,487	2	107,638	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	25,890	-	-	-
Notes receivable (Notes 4 and 8)	10,630	-	18	-
Trade receivables (Notes 4 and 8)	2,327,775	12	2,359,575	12
Trade receivables - related parties (Notes 4 and 23)	3,655,961	19	5,189,884	26
Finance lease receivables (Note 23)	-	-	400,304	2
Other receivables (Notes 4 and 23)	429,998	2	208,539	1
Prepayments	38,414	-	39,846	-
Other current financial assets	-	-	16,479	-
Other current assets	1	-	1	-
Total current assets	7,563,143	39	8,409,635	42
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 11)	9,658,095	50	9,756,260	48
Property, plant and equipment (Notes 4 and 12)	750,853	4	687,641	3
Right-of-use assets (Notes 4, 13 and 23)	249,121	1	126,569	1
Other intangible assets (Note 4)	31,813	-	36,259	-
Deferred tax assets (Notes 4 and 20)	1,016,347	5	1,019,607	5
Refundable deposits (Note 23)	148,642	1	142,978	1
Other non-current assets	1,912	-	1,912	-
Total non-current assets	11,856,783	61	11,771,226	58
TOTAL	$ 19,419,926	100	$ 20,180,861	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 14)	$ 900,000	5	$ 222,080	1
Short-term bills payable (Note 14)	199,885	1	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	-	-	93,663	-
Trade payables (Note 23)	2,562,767	13	4,945,694	25
Other payables (Notes 4, 15 and 23)	1,175,941	6	998,997	5
Current tax liabilities (Note 4)	137,905	1	258,175	1
Lease liabilities - current (Notes 4, 13 and 23)	77,445	1	373,430	2
Current portion of long-term borrowings (Note 14)	231,429	1	188,571	1
Other current liabilities	10,466	-	11,502	-
Total current liabilities	5,295,838	28	7,092,112	35
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 14)	6,942,456	36	6,156,469	31
Deferred tax liabilities - non-current (Notes 4 and 20)	99,710	-	39,502	-
Lease liabilities - non-current (Notes 4, 13 and 23)	172,299	1	42,273	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	20,865	-	30,394	-
Guarantee deposits received	75	-	75	-
Total non-current liabilities	7,235,405	37	6,268,713	31
Total liabilities	12,531,243	65	13,360,825	66
EQUITY (Note 17)				
Share capital				
Ordinary shares	5,098,875	26	5,098,875	25
Capital surplus	1,000	-	1,221	-
Retained earnings				
Legal reserve	1,395,045	7	1,316,941	7
Special reserve	565,449	3	496,556	2
Unappropriated earnings	489,439	3	785,148	4
Total retained earnings	2,449,933	13	2,598,645	13
Other equity	(347,869)	(2)	(565,449)	(3)
Treasury shares	(313,256)	(2)	(313,256)	(1)
Total equity	6,888,683	35	6,820,036	34
TOTAL	$ 19,419,926	100	$ 20,180,861	100

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

TEST-RITE INTERNATIONAL CO., LTD.

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, 18 and 23)	$ 15,101,232	100	$ 22,887,751	100
OPERATING COSTS (Note 23)	12,507,415	83	19,911,299	87
GROSS PROFIT	2,593,817	17	2,976,452	13
UNREALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES	(114,541)	(1)	(20,236)	-
REALIZED GAIN ON THE TRANSACTIONS WITH SUBSIDIARIES	20,236	-	74,741	-
REALIZED GROSS PROFIT	2,499,512	16	3,030,957	13
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	1,822,635	12	2,434,024	11
General and administrative expenses	480,999	3	507,314	2
Expected credit (reversal gain) loss	(328)	-	379	-
Total operating expenses	2,303,306	15	2,941,717	13
PROFIT FROM OPERATIONS	196,206	1	89,240	-
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 23)				
Interest income	17,366	-	15,087	-
Other income	82,336	1	52,119	-
Other gains and losses	367,335	2	341,437	2
Financial Costs	(131,083)	(1)	(75,232)	-
Share of (loss) gain of subsidiaries and associates accounted for using the equity method	(51,023)	-	491,182	2
Total non-operating income and expenses	284,931	2	824,593	4
PROFIT BEFORE INCOME TAX	481,137	3	913,833	4
INCOME TAX EXPENSE (Notes 4 and 20)	(55,248)	-	(130,999)	(1)
NET PROFIT FOR THE YEAR	425,889	3	782,834	3
OTHER COMPREHENSIVE GAIN (LOSS)				

(Continued)

TEST-RITE INTERNATIONAL CO., LTD.

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**	**%**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	6,457	-	1,040	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(15,907)	-	1,385	-
Share of other comprehensive gain (loss) of subsidiaries	52,159	-	19,934	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	234,614	2	(93,041)	-
Other comprehensive income (loss) for the year, net of income tax	277,323	2	(70,682)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 703,212	5	$ 712,152	3
EARNINGS PER SHARE (Notes 4 and 21)				
Basic	$ 0.86		$ 1.58	
Diluted	$ 0.86		$ 1.58	

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

TEST-RITE INTERNATIONAL CO., LTD.

