



2018

Annual Report

SCAN-D CORPORATION

Website of the Company: <https://www.topshine.tw>
Market Observatory Post System: <http://mops.twse.com.tw>

Published on May 20, 2019

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

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Title : Finance/Accounting Chief

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Deputy Spokesperson : Hsu, Chia-Chieh

Title : Finance Manager

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II 、 Headquarters, Branches and Plant

Address : No.69, Dinhu 1 St., Gueishan Dist., Taoyuan City

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Please refer to the statement for further information.

III 、 Stock Transfer Agent

Name : KGI Securities

Address : 5F., No.2, Chongqin S. Rd., Taipei City

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TEL : (02) 2389-2999

IV 、 External auditors of the financial statement covering the previous fiscal period

Auditors : Hsieh, Ming-CHung 、 Kuo, Nai-Hua

Accounting Firm : Deloitte & Touche

Address : 20F., No.100, Songren Rd., Xinyi Dist., Taipei City

Website : <http://www.deloitte.com.tw>

TEL : (02) 2725-9988

V 、 Name of exchanges in foreign countries where the Company is listed for securities trade and the means of access to information on overseas securities: None

VI 、 Corporate Website : <https://www.topshine.tw>

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I、Letter to Shareholders

Dear shareholders:

First we would like to thank you dear shareholders for coming to our general meeting of shareholders. The domestic demand for consumer goods was very weak under the influence of pension reform for public servants, poor sales amount in real estate market and stock market last year. Furthermore, there were so many unpredictable changes in economies around the world, which made consumers more conservative, and therefore it became a harsh challenge for the operation of our company. The development strategy of the company is pretty clear, and it is to expand the group of our customers by including different types of consumers. Besides our products made of teak, we also have put our emphasis on the differentiation furniture markets such as leather products, system furniture and beddings. We also have our high cost-performance products with the best design that are manufactured in compliance with international standards but have the price of domestic products as the main roles through the strategic moves and promotion of our iconic brands like "Scanteak", "Scanliving" and "Scankomfort". With our competitive strengths including product design, marketing discounts, inventory and logistics control, store positioning and pricing strategy, we have made Scan Group the largest furniture chain in Taiwan. Especially with the help of technology, consumers tend to have more initiative nowadays than in the past in the aspect of shopping scene, timings and information, and they have higher and higher expectations for shopping experience, which is one of the reasons keeping physical retail stores from disappearing. For that 90% of retail sales are still generated from physical stores, the furniture industry with a special nature may provide meaningful customer experience and brand interaction through physical stores more effectively. By the end of 2018, there were totally 122 stores of the brands owned by Scan Groups (84 Scanteak stores, 35 Scanliving stores and 3 Scankomfort store), and Scan Group was still the largest furniture chain in Taiwan. The gross revenue of the company in 2018 reached TWD 1,703million dollars, which was a 5.63% decrease comparing to the former year. The net income after tax was TWD 167 million dollars, which was a 23.41% decrease comparing to the former year. The operating results in 2018 and the planning for operation in 2019 are provided as follows:

I、2018 Business Report

(I)Result of business plan:

Unit: TWD 1000 dollars

Subject \ Year	2018	2017	Increase	Ratio (%)
Operating income	1,703,688	1,805,336	(101,648)	(5.63)%
Operating margin	944,252	1,004,354	(60,102)	(5.98)%
Operating expenses	742,171	750,312	(8,141)	(1.09)%
Business Benefits	202,081	254,042	(51,961)	(20.45)%
Operating foreign Receipts (branch)	9,762	11,473	(1,711)	(14.91)%
Net profit (loss) before tax	211,843	265,515	(53,672)	(20.21)%
Net profit after tax (loss)	167,570	218,776	(51,206)	(23.41)%

(II) Budget performance : NA

(III) Analysis of financial income and expenditure and profitability

Unit: 1000 dollars

Subject		Year	2018	2017	Increase %
Financial Status	Operating income		1,703,688	1,805,336	(5.63)%
	Operating margin		944,252	1,004,354	(5.98)%
	Interest income		249	196	27.04%
	Interest expense		3,398	5,078	(33.08)%
	After-tax pure benefit		167,570	218,776	(23.41)%
Profit	Rate of return on assets (%)		10.88	13.73	(20.76)%
	Rate of return on shareholder equity (%)		16.58	24.23	(31.57)%
	Paid-in ratio(%)	Operating	43.80	57.24	(23.48)%
		Pretax	45.92	59.83	(23.25)%
	Pure benefit rate (%)		9.84	12.12	(18.81)%
	Surplus per share (pure loss) (yuan)		3.67	5.05	(27.33)%

(IV) R&D : NA

II、2019 overview :

(1) Business policy:

1. 2019 is targeted at the establishment of 15 business positions.
2. Make good use of the advantages of the channel Agent International Furniture Boutique, the implementation of multi-brand strategy management.
3. Continuously increase the Scanliving product line and expand the sales market.
4. Make use of information system to strengthen procurement accuracy and optimize inventory management.

(2) the expected quantity of sales and its basis:

The company will continue to add additional locations and expand its operations in the coming year, with revenue expected to continue to grow in the coming year.

(3) Important production and marketing policies:

1. Multi-brand management as an enterprise development strategy to meet market demand.
2. Strengthen product design capabilities, to provide warm and comfortable, ergonomic furniture.
3. Continue to increase brand penetration and consumer identity, in order to strengthen the sales of existing channels and expand the market share.

The above is the company's current general situation and future development direction, the company continued to uphold the establishment of the "innovation, harmony, pragmatic, speed" business philosophy, towards the Enterprisesustainable management of the side of the effort. We also wish that our shareholders will continue to give their support and encouragement.

Regards

SCAN-D CORPORATION

II 、 Company Profile

I 、 Date of Incorporation: Oct.9, 1995

II 、 Company History

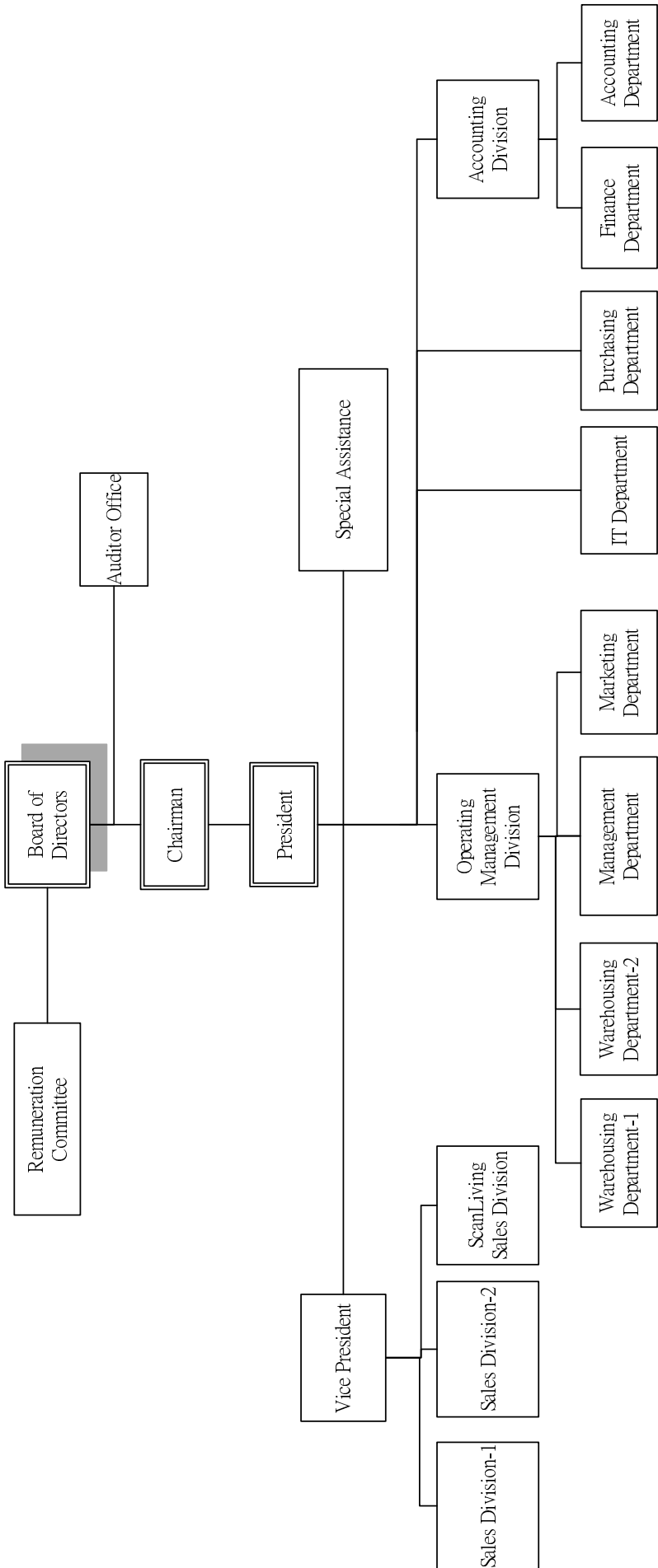
October 1995	The company was approved for establishing registration, the name of the company was set as Xuchan Eletronics , the registered capital amount was NT\$ 50 million, the paid-in capital amount was NT\$ 20 million. It maily operated Integrated circuit, research and development, design and transaction business of electronical products.
January, 1999	Introduced product TH2000.
October, 1999	Introduced product TH7100
March, 2000	The plan of application for capital increase expanding operating integrated circuit design was approved by the Ministry of Economic Affairs, and the appilication for approval of the tax credit of investment of important technological business was approved.
July, 2000	The company was approved to be a public company by the Securities & Futures Institute.
August, 2000	Introduced new product of USB 4x4 Console.
January, 2001	Merged with Tienchen Eletronics, expanded the operating scope of the components sale.
October, 2001	Passed the international standard certification of ISO9001 of 2000 version.
July, 2002	Approved for being listing by the Securities & Futures Institute.
October, 2002	Officially being listed trade in TPEX.
March, 2003	The investment plan for applying for capital increase to the Ministry of Economic Affairs and the expansion of the research and development of the personal digital assistant product design for the development of the Linux platform that corresponded with the criteria for the application of the emerging important strategic industries was approved.
March, 2003	Introduced the mother board product of POWER PC.
April, 2003	Approved by the TPEX of being margin trading and short selling.
June, 2003	The first domestic unguaranteed conversion of corporate bonds was listed in the TPEX in 2013.
July, 2003	Increased operating items: F108031 Wholesale of Drugs, Medical Good and F208031 Retail of Drugs, Medical Good
February, 2004	Applying for capital increase to the Industrial Bureau of the Ministry of Economic Affairs to expand the investment plan for the engineering services of the mother board products that corresponded with the standards for the application of emerging important strategic industries was approved.
February, 2005	Introduced Singing Doll and MP3 products.
June, 2005	Established Fuji product department, increased its acting brands.
September 2005	Introduced the product, TH500 (XOIC crystal oscillator IC.)
September 2005	Introduced the product, TH103 (10bits LVDS.)
September 2006	Introduced the product, TH2010G.
October 2006	Introduced the product, TH103G/TH104G.)
April, 2007	Increased the acting brand, TOSHIN.
May, 2007	Increased the acting brand, SECOS.
August, 2007	Increased the acting brand, TH387AG.
December, 2007	Increased the acting brand, QUANTEK and CAT.
January, 2008	Increased the acting brand, AnSC.
June, 2008	Increased the acting brand, EON.
September, 2009	Increased the company's operating items: F19990 Other Wholesale Industry and F299990 Other Retail Industry.

February, 2010	The private equity common stock of capital increase by cash was 15,000 thousand shares, the total amount of capital reached TWD 379.68 million dollars.
April, 2010	Signed the brand authorization contract of “Scanteak” and “詩肯柚木” in Taiwan area, and obtained relevant chain stores assets, official being involved in the business of brand furniture chain store.
June, 2010	The share of the company changed its name to “SCAN-D CORPORATION” after adopted by the 22 nd of the sixth board of directors.
April, 2011	Increased the acting brand of American lace imported mattress, Restonic.
April, 2012	Established brand, “Scanliving.”
July, 2012	Awarded “200 best SMEs in Asia in 2012” of Forbes Magazine.
July, 2012	Processed the earnings transferred with TWD18.98 million dollars., the capital amount increased to TWD 398.66million dollars.
June, 2013	Processed the earnings transferred with TWD 19.93 million dollars., the capital amount increased to TWD 418.59 million dollars.
August, 2014	Processed the earnings transferred with TWD 20.92 million dollars., the capital amount increased to TWD 439.52 million dollars.
July, 2015	Nullified the treasury shares TWD9.7 million dollars., the capital amount was TWD 429.82 million dollars.
August, 2015	Scan home exclusively signed the contract with the CS Schmal brand of Nolte Group, the largest system panel furniture company in Europe, officially became the exclusive agent of Nolte Group in Taiwan.
September, 2015	Scanteak introduced PROLOGUE system furniture, and was awarded the highest honor of Singapore, the president design, and was respectively awarded “Good Design Award, 2015) of Singapore and Japan.
December, 2015	The sotres broke through hundreds of stores.
September, 2016	Established the exclusive store “Scankomfort.”
December, 2016	The second domestic guaranteed conversion of corporate bonds was listed in the TPEX in 2016.
December, 2017	Transferred the corporate bonds to shares, the capital amount after transfer wasTWD 443.79 million dollars.
December, 2018	Transferred the corporate bonds to shares, the capital amount after transfer wasTWD 461.33 million dollars.

III、Corporate Governance Report

I、Organization System

(I) Organizational Chart



(II) Major Corporate Functions

Department	Main Operations
General Manager	<ul style="list-style-type: none"> ① Proposes the overall operating direction, operating strategies, and annual actual plan of the company, planning every management system and possible investment opportunity to maintain the internal advantages and external opportunities. ② Controls the industrial trend and market information, in response to the internal and external environmental changes, dealing, integration, analysis or research the overall operation of the company, proposes relevant strategies, plan, budgets or policies. ③ Supervises and tracks the target of every operating performance management, leads the group to achieve the company goal. ④ Promotes the medium and long-term operating strategic plan of every department, completes the medium and long-term projects of the company, ensures the operations of the company go stable, ⑤ Organizes, coordinates and develops the internal operations of the enterprise by the professional enterprise management knowledge and technique, contains the ability of implementation, leadership, strategy organization and risk management.
Audit Office	<ul style="list-style-type: none"> ① Responsible for the audit, maintenance, improvement, suggestion and coordination of the internal control system, and assist every unit to solve the problems and improve the operation procedures as well as the efficiency. ② Assesses the integrity, rationality and the execution effectiveness of every department of the company's internal control system ③ Assists and promotes the self-assessed operations of relevant internal control execution of every department. ④ Submits the audit report and tracks the improvement effectiveness.
Operating Office	<p>Mainly responsible for selling furniture products:</p> <ul style="list-style-type: none"> ① Implements relevant activities details that corresponds with the operating target and annual action plan to achieve medium and long-term strategic programs. ② The execution of relevant personnel management in sale area, after-sale services, and educational training. ③ The receipt of the customer's order, the contact of the shipment, the collection of accounts, etc.
Warehouse Department	<ul style="list-style-type: none"> ① Classification of merchandises, delivery, receiving, inventory management and storage space planning. ② Manages commodity allocation, pumping, and regular inventory operations to improve existing warehouse management issues and improve operational efficiency. ③ Out-going products quality examination and maintenance, improve product quality or customized products according to the customer needs. ④ The company's merchandise shipment process controls operations.
Procurement Department	<ul style="list-style-type: none"> ① Executes the procurement operations in accordance with the sale plan, dealing with problems of the import and export, lost items, or delay of the products. ② Improve the quality of products and the order arrived rate, engages in the new product examination operations, improve the control operation of yield. ③ Collects and evaluates the suppliers, establishes, updates their information. ④ Sets the standard of safe stock of the company and control the inventory of the products, reducing the costs of inventory of the company. ⑤ Responsible for the request of cash of payable payment of the suppliers.
Marketing Department	<ul style="list-style-type: none"> ① Plans the marketing activities and branding strategies of corresponding with the company's development and increasing the satisfaction of the customers. ② Engages in the marketing budget activities and plans of the new products development, reviews and analyzes the execution result and effectiveness of the sales promotion of the products. ③ Product distribution process management, establishment of marketing channel network analysis, and development of marketing channel strategy ④ Manages and maintains the company's product website. ⑤ Plans the marketing activities and projects.

Department	Main Operations
Management Department	<ul style="list-style-type: none"> ① The establishment and management of HR systems such as manpower planning, recruitment, appointment, assessment, and promotion of the company. ② Plans, designs, and manages the company's remuneration system, business trip, insurance, and welfare matters. ③ The plan, system establishment and execution of the company's educational training and human resource development. ④ Plans and promotes the company's corporate culture and employee relations. ⑤ Plans, manages, and implements the company's environmental, safety and health issues. ⑥ The procurement and management of fixed assets, contract management of general affairs projects, the procurement of facilities. ⑦ Assists in handling legal cases and related legal matters. ⑧ Management tasks such as document numbering, issuance, recycling, and storage.
Information Department	<ul style="list-style-type: none"> ① Plans and executes the delectonization policy of the company, overall distribute the company's information and facility resources. ② The assessment, importation, and maintenance of the relevant application system of ERP. ③ Assists the information policy construction and execution of the company, evaluates the demand of information technology toward the company, and actively proposes a possible program of improvement. ④ Manages the group development and operating of the information department. ⑤ Information security crisis handling standards.
Finance and Accounting Department	<ul style="list-style-type: none"> ① Responsible for the fund raising at the capital market, the interaction between the bank of financing, loaning funds, the cash income and expenditure estimates, and use fund raising tools to propose programs to reduce the company's operating capital costs. ② Proposes the strategies of investment, merger, acquisition of the company's growth. ③ Financial statement preparation and budget management, operational effectiveness analysis, for determination unit management, and policy establishment. ④ Establishes, assess and implements the accounting system. ⑤ Various tax planning and reporting. ⑥ Regular announcement or declaration of financial situation. ⑦ Comprehensively handle the matters of every services.

II 、Directors, Supervisors and Management Team
(1) (1) Directors and Supervisors

Apr.22, 2019 ; Unit: Share: %

Title (Note 1)	Name	Sex	Nationality/ Country of Origin	Date Elected	Term (Years)	Date First Elected (Note 2)	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Note 3)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairperson	BVI NOBLE LINK MANAGEMENT LTD. Representative: Lim, Pok-Chin	M	BVI Singapore	106/06/22	3	99/06/25	14,332,500	34.24%	15,049,125	32.62%	0	0	0	0	None	None	None	None	None
Director	Neo, Klay-Pin	M	Singapore	106/06/22	3	99/06/25	0	0	0	0	0	0	187,000	0.41%	United Overseas Bank Executive Vice President Warwich University Management BA University of Surrey Chemical Engineer, MS	Other Company : Redwood Interior Pte Ltd Director	None	None	None
Director	Lim, Jie-Ren	M	Singapore	106/06/22	3	100/06/22	0	0	0	0	54	0%	2,022,200	4.38%	Hawaii Furnishing Pte Ltd Consultant Hawaii Furnishing Japan President University of Michigan Ross School of Business-MBA	The Company : GM Assistant Other Company : Hawaii Furnishing Pte Ltd Consultant Hawaii Furnishing Japan President Zipangtiger Investment Director Mobler Japan President	Chairperson	Lim, Pok-Chin	2nd degree relative
Independent Director	Chen, Chung-Cheng	M	ROC	106/06/22	3	100/06/22	0	0	0	0	0	0	0	0	Yonghui Investment GM Yongkuan Chemical Director Development Center for Biotechnology Manager TTU Management School	WFOE Accounting President Yonghui Network Responsible person Evershine IPO President TEEMA Co., Ltd. Supervisor Pharmadax Inc. Supervisor JieBiShen Holding Independent Director ANXO Biotech. Independent Director	None	None	None
Independent Director	Wang, Chia-Cheng	M	ROC	106/06/22	3	106/06/22	220,500	0.53%	134,525	0.29%	0	0	0	0	SCAN-D CORPORATION Accounting Chief Prolific Technology Inc. Financial Manager FJU Accounting Department	Rainter Co., Ltd. CFO SIMULA Tech. Independent Director	None	None	None
Supervisor	Lee, Shin-Mo	M	ROC	106/06/22	3	106/06/22	0	0	38,000	0.08%	0	0	0	0	Spring Singapore Consultant FJU Business Management Department UC Business Management MA and PhD USC honorary doctorate	Tsaixin Knowledge Group President	None	None	None
Supervisor	Wang, I-Yao	M	ROC	106/06/22	3	104/06/16	350,000	0.92%	233,118	0.51%	0	0	0	0	Heli Co., Ltd. Chairperson CICD Phase 15 NAID Kaohsiung NAID ROC member rep. NSYU 2th EMBA	Heli Co., Ltd. Chairperson	None	None	None
Supervisor	Liu, Chih-Hung	M	ROC	106/06/22	3	104/06/16	0	0	40,000	0.09%	0	0	0	0	Yuanda Commercial Bank Sales Manager FJU Finance MA	GT Group Independent Director	None	None	None

Note 1: List the name of legal person shareholder and the name of representative separately and fill the following chart.

Note 2: Specify the term of the 1st elected director or supervisor. Any interruption shall be specified.

Note 3: Person with experience in Auditors Firm or in affiliated companies shall be noted and specify the position.

(1) (2) Major shareholders of the institutional shareholders

Apr.22, 2019

Name of Institutional Shareholders (Note 1)		shareholders of the institutional shareholders (Note 2)	
		Shareholder	%
BVI NOBLE LINK MANAGEMENT LTD.		Lim, Pok-Chin	100%

Note 1: If the director or supervisor is legal person, please specify.

Note 2: Specify the top ten major shareholders' name. If that is legal person, please fill in the following chart.

(1) (3) Professional qualifications and independence analysis of directors and supervisors

Apr.22, 2019

Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience	Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director				
		1	2	3	4	5	6	7	8	9	10					
Name (Note 1)			V													0
Chairperson BVI NOBLE LINK MANAGEMENT LTD. Representative: Lim, Pok-Chin	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		V													0
Director Neo, Khay-Pin	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		V													0
Director LIM, JIE-REN	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company		V													0
Independent Director Chen, Chung-Cheng	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience		V													2
Independent Director Wang, Jia-Chen	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company		V													1
Supervisor Lee,Shin-Mo	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience		V													0
Supervisor Wang, I-Yao	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company		V													0
Supervisor Liu, Chi-Hon	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience		V													0

Note 1: The number of fields is adjusted for actual numbers.

Note 2: Each director and Supervisor in the two years prior to the election and during the term of office in accordance with the following conditions, please check the space below with each condition code.

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings.
- Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company.
- Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof. These restrictions do not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the TPEX".
- Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- Not been a person of any conditions defined in Article 30 of the Company Law.
- Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(II) Management Team

Apr. 22, 2019

Title	Nationality/ Country of Origin	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		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General Manager	Singapore	Lim, Pok-Chin	M	99/04/06	0	0	0	0	6,237,365	13.52%	Hawaii Furnishing Pte Chairperson Redwood Interior Pte Ltd Director Redwood Group Ltd Director YiCHia Investment Chairperson	Hawaii Furnishing Pte Chairperson Redwood Interior Pte Ltd Director Redwood Group Ltd Director YiCHia Investment Chairperson	Director	LIM, JIE-REN	2nd degree relative
Vice General Manager	ROC	Hsueh, Hsiu-Chu	F	102/09/15	1,247,860	2.70%	0	0	0	0	LuShuLin Co., Ltd. Chairperson Intech for Computer Education	Yixin Inc. Chairperson	None	None	None
Executive Manager	ROC	Bu, Ren-Bai	M	99/04/30	5,000	0.01%	0	0	0	0	LuShuLin Co., Ltd. Director	None	None	None	None
CFO	ROC	Ho, San-Chuang	M	100/05/02 100/07/19	0	0	0	0	0	0	Yoko International Financial Manager MCU BA NTUST EMBA	None	None	None	None
Chief Auditor	ROC	Huang, Shu-Ling	F	105/11/03	0	0	0	0	0	0	Formosa Epitaxy Incorporation Auditor Vice Manager PwC Taiwan Auditor Director TKU BA	None	None	None	None

Note 1: The General manager, deputy general manager, associate, department and branch supervisor data should be included, and where the position is equivalent to the general manager, deputy manager or associate, regardless of job title, should also be disclosed.

Note 2: The experience associated with a current position, such as having served on a

accounting firm or a relational enterprise during the pre-unveiling period, shall state the title and responsible position of the office.

Note 3: Bu, Ren-bai has resigned as associate of the company on October 31, 2018.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	Neo, Khay-Pin · Chen, Chung-Cheng Wang, Chia-Cheng	Neo, Khay-Pin · Chen, Chung-Cheng Wang, Chia-Cheng	Neo, Khay-Pin · Chen, Chung-Cheng Wang, Chia-Cheng	Neo, Khay-Pin · Chen, Chung-Cheng Wang, Chia-Cheng
NT\$2,000,000 ~ NT\$4,999,999	LIM, JIE-REN	LIM, JIE-REN	LIM, JIE-REN	LIM, JIE-REN
NT\$5,000,000 ~ NT\$9,999,999	Lim, Pok-Chin	Lim, Pok-Chin	Lim, Pok-Chin	Lim, Pok-Chin
NT\$10,000,000 ~ NT\$14,999,999				
NT\$15,000,000 ~ NT\$29,999,999				
NT\$30,000,000 ~ NT\$49,999,999				
NT\$50,000,000 ~ NT\$99,999,999				
Over NT\$100,000,000				
Total	5	5	5	5

Note 1: The name of the Director shall be shown separately (the shareholder of the legal person shall list the name and the representative separately) to disclose the amount of payment by way of a summary. If the director is also the general manager or deputy general Manager, fill out this form and the following table (3-1) or (3-2).

Note 2: Refers to the remuneration of directors for the most recent year (including directors' salaries, job addition, severance payments, various bonuses, awards, etc.).

Note 3: Fill in the amount of remuneration of directors assigned by the board in the most recent year.

Note 4: Refers to the most recent annual directors related business implementation costs (including supervisors, special expenses, various allowances, dormitories, distribution vehicles and other in-kind provision, etc.). In the case of the provision of housing, motor vehicles and other means of transport or exclusive personal expenses, the nature and cost of the assets provided, the actual or calculated rent, oil and other payments at fair market value shall be disclosed. In the case of a driver, please note that the company pays the relevant remuneration of the driver, but does not count towards the remuneration.

Note 5: Refers to the most recent annual director of the staff (including also the General manager, deputy general manager, other managers and employees) received including salary, job bonus, severance payment, various bonuses, awards, supervisors, special fees, various allowances, dormitories, distribution vehicles and other in-kind provision and so on. In the case of the provision of housing, motor vehicles and other means of transport or exclusive personal expenses, the nature and cost of the assets provided, the actual or calculated rent, oil and other payments at fair market value shall be disclosed. In the case of a driver, please note that the company pays the relevant remuneration of the driver, but does not count towards the remuneration. Also in accordance with the IFRS 2, share base payment" recognized salary costs, including the acquisition of employee recognition certificates, restrictions on the rights of employees of new shares and participation in cash capital to subscribe for shares, and so on, should be included in the remuneration.

Note 6: Refer to the most recent annual director of the staff (including also the General manager, deputy general manager, other managers and employees) to obtain staff remuneration (inclusive of stocks and cash); Please disclose the most recent year by the Board of directors through the allocation of staff remuneration, if it is not possible to estimate the proportion of the actual allocation of this year's proposed allocation.

Note 7: The total amount of remuneration paid to the directors of the company by all companies (including the company) in the combined report shall be disclosed.

Note 8: The company's payment of total remuneration to each director and exposes the name of the director in the distance to which it belongs.

Note 9: All companies in the combined report (including the company) should be exposed to the total amount of honorariums paid to each director of the company and the names of the directors should be disclosed in the distance to which they belong.

Note 10: Net profit after tax refers to the most recent Net profit after tax of the year. The international Financial reporting guidelines have been adopted. Net profit After tax refers to the most recent annual individual or individual financial reports/Net profit after tax.

Note 11: A. This column should make it clear that the directors of the company receive the amount of honorariums related to the transfer of investment from outside the subsidiary.

B. If a director of a company receives an honorarium from an investment business other than a subsidiary, he or she shall incorporate the remuneration received by the Director of the company from the investment business outside the subsidiary into the I column of the honorarium level, and change the domain name to "all transfer investment undertakings".

C. Remuneration means the remuneration and remuneration (including employees, directors and Supervisor) received by the Directors of the company as directors, Supervisor or managers of the transferred investment undertakings outside the subsidiaries. Remuneration) and business execution costs.

* The content of honorariums disclosed in this table is different from the concept of income tax law, so the purpose of this table is to use it as information disclosure and not to be used for tax purposes.

(II) Remuneration of Supervisors

Apr.22, 2019 : Unit: NT\$ thousands

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)		The company	Companies in the consolidated financial statements	
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements			
Supervisor	Lee,Shin-Mo	0	0	400	400	12	12	0.25%	0.25%	None
Supervisor	Wang, I-Yao	0	0	400	400	15	15	0.25%	0.25%	None
Supervisor	Liu, Chih-Hung	0	0	400	400	15	15	0.25%	0.25%	None

Range of Remuneration

Range of Remuneration	Name of Supervisors	
	The company	Total of (A+B+C)
Under NT\$ 2,000,000	Lee,Shin-Mo、Wang, I-Yao、Liu, Chih-Hung	Companies in the consolidated
NT\$2,000,000 ~ NT\$4,999,999		Lee,Shin-Mo、Wang, I-Yao、Liu, Chih-Hung
NT\$5,000,000 ~ NT\$9,999,999		
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Over NT\$100,000,000		
Total	3	3

Note 1: Supervisors' name should be listed separately (the legal person shareholder should be listed separately by the legal person shareholder name and representative) to disclose the amount of payment in an aggregated manner.

Note 2: Refer to the compensation for the most recent annual Supervisor (including supervisor pay, job addition, severance payment, various bonus awards, etc.).

Note 3: Fill in the amount of Supervisor remuneration allocated by the Board of directors in the most recent year.

Note 4: Refers to the most recent annual payment of supervisor related business implementation costs (including special expenses, dormitories, distribution vehicles and other in-kind provision, etc.). In the case of the provision of housing, motor vehicles and other means of transport or exclusive personal expenses, the nature and cost of the assets provided, the actual or calculated rent, oil and other payments at fair market value shall be disclosed. In the case of a driver, please note that the company pays the relevant remuneration of the driver.

Note 5: The amount of remuneration paid by all companies (including the company) in the Combined report to Supervisor the company shall be disclosed.

Note 6: Disclose the name of supervisor receiving the service fee from the company.

Note 7: All companies in the combined report (including the company) should be exposed to the total amount of each Supervisor fee paid by the company, and the name of the supervisor should be disclosed in the distance to which they belong.

Note 8: Net profit after tax refers to the most recent year. The international Financial reporting guidelines have been adopted.

Note 9: A. This column should make it clear that the company Supervisor receives the amount of honorariums related to the transfer of investment from outside the subsidiary.

B. If the company Supervisor who receives an honorarium from a transferred investment business outside a subsidiary, the remuneration received by the company Supervisor the transfer to the Enterprise outside the subsidiary shall be incorporated into column D of the remuneration scale.

C. Remuneration means remuneration and remuneration received by The company Supervisor as a director, Supervisor or manager of a transfer to a business other than a subsidiary, including employees, directors and Supervisor remuneration) and business execution costs and other related honorariums.

* The content of honorariums disclosed in this table is different from the concept of income tax law, so the purpose of this table is to use it as information disclosure and not to be used for tax purposes.

(III) Remuneration of the President and Vice President

Apr.22, 2019 ; Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary		
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	Cash	Stock		The company	Companies in the consolidated financial statements
General Manager	Lim, Pok-Chin	10,402	10,402	0	0	2,443	2,443	4,683	0	4,683	0	0	10.46%	10.46%	None	
Vice General Manager	Hsueh, Hsiu-Chu															

* all the person receiving compensation equal to the GM regardless of the actual position.

Range of Remuneration

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000		
NT\$2,000,000 ~ NT\$4,999,999	Hsueh, Hsiu-Chu	Hsueh, Hsiu-Chu
NT\$5,000,000 ~ NT\$9,999,999		
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Over NT\$100,000,000		
Total	2	2

Note 1: The names of the general manager and the deputy general manager should be listed separately, and the amount of each payment should be disclosed in a summary manner. If the director is also the general manager or deputy general manager, this form and the above form (1-1) or (1-2) shall be filled out.

Note 2: This is to list the salary, post supplement and severance payment of the general manager and deputy general manager of the most recent year.

Note 3: This is to list the various bonus, incentives, transportation allowances, special disbursement, various allowances, and physical supplies such as dormitory or car, and other remuneration of the general manager and deputy general manager. In the case of the provision of housing, motor vehicles and other means of transport or exclusive individual expenses, the nature and cost of the assets provided, the rent at actual or at a fair market price, fuel expenses and other payments shall be disclosed. If a driver is provided, please note to describe the Company's payment for the driver, but not to be included in the remuneration. The salary expenses recognized in accordance with IFRS 2 "Share-based payment", including obtaining employee stock option certificates, employee restricted stock awards and participating in issuance of common stock for cash with shares subscription, shall also be included in the remuneration.

Note 4: This is to list the remuneration (including stocks and cash) of the general manager and deputy general manager approved by the board of directors in the most recent year. If the amount was not able to be estimated, the proposed distribution this year shall be calculated based on the actual distribution last year, and the table 1.3 shall be filled out. Net profit after tax refers to the net profit after tax in the most recent year; if the international financial reporting standard has been adopted, the net profit after tax is the net profit after tax of the individual or separated financial report of the most recent year.

Note 5: The remuneration paid by all the companies (including the Company) in the consolidated report to the general manager and deputy general manager of the Company shall be disclosed.

Note 6: The remuneration paid by the Company to each general manager and deputy general manager, for that the names of general manager and deputy general manager shall be disclosed in the belonged range of remuneration.

Note 7: The remuneration paid by all the companies (including the Company) in the consolidated report paid to each general manager and deputy general manager of the Company shall be disclosed, and the names of general manager and deputy general manager shall be disclosed in the belonged range of remuneration.

Note 8: Net profit after tax refers to the net profit after tax in the most recent year, if the international financial reporting standard has been adopted, the net profit after tax is the net profit after tax of individual or separated financial report in the most recent year.

Note 9 : a. This column should clearly list the remuneration received by the Company's general manager and deputy general manager from the re-invested businesses other than the subsidiaries.

b. If the general manager and deputy general manager of the Company receive the remuneration from the re-invested businesses other than the subsidiaries, the remuneration of the general manager and the deputy general manager of the Company received from the re-invested businesses other than the subsidiary shall be consolidated into the E column of range of remuneration table and change the column title to "all re-invested business".

c. Remuneration refers to the remuneration and reward (including employee, director and supervisor's remuneration) and the business expenses related payment received by the Company's general manager and deputy general manager as the directors, supervisors or managers of the re-invested businesses other than the subsidiaries.

*The remuneration disclosed in this form is different from the concept of the income tax law, so the purpose of this form is for information disclosure and not for tax.

(IV) Manager responsible for salary allocation

Dec.31,2018

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	Lim, Pok-Chin	0	5,089	5,089	3.04%
	Vice General Manager	Hsueh, Hsiu-Chu				
	Executive Manager	Bu, Ren-Bai				
	CFO	Ho, San-Chuang				
	Chief Auditor	Huang, Shu-Ling				

Note 1: Individual names and titles shall be disclosed, but the remuneration distribution can be disclosed in a summary manner.

Note 2: This is to list the remuneration (including stocks and cash) of the managers approved by the board of directors in the most recent year. If the amount was not able to be estimated, the proposed distribution this year shall be calculated based on the actual distribution last year. Net profit after tax refers to the net profit after tax in the most recent year; if the international financial reporting standard has been adopted, the net profit after tax is the net profit after tax of the individual or separated financial report of the most recent year.

Note 3: The scope of the manager is stipulated by the letter No. 0920001301 of the Taiwan-Finance-Securities of March 27, 2003 by the Commission, the scope is as follow:

- (1) General manager and equivalent
- (2) Deputy general manager and equivalent
- (3) Associate general manager and equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Other persons who have the right to manage affairs and sign for the Company

Note 4: If the directors, general manager and deputy general manager have received employee compensation (including stocks and cash), in addition to the table 1.2, this table shall be filled out as well.

Note 5: Mr. Bu, Renbai resigned as the associate general manager of the Company on October 31, 2018.

(5) Comparing the remuneration paid to the Company's directors, supervisors, general manager and deputy general manager by the Company and all the companies in the financial report in the last two years in the ratio of net profit after tax, and describe the policy, standard and portfolio of remuneration, the procedures for determining remuneration and its correlation with business performance and future risks:

(1) Remuneration standards for the directors, supervisors, general managers and deputy general managers

Unit: thousand dollars; %

Position	2018				2017			
	The Company		Consolidated companies		The Company		Consolidated companies	
	Compensation	Net profit after tax rate	Compensation	Net profit after tax rate	Compensation	Net profit after tax rate	Compensation	Net profit after tax rate
Director	16,841	10.05%	16,841	10.05%	18,448	8.43%	18,448	8.43%
Supervisor	1,242	0.75%	1,242	0.75%	1,248	0.57%	1,248	0.57%
GM and Vice GM	17,528	10.46%	17,528	10.46%	18,137	8.29%	18,137	8.29%

(2) Remuneration policies, standards and portfolio, procedures for determining remuneration and its correlations with business performance and future risks

1. Remuneration of directors and supervisors is determined by the board of directors in accordance with the article of incorporation based on the degree of participation and contribution to the Company's operations.
2. The remuneration of general manager and deputy general manager must be approved by the board of directors after the proposal of the remuneration committee; the merits of the business performance affect the distribution of the employee bonus of the business executives.
3. The Company adjusts the managers' remuneration by taking into account the economic situation at the time, the overall economic mastery and risks in the future, in order to achieve the operation effect. The amount of the payment is disclosed in accordance with the law, so the future risks are limited.

III 、 Implementation of Corporate Governance

(I) Board of Directors

Hold 5 meetings in 2018 【A】 , participating status is as follows :

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Chairperson	BVI NOBLE LINK MANAGEMENT LTD. Representative: Lim, Pok-Chin	5	0	100.00%	Extended, re-elected on 106/6/22
Director	Neo, Khay-Pin	5	0	100.00%	Extended, re-elected on 106/6/22
Director	LIM, JIE-REN	5	0	100.00%	Extended, re-elected on 106/6/22
Independent Director	Chen, Chung-Cheng	4	1	80.00%	Extended, re-elected on 106/6/22
Independent Director	Wang, Chia-Cheng	4	1	80.00%	Extended, re-elected on 106/6/22
Supervisor	Lee, Shin-Mo	4	0	80.00%	Extended, re-elected on 106/6/22
Supervisor	Wang, I-Yao	5	0	100.00%	Extended, re-elected on 106/6/22
Supervisor	Liu, Chih-Hung	5	0	100.00%	Extended, re-elected on 106/6/22

Other mentionable items:

- I. If there are circumstances referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: Refer to P.16.
- II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: P.16.
- III 、 The objectives of strengthening the functions of the board of directors in the current and most recent years (such as setting up an audit committee, improving information transparency, etc.) and performance evaluation:
 - 1 、 The Company has selected suitable board of directors and supervisors courses within Taiwan Corporate Governance Association in 2018.06.12 and arranged 6 hours training for the board of directors and supervisors in order to strengthen the functions of the board of directors.
 - 2 、 In order to implement the corporate governance spirit and effectively improve the

transparency of information, the Company fully discloses all major information in the annual report, the company website and the Market Observation Post System and has dedicated a person in charge.

- 3、A sound and effective board of directors is the foundation of good corporate governance. Under this principle, a remuneration committee is established to assist the board in carrying out its duties.

IV、Communication between independent directors, manager of internal audit and certified public accountants (for example, the matters, the methods and results of communication on company finances and business conditions)

- 1、The independent directors of the Company may communicate with manager of internal audit and accountants on matters such as the Company's financial and business conditions.
- 2、The independent directors provide timely feedback through the audit report provided by the manager of internal audit monthly.
- 3、The manager of internal audit reports the audit result on the quarterly board meetings, and has fully communicated the implementation and results of the audit.
- 4、The Company independent directors, manager of internal audit and accountants have no comment on the communication matters.

Note 1: Directors and supervisors are juridical persons, the names of the juridical person shareholder and the names of its representative shall be disclosed.

- Note 2 : (1) If the directors or supervisors resign before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual attendance during their employment.
- (2) Before the end of the year, if there is a re-election of the directors or supervisors, the new and old directors and supervisors are to be listed and remark in the remarks column to indicate the directors or supervisors as the old, new or re-elected and re-election date. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual attendance during their employment.

Note 3: The matters listed in Article 14-3 of the Securities and Exchange Act, and other board concluded matters that have been opposed or expressed reservation by independent directors.

Board	Content	Matters concerning Article 14-3 of Security Trade Act	Independent Director's opinion
9th session 5 th meeting 107/03/22	1、Revision of Meeting Rules	V	None
	Independent Director's opinion: None Company's response: None Resolution: Assent and Consent		
9th session 7 th meeting 107/06/20	1、Proposal of 2017 director, supervisor, and manager compensation allocation	V	None
	Independent Director's opinion: None Company's response: None Resolution: Assent and Consent		
9th session 9 th meeting 107/11/12	1、Proposal of accountant replacement	V	None
	Independent Director's opinion: None Company's response: None Resolution: Assent and Consent		
	2、Proposal of 2018 Manager Bonus.	V	None
	Independent Director's opinion: None Company's response: None Resolution: Assent and Consent		
9th session 10 th meeting 108/03/21	1、Revision of Rules of Acquisition or Disposition of Assets.	V	None
	Independent Director's opinion: None Company's response: None Resolution: Assent and Consent		
9th session 11 th meeting 108/05/09	1、Revision of the Loan and Guarantee Procedure.	V	None
	Independent Director's opinion: None Company's response: None Resolution: Assent and Consent		

Note 4 : Specify interest conflict status

Date	Proposal	Interest conflict status
107.06.20	Proposal of 2017 director, supervisor, and manager compensation allocation .	1. Chairman Lin, who was also the general manager, was a related party with interests involved in the case. Therefore, he would recuse himself from the discussion and appoint director Chieh-jen Lin to temporarily act as the chairman for the discussion of the case. 2. After acting chairman and director Chieh-jen Lin consulted all the directors present, the item was passed without any objection raised.
107.11.12	Proposal of 2018 Manager Bonus.	1. Chairman Lin, who was also the general manager, was a related party with interests involved in the case. Therefore, he would recuse himself from the discussion and voting, and appoint director Chieh-jen Lin to temporarily act as the chairman for the discussion of the case. 2. After acting chairman and director Chieh-jen Lin consulted all the directors present, the item was passed without any objection raised.

(II) Supervisors' participation in Board Meeting

1. Participates 5 meetings in 2018 【A】 , attending status are as follows :

Title	Name	Attendance in Person (B)	Attendance Rate (%)	Title
Supervisor	Lee,Shin-Mo	4	80.00%	Extended, re-elected on106/6/22
Supervisor	Wang, I-Yao	5	100.00%	Extended, re-elected on106/6/22
Supervisor	Liu, Chih-Hung	5	100.00%	Extended, re-elected on106/6/22

Other mentionable items:

1. Composition and responsibilities of supervisors:

- (1) Communications between supervisors and the Company's employees and shareholders (e.g. communication channels and methods, etc.): The Company has set up a supervisor's mailbox so that employees and shareholders have adequate access to the supervisors for communications.
- (2) Communications between supervisors and the Company's chief internal auditor and CPA (e.g. items, methods and results of the audits of corporate finance or operations, etc.):

2. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of the meetings, sessions, contents of motion, resolutions of the directors' meetings and the company's response to the supervisor's opinion should be specified: None

Note 1: Directors and supervisors are juridical persons, the names of the juridical person shareholder and the names of its representative shall be disclosed.

Note 2 : (1) If the supervisors resign before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of board meetings held and the actual attendance during their employment.

- (2) Before the end of the year, if there is a re-election of the supervisors, the new and old supervisors are to be listed and remark in the remarks column to indicate the supervisors as the old, new or re-elected and re-election date. The actual attendance rate (%) is calculated based on the actual attendance during their employment.

2. Audit committee operation information: The Company's board of directors does not have such a committee and therefore does not apply.

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

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
I、Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The company is to set up Governance Best-Practice Principles.
II、Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		1) The Company has spokesmen and acting spokesmen to deal with shareholders’ suggestions, doubts and disputes, and convene shareholders’ meetings in accordance with the Company Act and relevant laws and regulations, as well as formulating complete rules of procedures for shareholders meetings and granting shareholders appropriate rights.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		2) Through a professional stock agency, the Company can keep tabs on actual major shareholders’ stock changes and declare their shareholdings in accordance with the law.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		3) Through internal control, internal audit and other related management regulations, the Company carries out effective risk control and eliminates irregular transactions.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		4) The Company has established the Internal Significant Information Processing Procedures to prevent insider trading and periodically publicize insider’s precautions by Email to avoid misconduct.
III、Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	V		1) The Company does not have a diversity policy, but all board appointments are merit-based and the benefits of diversification of board members to the Company are objectively considered in the selection process.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	2) At present, the Company has not set up any other functional committees except the remuneration committee according to law. However, the Company has a complete operation handling method and control mechanism for each business function, with the directors of each unit responsible for the control and management of each function according to their powers and responsibilities.
			None.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	V	3) The Company has not yet formulated the board performance evaluation method. Directors and representatives of juristic person directors are generally equipped with the knowledge, skills and literacy required for performing their duties. It will be planned in accordance with the provisions in the future.	
(4) Does the company regularly evaluate the independence of CPAs?	V	4) The Company regularly evaluates the independence of the certified public accountant (CPA). It is found that the CPA is not a board member of the Company, nor a shareholder of the Company, nor an interested party, and hence his independence is verified.	
IV、 Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V	The finance and accounting department of the Company deals with related affairs of corporate governance on a part-time basis and cooperates with related units to make shareholders and interested parties fully understand the situation of corporate governance.	None.
V、 Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V	The Company has spokespersons and customer service personnel, so it has always maintained smooth communication channels with correspondent banks, employees, customers, suppliers or stakeholders, respecting and safeguarding their legitimate rights and interests, makes good use of public information systems, and upholds the principle of honesty and openness, so that shareholders and stakeholders can fully understand the Company's financial business situation and corporate governance.	None.
VI、 Does the company appoint a professional unit agent to handle the shareholders' meeting affairs?	V	The Company assists in handling the affairs of the shareholders' meeting through a professional stock agency, so that the shareholders' meeting can be held legally, effectively and safely.	None.
VII、 Information Disclosure	V	1) The Company has set up an investor-specific web page on its website, which regularly updates relevant corporate governance information and publishes the Company's financial business. The website is at http://www.topshine.tw .	
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V	2) The Company has arranged special personnel to be responsible for the collection of relevant information and the immediate disclosure of major issues, in order to implement the spokesman system, and has placed the process of the corporate presentation on the Company's website.	None.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
<p>VIII - Does the company have any other important information that will help to understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, directors and relations, rights of interested parties, directors and Supervisor to further their studies, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the company purchase liability insurance for directors and supervisor, etc.)?</p>		<p>1. The Company pays attention to employee relationship. Besides setting up an employee welfare committee and offering marriage and funeral allowance, it also organizes staff spring tours and staff purchase activities. To ensure the rights and interests of employees, the Company has formulated personnel management rules according to the Labor Standards Act, providing the working rules that employees can follow, and drawn up staff reward and punishment management rules and various welfare systems for employees' behavior and workplace ethics codes to ensure their legitimate rights and interests. In addition, the Company encourages employees to communicate with management and to express their opinions appropriately, thus improving the communication channels between workers and management, and protecting labor rights and interests.</p> <p>2. The directors, supervisors and managerial officers of the Company are required by law to plan relevant professional knowledge and practice courses for continuing education of the directors and supervisors (see Note 3 and Note 4).</p> <p>3. Implementation of risk management policies and risk measurement standards: The Company focuses on its own business and conducts risk assessment for major correspondent banks, customers and suppliers to reduce and avoid possible risks, in addition to complying with the law to promote policies.</p> <p>4. Implementation of customer protection or customer policy: The Company has established an 0800 customer service line and the customer complaint handling procedures to properly deal with customer issues, maintain customer relationships and protect customer rights.</p> <p>5. Where a company purchases liability insurance for directors and supervisors: The directors and supervisors of the Company, acting in good faith, conduct a comprehensive understanding and planning assessment of the directors' and supervisors' liability insurance, and purchase the liability insurance for directors and supervisors on a regular basis as required (see Note 5).</p>	None.

Evaluation Item	Implementation Status		Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons		
	Yes	No			
<p>IX、Please describe the improvement in the recent annual corporate governance evaluation by Corporate Governance centre of the Taiwan Stock Exchange, and propose priority enhancements and measures for those who have not yet improved:</p> <p>(I)Improvement</p> <ol style="list-style-type: none"> 1. On the day after the regular meeting of shareholders, the results of each motion shareholder's consent, objection and waiver are entered into the designated Internet Information Declaration system. 2. The general Meeting of shareholders shall be decided by vote on a case basis and the results of the consent, objection and waiver of the shareholders of each motion will be recorded in the proceedings. 3. The annual report of the shareholders' meeting reveals in detail the independent director's views on the board's major motions and the company's handling of independent director's views. 4. Shareholders have voluntarily introduced electronic voting at regular sessions of shareholders in 2016. <p>(II) Priority matters and measures:</p> <ol style="list-style-type: none"> 1. Improve the company's English information disclosure rate, and strengthen investor relations. 2. Other outstanding matters will be gradually improved and implemented depending on the company's planning. 					
<p>Note 1: Operating conditions should be stated in the Summary Description field.</p> <p>Note 2: The self-assessment report on corporate governance refers to the self-assessment of corporate governance projects, which are assessed and explained by the company itself, and the current evaluation projects are currently reported on the operation and execution of the company.</p> <p>Note 3: Directors' and supervisors' training records :</p>					
Title	Name	Study period From To	Sponsoring Organization	Course	Hrs
Representative of Juridical person director	Lim, Pok-Chin	107/06/12 107/06/12	Taiwan Corporate Governance Association	Case study and the civil and criminal responsibility of the director and supervisor. The relevance of the whistleblower protection system to the prevention of financial crimes from the perspective of corporate governance.	6.0
Director	LIM, JIE-REN	107/06/12 107/06/12	Taiwan Corporate Governance Association	Case study and the civil and criminal responsibility of the director and supervisor. The relevance of the whistleblower protection system to the prevention of financial crimes from the perspective of corporate governance.	6.0
Director	Neo, Khay-Pin	107/06/12 107/06/12	Taiwan Corporate Governance Association	How to make management policy by using Financial Report The analysis of IFRS No.16 (Lease.)	6.0

Evaluation Item		Study period		Sponsoring Organization		Course		Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
								Yes	No	
Title	Name	From	To							
Independent Director	Chen, Chung-Cheng	107/05/24	107/05/24	Taiwan Corporate Governance Association		The Trend of Company Act Amendment				3.0
		107/06/12	107/06/12	Taiwan Corporate Governance Association		Case study and the civil and criminal responsibility of the director and supervisor. The relevance of the whistleblower protection system to the prevention of financial crimes from the perspective of corporate governance.				6.0
		107/10/09	107/10/09	Taiwan Corporate Governance Association		The trend and analysis of the latest amendment of the Company Acts.				3.0
		107/12/14	107/12/14	CPA ASSOCIATION		Discussion of relevant tax affairs that affected the business in Mainland China of Taiwanese firms.				3.0
Independent Director	Wang, Chia-Cheng	107/06/12	107/06/12	Taiwan Corporate Governance Association		Case study and the civil and criminal responsibility of the director and supervisor. The relevance of the whistleblower protection system to the prevention of financial crimes from the perspective of corporate governance.				6.0
Supervisor	Lee, Shin-Mo	107/08/22	107/08/22	Securities and Futures Institute		Discussion on corporate information disclosure and untrue responsibility. The impact on corporation operation of the new tax policy and its response.				6.0
Supervisor	Wang, I-Yao	107/06/12	107/06/12	Taiwan Corporate Governance Association		Case study and the civil and criminal responsibility of the director and supervisor. The relevance of the whistleblower protection system to the prevention of financial crimes from the perspective of corporate governance.				6.0
		107/04/24	107/04/24	Accounting Research and Development Foundation		Discussion on the Form, case Analysis and relevant legal responsibilities of Economic Crimes (Special Breach of Trust.)				3.0
Supervisor	Liu, Chih-Hung	107/05/11	107/05/11	Accounting Research and Development Foundation		Analysis of Legal Responsibilities and Practice Cases of Enterprises (Practice of Illegal Deposit)				3.0
		107/07/18	107/07/18	Taipei Exchange		The share equity of insider propaganda seminar of listing and emerging company.				3.0

Evaluation Item		Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
		Yes	No	Abstract Illustration	
Note 4 : The situation of managers ' participation in the study and training related to corporate governance:					
Position	Name	Duration	Training unit	Course	Hrs
CFO	Ho, San-Chuang	107.10.23	Accounting Research and Development Foundation	Internal audit and internal control practice under the new IFRS16 lease accounting.	6.0
		107.11.27	Accounting Research and Development Foundation	Enterprise company governance practice: the latest amendment content of the “Company Acts” and the response practice of the enterprise.	3.0
		107.11.28	Accounting Research and Development Foundation	The inspection of “fund flow direction” of the financial report fraud and the discussion on relevant legal responsibility case study.	3.0
Chief Auditor	Huang, Shu-Ling	107.04.20	Accounting Research and Development Foundation	Internal audit and internal control practice under the new IFRS16 lease accounting.	6.0
		107.10.01	ROC Internal Audit Association	The auditor shall possess the knowledge of the labor law from recruitment to resignation.	6.0
		107.11.27	ROC Internal Audit Association	The discussion and audit point of “Trade Secrets Act” and “Personal Information Protection Law.”	6.0
		107.12.19	Accounting Research and Development Foundation	The practice of internal audit and internal control under the digital economical era.	6.0
Note 1: Qualification of Related personnel: International internal audit (CIA) : Auditor Office 1 person					
Note 5: Liability insurance for directors and supervisors :					
Director and Supervisor Liability Insurance					
Insured		Insurance Company		Coverage	Duration
Director and Supervisor		CHUBB Taiwan		USD 2,000,000	From : Mar.1, 2018 To : Mar.1, 2019

(IV) Composition, Responsibilities and Operations of the Remuneration Committee :

(1) Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks	
		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	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	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8					
Independent Director	Chen, Chung-Cheng		V	V	V	V	V	V	V	V	V	V	V	V	V	2	
Independent Director	Wang, Chia-Cheng			V		V	V	V	V	V	V	V	V	V	V	1	
Others	Hung, Da-Feng			V		V	V	V	V	V	V	V	V	V	V	0	

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company.
7. Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not a person of any conditions defined in Article 30 of the Company Law.