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

							Other Equity			
	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
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
Appropriation of 2020 earnings (Note 17)										
Legal reserve	-	-	-	79,252	-	(79,252)	-	-	-	-
Special reserve	-	-	-	-	178,893	(178,893)	-	-	-	-
Cash dividends	-	-	-	-	-	(530,272)	-	-	-	(530,272)
Net profit for the year ended December 31, 2021	-	-	-	-	-	782,834	-	-	-	782,834
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	8,934	(93,041)	13,425	-	(70,682)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	791,768	(93,041)	13,425	-	712,152
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
Appropriation of 2021 earnings (Note 17)										
Legal reserve	-	-	-	78,104	-	(78,104)	-	-	-	-
Special reserve	-	-	-	-	68,893	(68,893)	-	-	-	-
Cash dividends	-	-	-	-	-	(634,344)	-	-	-	(634,344)
Changes in associates and joint ventures for using the equity method	-	-	6	-	-	-	-	-	-	6
Disposal of partial interest in subsidiaries	-	-	(227)	-	-	-	-	-	-	(227)
Net profit for the year ended December 31, 2022	-	-	-	-	-	425,889	-	-	-	425,889
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	65,724	234,614	(23,015)	-	277,323
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	491,613	234,614	(23,015)	-	703,212
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

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

TEST-RITE INTERNATIONAL CO., LTD.

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	$ 481,137	$ 913,833
Adjustments for:		
Depreciation expense	140,556	128,577
Amortization expense	9,599	12,316
Expected credit (reversal gain) loss recognized on trade receivables	(328)	379
Net (gain) loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss	(314,181)	367,380
Interest expense	131,083	75,232
Interest income	(17,366)	(15,087)
Dividend income	(1,205)	(1,736)
Share of loss (gain) of subsidiaries and associates accounted for using the equity method	51,023	(491,182)
Loss (gain) on disposal of investments	9,610	(19,279)
Impairment loss on financial assets	3,429	-
Unrealized gain on the transactions with subsidiaries	114,541	20,236
Realized gain on the transactions with subsidiaries	(20,236)	(74,741)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(51,941)	(21,861)
Notes receivable	(10,612)	(3)
Notes receivable from related parties	-	193
Trade receivables	32,121	86,885
Trade receivables from related parties	1,533,923	(1,366,068)
Other receivables	(219,297)	156,546
Inventories	-	227
Prepayments	1,432	180,778
Other current assets	-	(1)
Other financial assets	16,479	265,603
Other operating assets	3	1,568
Trade payables	(2,382,927)	(647,480)
Other payables	169,909	163,888
Other current liabilities	(1,029)	3,033
Net defined benefit liabilities	(3,072)	(55,696)
Cash used in from operations	(327,349)	(316,460)
Interest received	15,204	15,258
Dividend received from subsidiaries	245,423	185,335
Interest paid	(128,164)	(74,878)
Income tax paid	(112,050)	(49,884)
Net cash used in operating activities	(306,936)	(240,629)
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

TEST-RITE INTERNATIONAL CO., LTD.

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

	2022	2021
Purchase of financial assets at fair value through other comprehensive income	(82,661)	(137,345)
Disposals of financial assets at fair value through other comprehensive income	40,863	186,655
Purchase of investments accounted for using the equity method	(8,257)	(157,550)
Purchase of property, plant and equipment	(111,134)	(42,818)
Proceeds from disposal of property, plant and equipment	34	-
(Increase) decrease in refundable deposits	(5,664)	2,312
Purchase of intangible assets	(5,153)	(1,664)
Decrease in finance lease receivables	400,304	392,041
Net cash generated from investing activities	228,332	241,631
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	677,920	222,080
Proceeds from (repayments of) short-term bills payable	199,885	(299,890)
Proceeds from long-term borrowings	22,200,610	16,094,538
Repayments of long-term borrowings	(21,371,765)	(15,371,190)
Repayment of the principal portion of lease liabilities	(377,066)	(366,905)
Dividends paid	(634,344)	(530,272)
Net cash generated (used in) from financing activities	695,240	(251,639)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	616,636	(250,637)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	87,351	337,988
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 703,987	$ 87,351

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

Test-Rite International Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Test-Rite International Co., Ltd. (the "Company") and its subsidiaries (collectively referred 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 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, please refer to Note 4 of the 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. Check whether there are any significant or abnormal subsequent sales returns after the period.

Other Matter

We have also audited the parent company stand-alone 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

<u>*Notice to Readers*</u>

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 (Note 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
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:				

(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**	**%**
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
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(10,315)	(20,500)

(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
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)

TEST RITE

Annex 5

Test Rite International Co., Ltd
2022 Profits Distribution Table

(NTD)

Item	Amonut	Notes
Beginning balance of retained earnings	3,806,273	
Net profit after tax(a)	425,888,519	
Plus：Adjusted retained earnings for Investments accounted for using equity method(b)	59,266,748	
Plus：Remeasurement of defined benefit plans recognized in retained earnings (c)	6,457,435	
Less：Disposal of investments in equity instruments designated as at FVTOCI and cumulative gain or loss was directly transferred to retained earnings (d)	(5,981,310)	
Net profit after tax add adjustments (e)	485,631,392	(a+b+c+d)
Less：Legal reserve appropriation(10%)	(48,563,139)	(e)*10%
Plus：Special reserve reversal	217,579,552	(*)
Earnings available for pay-out	658,454,078	
Allocation:		
Cash dividend	634,344,394	
Ending balance of retained earnings	24,109,684	
*The Company should set aside the special reserve in accordance with the article 41-1 of Securities and Exchange Act.		

Chairman: Judy Lee　　GM: Judy Lee　　Controller: Linda Lin