(2) Attendance of Members at Remuneration Committee Meetings

I、There are 3 members in the Remuneration Committee

II、：from Jun.22, 2017 to Jun.21, 2020

3 meetings was held in the recent year(A) and the attendancy are as follows：

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convener	Wang, Chia-Cheng	3	0	100%	Extended, rel-elected on 106/06/22
Member	Chen, Chung-Cheng	3	0	100%	Extended, rel-elected on 106/06/22
	Hung, Da-Fen	3	0	100%	Extended, rel-elected on 106/06/22

Other mentionable items:

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

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

Note：

- (1) If any of the remuneration committee member resign before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of remuneration committee meetings held and the actual attendance during their employment.
- (2) Before the end of the year, if there is a re-election of the remuneration committee, the new and old committee members are to be listed and remark in the remarks column to indicate the member as the old, new or re-elected and re-election date. The actual attendance rate (%) is calculated based on the number of remuneration committee meetings held and the actual attendance during their employment.

(V) Corporate Social Responsibility

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
I、Corporate Governance Implementation (1) Does the company declare its corporate social responsibility policy and examine the results of the implementation? (2) Does the company provide educational training on corporate social responsibility on a regular basis? (3) 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? (4) Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	V	1) At present, the Company has not formulated a corporate social responsibility policy or system, but is still committed to the implementation of corporate social responsibility, such as the use of environmentally friendly secondary forests, natural coatings and packaging materials, participation in the Basjekan cloud eco-education park activities, Hualian earthquake donation, sponsorship of the Kaohsiung Government Economic Development Bureau Youth Entrepreneurship Fund. 2) The Company regularly publicizes its business philosophy and corporate social responsibility at the national congress.	The company is to set up related policy.
	V	3) The general manager office is responsible for promoting the Company’s corporate social responsibility, with the general manager reporting directly to the board of directors.	
	V	4) The Company has established a perfect performance appraisal method and system, which is supervised and implemented by the compensation committee, for compliance by employee’s salary, welfare and promotion. Other relevant regulations on rewards and punishments are also set out in the working rules.	
	V	1) We use eco-friendly secondary forests, natural coatings and packaging materials, and develop element series products. We also use recycled furniture and wood to show the simple and natural texture of teak. 2) The Company focuses on its own business, strictly checks the production process of upstream manufacturers and regularly dispatches staff to check and put forward improvement plans, so as to ensure the utilization rate of materials, production capacity and material waste saving, as well as product quality and value.	
II、Sustainable Environment Development (1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (2) Does the company establish proper environmental management systems based on the characteristics of their industries?	V	1) We use eco-friendly secondary forests, natural coatings and packaging materials, and develop element series products. We also use recycled furniture and wood to show the simple and natural texture of teak. 2) The Company focuses on its own business, strictly checks the production process of upstream manufacturers and regularly dispatches staff to check and put forward improvement plans, so as to ensure the utilization rate of materials, production capacity and material waste saving, as well as product quality and value.	None

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		Abstract Explanation
(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?	V		3) With professional background and the concept of forest protection, we use the teak forest area of the government development zone to exploit forest areas in a planned way to ensure the sustainable development of the world's forests.	None
III 、Preserving Public Welfare (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		1) According to the Labor Standards Act, the Act of Gender Equality in Employment and related laws, the Company has stipulated personnel management rules and measures and various welfare systems, providing staff with working rules for workplace behavior and ethics, and ensuring their legitimate rights and interests. 2) The Company has a grievance line to assist employees to resolve issues related to personal rights and interests or unfair treatment at work. 3) In an effort to maintain employees' physical and mental health and work-life balance, the Company has formulated occupational safety and health management plans and held occupational hazard lectures from time to time to enhance their awareness of safety and health, eliminate potential hazards and promote their safety and health, so as to achieve the goal of zero occupational hazards and maintain an excellent work environment.	
(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	V			
(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?	V			
(4) Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	V		4) The Company holds the national staff meeting every year from time to time to let the staff know about the Company's operation status. In case of major changes or organizational adjustments, the Company will hold a directors meeting and ask the directors to explain to the staff.	
(5) Does the company provide its employees with career development and training sessions?	V		5) In order to enhance the competitiveness of employees, the Company invests funds in employee education and training every year, so that each employee can give full play to his/her potential through talent training programs.	
(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		6) At present, the Company has not yet formulated relevant consumer policies, but has set up a special line for customer complaints, and actively handles their complaints to safeguard their rights and interests.	

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?	V	7) The Company adheres to the business philosophy of integrity and pragmatism, and attaches great importance to the rights and interests of consumers, with the marketing and labeling of products and services in accordance with relevant laws and regulations.	
(8) Does the company evaluate the records of suppliers’ impact on the environment and society before taking on business partnerships?	V	8) When the Company signs a contract with a supplier, it will require the raw materials and manufacturing process used by the supplier to have no adverse impact on the environment and society so as to fulfill its social responsibility.	None
(9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	V	9) The Company may terminate or cancel the contract at any time if it finds that the raw materials and processes used by the supplier have adverse environmental and social impacts.	
IV - Enhancing Information Disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	V	The Company's website is at http://www.topshine.tw , where designated personnel are responsible for Company information collection and disclosure.	None
V. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has not established corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”.			
VI. Other important information to facilitate better understanding of the company’s corporate social responsibility practices : The Company has established an 0800 customer service line to ensure the rights of customers and attempt to find the balance between securing the benefit of shareholders and environment protection and to fulfill the social responsibility.			
VII. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: None.			
Note: 1. Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation. 2. The company have compiled CSR reports and may cite the source from specific pages of their CSR reports instead.			

(VI) Integrity Management of the Company
Implementation

Evaluation Item	Implementation Status		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
I、 Establishment of ethical corporate management policies and programs (1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies? (2) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies? (3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?	V	1) The Company has not yet formulated relevant rules and regulations on honest operation, but when signing various contracts with external parties, it negotiates the contents of the contract based on the principle of good faith and reciprocity, and actively fulfills the contractual commitments. Directors, supervisors and managerial officers can implement the concept of integrity management in internal management and external business activities. 2) The Company has not yet drawn up relevant regulations to prevent dishonest behaviors, but it publicizes the importance of honest behaviors to employees from time to time. When the internal audit unit conducts spot checks at ordinary times, it will check whether dishonest behaviors occur within the Company. 3) The Company has not yet developed relevant regulations to prevent dishonest behaviors. Through the internal audit unit's inspection mechanism, the Company takes strict precautions against dishonest business activities, bribery and accepting bribes, and providing illegal political donations.	The company is to set up related policy.
	V	1) The Company has established an evaluation mechanism for suppliers it is doing business with. When signing various contracts, it is based on the principle of good faith and reciprocity and the Company has been actively fulfilling the contract commitments. 2) The Company has not yet set up a dedicated unit to promote integrity management, but it publicizes the importance of corporate integrity from time to time at the Company's internal	
	V		
II、 Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		None.

Evaluation Item	Implementation Status		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
<p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V	V	<p>meetings. Audit supervisors regularly attend the board of directors meeting to report on business implementation, so as to facilitate the supervision of the board of directors.</p> <p>3) The Company has not yet formulated a policy to prevent conflicts of interest, but for matters related thereto, its employees can report directly to their department head as well as to the management department.</p> <p>4) The Company has an internal audit plan, and the internal audit unit will carry out various audit operations according to the plan. In case of special events, special audits will be arranged separately.</p> <p>5) The Company regularly promotes the importance of corporate integrity at internal meetings</p>
	V	V	<p>1) The Company has not yet established a whistleblowing and reward system. For violations of the provisions of integrity management, the Company's internal staff can not only report to their department head, but also directly to the management department.</p> <p>2) The Company has not yet established the standard operating procedure and relevant confidentiality mechanism for the investigation of the reported matters. In case of any violation of the provisions on integrity management, the Company will mete out a punishment according to the Regulations Governing Rewards and Punishments Management depending on the seriousness of the event and impact.</p> <p>3) If the Company receives a report from the whistleblower, it will set up a task force to investigate and protect the whistleblower from any retaliation.</p>
	V	V	None.

Evaluation Item	Implementation Status		Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	
IV、Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V	The Company plans to disclose information related to integrity management on its official website.	The company is to disclose the information on line.
V、If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation. There have been no differences.			
VI、Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies). (a) To implement the basics of ethical corporate management policies, the Company operates under the Company Act, Securities and Exchange Act, Businesses Entity Accounting Act, related regulations for TWSE/TPEx-Listed Companies, and other laws and decrees			

Note 1: Regardless of “Yes” or “No” checked on operation situation, the summary shall be provided in summary column.

1. The Company follows the Company Act, Securities and Exchange Act, Business Entity Accounting Act, stock listed for trading regulations and other business conduct related regulations, upholding the "innovation, harmony, pragmatism, speed" business philosophy at the time of its creation, as the foundation and belief of the stable development of the Company.
2. The Company stipulated in the "Code of the Board of Directors" a directors' conflict of interests rule and requires the directors to be highly self-disciplined. If the listed proposals are of interest to themselves, which may be harmful to the interests of the Company, they may express opinions and respond to the inquiries, but may not join the discussion and voting, and should be avoided during discussion and voting, and may not exercise voting rights on behalf of other directors, to follow the principle of corporate integrity management and corporate governance culture.

(VII) If the company has established a corporate governance code and related regulations, the inquiry method should be disclosed.

The Company has set up a “For Shareholders” page in investor relation website <http://www.topshine.tw>, which can be used to query the Company’s relevant regulations, articles and operating procedures.

(VIII) Other important information that is sufficient to increase understanding of corporate governance operations: None.

(IX) The implementation status of the internal control system should disclose the following matters

1. Internal Control Declaration.

Scan-D Corporation

Statement of Internal Control System

Date: March 21, 2019

The Company's internal control system for 2018, based on the results of self-assessment, hereby states as follows:

1. The Company recognizes that it is the responsibility of the board of directors and managerial officers of the Company to establish, implement and maintain the internal control system, and the Company has set up such a system to provide reasonable assurance of operational effectiveness and efficiency (including profit, performance and safety of assets), report reliability, timeliness, transparency and compliance with relevant codes and regulations.
2. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives. Moreover, the effectiveness of the internal control system may vary with the environment and situation. However, the Company's internal control system has a self-monitoring mechanism. Once the deficiencies are identified, the Company will take corrective action.
3. The Company judges whether the design and implementation of the internal control system are effective or not according to the criteria for the effectiveness of the internal control system as stipulated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (the Regulations). The internal control system criteria adopted in the Regulations is to classify the system into five elements according to the process of management control: 1) control environment; 2) risk assessment; 3) control activities; 4) information and communications, and 5) supervision activities. Each element also includes several items. For the foregoing items, please refer to the provisions of the Regulations.
4. The Company has adopted the above internal control system criteria to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the results of the foregoing assessment, the Company considers that the design and implementation of its internal control system (including supervision and management of its subsidiaries) as of December 31, 2018, including the understanding of the effectiveness of operations and the extent to which efficiency objectives have been achieved, report reliability, timeliness, transparency and compliance with relevant codes and regulations, are effective, and can reasonably ensure the achievement of the above goals.
6. This Statement will constitute the main content of the Company's annual report and public statement and be made public. If any of the contents disclosed above is found to be false, have concealment or other illegal matters, it will involve legal liabilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This Statement was approved by the board of directors of the Company on March 21, 2019. None of the five directors present had any objection and they all agreed to the contents of this Statement.

Scan-D Corporation

2. Internal control event shall be exposed by accountant: None.

(X) In the most recent year and before the deadline of publishing the annual report, were the companies and internal personnel penalized? Were the internal personnel penalized for violating the internal control system? Were there any major defects or improvements: none

(XI) Proposed Resolutions by Shareholders and Board of Directors in the most recent year and before the deadline of publishing the annual report.

1. Proposed Resolutions of Shareholders Meeting:

(1) SCAN-D Corporation 2018 Annual Shareholders Meeting.

Meeting Date	Proposed Resolutions
2018/6/20	1) Adoption of the 2017 Business Report and Financial Statements 2) Adoption of the 2017 Surplus Earning Distribution 3) To approve the amendments of the rules and procedures of Shareholders meeting.

(2) CORPORATION Proposed Resolutions of Shareholders Meeting and Implementation of 2018.

Summary: Adoption of the 2017 Business Report and Financial Statements.

Resolution: Voting results are as following:

Total votes of Shareholders present at the time of voting: 30,259,189 votes.

Voting Results	% of total voting rights of the attending shareholders
Affirmative Vote : 30,208,438 votes (3,048,853 Electronic votes included)	99.83%
Dissenting Vote : 36,672 votes (36,672 Electronic votes included)	0.12%
Spoiled Ballots : 0 vote (0 Electronic vote included)	0.00%
Vote Abstention : 14,079 votes (11,079 Electronic votes included)	0.04%

Adoption of Proposed Resolutions by voting results.

Implementation: Adopted of the 2017 Financial Statements: According to relevant regulations to statements should be filed and declared to the central competent authority.

Summary: Adoption of the 2017 Surplus Earning Distribution.

Resolution: Voting results are as following:

Total votes of Shareholders present at the time of voting: 30,259,189 votes.

Voting Results	% of the total voting rights of the attending shareholders
Affirmative Vote : 30,208,438 votes (3,048,853 Electronic votes included)	99.83%
Dissenting Vote : 36,672 votes (36,672 Electronic votes included)	0.12%
Spoiled Ballots : 0 vote (0 Electronic vote included)	0.00%
Vote Abstention : 14,079 votes (11,079 Electronic votes included)	0.04%

Adoption of Proposed Resolutions by voting results.

Implementation: The Ex-Dividend Date scheduled for July 24th, 2018 with the cash dividends of \$181,528,316 NTD (cash value of \$4-dollar NTD per share) were fully paid out on August 10th 2018 due to the decision of the Shareholders meeting.

Summary: To approve the amendments of the rules and procedures of Shareholders meeting.

Resolution: Voting results are as following:

Total votes of Shareholders present at the time of voting: 30,259,181 votes.

Voting Results	% of the total voting rights of the attending shareholders
Affirmative Vote : 30,033,438 votes (3,048,853 Electronic votes included)	99.25%
Dissenting Vote : 36,672 votes (36,672 Electronic votes included)	0.12%
Spoiled Ballots : 0 vote (0 Electronic votes included)	0.00%
Vote Abstention : 189,079 votes (11,079 Electronic votes included)	0.62%

Adoption of Proposed Resolutions by voting results.

Implementation: Announced on the company's website and processed the revised procedures accordingly.

2.Board Resolutions

Meeting List

Jan.1, 2018 to May 9, 2019

Date	Session	Content
107/03/22	9 th session 5 th Meeting	<ol style="list-style-type: none"> 1. Passed the Company's 2017 employee remuneration and director and supervisor remuneration distribution. 2. Passed the Company's 2017 business report and financial statements. 3. Passed the Company's 2017 earnings distribution. 4. Passed the Company's 2017 Statement of Internal Control System. 5. Adopted amendments to some provisions of the Company's "Rules of Procedures for Shareholders' Meetings." 6. Adopted the Company's base date of issuance of new shares for the second domestic secured convertible corporate bonds into common shares. 7. Approved the application for bank credit limit. 8. Passed the cancellation of the branch office. 9. Adopted the date, venue and agenda for the 2018 shareholders' regular meeting. 10. Approved the period and venue for the 2018 shareholders' regular meeting to accept shareholders' proposals.
107/05/09	9 th session 6 th Meeting	<ol style="list-style-type: none"> 1. Approved the application for extension of the bank credit limit period. 2. Adopted the Company's base date of issuance of new shares for the second domestic secured convertible corporate bonds into common shares.
107/06/20	9 th session 7 th Meeting	<ol style="list-style-type: none"> 1. Passed the Company's 2017 directors' and supervisors' remuneration and managerial officers' and employees' remuneration distribution. 2. Approved the authorization to adjust the payout ratio of cash dividends. 3. Approved the authorization to adjust the conversion price of the Company's second domestic secured convertible corporate bonds. 4. Approved the Company's ex-dividend base date and the date of dividend payment.
107/08/09	9 th session 8 th Meeting	<ol style="list-style-type: none"> 1. Adopted the Company's base date of issuance of new shares for the second domestic secured convertible corporate bonds into common shares. 2. Approved the dismissal of the Company's managerial officer.
107/11/12	9 th session 9 th Meeting	<ol style="list-style-type: none"> 1. Adopted the Company's base date of issuance of new shares for the second domestic secured convertible corporate bonds into common shares. 2. Approved the replacement of the CPA by the Company in the third quarter of 2018. 3. Approved the Company's 2019 budget. 4. Passed the payment of the 2018 year-end bonus for managerial officers of the Company. 5. Approved the Company's annual audit plan for 2019. 6. Approved the relocation of the branch's office.

Date	Session	Content
108/03/21	9 th session 10 th Meeting	<ol style="list-style-type: none"> 1. Passed the Company's 2018 employee remuneration and director and supervisor remuneration distribution. 2. Passed the Company's 2018 business report and financial statements. 3. Passed the Company's 2018 earnings distribution. 4. Adopted amendments to some provisions of the Company's Procedures for the Acquisition or Disposal of Assets. 5. Passed the Company's 2018 Statement of Internal Control System. 6. Approved the application for extension of the bank credit limit. 7. Adopted the date, venue and agenda for the 2019 shareholders' regular meeting. 8. Approved the period and venue for the 2019 shareholders' regular meeting to accept shareholders' proposals.
108/04/19	9 th session 11 th Meeting	<ol style="list-style-type: none"> 1. Approved major equity investments. 2. Adopted new bank credit limits and accounts opening.
108/05/09	9 th session 12 th Meeting	<ol style="list-style-type: none"> 1. Adopted amendments to some provisions of the Company's Procedures for Loaning of Funds and Making of Endorsements/Guarantees. 2. Adopted the Company's "Standard Operating Procedures for Dealing with Directors' Requirements." 3. Adopted amendments to some provisions of the Company's Regulations on Assets Management. 4. Adopted amendments to the internal control system under the Company's "Other Management" and some provisions of the internal audit implementation rules.

(XII) Any Directors or Supervisors disagreeing with the decisions that were made by the Board of Directors meeting showing with a record or written statement in the most recent year and before the deadline of publishing the annual report and its content: none.

(XIII) In the most recent year and before the deadline of publishing the annual report, personnel who are connected to the financial report has resigned or been laid off (including the Chairman, General Manager, Director of Accounting, Director of Finance, Director of Internal Audit, etc.): none.

IV · Information about the fees for the CPA

Rate

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Deloitte & Touche	Lee, Li-Huang	Chi, Rei-Chuan	107/01/01~107/06/30	Internal Adjustment
Deloitte & Touche	Hsieh, Ming-Chung	Kuo, Nai-Hua	107/07/01~107/12/31	Internal Adjustment

Note: If the company has a replacement accountant or accounting firm replacement in this year, please list separately and explain the reason for the change in the Remarks column.

Unit: Thousand dollars

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000		1,800	-	1,800
2	NT\$2,000,000 ~ NT\$4,000,000		-	-	-
3	NT\$4,000,000 ~ NT\$6,000,000		-	-	-
4	NT\$6,000,000 ~ NT\$8,000,000		-	-	-
5	NT\$8,000,000 ~ NT\$10,000,000		-	-	-
6	Over NT\$100,000,000		-	-	-

The company shall disclose accounting service fee as the occurrence of following:

- (I) If the non-audit expense of the CPA and CPA's firm and affiliated office account for more than 25% of the audited and non-audited service expenses and its content shall be disclosed: not applicable.

Accounting Service Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	LEE, LI-HUANG Chi, Rei-Chuan	1,800						107.01.01-107.06.30	
	HSIEH, MIN-ZHONG,Kuo, Nai-Hua							107.07.01.107.12.31	

- 2) When the accounting firm has been replaced and the audited expense is lower than the previous year, the amount, proportion and reason of audit expense reduction shall be disclosed: none.
- 3) When the audited expense is more than 15% lower than the previous year, the amount, proportion and reason of audit expense shall be disclosed: none.

V · Information about the change of the CPA :

(I)Former accountant :

Replacement Date	From 2018 Q3		
Replacement reasons and explanations	Change accountant for the internal arrangement of Deloitte & Touche		
Describe whether the Company terminated, or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	NA	
	No longer accepted (continued) appointment		
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
		V	
		Remarks/specify details:	
Others (shall be disclosed according to Article 10, Subparagraph 5, Item 1-4 of the Principle)	None		

(II)Current Accountant :

Name of accounting firm	Deloitte & Touche
Name of CPA	HSIEH, MIN-ZHONG · Kuo, Nai-Hua
Date of appointment	From 2018 Q3
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) The company shall inform the former accountant about the first item and third part of the second item that are stated in this paragraph with a letter and notify the former accountant to reply within 10 days if there are opinion of disagreement. The reply of former accountant shall be disclosed by the company: not applicable.

VI 、 The company's chairman, general manager, manager of finance or accounting affairs, who has worked in a CPA's office or its related business in the past year, should disclose his or her name, company title and the employment period of the accounting firm or its related business. The definition of related business of the accounting firm is which the CPA of the accounting firm hold more than 50% of the shares or has obtained more than half of the board of directors or had publicly announced or printed documents to label the relationship with the accounting firm.

VII 、 In recent fiscal year and as of the date of this Annual Report, Transfer of equity and change of equity pledge of directors, supervisor, managers and shareholders with a shareholding ratio of more than 10%.The relative persons relationship of equity transfer or equity pledge shall disclose the name of the counterpart, the relationship with the company, directors, supervisors, shareholding ratio of more than 10% of the shareholders and the number of shares acquired or pledged.

(I) Changes of Directors, Supervisors, Managers and major Shareholders:

Unit: share

Title	Name	2018		As of Apr. 22, 2019		Note
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	
Chairperson	BVI NOBLE LINK MANAGEMENT LTD. Representative: Lim, Pok-Chin	0	0	0	0	
Director	Neo, Khay-Pin	0	0	0	0	
Director	LIM, JIE-REN	0	0	0	0	
Independent Director	Chen, Chung-Cheng	0	0	0	0	
Independent Director	Wang, Chia-Cheng	0	0	0	0	
Supervisor	Lee, Shin-Mo	0	0	0	0	
Supervisor	Wang, I-Yao	0	0	0	0	
Supervisor	Liu, Chih-Hung	0	0	0	0	
Vice General Manager	Hsueh, Hsiu-Chu	0	0	0	0	
CFO	Ho, San-Chuang	0	0	0	0	
Executive Manager	Bu, Ren-Bai	(5,000)	0	(5,000)	0	

Title	Name	2018		As of Apr. 22, 2019		Note
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	
Chief Auditor	Huang, Shu-Ling	0	0	0	0	

Note 1: Shareholders holding over 10% is deemed as major shareholder, please specify.

Note 2: The relative person in relation to the transfer of equity or the pledge of equity shall fill in the following information.

Note 3: Bu, Ren-bai has resigned as associate of the company on October 31, 2018.

(II) Share transfer over 10% among director, supervisor, and manager : None.

(III) Equity pledge over 10% among director, supervisor, and manager : None.

VIII、The shareholding ratio of the top 10 shareholders are 2nd degree relatives specified in Financial Accounting Standards Bulletin No. 6

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
BVI Noble Link Management Ltd.	15,049,125	32.62%	0	0	0	0	YiChia Investment Standard Chartered entrusted Noble Link Management Ltd. Investment Account Standard Chartered entrusted LIN, JIE-MIN Investment Account CTBC entrusted LIM, JIE-REN Investment Account	Hold by same person Hold by same person Hold by first-degree relatives Hold by first-degree relatives	None
BVI Noble Link Management Ltd. Representative: Lim, Pok-Chin	0	0	0	0	21,273,490	46.21%	YiChia Investment Standard Chartered entrusted Noble Link Management Ltd. Investment Account Standard Chartered entrusted LIN, JIE-MIN Investment Account CTBC entrusted LIM, JIE-REN Investment Account	Hold by same person Hold by same person Hold by first-degree relatives Hold by first-degree relatives	None
Standard Chartered entrusted Noble Link Management Ltd. Investment Account	3,307,775	7.17%	0	0	0	0	BVI Noble Link Management Ltd. YiChia Investment Standard Chartered entrusted LIN, JIE-MIN Investment Account CTBC entrusted LIM, JIE-REN Investment Account	Hold by same person Hold by same person Hold by first-degree relatives Hold by first-degree relatives	None
YiChia Investment	2,929,590	6.35%	0	0	0	0	BVI Noble Link Management Ltd. Standard Chartered entrusted Noble Link Management Ltd. Investment Account Standard Chartered entrusted LIN, JIE-MIN Investment Account CTBC entrusted LIM, JIE-REN Investment Account	Hold by same person Hold by same person Hold by first-degree relatives Hold by first-degree relatives	None
YiChia Investment Responsible person: Lim, Pok-Chin	0	0	0	0	21,273,490	46.21%	YiChia Investment Standard Chartered entrusted Noble Link Management Ltd. Investment Account Standard Chartered entrusted LIN, JIE-MIN Investment Account CTBC entrusted LIM, JIE-REN Investment Account	Hold by same person Hold by same person Hold by first-degree relatives Hold by first-degree relatives	None
Standard Chartered entrusted LIM, JIE-REN Investment Account	2,022,200	4.38%	0	0	0	0	BVI Noble Link Management Ltd. YiChia Investment Standard Chartered entrusted Noble Link Management Ltd. Investment Account Standard Chartered entrusted LIN, JIE-MIN Investment Account	Hold by first-degree relatives Hold by first-degree relatives Hold by first-degree relatives Hold by second-degree relatives	None
Fubon Life Insurance Co., Ltd. Fubon Life Insurance Co., Ltd. Responsible person: TSAI, MIN-XIN	0	0	0	0	0	0	None	None	None
Hsueh, Hsiu-Chu	1,247,860	2.70%	0	0	0	0	None	None	None

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees			Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship		
Standard Chartered entrusted LIM, JIE-MIN Investment Account	805,397	1.75%	0	0	0	0	BVI Noble Link Management Ltd. YiChia Investment Standard Chartered entrusted Noble Link Management Ltd. Investment Account CTBC entrusted LIM, JIE-REN Investment Account	Hold by first-degree relatives Hold by first-degree relatives Hold by first-degree relatives Hold by second-degree relatives	None	
Wang, I-Yao	233,118	0.51%	0	0	0	0	None	None	None	
Standard Chartered entrusted Credit Suisse Investment Account	231,550	0.50%	0	0	0	0	None	None	None	
SinoPac Securities	391,000	0.85%	0	0	0	0	None	None	None	
SinoPac Securities Responsible person: Chu, Shih-Ting	0	0	0	0	0	0	None	None	None	

Note 1: The top ten shareholders shall be listed, and the institutional shareholder shall list the name of the institutional shareholder and the name of the representative separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in the name of the shareholder, the spouse and minors of the shareholder or nominee shareholder.

Note 3: The shareholders listed in the previous disclosure, including legal persons and natural persons, shall disclose their relationship with each other in accordance with the issuer of financial reporting standards.

IX 、 The number of shares of an enterprise held by the Company, the Company's Directors, Supervisors and officers and the enterprises controlled by the Company directly or indirectly, and the consolidated shareholding percentage: none.

IV 、 Capital Overview

I 、 Capital and Shares

(I) Source of Capital

Apr.22, 2019 ; Unit: thousand dollars ; 1,000 shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
84/10	10	5,000	50,000	2,000	20,000	Establish	None	
86/08	10	5,000	50,000	3,500	35,000	Capital Increased by Cash, 15,000,000 dollars	None	
88/10	10	10,000	100,000	10,000	100,000	Capital Increased by Cash, 53,125,000 dollars Capital increase by retained earnings and bonus 11,875,000 dollars	None	
89/06	10	19,220	192,200	19,220	192,200	Capital Increased by Cash, 50,000,000 dollars Capital increase by retained earnings and bonus 42,200,000 dollars	None	
90/01	10	21,220	212,200	21,220	212,200	Consolidated capital increase, 20,000,000 dollars	None	Note 1
90/07	10	25,648	256,476	25,648	256,476	Capital increase by retained earnings and bonus 33,666,000 dollars Capital Reserve Increase, 10,610,000 dollars	None	Note 2
91/07	10	48,000	480,000	31,631	316,313	Capital increase by retained earnings and bonus 59,837,000 dollars	None	Note 3
92/08	10	48,000	480,000	35,194	351,946	Capital increase by retained earnings and bonus 35,633,000 dollars	None	Note 4
93/09	10	48,000	480,000	37,139	371,391	Capital increase by retained earnings and bonus 19,445,000 dollars	None	Note 5
94/08	10	48,000	480,000	40,402	404,022	Bond conversion, 32,631,000 dollars	None	Note 6
94/10	10	48,000	480,000	38,562	385,622	Treasury stock cancellation, 18,400,000 dollars	None	Note 7
94/11	10	48,000	480,000	27,420	274,205	Capital reduction for cover accumulated deficits, 111,417,000 dollars	None	Note 8
94/12	8	48,000	480,000	42,421	424,205	Capital Increased by Cash, private offered ordinary shares 15,000,000 shares 120,000,000 dollars	None	Note 9
95/07	10	80,000	800,000	16,968	169,682	Capital reduction for cover accumulated deficits, 254,523,000 dollars	None	Note 10
95/11	10	80,000	800,000	22,968	229,682	Capital Increased by Cash, private offered ordinary shares 6,000,000 shares 60,000,000 dollars	None	Note 11
99/02	14	80,000	800,000	37,968	379,682	Capital Increased by Cash, private offered ordinary shares 15,000,000 shares 150,000,000 dollars	None	Note 12
101/07	10	80,000	800,000	39,866	398,666	Capital increase by retained earning 18,984,000 dollars	None	Note 13
102/06	10	80,000	800,000	41,859	418,599	Capital increase by retained earning 19,933,000 dollars	None	Note 14
103/08	10	80,000	800,000	43,952	439,529	Capital increase by retained earning 20,930,000 dollars	None	Note 15
104/07	10	80,000	800,000	42,982	429,829	Cancel treasury stock 9,700,000 dollars	None	Note 16
106/06	10	80,000	800,000	43,438	434,380	Convertible bond 4,551,000 dollars	None	Note 17
106/12	10	80,000	800,000	44,379	443,799	Convertible bond 9,419,000 dollars	None	Note 18
107/03	10	80,000	800,000	45,853	458,530	Convertible bond 14,731,000 dollars	None	Note 19
107/06	10	80,000	800,000	46,123	461,239	Convertible bond 2,709,000 dollars	None	Note 20
107/09	10	80,000	800,000	46,133	461,332	Convertible bond 93,000 dollars	None	Note 21

Note 1 : Approved by FSC-SFB letter no.106166 on Jan.11, 2001.

Note 2 : Approved by FSC-SFB letter no.142968 on Jul.4, 2001.

Note 3 : Approved by FSC-SFB letter no.132474 on Jun.17, 2002.

Note 4 : Approved by FSC-SFB letter no.0920127738 on Jun.23,2003.

Note 5 : Approved by FSC-SFB letter no.0930128780 on Jun.30, 2004.

Note 6 : Approved by FSC-SFB letter no.0920120687 on May 20, 2003. Conduct capital change registration every quarter.

Note 7 : Approved by FSC letter no.0940139239 on Sep.9, 2005.

Note 8 : Approved by FSC letter no.0940135003 on Sep.13, 2005.

Note 9 : Approved by TCOOC letter no.09419140910 on Oct.25, 2005.

Note 10 : Approved by FSC letter no .0950126721 on Jul.28, 2006.

Note 11 : Approved by TCOOC letter no.09585004510 on Nov.10, 2006.

Note 12 : Approved by TCOOC letter no.0993071321 on Mar.18, 2010.

Note 13 : Approved by FSC letter no.1010030338 on Jul. 10, 2012.

Note 14 : Approved by FSC letter no.1020024503 on Jun.25, 2013.

Note 15 : Approved by FSC letter no.1030034432 on Aug.27, 2014.

Note 16 : Approved by FSC letter no.1040027396 on Jul.14, 2015.

Note 17 : 2017 Q2 Convertible bond 455,097 shares, approved by letter no.10690963160 on Aug.24, 2017.

Note 18 : 2017 Q4 Convertible bond 941,906 shares, approved by letter no.10790798590 on Apr.3, 2018.
 Note 19 : 2018 Q1 Convertible bond 1,473,090 shares, approved by letter no.10790856650 on May 24, 2018.
 Note 20 : 2018 Q2 Convertible bond 270,958 shares, approved by letter no.10790967280 on Aug.24, 2018.
 Note 21 : 2018 Q3 Convertible bond 9,236 shares, approved by letter no.10791076770 on Nov.23, 2018.

Apr.22, 2019 Unit: share

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Ordinary share	46,133,227	33,866,773	80,000,000	

Note 1: Specify if the share is listed company at over-the-counter market.

(II) Shareholder structure

Apr.22, 2019 Unit: share

Shareholder structure Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Person	0	4	19	4,809	18	4,850
Shares	0	2,081,000	3,489,224	18,771,691	21,791,312	46,133,227
%	0	4.52%	7.56%	40.68%	47.24%	100.00%

(III) Share status

1. Ordinary Stock (Par value 10 dollars)

Apr.22, 2019

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	1,234	211,097	0.46 %
1,000 ~ 5,000	2,904	5,690,113	12.33 %
5,001 ~ 10,000	375	2,837,833	6.15 %
10,001 ~ 15,000	121	1,534,560	3.33 %
15,001 ~ 20,000	57	1,042,038	2.26 %
20,001 ~ 30,000	63	1,547,771	3.36 %
30,001 ~ 40,000	40	1,454,855	3.15 %
40,001 ~ 50,000	9	400,626	0.87 %
50,001 ~ 100,000	26	1,761,072	3.82 %
100,001 ~ 200,000	12	1,826,647	3.96 %
200,001 ~ 400,000	2	464,668	1.01 %
400,001 ~ 600,000	0	0	0.00 %
600,001 ~ 800,000	0	0	0.00 %
800,001 ~ 1,000,000	1	805,397	1.75 %
1,000,001 or over	6	26,556,550	57.55 %
Total	4,850	46,133,227	100.00 %

2. Special share: no special shares are issued.

(IV) Name of Major Shareholders: Top 10 sharehold holding the share over 5%

Apr.22, 2019 Unit: Share

Name	Share	Shares	Rate (%)
BVI Noble Link Management Ltd.		15,049,125	32.62 %
Standard Chartered entrusted Noble Link Management Inc. Investment Account		3,307,775	7.17 %
YiCHia Investment		2,929,590	6.35 %
Standard Chartered entrusted Lim, Jie-Ren Investment Account		2,022,200	4.38 %
Fubon Life Insurance Co., Ltd.		2,000,000	4.34 %
Hsueh, Hsiu-Chu		1,247,860	2.70 %
Standard Chartered entrusted Lin, Jie-Min Investment Account		805,397	1.75 %
Wang, I-Yao		233,118	0.51 %
Standard Chartered entrusted Credit Suisse Investment Account		231,550	0.50 %
SinoPac Securities		197,000	0.43 %

(V) Share price, worth, earning, dividend information of theses 2 years

Unit: TWD:1000 shares

Items		Year	2017	2018	As of Mar.31, 2019 (Note 8)
Market Price per Share (Note 1)	Highest Market Price		64.10	63.80	49.50
	Lowest Market Price		47.30	41.95	43.00
	Average Market Price		55.99	55.64	44.37
Net Worth per Share (Note 2)	Before Distribution		22.06	21.43	23.16
	After Distribution		17.97	(Note 9)	-
Earnings per Share	Weighted Average Shares		43,326	45,694	46,133
	EPS (Note 3)		5.05	3.67	0.56
Dividends per Share	Cash Dividends		4.00	3.00	-
	Stock Dividends	Dividends from Retained Earnings	-	(Note 9)	-
		Dividends from Capital Surplus	-	-	-
	Accumulated Undistributed Dividends (Note 4)		-	-	-
Return on Investment	Price / Earnings Ratio (Note 5)		11.09	15.16	-
	Price / Dividend Ratio (Note 6)		14.00	18.55	-
	Cash Dividend Yield Rate (Note 7)		7.14	5.39	-

* In the event of a surplus or capital reserve transfer, the market value and cash dividend information adjusted retroactively according to the number of shares issued should be disclosed.

Note 1: The highest and lowest market prices for common shares for each year are shown and the average market price for each year is calculated on the basis of the transaction values and volumes for each year.

Note 2: Please include the number of shares issued at the end of the year and the distribution according to the resolution of the annual shareholders' meeting.

Note 3: If there is a retroactive adjustment due to a non-reimbursable rights issue, the pre-adjustment and adjusted surplus per share should be shown.

Note 4: If the terms of issue of equity securities stipulate that the dividends not issued in the current year have to be accumulated to the year of surplus, they shall disclose, respectively, the outstanding dividends for the year ended.

Note 5: This benefit ratio = when the annual average price per share/surplus per share.

Note 6: Profit = Average closing price per share/cash dividend per share for the year.

Note 7: Cash dividend rate = Cash dividend per share/average closing price per share for the year.

Note 8: Net value per share, surplus per share should be included in the most recent quarter of the published date of the annual report by the accountant's check (approval) data; the remaining fields should be filled in as annual data as of the publication date of the annual report.

Note 9: 2018 earning distribution is to be resolute by the shareholders ' meeting.

6) Company's dividend policy and its implementation

1. Dividend policy stipulated in the articles of incorporation:

In case of any surplus in the Company's annual final accounts, the Company will pay taxes in accordance with the law, make up for the accumulated losses, and then set aside another 10% as a legal reserve. However, when the legal reserve has reached the paid-in capital of the Company, it may no longer be set aside, and the rest may be set aside or reversed to the special reserve according to the law. In the event of a balance and accumulated undistributed surplus, the board of directors shall prepare a proposal on surplus distribution and submit it to the shareholders' meeting for resolution on the distribution of dividends.

The Company's dividend policy, in line with the current and future development plans, considering the investment environment, capital requirements and domestic and foreign competition, and taking into account the interests of shareholders and other factors, shall allocate not less than 20% of the distributable surplus each year among shareholders. When distributing dividends to shareholders, they may be paid in cash or stock, with the cash dividends not less than 30% of the total dividends.

2. The proposed dividend distribution at the current regular meeting of shareholders.

The Company's board of directors meeting on March 21, 2019 decided the following proposals for the distribution of earnings for 2018:

Scan-D Corporation Distribution of earnings for 2018

Unit: NT\$

Item	Amount	
	Subtotal	Total
Undistributed earnings at the beginning of the period	65,931,265	
Plus: current after-tax surplus	167,570,233	
Minus: legal reserve	(16,757,023)	
Distributable surplus for the current period		216,744,475
Distribution items:		
Shareholder bonus (NT\$3 per share in cash)	138,399,681	
Undistributed earnings at the end of the period	78,344,794	
Note: the calculation is based on the common shares issued on the previous day of the Company's board of directors meeting, i.e. March 20, 2019.		

3. If a material change in dividend policy is expected, provide an explanation: None.

7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting:

Unit: NT\$; stock

Item		Year	Year 2019 (forecast)
Initial paid-up capital			NT\$461,332,270
The situation of share allotment and dividend payment this year (Note 1)	Cash dividend per share (NT\$)		NT\$3.0
	The number of share allotments per share for recapitalization of retained earnings		0 stock
	The number of share allotments per share for recapitalization of capital reserve		0 stock
Change in business performance	Operating profit		The Company did not post financial forecast information in 2019, so it is not applicable.
	Increase or decrease ratio in net operating profit year-on-year		
	Pre-tax profit		
	Increase or decrease ratio in pre-tax profit year-on-year		
	Earnings per share		
	Increase or decrease ratio in earnings per share year-on-year		
	Average annual return on investment (inverse of average annual PE ratio)		
Prepared earnings per share and PE ratio	Where recapitalization of retained earnings is reallocated to cash dividends	Prepared earnings per share	
		Prepared annual average rate of return	
	Where recapitalization of capital reserve is not handled	Prepared earnings per share	
		Prepared annual average rate of return	
	Where recapitalization of capital reserve is not handled and capital increase through capitalization of retained earnings is paid in cash dividends instead	Prepared earnings per share	

Note 1: Pending the resolution of the 2019 regular meeting of shareholders.

8) Compensation of employees, directors, and supervisors:

- The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's articles of incorporation:
 If the Company has earned a profit, no less than 4% of the profit shall be allocated to employees. The board of directors shall decide whether to distribute the remuneration in stock or cash to the company employees who meet certain conditions. The Company's board of directors meeting shall, by resolution, allocate not more than 2% of the profits to the directors and supervisors. Employee remuneration and director and supervisor remuneration distribution shall be reported to the shareholders' meeting. However, if the Company still has an accumulated deficit, the amount of compensation shall be retained in advance, and then the remuneration of employees and directors and supervisors should be set aside according to the proportion noted in the preceding paragraph.

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

In case of any discrepancy between the actual distributed amount and the estimated figure, it will be treated according to the change in accounting estimate and be adjusted and recorded in the next year.

3. Information on any approval by the board of directors of distribution of compensation:
 - (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The board of directors meeting on March 21, 2019 adopted the resolution of employee compensation and director and supervisor compensation distribution for the year of 2018, and planned to distribute their compensation of 2018 to be NT\$9,425,226 and NT\$3,141,742 respectively, which would be paid in cash and submitted to the shareholders regular meeting of 2019 for deliberation.
 - (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: none.
4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

The Company allocated NT\$11,812,413 for employee compensation in 2017 and NT\$3,937,471 for director and supervisor compensation in 2017, which was not different from the recognition in the financial report in 2017.

9) Share repurchases: none.

II 、 Information on the Company's issuance of corporate bonds issuance of corporate bonds

Types of corporate bonds (Note 2)		Second domestic secured convertible corporate bonds
Date of issue (processing)		Dec 15, 2016
Par value		NT\$100,000
Issuance and trading place (Note 3)		NA
Issue price		NT\$100 (issued in full denomination)
Total amount		NT\$300,000,000
Interest rate		Nominal annual interest rate: 0%
Maturity		5 years Maturity date: Dec 15, 2021
Guarantor		Taiwan Business Bank Co., Ltd.
Trustee		Far Eastern International Bank Department of Trusts
Underwriter		Cathay Securities Corporation
Certified lawyer		The Law Offices of Forseti Lawyer Chen-nung Chuang
CPA		Deloitte & Touche CPAs Li-huang Lee and Hui-ming Chen
Repayment method		Except for conversion or redemption under the conversion regulations, repayment shall be made in cash in one go at maturity at the face value of the bonds.
Principal outstanding		NT\$300,000,000
Terms of redemption or prepayment		Please refer to the Regulations on the Issuance and Conversion and the Company's Second Domestic Secured Convertible Corporate Bonds.
Restrictive clause (Note4)		None.
Name of credit rating institution, rating date, results of corporate debt rating		NA
Other rights	The amount of converted (exchanged or subscribed) common shares, overseas depositary receipts or other securities as of the date of publication of the annual report	As of April 22, 2019, a total of NT\$147,600,000 of convertible corporate bonds have been converted into common shares, with a total of 3,150,287 common shares having been converted.
	The Regulations on the Issuance and Conversion (Exchange or Subscription)	Please refer to the Regulations on the Issuance and Conversion and the Company's Second Domestic Secured Convertible Corporate Bonds.
Possible dilution of the equity by the regulations on the issuance and conversion, and exchange or subscription, and issue terms, and their effect on existing shareholders' equity		Based on the current outstanding balance, if fully converted into common shares, 6,122 thousand shares are required to be issued, accounting for 12.47% of the total number of shares issued, which has limited impact on shareholders equity.
Name of fiduciary custodian institution for exchanged items		NA

Note 1: The handling of corporate bonds includes public and private placement of corporate bonds. Public placement of corporate bonds in the process refers to those that have already come into effect (or been approved) by the meeting; private placement of corporate bonds in the process refers to those that have been approved by the resolution of the Board of Directors meeting.

Note 2: The number of fields shall be adjusted according to the actual processing times

Note 3: For overseas corporate bonds.

Note 4: Such as restricting the payment of cash dividends, investing abroad or requiring the maintenance of a certain proportion of assets

Note 5: Private placement shall be marked in a conspicuous manner.

Note 6: In case of convertible corporate bonds, exchangeable corporate bonds, shelf registration for issuing corporate bonds or corporate bonds with warrants, the information on the above bonds shall be disclosed in a tabular format according to their nature.

III 、 Issuance of Special shares : None.

IV 、 Issuance of Overseas Depository Receipts : None.

V 、 Issuance of Employee Stock Options & Issuance of Employee Restricted Shares:None.

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

VII 、 Implementation of Capital Utilization plan : None.

V、Business Highlights

I、Business Activities

1) Scope

1. Operating scope

- (01) Furniture and Fixtures Manufacturing
- (02) Building Maintenance and Upholstery
- (03) Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixture
- (04) Wholesale of Other Construction Materials
- (05) Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
- (06) Retail Sale of Building Material
- (07) Landscape and Interior Designing
- (08) Wholesale of Precision Instruments
- (09) Wholesale of Telecom Instruments
- (10) Wholesale of Computer Software
- (11) Wholesale of Electronic Materials
- (12) Other Wholesale Trade
- (13) Other Retail Trade
- (14) International Trade
- (15) Management Consulting Service
- (16) Software Design Services
- (17) Digital Information Supply Services
- (18) Product Designing
- (19) All business items that are not prohibited or restricted by law.

2. Business ratio

Unit: thousand dollars

Product	Year	2018	
		Amount	%
Living room product		498,860	29.28%
Restaurant product		286,289	16.80%
Bedroom product		719,312	42.22%
Mattress		185,310	10.88%
Others		13,917	0.82%
Total		1,703,688	100.00 %

3. The Company's current goods and service

Household consumer goods such as furniture and home decoration products.

4. Planned development of new products and services

- (1) Expansion plan: continuously developing sales sites (new outlets) to improve market competitiveness and share.
- (2) Cultivation of own brands: In line with modern people's demand for home decoration, "Scanteak - feel at home" brand impresses consumers with its low-key and elegant style and fresh image, thus creating market differentiation and boosting its popularity and market share.
- (3) Strengthening of product development: Apart from the original teak furniture products, the Company strengthens the development of its sub-brand "Scan Living" and peripheral home decoration products of its own brand to create business opportunities with reliability and high quality, and avoid falling into price-cutting competition.

- (4) Development of marketing activities: In addition to using the existing physical stores with promotional activities, it has combined with public relations, media and show biz operations to expand the efficiency and effectiveness of marketing activities and extend the scope of its business and profit.

2) Industry overview

1. Status and development of the industry

Taiwan's furniture industry can be traced back to two woodworking machinery factories Kuang Jung and Sheng Feng producing woodworking machines in 1956. Since then, it has formally stepped from traditional manual manufacturing to modern mechanical manufacturing. With the development of semi-automatic scale production, the production scale of furniture industry has gradually increased. Meanwhile, the government was undertaking a major economic construction program. With the increase of national income, the demand for wooden furniture and desks and chairs was on the rise as well. In terms of production, due to the modernization of the furniture industry, most of the products are manufactured and processed by continuous manufacturing and single product production lines, resulting in the increasing number of new types of factories, with the products mainly made of wood, bamboo and rattan.

From 1966 to 1975, Taiwan's furniture industry saw a period of rapid development and prosperity of export. At the same time, with the aid of plywood industry, the furniture industry entered the next stage of mass production and export development. Automated production of plywood increased the supply of important raw materials for furniture, which not only raised the output of furniture, but also reduced its cost, thus creating another boom in the furniture industry. At that time, some large-scale furniture factories began to export high-grade furniture produced. For example, a Hong Kong-based teak company in 1967 set up a factory at the Kaohsiung Export Processing Zone, while the Veterans Affairs Council also set up a plant in the same year to produce wooden furniture for export. The above two factories manufactured products in an automated way, and their products were competitive internationally. In addition to earning a profit from export trade for the country, they also laid a foundation for Taiwan to become a furniture kingdom thereafter.

During 1976 and 1980, Taiwan's furniture industry entered a mature stage. In addition to the original factories' expanded production scale, new factories with production capacity of newly established wood companies were also opened one after another, and the export of products reached a peak at the time. However, the domestic furniture industry gradually underwent an important shift in structure, while international market disruptions, such as inflation and oil crisis, and the ban on exports from log exporting countries, made Taiwan's wooden furniture began to decline, but in turn created the rise of metal furniture products.

From 1981 to 1990, Taiwan introduced the manufacturing technology of Japanese copper furniture to start the development process of metal furniture. At first, some manufacturers cooperated with Japanese counterparts to produce office furniture, such as UB and AURORA. In 1988, the Forestry Bureau banned logging, and the price of local timber soared to three times that of imported timber. Since then, Taiwan wood furniture manufacturers began to rely on imported timber from Southeast Asia. In the meanwhile, China's low-priced wooden furniture was sold to Taiwan in large quantities, which affected the domestic wooden furniture market. However, due to the abundant supply of steel raw materials in Taiwan, the high degree of automation in factories and the ability of independent research and development, metal furniture performed well during the period. Domestic steel mills such as China Steel and Hualung and other companies continue to supply high-quality raw materials, so that Taiwan's metal furniture in the international market had considerable competitiveness.

Over the period of 1991 to 2012, the domestic furniture industry experienced a breakthrough in transformation, with the business model gradually shifting from OEM to ODM. Office automation (OA) offers another long-term development opportunity for furniture products characterized by limited numbers and diversification. In 1995, the Sakura manufacturer set up a system furniture factory in Taichung. The system furniture is intended for overall planning and design of the interior space. Compared with the traditional finished furniture, it can use space more effectively. With the increase of national income, the system furniture began to shine in the furniture industry.

During the period, Taiwan's furniture industry was also facing such pressures as limited sources of raw materials, insufficient labor force, wage increase and appreciation of the Taiwanese currency, which had impacted our export market. Moreover, in emerging markets such as Malaysia, Indonesia and China, labor was cheap, and thus they had comparative advantages in production costs, so that the global market share of Taiwan's furniture was shrinking. In 1991, some Taiwanese furniture manufacturers began to move out by transforming from the OEM mode to own brands. For example, Taisheng merged Legacy, a well-known American furniture brand. Later, it merged with Universal, an American hotel furniture manufacturer, and set up factories in China, exporting products from China to the United States.

In the 1990s, along with Taiwanese people gradually attaching importance to the quality of life, the chain furniture brand channel merchants, which focus on the design concept and brand image, began to enter the Taiwan furniture market. By selling single-brand products, they launched a series of design products, used brand power to break into the consumer market, and developed exquisite products with high added value and marketed the brand. Furniture brands included Scanteak, STRAUSS, and Order. With the rising consumption level of Taiwanese people, the demand for imported furniture was also increasing. Large chain furniture outlets such as B&Q and IKEA came to Taiwan in the 2000s. They provided customers with DIY furniture and customized consultation services, which created a craze for DIY furniture across the nation and gained a share in the finished furniture market.

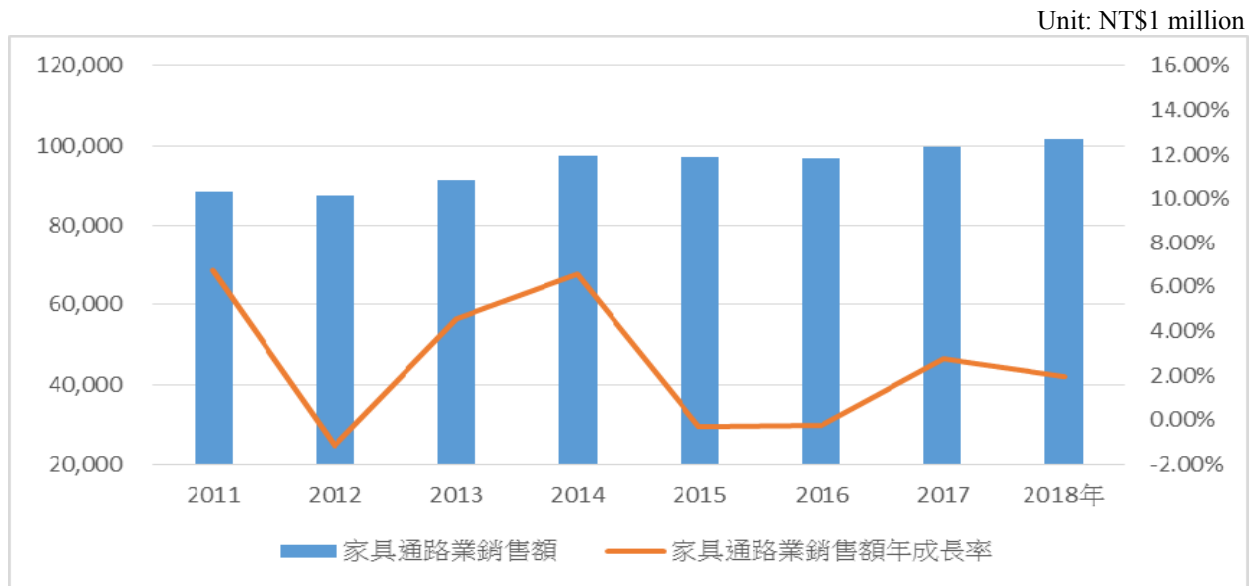
In 2000, the scale of production and marketing of furniture manufacturing industry in Taiwan reached NT\$53.9 billion, but by 2008, the scale declined to only about NT\$35 billion. To avoid sinking deeper into a quagmire of low-price competition with other Asian countries, domestic furniture manufacturers began to focus on high-quality and high value-added furniture products in an attempt to enhance their competitiveness.

The impact of the financial crisis in 2009 and the overall economic downturn reduced people's spending power and willingness, resulting in a sharp decline of 19.27% in sales in the domestic furniture manufacturing industry from 2008 to 2009. In 2010, with the recovery of the economy, the overall furniture industry began to revive, driving the annual growth rate of Taiwan's furniture manufacturing output by 14.93%. Despite the unfavorable economic environment in Europe and the United States, the demand for housing renovation increased in 2011, which led to a positive growth in the value of furniture production and sales, with an annual growth rate of 1.21%. In 2012, the domestic economic growth was weak, but the housing market recovered a little. In addition, domestic manufacturers actively formed the cooperation relationship with international furniture giants with respect to OEM and ODM. Under the growth of export value, the annual growth rate of the overall sales value still kept growing.

In 2013, as the number of real estate projects in the nation continued to rise and green and eco-friendly building materials were promoted worldwide, domestic furniture manufacturers continuously launched featured products to enhance their competitiveness and attractiveness, including green furniture, natural furniture and quality furniture. In addition, relevant companies actively cooperated with large Western brand furniture companies to increase product competitiveness and support the sales growth of furniture industry. In 2015, the Central Bank of Taiwan and the Financial Supervisory Commission increased and

investigated taxes on the housing market, which cooled off the transaction in the market and slightly affected the demand for furniture following the purchase of new houses. In recent years, the overall sales market of Taiwan's furniture industry has maintained a stable level of between TWD\$80 billion dollars. and nearly TWD\$100 billion dollars. Except for the annual decrease of 9.12% affected by the global financial crisis in 2009, the overall market has presented a pattern of small or steady growth and became to level off year by year. In 2017, the total sales volume of Taiwan's furniture industry was TWD \$99.6 billion dollars, and the overall furniture market without bedding was nearly TWD \$100 billion dollars., which was mature and stable.

Sales and annual growth rate of Taiwan furniture industry from 2011 to 2018



Note: The furniture industry includes domestic furniture, imported furniture and kitchenware according to the taxation standard of the ROC.

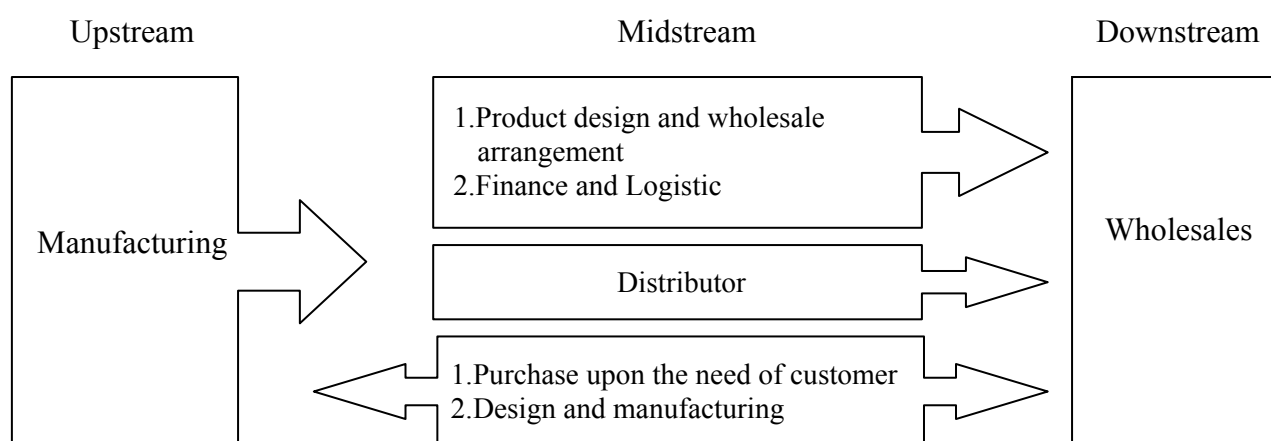
Source: Ministry of Finance statistical database.

Since 2013, there has been a considerable change in furniture sales channels, from the traditional furniture stores and furniture streets, to large shopping malls and integrated furniture marts. In addition, large furniture manufacturers, such as chain furniture industry, have begun to upgrade their logistics and warehousing capabilities and build logistics centers, which helps Taiwan's furniture industry, which is in a mature market, enhance its competitiveness.

2. Relevance between the upstream, midstream, and downstream of the industry

The furniture industry is a process in which the upstream manufacturers acquire raw materials for processing and manufacturing, and then the midstream agencies such as traders, agents and wholesalers carry out trading and import and export business. Finally, the product is sold to the end-consumers through physical channels such as furniture stores, department stores, brand chain stores or online platforms. SCAN-D is a chain of furniture stores, providing the sales and services of teak furniture, bedding, kitchen appliances, and other products, and is also the most terminal channel facing consumers directly in the circulation of commodities, which is at the downstream end of the furniture industry chain.

The business relation diagram of the industry is illustrated as follows:



3. Product trends and competition

- (1) Scale, specialization and branding of furniture enterprises: large enterprises and well-known brand enterprises are driving the development of the industry, with a number of featured products and well-known brands emerging.
- (2) Furniture enterprises clustering: clustering will advance specialized division of labor and cooperation, promote industrial restructuring and product upgrading.
- (3) Innovative marketing strategy: As consumers pay more and more attention to shopping feeling, the Company, by organizing casual and low-involvement marketing activities, reduces the stress of consumers entering the market, creates experiential marketing for customers with additional products and services, provides aesthetic, sensory and infectious creative association, and brings consumers a fresh feeling with the leisure family form of SCAN LIVING.
- (4) International, professional and large-scale furniture exhibition: driven by large-scale exhibitions, China will become the world's furniture purchase center.

3) Overview of technology and R&D

1. R&D expenditure in the most recent year up to the date of publication of the annual report

The Company is a furniture chain operator. Despite not having a dedicated R&D unit, the Company's marketing department has invested considerable human resources and costs over the years in planning marketing strategies and advertising to meet the needs of consumers.

2. Technologies or products that have been successfully developed in the most recent year up to the date of publication of the annual report.

As the Company focuses on imported furniture sales, there is no dedicated R&D unit. However, in order to cope with the rapid changes in the market and the increasingly fierce competition, so as to improve the Company's competitive advantage and operating performance, since April 2010, the Company has obtained the authorization of "Scanteak" (詩肯柚木) brand and formally plunged into the furniture chain store business. In April 2012, a sub-brand of "Scanliving" was established. The two brands of Scanteak and Scan Living worked with different enterprises and teams in Europe to introduce new and premium furniture for Taiwanese consumers. Scan Living has signed a contract with brand CS Schmal under the Nolte Group, Europe's largest system panel furniture manufacturer, and has officially become the sole agent of the Nolte Group in Taiwan. Scanteak and Outofstock, a multi-cultural design team, jointly launched the PROLOGUE series furniture. PROLOGUE is highly praised for its design-inspired lifestyle. After winning the 2015 Good Design Award in Singapore and Japan respectively, it received the highest honorary Presidential Design Award in Singapore. This was the greatest encouragement for SCAN-D's courage to innovate.

4) Long term and short term business development plan

In order to cope with the future industrial trend and the overall economic environment, the Company draws up various plans and comes up with the future business direction so as to enhance its competitiveness. The Company's short- and long-term business plans are outlined as follows:

1. Short-term plan

- (1) Continuing to develop the domestic market and accelerating the strategy of double brand store expansion.
- (2) Making good use of channel advantages to act as an agent for international boutique furniture, with multi-brand strategy management.
- (3) Intensifying marketing activities to stimulate purchase power.

2. Long-term plan

- (1) In response to the rise of the Chinese market and ASEAN, it is expected to expand the furniture chain outlet business in China and ASEAN at an appropriate time, hoping to integrate the upstream and downstream resources through the experience of developing brand channels in Taiwan, so as to become an international furniture company.
- (2) A new SCAN-D membership system is being planned to strengthen customer relationship management (CRM) and customer loyalty, step up the service mechanism of business bases, and develop different age groups of consumers.

II 、 Market Profile and Production and Sales

1) Market analysis

1. Places of sales (provision) of major commodities (services)

Unit: NT\$1,000

Item \ Year		2017		2018	
		Sales amount	Percentage of revenue %	Sales amount	Percentage of revenue %
Distribution region	Domestic sales	1,805,336	100.00	1,703,688	100.00
	Export sales	-	-	-	-
	Hong Kong/China	-	-	-	-
	US/Germany	-	-	-	-
	Other	-	-	-	-
	Other operating revenue	-	-	-	-
	Total	1,805,336	100.00	1,703,688	100.00

2. Market share

Taiwan's furniture industry is mainly divided into two systems: manufacturing and service industries. Manufacturing industry is export-oriented while service industry is mainly domestic retail. According to a "Report on Import and Export of Furniture in Taiwan in 2014" by the Taiwan Furniture Manufacturers' Association, the total import of furniture in Taiwan in 2014 was valued at about US\$582 million, with the Company accounting for about 3% of the total import. According to the statistical database of the Ministry of Finance, the sales volume of Taiwan's furniture industry in 2016 was NT\$97 billion, with the Company constituting about 1.69% of the total sales.

3. Supply and demand and growth of market in the future

(1) Future supply and demand

A retail furniture chain, the Company focuses on developing the Scanteak brand. In the past, Taiwan's main sales outlet was the furniture street formed by the "single-store market." In response to the changes of consumers and market, the Company has gradually transformed into a specialty store, design exhibition hall or chain stores, while the furniture products shifted from home-made to imported furniture. It is expected that in the future, the channel mode of traditional furniture markets will be gradually replaced by large-scale furniture chains with high reputation and service orientation.

(2) Future growth of the industry

According to the analysis of global furniture market, after the signing of AFTA and ECFA, China has become a huge potential market. In addition, Southeast Asia, as a well-known furniture manufacturing center in the world, has also become a stage for the global furniture industry to compete for investment. SCAN-D has been operating brand and developing sales channels in Taiwan for many years. It has accumulated enough experience and energy to step into furniture chain stores in China and Southeast Asia. Through integrating upstream and downstream resources, the Company has expanded cross-strait furniture chain business with a view to becoming an international furniture manufacturer. However, in the domestic market, there is still no brand manufacturer with a heavy market share, with considerable room for growth. By understanding customers and paying attention to the direction of government policies, we will strive to pursue the growth and development of performance and establish and improve the sales system. In the future, SCAN-D will base itself in Taiwan, and enter the Chinese and ASEAN markets, with the whole world in view as its corporate vision.

4. Competitive niche

(1) Quality assurance

The Company's products from material selection to furniture design and production are subject to rigorous quality inspection, to ensure that the goods delivered to customers are high-quality finished products. From furniture raw materials, joints, accessories to final decoration, we will never let go of any minor links. With a product warranty card system and 0800 free customer service line, we are dedicated to solving problems for our customers, achieving the goal of "customer first, service from the heart." We will ensure that Scanteak brand is striving for excellence and bring the best products and services to our customers.

(2) Cost advantage

Through the integration of professional purchasing teams with the global supply chain, coupled with the perfect logistics planning and warehousing management system, the inventory cost can be effectively reduced and the competitive advantage can be enhanced.

(3) Value of the channel

There are more than 100 outlets across the nation, all of which are operated under the direct operation mode. At the convergence of transportation systems, they have an absolute competitive niche in marketing activities, retail display and customer service.

(4) Brand image

SCAN-D has won many awards over the past years, including Singaporean potential brand award, super brand award, Singaporean city business district brand SPBA (Citibusiness-SPBA) award and was presented with the Golden Merchants Award for Outstanding Foreign Firm by the General Chamber of Commerce of Taiwan in 2006 and 2011. Moreover, in the "Household Brand" market survey conducted by a well-known magazine, it won first place in the 2009 survey of ideal brands/well-known brands of

leisure furniture, and second place in the 2010 and 2011 surveys of well-known brands of furniture and professional awards. In 2012, it was named one of "200 Best Small and Medium-sized Enterprises in Asia in 2012" by Forbes magazine. Every piece of furniture has quality assurance. It is a trustworthy high-quality brand for consumers. In 2015, Scanteak and Outofstock, a multi-cultural design team, jointly launched the PROLOGUE series furniture. PROLOGUE is highly praised for its design-inspired lifestyle. After winning the 2015 Good Design Award in Singapore and Japan respectively, it received the highest honorary Presidential Design Award in Singapore. This was the greatest encouragement for SCAN-D's courage to innovate.

5. Pluses and minuses and countermeasures of the development prospect

(1)Pluses

- a. The brand's orientation is clear as our core team has many years of sales experience, flexible grasp of market dynamics and business management capabilities. Under the leadership of an elite team, SCAN-D creates good results against the trend.
- b. People-oriented, SCAN-D understands the importance people attach to "home" and their desire for a comfortable and stable home environment. From product material, service attitude, size measurement, space design, decoration and quality of life, each store staff understands customer preferences and real needs, and leads them to feel the carefully created warm atmosphere.
- c. To facilitate flexible dispatch and distribution of goods, large-scale transshipment and warehousing units were added in northern and central Taiwan. Besides effectively shortening the logistics time, the utility of decentralizing inventory risk can be achieved.
- d. Long-term cooperation with foreign suppliers, good quality and stability of supply and strong bargaining power, and relative cost reduction are the Company's competitive advantage in the furniture industry
- e. There are more than 110 outlets across the nation, all of which are operated under the direct operation mode. At the convergence of transportation systems, they have an absolute competitive niche in marketing activities, retail display and customer service.

(2)Adverse Factors and Countermeasures

Adverse Factors	Countermeasures
Global recession and domestic economic growth slowing down.	Maintain growth despite the economical decline by expanding branch stores, using creative marketing ideas and creating the right atmosphere at store displays in order to increase the number of customers and purchasing opportunities.
Competition in the industry is intense, other than bricks and mortar the large retail chain stores have brought on major impact. In addition, the low priced furnitures that are imported from China had expanded its marketshare rapidly also caused the furniture industry into a price cutting competition.	Through the brand image to establish and strengthen various marketing strategies to enhance consumer recognition; actively develop peripheral soft goods, increase product diversification and uniqueness, and drive potential market development.
Furniture industry contains wide range of products with longer re-purchasing rate.	Analyze and master the diversity and rapidly changing needs of consumers and communicate deeply with consumers through innovative marketing strategies and brand image. Through the energy of brand and value recognition to strength customer relationship management, establish a loyal and stable customer base, and improve customer return rate.

(II) Important use of the main products and production process

1. Important use of the main products

(1) Furnitures: Mainly sells general home living products and furnitures. Such as tables, chairs, couches, bedframes, mattresses, closets, dressers and couch cover.

2. Production Process : Not Applicable. (The company is not a manufacturer)

(III) Supply of major materials : Not applicable. (The company is not a manufacturer)

(IV) The name of the manufacturer (customer) and the amount of the import (sales) and the proportion of the increase and decrease of the manufacturer (customer) in the previous year or the previous year.

1. Name of the manufacturer who accounted for more than 10% of the total purchase in any of the past two years

Unit: thousand dollars

Item	2017				2018				As of 2019 latest quarter			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A	77,486	11.15	None	A	68,101	9.80	None	B	9,934	8.63	None
2	D	70,916	10.20	None	B	50,700	7.30	None	A	7,732	6.72	None
3	B	62,281	8.96	None	D	50,333	7.24	None	F	7,549	6.56	None
	Others	484,265	69.69	None	Others	525,464	75.66	None	Others	89,875	78.09	None
	Total	694,948	100.00		Total	694,598	100.00		Total	115,090	100.00	

Reasons for increase or decrease: The increase or decrease in the purchase amount is due to fluctuations in the revenue of the store.

2. Name of the manufacturer who has accounted for more than 10% of the total sales in any of the past two years: none.

(V) Production value in the last two years: Not applicable (the company is not a manufacturer)

(VI) Sales Volume In The Past Two Years:

Sale Volume Chart of The Past Two Years

Unit: thousand dollars

Shipments & Sales Major Products (or by departments)	Year	2017		2018	
		Local	Export	Local	Export
		Quantity	Amount	Quantity	Amount
Living Room	-	468,942	-	498,860	
Restaurant	-	279,773	-	286,289	
Bedroom	-	816,710	-	719,312	
Mattress	-	221,217	-	185,310	
Others	-	18,694	-	13,917	
Total	-	1,805,336	-	1,703,688	

Reasons for increase and decrease: The operating income in 2018 decreased by 5.63% compared with the same period of last year, mainly due to the weak consumption of Taiwan's domestic demand-consuming industry in the reform of the military public pension, the poor housing market and the sluggish stock market in the second half of the year.

III 、 Employees' information on the number of employees, average years of service, average age and academic distribution ratio of employees in the last two years and up to the date of publication.

Year		2017	2018	As of Mar.31, 2019
Number of Employees	Management	56	34	35
	Technician	48	45	50
	Staff	296	367	362
	Total	400	446	447
Average Age		37.67	38.27	38.32
Average Years of Service		3.49	3.51	3.62
Education	Ph.D.	0.00%	0.00%	0.00%
	Masters	2.00%	1.10%	0.89%
	Bachelor's Degree	56.25%	57.20%	55.49%
	Senior High School	38.50%	37.70%	39.37%
	Below Senior High	3.25%	4.00%	4.25%

IV、Environmental Expenditures Information

1. The explanation of application, payment or establishment of applying pollution facility installation permit or pollution discharge permit or the payment of pollution prevention fee, or the establishment of personnel of environmental protection unit in accordance with the provisions of the law:
The company mainly operates the sale of furniture, home decoration products instead of manufacture; accordingly, it is not applicable.
2. The investment, usage and benefits that may possibly create of the essential equipment of the environmental pollution prevention:
The company mainly operates the sale of furniture, home decoration products instead of manufacture; accordingly, it is not applicable.
3. For the recent two years as of the date of the public issuance of handbook had been printed, the process of improving environmental pollution by the company, its dealing process of the pollution dispute, and the explanation of its dealing process: None.
4. Explain for the recent two years as of the date of the public issuance of handbook had been printed, the total amount of loss (including compensation) suffered by the company due to environmental pollution, and the disclosure its future responsive strategy (including improvement measure) and possible expenditure (including the possible loss, disposal and the estimated amount of compensation when not taking responsive strategy. If it fails to reasonable estimate, it shall explain its fact of the failure of the reasonable estimation): None.
5. Explain the impact on the company's earnings, competitive position and capital expenditure of the current pollution situation and its improvement, and the significant environmental capital expenditure for the upcoming two years: None.

V、Labor and Management Relation

(I) The company's employee's welfare measure, further studying, training, retirement system and their implementation, and the agreement between the management and the labor, and the maintenance measures of the employee right:

1. The employee's welfare measures and their implementation:
According to the provisions of the law regulations, the company established the committee of the employee's welfare to promote welfare measures such as getting married, giving birth, birthday, funeral, travel, emergency support, and holiday/birthday coupon, etc. Moreover, there are the subsidies of marriage, funeral, and birth, the employee educational training, the share and dividend of the employee, etc.
2. The further studying and training implementation of the employee:
The Company conduct staff training every year to enhance the professions of the staff.
 - (1) The training of the recruit: To make the recruit thoroughly understand the operating concept, association overview, articles system, and the future development of the company, expect that the new recruit can adapt to the working environment as soon as possible, and plan the educational training at the beginning period.
 - (2) Internal training: The personnel of the management department arranges a time, course content, lecturers hiring, selection or designation trainees according to the training needs, training in the company or being internally trained by the operation department manager by organizing the new product knowledge and sales skills of the store personnel.

- (3) External training: Refers to the company designation or individual application approved by the nuclear authority, to attend the seminar of the enterprise management company, academic research, vocational training, and other institutions outside of the company.
- (4) The execution of 2018 employee's educational training

Unit: People/NT\$

Item	Training People	Training Costs
Professional Competency Training and General Training	19	101,666

3. Retirement System:

The Labor Pension Statutes has implemented since July 1, 2005. The company shall afford the labor pension with the withdraw ratio of 6% of the employee's remuneration for the applicable employee.

4. The agreement between the labor and the management

The company attaches great importance to the colleague's opinions, irregularly holds the meeting of the labor and the management communication, invites the representative of both sides to participate and encourages the colleague to suggest in order to understand their opinion to the management and the welfare system, which can be the reference of the improvement. Accordingly, the relation between the labor and the management is harmonious so far, there is no Arbitration cases or the need of coordination of the relation between the labor and the management.

5. The employee's behavior or code of ethics:

(1) The working rules of the employee

The employees of the company shall take the maintenance of the company's development, the welfare of all employees as the highest purpose, and jointly comply with the following working ethics codes:

- 1.1 Be impartial and respect others, treats others with sincerity to cooperatively reach the operating purpose of the enterprise.
- 1.2 Obey the command and supervision of every managerial officer.
- 1.3 Daily behavior shall be honest, and with integrity, there must not have any dissemination of false words, negative messages, gambling, etc., which would harm the reputation of the company.
- 1.4 During the tenure, shall not operate privately or concurrently with duties outside the company.
- 1.5 The operational or technical confidential information of every department (unit) shall not be public disclosed.
- 1.6 Do not discuss the company's secret or privately collect the company's confidential information.
- 1.7 The colleague shall not disclose the business secret to other colleagues that are not involved in the program or project.
- 1.8 Do not arbitrarily skim through the documents, design pages, information that does not belong to you.
- 1.9 Shall value every public properties and shall not waste them.
- 1.10 Executing duties with certainty and without fear, avoidance, or unreasonable postponement.
- 1.11 Based on the necessity of enterprise operation, the company shall comply with the provisions of the laws or assists with the adjustment of the employee's duties. Every colleague shall obey the company's adjustment and dispatch, shall not find any excuse for refusal.
- 1.12 During the working hours, the employee shall not leave the office without approval. If it is necessary to meet guests due to important incidents, then shall meet at the designated location.

- 1.13 The employee shall not enter the prohibitive area with warning sign without permission.
- 1.14 The employee shall not bring out public property without written permission.
- 1.15 The employees are not allowed to carry dangerous goods such as knife, gun, gasoline, and alcohol, etc., contraband and items not related to business official duties and enter the office area and the warehouse, etc.
- 1.16 The employees are obliged to attend the assembly that the unit or company requests to participate in order to obtain the corporate policy, announcement, supervisor report, contact or other matters of the unit or company.
- 1.17 Do not personally disclose any information of the company to mass media or any social media without the company's approval.
- 1.18 The colleague shall not bring any information of the original serving company to the company.

(2) Sexual Harassment Prevention Operation Management Principles

To maintain gender equality and personal dignity, and to provide employees with a working environment free from sexual harassment and gender discrimination, the company has established these measures in accordance with the Sexual Harassment Prevention Act. The company organized sexual harassment prevention management educational training during the training of recruits, and informed employees of the "sexual harassment prevention and grievance procedures," in the hope that all employees will understand and comply with the provisions of these measures.

6. The measures of the employee's right maintenance:

To protect the rights of the colleagues, improve the life of the colleagues, and enhance the channels of labor and management communication, the company established a labor and management committee according to law, and coordinated matters related to strengthening labor and employment cooperation, improving working conditions and membership benefits.

7. The Protection Measures of Working Environment and Personal Safety of the Employee:

Items	Content
Insurance	1. Handle labor insurance and national health insurance according to law; insured labor insurance (including occupational disaster insurance), health insurance. 2. Underwriting employer liability insurance; for accidents due to business duty, claim with insurance.
Access Security	1. The factory building in the district has a strict access control system on the day and night. 2. Warehouses and stores: At night and on holidays, sign the contract with security companies to maintain security.
Safety and Health	1. The smoking is completely prohibited in operating stores, the working environment has been cleaned regularly. 2. According to labor safety and health, the company handles safety and health work, prevents occupational disasters, and protects employee safety.
Maintenance and Inspection of Various Equipment	Regularly and irregularly clean, wash, maintain and inspect air-conditioning equipment and drinking equipment every year.

(II) For the recent year as of the date of the annual report had been printed, the loss of the company caused by the labor-management disputes, the estimated amount of possible occurrence currently and in the future and its responding measure: None.

VI、Important Contract：

Agreement	Counterparty	Period	Major Contents	Restrictions
Brand License	Hawaii Furnishing Pte Ltd.	99/04/01 129/03/31	Acquire the right of using SCANTEAK to operate business	Territory: Taiwan
Trademark License	Lim, Pok-Chin	99/04/01 129/03/31	Trademark right of use of SCANTEAK	Territory: Taiwan

VI、Financial Highlights

I、Condensed Balance Sheet and Statement of Comprehensive

Income in the Most Recent 5 Years

(I) Balance Sheet-by IFRSs

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					As of Mar.31, 2019 (Note3)
		2014	2015	2016	2017	2018	
Current assets		790,914	696,420	829,071	760,173	701,925	673,902
Property, Plant and Equipment		678,566	791,552	773,471	772,661	761,985	755,366
Intangible assets		561	650	1,360	2,005	1,623	1,320
Other assets		158,235	58,325	59,467	49,383	81,654	637,030
Total assets		1,628,276	1,546,947	1,663,369	1,584,222	1,547,187	2,067,618
Current liabilities	Before distribution	307,699	339,513	365,013	325,845	451,123	549,436
	After distribution	527,464	489,954	493,962	507,373	(Note 4)	-
Non-current liabilities			408,900	471,493	279,235	53,324	449,675
Total liabilities	Before distribution	734,299	748,413	836,506	605,080	504,447	999,111
	After distribution	954,064	898,854	965,455	786,608	(Note 4)	-
Equity attributable to shareholders of the parent			798,534	826,863	979,142	1,042,740	1,068,507
Capital stock			429,829	429,829	443,799	461,332	461,332
Capital surplus			58,676	73,426	121,908	181,931	181,931
Retained earnings	Before distribution	394,448	310,029	323,608	413,435	399,477	425,244
	After distribution	174,683	159,588	194,659	231,907	(Note 4)	-
Other equity interest			-	-	-	-	-
Treasury stock			-	-	-	-	-
Non-controlling interest			-	-	-	-	-
Total equity	Before distribution	893,977	798,534	826,863	979,142	1,042,740	1,068,507
	After distribution	674,212	648,093	697,914	797,614	(Note 4)	-

* If a company has an individual financial report, it shall also prepare a concise balance sheet and a consolidated income statement for individuals for the last five years.

* If the financial data of the international Financial Reporting standards are used for less than 5 years, a separate table (2) shall be prepared using the financial data of our financial accounting standards.

Note 1: Any year in which a certification is not checked by an accountant shall be indicated.

Note 2: Those who have worked on the revaluation of assets in the current year shall be given the date of processing and the amount of revaluation value added.

Note 3: As of the date of publication of the annual report, companies that have listed or sold shares in the securities dealers' premises should be disclosed if they have the most recent period of verification of visas or financial data approved by accountants.

Note 4: The 2018 surplus allocation case is yet to be resolved by the shareholders' meeting.

Note 5: Financial data shall, upon notification by the competent authority, be corrected or re-compiled on its own and shall be made up of corrected or composer figures, indicating their circumstances and reasons.

(II) Condensed Balance Sheet-by IFRSs

Unit: thousand dollars/EPS in dollars

Item	Year	Financial Summary for The Last Five Years					As of Mar.31, 2019 (Note2)
		2014	2015	2016	2017	2018	
Revenue		1,707,833	1,586,690	1,637,952	1,805,336	1,703,688	371,223
Gross Profit		1,040,796	922,307	886,576	1,004,354	944,252	199,833
Income from operations		323,278	230,740	193,446	254,042	202,081	30,910
Non-operating income		2,929	2,127	5,552	11,473	9,762	1,421
Net profit before tax		326,207	232,867	198,998	265,515	211,843	32,331
Net profit for operating unit		326,207	232,867	198,998	265,515	211,843	32,331
Loss from non-operating unit		-	-	-	-	-	-
Net profit/loss for this term		268,678	190,878	164,020	218,776	167,570	25,767
Other comprehensive income (income after tax)		-	-	-	-	-	-
Total comprehensive income		268,678	190,878	164,020	218,776	167,570	25,767
Net income attributable to shareholders of the parent		268,678	190,878	164,020	218,776	167,570	25,767
Net income attributable to non-controlling interest		-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent		268,678	190,878	164,020	218,776	167,570	25,767
Comprehensive income attributable to non-controlling interest		-	-	-	-	-	-
EPS		6.11	4.40	3.82	5.05	3.67	0.56

* If a company has an individual financial report, it shall also prepare a concise balance sheet and a consolidated income statement for individuals for the last five years.

* If the financial data of the international Financial Reporting standards are used for less than 5 years, a separate table (2) shall be prepared using the financial data of our financial accounting standards.

Note 1: Any year in which a certification is not checked by an accountant shall be indicated.

Note 2: As of the date of publication of the annual report, companies that have listed or sold shares in the securities dealers' premises should be disclosed if they have the most recent period of verification of visas or financial data approved by accountants.

Note 3: The loss of the closed unit is shown in the net amount after the deduction of income tax.

Note 4: Financial data shall, upon notification by the competent authority, be corrected or re-compiled on its own and shall be made up of corrected or composer figures, indicating their circumstances and reasons.

(III) Name and opinion of Certified Accountant in recent 5 years

Year	Firm	Name of the accountant	Opinion
2014	Deloitte & Touche	LEE, LI-HUANG 、 Chen, Hui-Min	Unqualified opinion
2015	Deloitte & Touche	LEE, LI-HUANG 、 Chen, Hui-Min	Unqualified opinion
2016	Deloitte & Touche	LEE, LI-HUANG 、 HSIEH, MIN-ZHONG	Unqualified opinion
2017	Deloitte & Touche	LEE, LI-HUANG 、 Chi, Rei-Chuan	Unqualified opinion
2018	Deloitte & Touche	HSIEH, MIN-ZHONG 、Kuo, Nai-Hua	Unqualified opinion

II、Financial Analysis in the Most Recent 5 Years

Consolidated Financial Analysis-By IFRSs

Year (Note 1)		Financial Summary for The Last Five Years					As of Mar.31,2019 (Note 2)
		2014	2015	2016	2017	2018	
Item (Note 3)							
Financial structure (%)	Debt Ratio	45.10	48.38	50.29	38.19	32.60	48.32
	Ratio of long-term capital to property, plant and equipment	194.61	152.54	167.86	162.86	143.84	200.99
Solvency (%)	Current ratio	257.04	205.12	227.13	233.29	155.60	122.65
	Quick ratio	94.04	43.05	90.61	78.01	36.31	34.46
	Interest earned ratio (times)	44.93	28.66	25.58	53.29	63.34	14.48
Operating ability	Accounts receivable turnover (times)	42.04	37.22	24.78	20.20	19.71	22.77
	Average collection period	8.68	9.81	14.73	18.07	18.52	16.03
	Inventory turnover (times)	1.54	1.41	1.57	1.74	1.55	1.39
	Accounts payable turnover (times)	14.27	17.85	15.65	18.89	26.93	23.40
	Average days in sales	237.01	258.87	232.48	209.77	235.48	262.59
	Property, plant and equipment turnover (times)	2.50	2.16	2.09	2.34	2.22	1.96
	Total assets turnover (times)	1.06	1.00	1.02	1.11	1.09	0.82
Profitability	ROA (%)	17.03	12.46	10.64	13.73	10.88	5.81
	Return on stockholders' equity (%)	31.09	22.56	20.18	24.23	16.58	9.76
	Pre-tax income to paid-in capital (%)	74.22	54.18	46.30	59.83	45.92	7.01
	Profit ratio (%)	15.73	12.03	10.01	12.12	9.84	6.94
	Earnings per share (NT\$)	6.11	4.40	3.82	5.05	3.67	0.56
Cash flow	Cash flow ratio (%)	85.19	44.48	79.55	69.57	38.10	16.83
	Cash Flow Adequacy Ratio (%)	52.54	64.16	61.93	64.49	87.93	93.95
	Cash Re-investment Ratio (%)	3.51	(4.80)	9.03	6.40	(0.69)	5.14
Leverage	Operating leverage	2.64	3.44	4.23	3.55	4.22	6.00
	Financial leverage	1.02	1.04	1.04	1.02	1.02	1.08

Please indicate the reasons for the changes in the financial ratios in the last two years. (If the change or decrease is not up to 20%, exempt from analysis)

1. The flow ratio and speed ratio reduction: mainly due to the company's debt to the current liabilities caused by the conversion.
2. The turnover rate of payables (times) increased: mainly due to the lower balance of accounts payable in the current period.
3. ROA, equity return rate, pre-tax pure benefit capital ratio and surplus per share reduction: mainly due to the reduction of profits in the current period.
4. Cash Flow adequacy Ratio reduction: mainly profit reduction and corporate debt payable to the current liabilities caused.
5. Cash Flow adequacy Ratio increased: mainly due to the decrease in capital expenditure.
6. Cash reinvestment ratio reduction: mainly due to operating activities cash inflows decreased and dividend issuance increased.

* If the company conduct the preparation of individual financial reporting, it should also prepare an analysis of the individual financial ratio of the company.

* If the financial data of the international Financial Reporting standards are used for less than 5 years, a separate table (2) shall be prepared by the financial data of our financial accounting standards.

Note 1: The year without an accountant verification shall be indicated.

Note 2: As of the date of publication of the annual report, companies that have listed or sold shares in the securities dealers' premises should and have been analyzed if they have the most recent period of verification of visas or financial data approved by accountants.

Note 3: At the end of this table, the following calculation formula should be presented:

1. Financial structure
 - (1) Liabilities as a proportion of assets = Total liabilities/total assets.
 - (2) long-term funds as a proportion of property, plant and equipment = $(\text{Total equity} + \text{non-current Liabilities})/\text{Net property, plant and equipment}$.
2. Debt-servicing capacity
 - (1) Flow ratio = Current assets/liabilities.
 - (2) Speed ratio = $(\text{current assets} - \text{Inventory} - \text{prepaid fee})/\text{current Liabilities}$.
 - (3) Interest protection multiples = $\text{income tax and interest charges before the pure benefit}/\text{This period Interest expense}$.
3. Operational capacity
 - (1) The turnover of receivables (including accounts receivable and notes receivable arising from business) = $\text{The balance of net sales}/\text{average receivables for each period (including accounts receivable and notes receivable arising from business)}$.
 - (2) The average number of cash receipts = $365/\text{the turnover rate of receivables}$.
 - (3) Inventory turnover = $\text{Cost of goods sold}/\text{average inventory amount}$.
 - (4) The turnover of payables (including Accounts payable and notes payable as a result of business) = $\text{The balance of the cost of goods sold}/\text{the average amount due for each period (including accounts payable and notes payable arising out of business)}$.
 - (5) Average number of days sold = $365/\text{inventory turnover rate}$.
 - (6) Turnover of property, plant and equipment = $\text{Net sales}/\text{average net property, plant and equipment}$.
 - (7) Total Asset turnover = $\text{Net sales}/\text{Total average assets}$.
4. Profitability
 - (1) ROA = $(\text{After-tax gains and losses} + \text{interest charges} \times (1 - \text{tax rate}))/\text{average total assets}$.
 - (2) The rate of return on equity = $\text{The total profit/loss}/\text{average equity after tax}$.
 - (3) Net Profit Margin = $\text{Profit/loss}/\text{net sales after tax}$.
 - (4) Surplus per share = $(\text{profit and loss attributable to the owner of the parent company} - \text{dividend of special shares})/\text{weighted average number of shares issued}$. (Note 4)
5. Cash Flows
 - (1) Cash Flow ratio = $\text{Operating Activities Net cash flow}/\text{Current Liabilities}$.
 - (2) Net Cash Flow Adequacy Ratio = $\text{operating of the last five years Activities Net cash flow}/\text{Last five years (capital expenditure} + \text{inventory increase} + \text{cash dividend)}$.
 - (3) Cash re-investment Ratio = $(\text{Operating activities Net cash flow} - \text{cash dividend})/(\text{gross real estate, plant and equipment} + \text{long-term investment} + \text{other non-current assets} + \text{Working capital})$. (Note 5)
6. Leverage:
 - (1) Operational leverage = $(\text{operating revenue} - \text{change operating cost and expense})/\text{operating profit}$ (Note 6).
 - (2) Financial leverage = $\text{Operating profit}/(\text{operating profit} - \text{interest charges})$.

Note 4: The formula for calculating the surplus per share should be measured with particular attention to the following matters:

1. The weighted average number of common stock shares shall prevail, rather than on the basis of the number of shares issued at the end of the year.
2. Where cash capital increases or Treasury shares are traded, the weighted average number of shares shall be calculated taking into account the period during which they are in circulation.
3. In the calculation of the surplus per share for the past year and semi-annual earnings, the capital increase by retained earnings or the capitalized reserve shall be adjusted retroactively in accordance with the proportion of the increase, without regard to the period of issue of the replenishment.

4. If the Special unit is a non-convertible cumulative Special Unit, its annual dividend (whether issued or not) shall be deducted from the net profit after tax or increased after tax. If the special unit is of a non-cumulative nature, in the case of net profit after tax, the dividend of the Special Unit shall be deducted from the net profit after tax;

Note 5: The cash use analysis should be measured with particular attention to the following matters:

1. Operating Activities net cash flow represents the net cash inflow operating activities in the statement of cash flows.
2. Capital expenditure means the number of cash outflows from annual capital investments.
3. The increase in inventory is counted only when the closing balance is greater than the opening balance and, if the inventory is reduced at the end of the year, at 0.
4. Cash dividends include cash dividends from common shares and special shares.
5. Gross property, plant and equipment represents the total amount of property, plant and equipment deducted from accumulated depreciation.

Note 6: The issuer shall distinguish operating cost and operating expense by nature as fixed and variable, and shall pay attention to its rationality and maintain consistency if it involves estimation or subjective judgment.

Note 7: The company's shares are non-denomination or denomination per share is not NT \$10, and the former Profit ratio of paid up capital is calculated on the basis of the equity ratio attributed to the owner of the parent company.

III 、 Supervisors' Review Report of the Financial Statements in the Most Recent Year

SCAN-D CORPORATION
2018 Supervisor Report

The Board of directors present the company's 2018 balance sheet, comprehensive income and loss statement, equity change statement and cash flow statement, made by Deloitte & Touche accountant HSIEH, MIN-ZHON and Kuo,Nai-hua. The above documents, together with the business report and the surplus allocation form , have been examined by Supervisor , and it is considered to be no disagreement with the provisions of article 219 of the Company Act.

To: 2019 Shareholders' Meeting

SCAN-D CORPORATION

Supervisor : Wang, I-Yao

Supervisor : Lee,Shin-Mo

Supervisor : Liu, Chih-Hung

Mar.21, 2019

- IV 、 Financial Statements in the Most Recent Year: Please refer to page 87 to 164.
- V 、 Consolidated Financial report of the parent and subsidiary company of the most recent year: None.
- VI 、 The company and its related enterprises in the most recent year and as of the publication date of the annual report, with the event of financial turnaround difficulties, shall specify their impact on the financial position of the company: None.

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

I 、 Analysis of Financial Status

Unit: thousand dollars

Item	Year	2018	2017	Difference	
				Amount	%
Current Assets		701,925	760,173	(58,248)	(7.66%)
Long-term Share Right Investment		-	-	-	-
Fixed Assets		761,985	772,661	(10,676)	(1.38%)
Other Assets		83,277	51,388	31,889	62.06%
Total Assets		1,547,187	1,584,222	(37,035)	(2.34%)
Current Liabilities		451,123	325,845	125,278	38.45%
Other Liabilities		-	-	-	-
Long-term Liabilities		53,324	279,235	(225,911)	(80.90%)
Total Liabilities		504,447	605,080	(100,633)	(16.63%)
Paid in Capital		461,332	443,799	17,533	3.95%
Capital Reserve		181,931	121,908	60,023	49.24%
Legal Reserve		165,976	144,098	21,878	15.18%
Special Reserve		-	-	-	-
Undistributed earning		233,501	269,337	(35,836)	(13.31%)
Adjustment		-	-	-	-
Shareholders equity		1,042,740	979,142	63,598	6.50%
<p>I. Explanation of the reasons for the 20% changes in assets, liabilities and shareholders ' equity in the last two years and the amount of 10 million yuan and their implications and future response plans:</p> <ol style="list-style-type: none"> 1. other assets increase: mainly due to the increase in prepaid equipment. 2. long-term liabilities and total liabilities decreased: mainly due to the conversion of corporate debt. 3. capital accumulation increased: mainly due to the conversion of corporate debt. <p>II. Review and analysis of major capital expenditure and its sources of funding: none.</p>					

II、Financial Performance

(I) Results Comparison

Unit: thousand dollars

Item \ Year	2018	2017	Variance	%
Revenue	1,721,009	1,823,584	(102,575)	(5.62%)
Deduction: Sales return	(17,202)	(17,946)	744	(4.15)%
Sales discount	(119)	(302)	183	(60.60)%
Operating revenue	1,703,688	1,805,336	(101,648)	(5.63%)
Operating cost	759,436	800,982	(41,546)	(5.19%)
Unrealized/realized profit between affiliated company – net	-	-	-	-
Gross Profit	944,252	1,004,354	(60,102)	(5.98%)
Operating expense	742,171	750,312	(8,141)	(1.09%)
Operating net profit	202,081	254,042	(51,961)	(20.45%)
Non-operating expenses and losses	14,222	17,005	(2,783)	(16.37%)
Non-operating expenses and losses	(4,460)	(5,532)	1,072	(19.38%)
Income Before Income Tax from Continuing Operations	211,843	265,515	(53,672)	(20.21%)
Tax expense/interest	(44,273)	(46,739)	2,466	(5.28%)
Net profit for this term	167,570	218,776	(51,206)	(23.41%)
<p>I. Reasons for the change of more than 20% and the amount of 10 million dollars in the last two years:</p> <ol style="list-style-type: none"> 1. Operating net profit reduction: mainly due to the reduction in revenue in the current period. 2. Income before Income Tax from continuing operations decreased: mainly due to the decrease in revenue for the current period. 3. Net profit for this term reduction: mainly due to the decrease in revenue for the current period. <p>II. The company's main business change: not applicable.</p> <p>III. The expected number of sales in the coming year and its basis and the company's expected sales volume to continue to grow or decline in the main impact factors: not applicable.</p>				

(II) Operating Section Financial Information

Provides information to key operational decision makers on the allocation of resources and evaluation of departmental performance, focusing on the types of products or services that are delivered or provided.

III 、 Cash Flow

(I) Results Comparison

Unit: thousand dollars

Item \ Year	2018	2017	Variance	%
Operating Activities	171,858	226,903	(55,045)	(24.26%)
Investment Activities	(57,729)	(36,000)	(21,729)	(60.36%)
Funding Activities	(187,022)	(274,752)	87,730	31.93%
Exchange effect	0	0	0	0.00 %
total	(72,893)	(83,849)	10,956	13.07%

Analysis Instructions:

1. Cash inflows from operating activities in the current period decreased from the previous period: mainly due to reduced profits and increased inventories.
2. The cash outflow from the current investment activity increased from the previous period: mainly due to the increase in prepaid equipment.
3. The net cash outflow from funding activities in the current period is lower than in the previous period: mainly due to the repayment of long-term loans in the previous period.

(II) 2-Year Currency Analysis

Item \ Year	2018	2017	%
Cash flow ratio (%)	38.10	69.57	(45.24%)
Cash Flow Adequacy Ratio (%)	87.93	64.49	36.35%
Cash Re-investment Ratio (%)	(0.69)	6.40	(110.78%)

Analysis of the change in proportion of increase or decrease shows:

1. Cash flow ratio reduction: mainly profit reduction and due to corporate debt to be classified as current liabilities.
2. Cash Flow adequacy Ratio increased: mainly due to the decrease in capital expenditure.
3. Cash reinvestment ratio reduction: mainly due to operating activities cash inflows decreased and dividend issuance increased.

(III) Cash Flow Analysis for the Coming Year

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
80,044	205,700	366,400	(80,656)	-	160,000

1 、 Analysis of cash flow changes:

Operating activities: Mainly expected to be the 2019 net cash inflows. Year-round cash outflows.

Year-round cash outflows: Mainly expected to issue cash dividends and obtain a 100% stake in Nova Corporation of Singapore.

- 2 、 Remediation of projected cash shortfalls and liquidity analysis: The cash balance is insufficient due to the acquisition of a 100% stake in Singapore Nova, which is expected to cover cash shortfalls by means of financing.

- IV 、 Impact of Significant Capital Expenditures in the Most Recent Year on the Financial and Operating Conditions of the Company: None.
- V 、 Reinvestment Policy of the Most Recent Year, Reasons for Profit (Loss), Improvement Plan and Investment Plan for the Following Year: None.
- VI 、 Analysis and Evaluation of Risk Factors in the most recent year and as of the published date of the annual report:
- (I) The impact of interest rate, exchange rate, and inflation on the company's profits and losses and its future responding measures:
1. The impact of interest rate, exchange rate, and inflation on the company's profits and losses and its future responding measures:
 - (1) The impact of interest rate on the company's profits and losses and its future responding measures
The 2018 interest expenses accounted for 2.03% of the net profit in the period, which did not significantly affect the company's profit and loss. The company mainly operated with its funds and has a good credit interaction relation with the bank. In the future, the company will continue to pay attention to the alteration of the interest rate as well as the trend of global economic development, and actively strive for the lowest interest rate with the cooperative bank, timely adopt necessary measures to avoid the risk of the rising interest rate.
 - (2) The impact of exchange rate on the company's profits and losses and its future responding measures
The 2018 exchange profit accounted for 0.21% of the net profit for the period. The company adopted the principle of stability and conservativeness for the management of foreign exchange, collect the relevant alteration information of the exchange rate, determine the foreign exchange time to lower the impact of the exchange rate alteration on the company's revenue. The company will engage in financial derivatives merchandise to avoid the risk caused by the alteration of the exchange rate when necessary.
 2. The impact of inflation on the company's profits and losses and its future responding measures:
 - (1) The impact of inflation for the recent two years on the company's profit and loss So far, there are any significant impact on the company's profit and loss due to the inflation.
 - (2) Future responding measure
In recent years, due to the rising price of the raw materials, the overall economic environment becomes slightly inflationary; yet, there has not been immediate significant impact on the company due to the inflation so far, and the company has always paid attention to the fluctuation of the price at the raw material market and has maintained a good interaction relation with the supplier and the customers. In addition, the company can flexibly adjust the price according to the cost change of the supplier, accordingly, avoiding the massive impact of the inflation on the company.
- (II) The main reason of the policy, profit, or loss of engaging in high-risk, high-leverage investment, loaning funds to others, the endorsement/guarantee, and the financial derivatives transactions and their future responding measures:
1. Engage in high-risk, high-leverage investment: None.
 2. Loaning funds to others: None.
 3. The endorsement/guarantee: None.
 4. Financial derivatives transactions: None.

5. The company's policy: The company focuses on the operation of the relevant service business of retail chain; therefore, it did not engage in high-risk and high-leverage investment. To effectively control the special matters caused by the physical business demand, the company, in accordance with the provisions of the law of the Securities & Futures Institute, established a completed internal management regulation and the operational procedures of the financial and operational practice. The relevant management regulations including the "Operational Procedures for Loaning Funds to Others," the "Procedures for Acquisition or Disposal of Assets," and the "Procedures and Principles of Governing the Endorsement/Guarantee."

(III) Future research and development plan and estimated investing expenses in research and development: None.

(IV) The impact of the change of important policies at home and abroad as well as the laws on the company's financial business and its responding measures:

There is no impact of the change of important policies at home and abroad as well as the laws on the company's financial business. In the future, in addition to irregularly collecting and evaluating the impact of the change of important policies at home and abroad as well as the laws on the company's finance and business, the company will also seek for consult the relevant experts to thoroughly control the external information and timely adopt responding measures.

(V) The impact of the change of technology as well as the industry on the company's financial business and its responding measures:

The company keeps abreast of the change of its industry and the market trend, and pay attention to related technique development and alteration, understand the preference of the consumers to introduce the products that correspond with the public market trend. For the recent year as of the date of the public handbook had been printed, there is no massive change inw4raesw technology and industry that will significantly influence the company's financial business.

(VI) The impact of the change of enterprise image on enterprise crisis management and its responding measures:

The company has always complied with the provisions of the laws, values the ethics of the employee as well as the discipline management, and request the managers to practice what they preach; therefore, there is no any negative enterprise image so far. While pursuing operational growth, profitability and maximizing the shareholders' equity, the company is also able to fulfill its corporate social responsibilities and aim to establish a corporate image of first-class corporate governance, enabling customers, employees and invested shareholders to rely on the company.

(VII) The estimated benefits and possible risks of merger and its responding measure: None.

(VIII) The estimated benefits and possible risks of plant expansion and its responding measures:

By the date of the public handbook has been printed, the company has no plant expansion plant. However, if there is the plant expansion plan in the future, the company must adhere to a prudent assessment attitude and consider whether expanding the plant can bring specific synergies to the company to ensure the protection of shareholders' equity.

(IX) The risks associated with any consolidation of sales or purchasing operations, and their responding measures:

1. The risks associated with any purchasing operations, and its responding measures

The ratio of consolidation of purchasing operations of the company's largest supplier did not exceed 15%; there have always been more than two suppliers of the main procurement of the merchandise. Daily, the company constructs a good relation with the suppliers; there is no blanking halfway or material offer termination. Moreover, because the main purchased products of the company are wooden furniture such as table and chair, chest of drawers, and bed frame, etc., the supplies offered by the different supplier will not create massive

differences. Accordingly, there are no circumstances of exclusive supplier controlling the particular source of supply; instead, the essential design papers are all under the control of the company; thus, there is no risk associated with purchasing operations.

2. The risks associated with any consolidation of sale, and its responding measures

The company mainly operate the branding furniture chain store business, and its sale subject focuses on non-specific consumers instead of a single customer. The top ten sales customers accounted for less than 1% of the net operating income, so there shall be no risk arising from the consolidation of sales.

(X) Directors, supervisors, or shareholders holding more than 10% of the shares, the impact of a large number of shares transferred or replaced on the company, risks and its responding measures: None.

(XI) The impact of the change of operating right on the company, risks, and its responding measures:

Although the company has had the re-election of supervisors, however, it is, to meet the company's articles of incorporation and strengthens the company's supervisory structure. The major operating teams have not undergone major changes and have no significant impact on the actual operations of the company.

(XII) A litigation or non-litigation incident, shall state the company and the company's directors, supervisors, general manager, substantive person in charge, major shareholders holding more than 10% of the shares, and major lawsuits, non-litigation, or administrative litigation that the subordinate company has decided to determine or are still involved in, the outcome of which may have a significant impact on shareholders' equity or securities prices, shall disclose its fact in contention, underlying amount, the start date of litigation, the main party involved in litigation, and the dealing process as of the date of the annual report had been printed: None.

(XIII) Other important risks and the responding measures: None.

(XIV) The association structure of risk management:

1. Audit office: Responsible for audit, evaluate the management and control of every department operations and the assistance of improving risks. Also, it is responsible for evaluate the appropriateness and effectiveness of the company's governance in accordance with the result of risk assessment.

2. General manager office: Responsible for setting the annual plan, and assist every department to establish the plan of the department, evaluate long-term operation strategy, to lower the strategic risks.

VII 、 Other important matters:

(I) Matters of risk assessment for the information security risk assessment analysis and its responding measures

According to the relevant provisions of the regulations and the operating demand of the company, the company established a cycle of internal control computerized information system, to ensure the negative impact of information security risks on the corporate operating and to adopt the corresponding measures.

The company lowers the risk through relevant operational procedures and the examination of the audit unit; however, it cannot be guaranteed that, under the changeful technology threats, the company's operation will not be attacked by the new risks. Nevertheless, the company still continue to engage in the investment of the information security protection and reinforce the emergency responding capability.

(II) Basis and foundation of the method for listing assets and liabilities assessment

1. The listing policy of the inventory valuation loss

Inventories are measured at the cost and net realizable value whichever is lower. When comparing costs and net realizable values, they are based on individual items except for the same type of inventory. The net realizable value refers to the balance of the estimated selling price under normal circumstances minus the estimated cost of completion and the estimated cost of completing the sale. The calculation of inventory cost is based on the weighted average method.

2. Foreign Currency Exchange

(1) When making the company's consolidative financial report, trading in currencies other than individual functional currencies (foreign currencies) shall be converted to functional currency records at the date of the exchange rate.

(2) The monetary items of foreign currency are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from the delivery of monetary items or conversion of monetary items are recognized in profit or loss in the period in which they are incurred.

(3) The non-monetary items of foreign currency measured at fair value are translated at the exchange rate at the date when the fair value is determined, and the resulting exchange differences are recognized in profit or loss for the current period. However, changes in fair value are recognized in other comprehensive income, and the resulting exchange differences are included in other comprehensive income.

(4) Exchange on the transaction date.

3. Allowance for bad debt

The company's method of providing an allowance for bad debts is to distinguish the payment of the receivables from the receivable related party payment, the receivable credit card payment (the money collected from the bank,) and the non-related party payment. There is no risk of impairment of the receivable related-party payment and the receivable credit card payment; accordingly, no allowance for bad debts is proposed. The receivable non-related party payment shall be deemed to the same group when engaging in impairment test due to its concert of credit risk characteristics. Initially, assess whether the client has a debtor who is much likely to close down or make other signs of objective impairment such as financial restructuring. For customers with individual signs of impairment, 100% bad debts are provided, and customers without individual signs of impairment are assessed based on experience. For the recovery rate, there was no objective evidence of impairment in the previous year. Therefore, the bills receivables are provided with a more conservative and stable bad debt ratio of 1%.

(III) The financial information of the department

Provides the information of the distributed resources of the main operating strategist and the effectiveness of the department, focuses on the kind of every delivered or provided products or services. In accordance with the provisions of the IFRS No.41 "The Disclosure of Operating Segments Information," The company's business is concentrated in the sales of furniture, bedding, kitchen appliances, and furnishings, and there are no corresponding operating departments to report.

VIII 、 Others

I 、 Summary of Affiliated Companies

(I) Business report : None.

(II) Financial statement : None.

(III)Relation Report : None.

II 、 Private Placement Securities in the Most Recent Years: None.

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

IV 、 Other information: None.

IX 、 Any event regulated in Article 36-3-2 of Security Trade Act occurred and shall affect the right of shareholder of share price:

The Company agrees to acquire the second place furniture wholesales NOVA's 100% stake in “ Nova Furnishing Holdings Pte Ltd” by the resolution of the Board on Apr.19, 2019 at the price of TWD \$228 million dollars.

Address and EL of Headquarters, Branches and Plant

Name	Address	TEL
Headquater	33378 No.69, Dinghu 1st St., Guishan Dist., Taoyuan City	(03)318-0555
Mingshen Br.	10576 No.52, Sec.5, Mingshen E. Rd., Songshan Dist., Taipei City	0963-567003
Wenchan Br.	10679 No.276, Wenchan St., Daan Dist., Taipei City	0963-567029
Riyuekaun Br.	22157 B4, No.13, Ln.751, Kanning St., Xizhi Dist., New Taipei City	0963-567021
Beihsin Br.	23143 1F, No.47, Beixin Rd., Sec.2, Xindian Dist., New Taipei City	0963-567026
Dahsinzhuan Br.	24342 No.108-8, Xinwu Rd., Sec.1, Taishan Dist., New Taipei City	0963-567036
Neihutidin Br.	11494 No.103, Jiotsun Rd., Sec.2, Neihu Dist., Taipei City	0963-567001
Fuxin S. Br.	10664 1F, No.116, Fuxin S. Rd., Sec.2, Daan Dist., Taipei City	0963-567019
Guting Br.	10093 No.3, Roosevelt Rd., Sec.2, Zhongzheng Dist., Taipei City	0963-567006
Shipai Br.	11262 No.93, Chende Rd., Sec.7, Beitou Dist., Taipei City	0963-567023
Tienmu 1 Br.	11161 B1-1F, No.238-1, Zhongshan N. Rd., Sec.6, Shihlin Dist., Taipei City	0963-567025
Zhongshan Br.	24357 No.530-1, Xinbei Ave., Sec.4, Taishan Dist., New Taipei City	0963-567033
Banqiao Br.	22047 No.141, Wenhua Rd., Sec.2, Banqiao Dist., New Taipei City	0963-567027
Xinhu Br.	11494 2F, No.23, Xinhu 3 Rd., Neihu Dist., Taipei City	0963-567031
Yuanshan Br.	11141 2F, No.46, Zhongshan N. Rd., Sec.5, Shihlin Dist., Taipei City	0963-567010
XInshen S. Br.	10061 1F, No142-1, Xinshen S. Rd., Zhongzheng Dist., Taipei City	0963-567005
Linko Br.	24447 No.36, Wenhua 1 Rd., Sec.1, Linko Dist., New Taipei City	0963-567032
Shinkong Br.	33052 7F, No.189, Dayu Rd., Taoyuan Dist., Taoyuan City	0963-567050
Chunri Br.	33051 No.1661, CHunri Rd., Taoyuan Dist., Taoyuan City	0963-567051
Huanzhong Br.	32083 No.915&917, Huanzhon E. Rd., Zhongli Dist., Taoyuan City	0963-567056
Nankan Br.	33863 No.1, Zhongzheng Rd., Luchu Dist., Taoyuan City	0963-567052
Guanmin Br.	30264 No.33, Tzuchiang 5. Rd., Chubei City, Hsinchu County.	0963-567059
Tzuchiang Br.	30264 No.190, Tzuchiang S. Rd., Chubei City, Hsinchu County.	0963-567060
Tofen Br.	35153 1F, No.1347, Zhonghua Rd., Tofen Town, Miaoli County	0963-567061
Jinkuo Br.	30059 No.141, Jinkuo Rd., Sec.1, Hsinchu City	0963-567062
Kuanfu Br.	30080 No.545, Guanfu Rd., Sec.1, Hsinchu City	0963-567063
Tzuyu Br.	30041 No.113, Tzuyu Rd., Hsinchu City	0963-567065
Wuquan Br.	40878 No.87, Wuquan W. Rd., Nantun Dist., Taichung City	0963-567078
Chanhua Br.	50055 No.701, Jinma Rd., Chanhua City	0963-567077
Beitun Br.	40654 No.401, Beitun Rd., Beitun Dist., Taichung City	0963-567081
Wenxin 1 Br.	40753 No.548, Wenxin Rd., Sec.3, Xitun Dist., Taichung City	0963-567079
Wenxin Br.	40862 No.461, Wenxin Rd., Nantun Dist., Taichung City	0963-567080
Huanyi Br.-Living	40679 No.1120, Huanzhong Rd., Sec.1, Beitun Dist., Taichung City	0963-567068
Huande Br.	40679 No.1006, Huanzhong Rd., Sec.1, Beitun Dist., Taichung City	0963-567069
Fuya Br.	40764 No.918, Taiwan Ave. Sec.4, Xitun Dist., Taichung City	0963-567070
Damin Br.	41283 No.451, Damin Rd., Dali Dist., Taichung City	0963-567071
Dali Br.	41258 No.1236, Wenhsin S. Rd. Dali Dist., Taichung City	0963-567085
Ximen Br.	70056 No.739, Ximen Rd., Sec.1, ZHoongxi Dist., Tainan City	0963-567091
Yongkan Br.	71067 No.162, Zhongzheng S. Rd., Yongkang Dist., Tainan City	0963-567089
Zhonghua E. Br.	70149 No.148, Zhonghua E., Rd., Sec.2, East Dist., Tainan City	0963-567092

Name	Address	TEL
Zhongzheng N. Br.	71081 No.271, Zhongzheng N. Rd., Yongkan Dist., Tainan City	0963-567090
Dream Era Br.	80661 B2, No.789, ZHONGHUA 5 Rd., Qienzheng Dist., Kaohsiung City	0963-567099
Niaoson Br.	83341 No.142-5, Zhongzheng Rd., Niaoson Dist., Kaohsiung City	0963-567109
Minzu Br.	80793 No.500, Minzu 1 Rd., Sanmin Dist., Kaohsiung City	0963-567098
Qinnien Br.	80252 No.213, Qinnien 1 Rd., Lingya Dist., Kaohsiung City	0963-567105
Boai Br.	81365 No.39, Boai 3 Rd., Tzouyin Dist., Kaohsiung City	0963-567106
Pingke Br.	90093 No.315, Jienkuo Rd., Pingtung City	0963-567110
Jinhua Br.	70251 No.501, Jinhua Rd., Sec.1, South Dist., Tainan City	0963-567088
Yonghe Br.	23445 No.100, Yonghe Rd., Sec.1, Yonghe Dist., New Taipei City	0963-567035
Yungchen Br.	11061 1F, No.497, Zhongxiao E. Rd., Sec.5, Xinyi Dist., Taipei City	0963-567013
Jienkuo Br.	83044 No.401, Jienkuo Rd., Sec.3, Fengshan Dist., Kaohsiung City	0963-567101
Zhongzheng Br.	26547 2F, No.186&186-1, Zhongzheng Rd., Luodon Town, Yilan County	0963-567037
Zhongshan Br.	22063 No.121, Zhongshan Rd., Sec.1, Banqiao Dist., New Taipei City	0963-567022
Menrer Br.-Living	80661 B2, No.789, Chunghua 5 Rd., Qienchen Dist., Kaohsiung City	0963-567102
Tzouying Br.	81362 No.948, Minzu 1 Rd., Tsoyin Dist., Kaohsiung City	0963-567108
Zhongchin Br.	40761 No.1502, Zhongchin Rd., Sec.2, Xitun Dist., Taichung City	0963-567083
Jukuan Br.	51052 No.316&318, Jukuan Rd., Yuanlin Town, Changhua County	0963-567072
Sanhsia-HOLA Br.	23854 B1, Building C No.85, Dachen Rd., Shulin Dist., New Taipei City	0963-567028
Zhonghsiao Br.	60080 No.688, Zhonghsiao Rd., East Dist., Chiayi City	0963-567075
Xinye Br.	60059 No.233, Xinye W., West Dist., Chiayi City	0963-567073
HOLA Br.	23558 2F, No.291, Zhongshan Rd., Sec.2, Zhonghe Dist., New Taipei City	0963-567008
Xinhu Br.-Living	11494 Cabinet L 2F, No.23, Xinhu 3 Rd., Neihu Dist., Taipei City	0963-567007
Heping Br.	80272 5F, No.218, Heping 1 Rd., Lingya Dist., Kaohsiung City	0963-567103
Nanya Br.	30052 No.89, Nanya St., North Dist., Hsinchu City	0963-567067
Luzhou Br.	24747 No.231, Jhsien Rd., Luzhou Dist., New Taipei City	0975-119085
Rende Br.	71742 B1, No.777, Zhongshan Rd., Rende Dist., Tainan City	0963-567093
Rende Br.-Living	71742 B1-6, No.777, Zhongshan Rd., Rende Dist., Tainan City	0963-786001
Beigang Br.	60096 No.419, Beigan Rd., West Dist., Chiayi City	0975-806593
Nankan Br.-Living	33863 2F, No.1, Zhongzheng Rd., Nanron Vil., Luchu Town, Taoyuan County	0963-870810
HOLA Br.-Living	23558 3F, No.291, Zhongshan Rd., Sec.2, Zhonghe Dist., New Taipei City	0963-567011
Tzuoyin HOLA Br.	81362 1F, No.948, Minzu 1 Rd., Tsoyin Dist., Kaohsiung City	0963-796001
Zhonghe Br.	23558 No.401, Zhongshan Rd., Sec.2, Zhonghe Dist., New Taipei City	0963-567015
Name	Address	TEL
Miaoli HOLA Br.	35157 4F., No.105, Zhongyan Rd., Tofen Town, Miaoli County	0963-567066
Miaoli HOLA Br.-Living	35157 4F., No.105, Zhongyan Rd., Tofen Town, Miaoli County	0963-567012
Zhongshan Br.-Living	23558 No.401-1, Zhongshan Rd., Sec.2, Zhonghe Dist., New Taipei City	0915-613507
Zhongyan Br.	97071 No.320, Zhongyan Rd., Sec.4, Hualien City, Hualien County	0963-567038

Name	Address	TEL
Zhongyan Br.-Living	97071 No.322, Zhongyan Rd., Sec.4, Hualien City, Hualien County	0963-567039
Mato Br.	72152 No.16-5&16-6, Majia Rd., Sec.1, Mado Dist., Tainan City	0963-711030
Xitun Hola Br.	40764 2F, No.528, Taiwan Ave. Sec.4, Xitun Dist., Taichung City	0905-029202
Xitun Hola Br.-Living	40764 2F, No.528, Taiwan Ave. Sec.4, Xitun Dist., Taichung City	0905-029205
Jiotson Br.	11494 No.43, Ln.150, Jiotsun Rd., Sec.1, Neihu Dist., Taipei City	0963-567016
Xinwu Br.	22175 No.97, Xintai 5 Rd., Sec.1, Xizhi Dist., New Taipei City	0963-567018
Xinwu Br.-Living	22175 No.97, Xintai 5 Rd., Sec.1, Xizhi Dist., New Taipei City	0963-567017
Xinwu Br.-Sleep	22175 No.95, Xintai 5 Rd., Sec.1, Xizhi Dist., New Taipei City	0963-567058
Jinkuo Br.	33044 No.112, Jinkuo Rd., Taoyuan Dist., Taoyuan City	0955-133122
Jinkuo Br.-Living	33044 No.112, Jinkuo Rd., Taoyuan Dist., Taoyuan City	0963-551662
Zhonghua Br.	32068 No.701, Zhonghua Rd., Sec.1, Zhongli Dist., Taoyuan City	0966-650815
Wugon Br.	24886 No.93, Wugon Rd., Xinzhuang Dist., New Taipei City	0966-709265
Wugon Br.-Living	24886 No.93, Wugon Rd., Xinzhuang Dist., New Taipei City	0966-709137
Hola Shihlin Br	11163 1F, No.258, Jihe Rd., Shihlin Dist., Taipei City	0966-590581
Hola Shihlin Br.-Living	11163 1F, No.258, Jihe Rd., Shihlin Dist., Taipei City	0966-590582
Wuquan Br.-Living	40878 No.151, WUquan W. Rd., Sec.2, Nantun Dist., Taichung City	0905-606785
Jiotson Br.-Living	11494 No.45, Ln.150, Jiotsun Rd., Sec.1, Neihu Dist., Taipei City	0905-039990
Tsaoya Br.	806 (1S-02b)No.100, Zhongshan 4 Rd., Qienchen Dist., Kaohsiung City	0905-697919
Tsaoya Br.-Living	806 (1S-02b)No.100, Zhongshan 4 Rd., Qienchen Dist., Kaohsiung City	0905-697927
Guanmin Br.-Living	30264 No.33, Tzuchian 5 Rd., Chubeu City, Hsinchu County	0905-697930
Jinma Br.	50055 No.701, Jinma Rd., Sec.3, Chanhua City	0963-597133
Zhonghua Br.	70464 No.110&118, Zhonghua N. Rd., Sec.1, North Dist., Tainan City	0963-567087
Dali Br.-Living	41258 No.1236, Wenxin S. Rd., Dali Dist., Taichung City	0905-059602
Wenchan Br.-Living	10679 No.261, Wenchen St., Daan Dist., Taipei City	0905-059765
Zhonghua Br.	70149 No.148, Zhonghua E. Rd., Sec.2, East Dist., Tainan City	0963-567095
Nankan Br.-Sleep	33863 No.1, Zhongzheng Rd., Luchu Dist., Taoyuan City	0905-878796
Boai Br.-Living	81365 No.661, Boai 3 Rd., Tsuoying Dist., Kaohsiung City	0905-931961
Boai 1 Br.	81365 No.663, Boai 3 Rd., Tsuoying Dist., Kaohsiung City	0905-931962
Jienkuo Br.-Living	83044 No.401, Jienjuo S. Rd., Sec.3, Fengshan Dist., Kaohsiung City	0966-610516
Zhonghsiao Br.-Living	60080 No.688, Zhongxiao Rd., East Dist., Chiayi City	0963-567086
Riyueguan Br.-Living	22157 B4, No.13, Ln.751, Kanning St., Xizhi Dist., New Taipei City	0905-191175
Minquan Br.	25173 No.27, Minquan Rd., Tamsui Dist., New Taipei City	0955-090299
Minquan Br.-Sleep	25173 No.27, Minquan Rd., Tamsui Dist., New Taipei City	0963-567100

Name	Address	TEL
Minquan Br.-Living	25173 No.27, Minquan Rd., Tamsui Dist., New Taipei City	0963-567020
QInnien Br.-living	80252 No.348, Qinnien 1 Rd., Xinxin Dist., Kaohsiung City	0963-561197
Xinying Br.	73052 No.371, Fuxin Rd., Xinying Dist., Tainan City	0963-567097
Luodon Br.-Living	26547 2F, No.186&186-1, Zhongzheng Rd., Luodon Town, Yilan County	0905-056931
Humei 1 Br.	70057 No.430, Zhonghua W. Rd. , Sec.2, ZHongxi Dist., Tainan City	0905-931967
Humei Br.-Living	70057 No.430, Zhonghua W. Rd. , Sec.2, ZHongxi Dist., Tainan City	0905-530178
Zhongshan 1 Br.	26054 No.143, Zhongshan Rd., Sec. 5, Yilan City	0963-567096
Zhongshan Br.-Living	26054 No.143, Zhongshan Rd., Sec. 5, Yilan City	0905-836903
Mingshen Br.-Living	10576 No.56, Mingshen E. Rd., Sec.5, Songshan Dist., Taipei City	0963-567107
Mingchen Br.	80455 No.255, Chunghua 1 Rd., Gushan Dist., Kaohsiung City	0905-033172
Mingchen Br.-Living	80455 No.253, Chunghua 1 Rd., Gushan Dist., Kaohsiung City	0905-031809
Pingzhen Br.	32048 No.9, Minzu Rd., Sec. 2, Pingzhen Dist., Taoyuan City	0963-567057
Pingzhen Br.-Living	32048 No.9, Minzu Rd., Sec. 2, Pingzhen Dist., Taoyuan City	0963-931033
Wenxin Br.-Living	40857 No.48, Wenxin Rd. Sec.1, Nantun Dist., Taichung City	0963-567082
Beitun Br.-Living	40654 No.401, Beitun Rd., Beitun Dist., Taichung City	0912-969831

INDEPENDENT AUDITORS' REPORT

To Scan-D Corporation:

Opinion

We have audited the financial statements of Scan-D Corporation (the “Company”), which comprise the balance sheets as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements ,including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as December 31,2018 and 2017, 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 and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretation (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basic for Opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 Accountants 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, 2018. 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.

Authenticity of Sales Revenue

Significant audit risk is regarded as existing in the revenue recognition based on the significance and audit guidelines. Because the company belongs to the furniture retail industry and sells products to non-specific consumers, where there are many miscellaneous transactions, the risk for revenue recognition exists when the sales revenue is generated. Therefore the sales revenue generated from the orders with prices higher than the average sales amount of orders is listed as one of the critical audit matters.

By performing a test of controls, we realized the revenue recognition procedure of the company and the design and executing condition of related control systems. In addition, we also performed the following main audit procedures:

1. Taking the detail of the sales revenue generated from the orders with prices higher than the average sales amount of orders as the population for the audit, we sampled and verified the orders for transaction and the delivery order.
2. We audited the consistency between the sales amounts of the orders and delivery orders and the recognized sales revenue.
3. According to the condition of payment collecting, we audited the authenticity of the payment amounts and the payers.
4. With the samples for testing selected from the detailed records of sales revenue, we performed the test of details to verify the consistency between the order amounts and the objectives of the orders, the reasonability of dates, and if the order were signed and accepted.
5. We found no significant sales return and allowance existing after the term. (The time after the term was judged based on average credit period.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 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 members of 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 auditing standards generally accepted in 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 auditing standards generally accepted in 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 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 Company 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 2018 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.

Deloitte & Touche

Accountant H S I E H ,
M I N G - C H U N G

Accountant K U O ,
N A I - H U A

Approved document number by Financial
Supervisory Commission
Chin-Kuan-Cheng-Shen-Tzu No.
1000028068

Approved document number by Financial
Supervisory Commission
Chin-Kuan-Cheng-Shen-Tzu No.
1070323246

March 21, 2019

Notice to Readers

The translation is made according to the Chinese version of the annual financial statement and the translation has not been approved by certified accountant.

Scan-D Corporation
Balance Sheets
Dec. 31, 2018 and Dec. 31, 2017

(In Thousands of New Taiwan Dollars)

C o d e	A s s e t s	D e c . 3 1 , 2 0 1 8		D e c . 3 1 , 2 0 1 7	
		A m o u n t	%	A m o u n t	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 80,044	5	\$ 152,937	10
1110	Financial assets at fair value through other comprehensive income - current (Note 4 and 7)	224	-	267	-
1150	Notes receivable-net (Note 4 and 8)	-	-	1,328	-
1170	Accounts receivable-net (Note 4 and 8)	79,249	5	91,316	6
1200	Other accounts receivable	16	-	1,623	-
130X	Inventory (Note 4 and 9)	508,843	33	464,741	29
1410	Payments in advance (Note 12)	29,278	2	41,246	3
1470	Other current assets (Note 12 and 29)	4,271	-	6,715	-
11XX	Current assets-total	<u>701,925</u>	<u>45</u>	<u>760,173</u>	<u>48</u>
	Non-current assets				
1600	Property, Plant and Equipment (Note 4, 10 and 29)	761,985	50	772,661	49
1780	Intangible assets (Note 4 and 11)	1,623	-	2,005	-
1840	Deferred income tax assets (Note 4 and 22)	1,317	-	1,339	-
1915	Equipment payment paid in advance	30,476	2	1,173	-
1920	Refundable deposits	49,861	3	46,871	3
15XX	Total of non-current assets	<u>845,262</u>	<u>55</u>	<u>824,049</u>	<u>52</u>
1XXX	Total of assets	<u>\$ 1,547,187</u>	<u>100</u>	<u>\$ 1,584,222</u>	<u>100</u>
	<u>L i a b i l i t i e s a n d e q u i t y</u>				
	Current liability				
2130	Contractual liability-current (Note 20)	\$ 117,013	8	\$ -	-
2150	Notes payable (Note 4 and 15)	32,730	2	43,354	3
2170	Accounts payable (Note 4 and 15)	23,406	2	18,625	1
2200	Other accounts payable (Note 16)	78,397	5	88,556	6
2230	Income tax liability (Note 4 and 22)	21,809	1	29,576	2
2310	Advance Receipts	22,425	2	135,886	8
2322	Long-term loan due within 1 year (Note 4 and 13)	5,518	-	5,518	-
2321	Bond due within 1 year (Note 4 and 14)	146,150	9	-	-
2399	Other current liabilities	3,675	-	4,330	-
21XX	Current liability-total	<u>451,123</u>	<u>29</u>	<u>325,845</u>	<u>20</u>
	Non-current liability				
2530	Bond payable (Note 4 and 14)	-	-	221,117	14
2540	Long-term loan (Note 4 and 13)	46,900	3	52,418	3
2550	Provisions - non-current (Note 4 and 17)	6,400	1	5,700	1
2645	Guarantee deposits	24	-	-	-
25XX	Total of non-current liabilities	<u>53,324</u>	<u>4</u>	<u>279,235</u>	<u>18</u>
2XXX	Total of liabilities	<u>504,447</u>	<u>33</u>	<u>605,080</u>	<u>38</u>
	Equity (Note 19)				
3110	Capital - common stock	461,332	30	443,799	28
3200	Capital surplus	181,931	11	121,908	8
	Retained earnings				
3310	Legal capital reserve	165,976	11	144,098	9
3350	Retained earnings to be distributed	233,501	15	269,337	17
3300	Retained earnings-total	<u>399,477</u>	<u>26</u>	<u>413,435</u>	<u>26</u>
3XXX	Total of Equity	<u>1,042,740</u>	<u>67</u>	<u>979,142</u>	<u>62</u>
	Total of liabilities and equity	<u>\$ 1,547,187</u>	<u>100</u>	<u>\$ 1,584,222</u>	<u>100</u>

The notes attached are part of the financial report.

Chairperson: LIN, FU-CHIN

Manager: LIN, FU-CHIN

Accounting manager: HO, SHAN-CHUANG

Scan-D Corporation

Statements of Comprehensive Income

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

(In Thousands of New Taiwan Dollars,
1 dollar for the earning per share)

C o d e		2018		2017	
		A m o u n t	%	A m o u n t	%
	Operating income (Note 4 and 20)				
4110	Sales revenue	\$ 1,707,092	100	\$ 1,804,890	100
4170	Sales return	(17,202)	(1)	(17,946)	(1)
4190	Sales discount	(119)	-	(302)	-
4100	Sales revenue-net	1,689,771	99	1,786,642	99
4800	Other operating revenue	13,917	1	18,694	1
4000	Total of operating income	1,703,688	100	1,805,336	100
	Operating cost (Note 21)				
5110	Cost of goods sold	(748,954)	(44)	(787,080)	(43)
5800	Other Operating cost	(10,482)	(1)	(13,902)	(1)
5000	Operating cost-total	(759,436)	(45)	(800,982)	(44)
5900	Gross profit	944,252	55	1,004,354	56
	Operating expenses (Note 21)				
6100	Marketing expenses	(667,305)	(39)	(675,676)	(38)
6200	Administration expenses	(74,866)	(4)	(74,636)	(4)
6000	Total of operating expenses	(742,171)	(43)	(750,312)	(42)
6900	Operating income	202,081	12	254,042	14
	Non-operating income and expenses (Note 21)				
7010	Other income	14,222	1	17,005	1
7020	Other profit and loss	(1,062)	-	(454)	-
7050	Financial costs	(3,398)	-	(5,078)	-
7000	Total of non-operating income and expenses	9,762	1	11,473	1

<u>C o d e</u>		<u>2018</u>		<u>2017</u>	
		<u>A m o u n t</u>	<u>%</u>	<u>A m o u n t</u>	<u>%</u>
7900	Net income before tax	\$ 211,843	13	\$ 265,515	15
7950	Income tax expenses (Note 4 and 22)	(44,273)	(3)	(46,739)	(3)
8200	Net income	<u>\$ 167,570</u>	<u>10</u>	<u>\$ 218,776</u>	<u>12</u>
	The net income belong to the owner of the company				
8610	Owner of the company	<u>\$ 167,570</u>	<u>10</u>	<u>\$ 218,776</u>	<u>12</u>
	Earnings per share (Note 23)				
	From continuing operations				
9710	Basic	<u>\$ 3.67</u>		<u>\$ 5.05</u>	
9810	Diluted	<u>\$ 3.43</u>		<u>\$ 4.57</u>	

The notes attached are part of the financial report.

Chairperson: LIN, FU-CHIN

Manager: LIN, FU-CHIN

Accounting manager: HO, SHAN-CHUANG

Scan-D Corporation

Statement of Change in Equity

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

(In Thousands of New Taiwan Dollars)

Code	C a p i t a l - C o m m o n s t o c k		R e t a i n e d e a r n i n g s		Total of equity
	S h a r e s	A m o u n t	L e g a l c a p i t a l r e s e r v e	R e t a i n e d e a r n i n g s t o b e d i s t r i b u t e d	
A1	42,983	\$ 429,829	\$ 73,426	\$ 195,912	\$ 826,863
B1	-	-	-	(16,402)	-
B5	-	-	-	(128,949)	(128,949)
D1	-	-	-	218,776	218,776
I1	1,397	13,970	48,482	-	62,452
Z1	44,380	443,799	121,908	269,337	979,142
B1	-	-	-	(21,878)	-
B5	-	-	-	(181,528)	(181,528)
D1	-	-	-	167,570	167,570
I1	1,753	17,533	60,023	-	77,556
Z1	46,133	461,332	181,931	233,501	1,042,740

The notes attached are part of the financial report.

Chairperson: LIN, FU-CHIN

Manager: LIN, FU-CHIN

Accounting manager: HO, SHAN-CHUANG

Scan-D Corporation
Statement of Cashflows

From Jan. 1 to Dec. 31, 2018 and from Jan. 1 to Dec. 31, 2017

(In Thousands of New Taiwan Dollars)

<u>C o d e</u>		<u>2018</u>	<u>2017</u>
	Net cash flow from operating activities		
A10000	Income before income tax	\$ 211,843	\$ 265,515
A20010	Adjustments for:		
A20100	Depreciation expense	38,817	42,619
A20200	Amortization fee	1,200	947
A20400	Net profit of the financial assets and liabilities measured at fair value through profit or loss	276	(1,145)
A20900	Financial costs	3,398	5,078
A21200	Interest income	(136)	(104)
A22500	Gain or loss from the disposal of property, plant and equipment	(222)	3,021
A30000	Change on operating assets and liabilities		
A31130	Notes receivable	1,328	(958)
A31150	Accounts receivable	12,067	(6,509)
A31180	Other accounts receivable	1,607	(1,087)
A31200	Inventory	(44,102)	(14,055)
A31230	Payments in advance	11,968	6,417
A31240	Other current assets	2,447	1,511
A32125	Contractual liabilities	(18,543)	-
A32130	Notes payable	(10,624)	(3,366)
A32150	Accounts payable	4,781	(33,586)
A32180	Other accounts payable	(12,627)	1,858
A32210	Advance Receipts	22,095	(4,164)
A32230	Other current liabilities	(655)	(189)
A33000	Cash flow generated by operation	224,918	261,803
A33300	Interest payable	(1,042)	(1,267)
A33500	Income tax payable	(52,018)	(33,633)
AAAA	Net cash flow from operating activities	<u>171,858</u>	<u>226,903</u>
	Net cash flow in investing activities		
B02700	Acquisition of real estate, plant and equipment	(24,021)	(44,648)
B02800	Disposition of real estate, plant and equipment	1,142	35
B03700	Refundable deposits increment	(2,990)	(1,846)
B04500	Acquisition of intangible assets	(818)	(1,592)

<u>C o d e</u>		<u>2018</u>	<u>2017</u>
B06500	Increase in other financial assets	(\$ 3)	(\$ 3)
B07100	Increase of prepaid payment for equipment	(31,175)	11,950
B07500	Interests received	<u>136</u>	<u>104</u>
BBBB	Net cash outflow in investing activities	(<u>57,729</u>)	(<u>36,000</u>)
	Cash flows in fundraising activities		
C01700	Long-term loan repayment	(5,518)	(145,803)
C03000	Increase of guarantee deposits	24	-
C04500	Cash dividends	(<u>181,528</u>)	(<u>128,949</u>)
CCCC	Net cash outflow in fundraising activities	(<u>187,022</u>)	(<u>274,752</u>)
EEEE	Net decrease in cash and cash equivalents	(72,893)	(83,849)
E00100	Balance of cash and cash equivalents at the beginning of the year	<u>152,937</u>	<u>236,786</u>
E00200	Balance of cash and cash equivalents at the end of the year	<u>\$ 80,044</u>	<u>\$ 152,937</u>

The notes attached are part of the financial report.

Chairperson: LIN, FU-CHIN

Manager: LIN, FU-CHIN

Accounting manager: HO, SHAN-CHUANG

Scan-D Corporation
Financial Statement Notes

From Jan. 1, 2017 to Dec. 31, 2017 & From Jan. 1, 2018 to Dec. 31, 2018

(Unless otherwise specified, the basic unit for any amount should be NT\$ 1,000.)

1、Company History

Scanteak Furniture Store (hereinafter referred to as the Company) was established under the approval from the Ministry of Economic Affairs on October 9, 1995. The Company was renamed to “Scanteak Co., Ltd.” through the adoption of Shareholders’ Meeting held on June 25, 2010 and completed the registration of name change on July 15, 2010. The Company lines include the retail sale of furniture, bedclothes, kitchen equipment, and fixtures.

The Company stocks were approved by Financial Supervisory Commission, Securities and Futures Bureau of Executive Yuan for public offering on July 13, 2000 and have been listed on Taipei Exchange for trading since October 21, 2002.

This financial statement is expressed in functional currency - New Taiwan Dollar for the company.

2、The date when the financial reports were authorized for issue and the process involved

The consolidated financial reports were approved by Board of Directors on March 21, 2019

3、Applicability of new issuing & revised standards and interpretation

- (I) First-time application follows revised Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as “Financial Supervisory”).

Except for the following statements, the application of revised Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs that are recognized and announced as effective by Financial Supervisory Commission

(hereinafter referred to as “Financial Supervisory” won’t cause any major changes to the accounting policies of the company:

1. IFRS 9 “financial instruments” and relevant revisions

IFRS 9 "Financial Instruments" replaces IAS 39 "Financial Instruments: Recognition and Measurement" and amends other criteria such as IFRS 7 "Financial Instruments: Disclosure." The new regulation of IFRS 9 covers the classification, measurement and impairment of financial assets and general hedging accounting. Refer to Note 4 for relevant accounting policies.

The classification, evaluation, and impairment of financial assets

Based on the facts and circumstances existing on January 1, 2018, the company retrospectively adjusted the classification of existing financial assets on that day, and chose not to recompile the comparison period. On January 1, 2018, the types of financial assets to be measured as determined by IAS 39 and IFRS 9, their carrying amounts and changes are summarized as follows:

Category of financial assets	Measurement Standard		Carrying amount		Note
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 152,937	\$ 152,937	(2)
Derivative instruments	Assets to be traded	Compulsorily Measured at fair value through profit or loss	267	267	(1)
Notes receivable and accounts receivable	Loans and receivables	Amortized cost	94,267	94,267	(2)
Other financial assets (Other current assets)	Loans and receivables	Amortized cost	4,012	4,012	(2)

Financial assets	Carrying amount on Jan. 1, 2018 (IAS 39)		Recategorized	Remeasured	Carrying amount on Jan. 1, 2018 (IFRS 9)	Jan. 1, 2018 retained earnings Effect	Jan. 1, 2018 Other equity Effect	Note
Amortized cost	\$ -							(2)
Plus: From available-for-sale (IAS 39) Recategorized	-	\$ 251,216		\$ -				
Total	\$ -	\$ 251,216		\$ -	\$ 251,216	\$ -	\$ -	

- (1) Convertible bonds previously defined as trading derived instrument held pursuant to IAS 39 shall be compulsorily measured at fair value through profit or loss financial assets pursuant to IFRS 9 financial instruments.
- (2) Cash and cash equivalents, accounts receivable, other financial assets—current and guarantee deposits paid were previously classified as loans and receivables under IAS 39 and financial assets at amortized cost under IFRS 9 and assessed for expected credit losses.

2. Amendments to IFRS 15: Revenue from contracts with customers

IFRS 15 outlines a single comprehensive model of accounting for revenue arising from contracts with customers. It replaces IAS 18 Revenue, IAS 11 Construction Contracts and a number of Interpretations related to those standards. Please refer to note 4 for the relevant accounting policies.

In identifying performance obligations, IFRS 15 and related amendments provide that goods or services can be distinguished if they can be differentiated (e.g., they are often sold separately) and if the commitment to transfer goods or services can be differentiated according to the contract (i.e., the nature of the contractual commitment is to transfer each commodity or service individually rather than to transfer the combined output).

The company determined the retrospective application of IFRS 15 only applied to the contracts that were not completed on January 1, 2018, and relevant cumulative effect will be adjusted on the retained earnings of the day of Jan.1, 2018.

The items of assets, liabilities, and equity applicable for IFRS 15 on Jan.1, 2018 are as follows:

	J a n . 1 , 2 0 1 8 Amounts before a d j u s t m e n t	A p p l i e d	J a n . 1 , 2 0 1 8 Amounts after a d j u s t m e n t
Advance Receipts	\$ 135,886	(\$ 135,556)	\$ 330
Contractual liability-current	<u>-</u>	<u>135,556</u>	<u>135,556</u>
Liabilities affected	<u>\$ 135,886</u>	<u>\$ -</u>	<u>\$ 135,886</u>

3. IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

It is clarified in IAS 21 that the initial recognition of foreign currency transactions shall apply to the spot exchange rate conversion as the functional currency records between the functional currency and foreign currency on the date of transaction. IFRIC 22 further clarifies if the entity has prepaid or collected advance consideration before the original recognition of non-monetary assets or liabilities, the entity shall adopt the date of original recognition of advance consideration as the transaction date. If the entity collects advance consideration by installment, the entity shall determine the transaction date for each advance consideration.

- (II) IFRSs Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs that are recognized by Financial Supervisory Commission(FSC) for application in 2019

<u>New release / revision / amendment of guidelines and interpretation</u>	<u>Effective date upon promulgation by the IASB (N o t e 1)</u>
Annual improvements — 2015-2017 cycle	Jan. 1, 2019
Amendments to IFRS 9: Prepayment features with negative compensation	Jan. 1, 2019 (Note 2)
IFRS 16: Leases	Jan. 1, 2019
Amendments to IFRS 19: plan amendments, curtailments, and settlements	Jan. 1, 2019 (Note 3)
Amendments to IAS 28: long-term interests in associates and joint ventures	Jan. 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	Jan. 1, 2019

Note 1: Other than being special specified, the above new issued/ amended/ revised standards or interpretation will be effective from the fiscal year after the dates for above.

Note 2: Financial Supervisory Commission allowed the company to determine to apply the amendment in advance from January 1st, 2018.

Note 3: The program revision, reduction, or settlement happens after January 1, 2019 will be applicable to the revision.

1. IFRS 16 “Lease”

IFRS 16 is to regulate the accounting treatment for lease and the standard will replace IAS 17 “lease” and the relevant interpretation of IFRIC 4”how to determine an arrangement is about Lease”.

Definition of lease

When IFRS 16 is applied for the first time, the merged company will choose to evaluate whether the contract entered into (or changed) only after January 1, 2019 is a lease (or includes a lease) under IFRS 16. The contract currently identified as a lease under IAS 17 will not be reassessed and will be treated in accordance with the transitional provisions of IFRS 16.

The company is the lessee

During the application of IFRS 16, except for low-value asset lease and short-term lease option are recognized fees through the straight line basis, other leases will be recognized as rights-of-use asset and rights-of-use liability on the aggregate balance sheet. Depreciation expense of the rights-of-use asset and the interest expense generated on the lease liability according to effective interest method will be expressed on the consolidated income statement respectively. On the consolidated cash flows, paying back the lease liability principal amount will be expressed as a capital-raising activity while paying for interests will be listed as a business activity. Before the application of IFRS 16, contracts classified as business leasing were recognized expenses through the straight line basis. The cash flow for business lease is expressed on business activities on the consolidated cash flows. Contracts classified as financial leasing is recognized as lease asset and payable lease payment on the aggregate balance sheet. Rental agreement categorized as financial instrument shall be listed under rental assets and rental payable.

The company is expected to choose to retain the earnings by retroactively adjusting the cumulative impact of applicable IFRS 16 without recompiling the comparative information.

At present, under the agreement of IAS 17 on business lease, the lease liabilities on January 1, 2019 will be measured by the residual lease payments discounted at the lessee's incremental borrowing rate of interest on that day, and the total right-of-use assets will be measured by the amount of the lease liabilities on that day. The right-of-use assets recognized will be subject to IAS 36 to assess impairment of assets.

The following equity practices are expected to apply to the merged company:

- (1) A single discount rate is used to measure the lease liability for a lease portfolio with reasonably similar characteristics.
- (2) The term of leases that ends before December 31, 2019, will be treated as short-term leases.
- (3) The original direct cost is not included in the measurement of right-of-use assets as of January 1, 2019.

(4) In measuring the liability of a lease, hindsight is applied to decisions such as the lease term.

IAS Lease classifies lease for finance leases by classifying the book value of lease asset and lease liability as of December 31, 2018 into the book value of asset for right to use and lease liability as of January 1, 2019.

The Company is the lessor

Except for sublease, the lease to lessor during transition may be adjusted and shall be applied with IFRS 16 commencing from January 1, 2019.

Projected impacts of assets, liabilities and equity on January 1, 2019

	Dec. 31, 2018 Carrying amount	First application A d j u s t m e n t	Jan. 1, 2019 After Adjustment Carrying amount
Prepaid rent (under Payments in advance)	\$ 20,893	(\$ 20,893)	\$ -
Right-of-use asset	-	556,667	556,667
Refundable deposits	<u>49,861</u>	<u>(2,270)</u>	<u>47,591</u>
Assets affected	<u>\$ 70,754</u>	<u>\$ 533,504</u>	<u>\$ 604,258</u>
Notes payable	\$ 32,730	(\$ 18,887)	\$ 13,843
Lease obligations-current	-	153,762	153,762
Lease obligations-non current	-	400,045	400,045
Receipts under custody (under other current liability)	<u>3,554</u>	<u>(1,416)</u>	<u>2,138</u>
Liabilities affected	<u>\$ 36,284</u>	<u>\$ 533,504</u>	<u>\$ 569,788</u>

2. IFRIC 23 “Uncertainty over income tax treatments”

IFRIC 23 clarifies that the Company shall assume the taxation agency could acquire all relevant data for auditing in the event of uncertainty in income tax treatments. If the Company determines the income tax treatments filed could likely to be accepted by the taxation agency, the company’s decision in tax income, tax basis, unrealized tax losses, unrealized tax deductibles, and tax bracket must be consistent with the ones adopted at the filing of income tax report. If the taxation agency is unlikely to accept the tax treatment filed, the Company shall reevaluate the determination and estimates.

3. IFRS 9 Amendment of “Prepayment features with negative compensation”

IFRS 9 specifies that if the contract clauses allows the issuer (namely debtor) repays debt instrument or allows holder (namely creditor) to sell the debt instrument to the issuer prior to expiration, while the amount of prepayment nearly represents the unpaid capital and interests to the capital amount outstanding and the reasonable compensation for the pre-termination of contract, the cash flow of the contract shall fully become the interests for paying the capital and amount of capital outstanding. Such amendment further explains that the foregoing reasonable compensation could be paid or collected by any party of the contract, namely the party proposing prepayment requirement could collect reasonable compensation.

4. Annual Improvement to 2015-2017 Cycle

The annual improvements amend to 2015-2017 cycle, including IFRS 3, IFRS 11, IAS 12, and IAS 23 “borrowing cost.” In particular, the amendments of IAS 23 clarifies that if the particular borrowing is still outstanding after reaching scheduled use or selling status for relevant assets, the borrowing cost for such loan shall be included in the calculation of capitalization of interest costs for general borrowing.

Apart from aforementioned influence, the company evaluation of other standards and amendment of interpretations as of the announcement dates when the financial statements are adopted and may not cause material impact on the financial conditions and financial performance.

(III) IFRS announced by IASB but have not been approved as effective by the FSC

<u>New release / revision / amendment of guidelines and interpretations</u>	<u>Effective date upon promulgation by the IASB (Note 1)</u>
Amendment to IFRS 3: the definition of businesses"	Jan. 1, 2020 (Note 2)
Amendment to IFRS 10 and IAS 28: Asset sales or investment between the investor and affiliated business or through joint venture	To be provided
IFRS 17: Insurance agreement	Jan. 1, 2021
Amendment to IAS 1 and IAS 8: the definition of significance	Jan. 1, 2020 (Note 3)

Note 1: Other than being special specified, the above new issued/ amended/ revised standards or interpretation will be effective from the fiscal year after the dates for above.

Note 2: The attachments in this section will be applied to the merger cases and property acquisitions with the dates of acquisition later than Jan. 1, 2020.

Note 3: The attachments in this section will be prospectively applied to the fiscal years starting later than Jan. 1, 2020

Until the issuing date of the approved consolidated financial reports, the company still carries on evaluating the impacts on financial status and financial performance caused by the revision of other standards and interpretation. Relevant impacts will be disclosed when the evaluation is completed.

4 · Summary and explanation of important accounting policies

(I) Compliance statement

The consolidated financial reports were compiled according to Regulations Governing the Preparation of Financial Reports by Securities Issuers and approved IFRS.

(II) Basis of preparation

Except for the financial instruments evaluated at the fair price, the consolidated financial reports were prepared according to the historical costs.

Fair value measurement can be classified as level one to level 3 according to the observable degrees and importance of the relevant input values:

1. Level 1 input value: It refers to the quoted price at the active market on the same asset or liability available on the measurement day (unadjusted).

2. Level 2 input value: It refers to the direct (that is the price) or indirect (inferred from the price) observable input values on asset or liability other than the level 1 quoted price.
3. Level 3 input value: Unobservable input value of asset or liability.

(III) Standard in determining whether the asset or liability are current or non-current:

Current assets include:

1. Assets held mainly for transaction purposes;
2. Assets to be realized within 12 months of the asset balance sheet; and
3. Cash (but not including cash used to exchange or clear liability within 12 months of the asset balance sheet).

Current liabilities include:

1. Liability mainly held for transaction purposes;
2. Liability mainly held for transaction purposes;
3. The business entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the date of statement of financial position. However, where the terms of the liabilities may, at the option of the counterparty, lead to the settlement by issuing an instrument of equity, the classification will not be affected.

Assets or liabilities not classified within the above definitions will be classified as non-current assets and liabilities.

(IV) Foreign currency

When financial reports are prepared by the company, currency (foreign currency) other than individual functional currencies used for transactions is translated into a functional currency record at the exchange rate on the trading day.

Foreign currency monetary items are translated at the closing rate on each date of statement of financial position. The exchange difference arising from the delivery of monetary items or the conversion of monetary items should be recognized in profit or loss in the current year.

The foreign currency non-monetary items measured at fair value are translated at the exchange rate of the day on which the fair value is determined. The resulting exchange differences are recognized in profit or loss of the year. However, when the change in fair value is recognized in other comprehensive income, the exchange differences arising therefrom should be recognized in other comprehensive income.

Foreign currency non-monetary items as measured at historical cost are translated at the exchange rate of the trading day and are not retranslated.

(V) Cash and cash equivalent

Cash and cash equivalent includes cash in hand and working capital, deposit and investment can be easily converted into cash, not to be classified as the Other current financial assets.

(VI) Inventory

Inventory includes In-transit inventory and is to be assessed by the cost and market value, except for inventory of same kind, the separate items shall be listed individually. The calculation of market value is the sales price minus the cost and the cost of inventory is calculated by weighted average method.

(VII) Property, plant and equipment

Property, plant, and equipment are recognized by cost, and then measured by cost less accumulated depreciation and accumulated impairment loss.

Self-owned land is not applicable to depreciation.

The property, plant, and equipment are depreciated separately for each major part by the straight-line basis method over the life of service. At least at the end of each year, the merged company will review the estimated durability, salvage value, and depreciation methods and defer the impact of changes in applicable accounting estimates.

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss when property, plant, and equipment are derecognized.

(VIII) Intangible assets

1. Separate acquisition

Intangible assets with limited duration obtained separately were initially measured at cost and subsequently at cost less accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the life of the assets, and the estimated durability of the asset, salvage value, and amortization methods are examined by the merged company at least at the end of each year, with the impact of changes in applicable accounting estimates delayed. Intangible assets with uncertain service life are reported at cost less accumulated impairment losses.

2. Derecognition

The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss of the year when intangible assets are derecognized.

(IX) Impairment of tangible and intangible assets (except goodwill)

The company assesses on each date of statement of financial position any indication that tangible and intangible assets (except goodwill) may have been impaired. If any sign of impairment exists, the recoverable amount of the asset is estimated. If it is impossible to estimate the recoverable amount of an individual asset, the merged company estimates the recoverable amount of the asset at the cash generating unit. Corporate assets are allocated on a reasonably consistent basis to the minimum cash generation unit group.

The impairment test shall be carried out at least annually and when there is evidence of impairment for intangible assets with uncertain life and unavailable.

The recoverable amount is the higher fair value less selling cost and use value. If the recoverable amount of an individual asset or cash generating unit is less than its carrying amount, the carrying amount of the asset or cash generating unit shall be reduced to its recoverable amount, with the impairment loss recognized in profit or loss.

Client contract applied for IFRS 15, the inventory, property, plant and equipment and intangible assets shall be recognized. The impairment loss shall be assessed after deducting the related costs.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit increases to the amount that can be recovered after the revision. However, the increased carrying amount shall not exceed that—minus amortization or depreciation—determined by the asset or cash generating unit where the impairment loss was not recognized in the previous year. The reversal of impairment loss is recognized in profit or loss.

(X) Financial instruments

Financial assets and financial liability will be recognized in aggregate balance sheet when the Merged company becomes a party of the instrument contract provisions.

During the initial recognition of the financial assets and financial liability, the financial assets or financial liability should be directly attributed to acquisition

through the accumulation of the fair value or the measurement of the transaction costs of the issued financial assets or financial liability if they are not able to be measured at the fair value through profit and loss. The transaction costs that can be directly attributed to acquisition or issuing FVTPL financial assets, or financial liability can be immediately recognized as profits and losses.

1. Financial assets

The transaction practice of the financial assets adopts accounting recognition and de-recognition on the transaction day.

(1) Measurement types

2018

The types of financial assets held by the merged company are those measured at fair value through profit or loss and those measured at amortized cost.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are those forced to be measured at fair value through profit or loss. Financial assets subject to mandatory fair value measurement through profit or loss include equity instrument investments not designated by the merged company to be measured at fair value through other comprehensive income, and debt instrument investments not subject to classification as measured at amortized cost or measured at fair value through other comprehensive income.

Financial assets measured at fair value through profit or loss are those measured at fair value, and the gains or losses (including any dividend or interest generated by such financial assets) arising from the remeasurement are recognized in profit or loss. For determination of fair value, please refer to Note 27.

B. Financial assets measured at amortized cost

If the financial assets invested by the company meet the following two requirements at the same time, they are classified as financial assets measured at amortized cost:

- a. They are owned under a business model for the purpose of holding financial assets to collect contractual cash flows; and

- b. The terms of the contract generate a cash flow on a specified date that is solely for the payment of principal and interest on the amount of principal outstanding.

Financial assets at amortized cost (including cash and cash equivalents, accounts receivable (including related parties), financial assets measured at amortized cost and guarantee deposits paid) are measured following the original recognition at amortized cost after the total carrying amount less any impairment loss, as determined by the effective interest rate method, and any foreign currency exchange gains or losses are recognized as gains or losses.

Except in the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- (a) Interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of a financial asset that is purchased or originated credit-impaired.
- (b) Interest income is calculated by multiplying the effective interest rate by the amortized cost of a financial asset that is not purchased or originated credit-impaired but becomes credit-impaired later

Cash equivalents include highly liquid time deposits which can be converted into fixed cash at any time within 3 months from the date of acquisition and have little risk of value change, and are used to meet short-term cash commitments.

2017

The types of financial assets held by the company consist of Fair value through profit or loss financial assets and Loans and accounts receivable.

A. Fair value through profit or loss financial assets

Financial assets measured at fair value through gains and losses include the mandatory measurement of financial assets at fair value through profit and loss and designated as measured at fair value through gains and losses.

Financial assets measured at fair value through profit and loss are measured at fair value and the benefits or losses arising from their re-measurement include any dividends or interest generated by the financial asset that are recognized as profit and loss. Please refer to note 7 for the determination of fair value.

B. Loans and accounts receivable

Loans and accounts receivable (including accounts receivable, cash, investments in debt securities with no active market and other financial assets) are measured by effective interest rate after amortized cost deducting impairment loss. However, the interest of the short-term accounts receivable recognition without significance will be the exception.

Cash equivalents include highly liquid time deposits which can be converted into fixed cash at any time within 3 months from the date of acquisition and have little risk of value change, and are used to meet short-term cash commitments.

(2) The impairment of the financial and contractual asset

2018

Impairment losses on financial assets (including accounts receivable) as measured at amortized cost on each balance sheet date of the company at expected credit losses.

Loss allowances are recognized for accounts receivable at expected credit losses during the duration. Other financial assets are first evaluated to see whether the credit risk increases significantly after the original recognition. If not, loss allowances are recognized based on 12-month expected credit losses. If it has increased significantly, loss allowances are recognized based on expected credit losses during the duration.

Expected credit losses are weighted average credit losses based on the risk of default. The 12-month expected credit loss represents the expected credit loss of a financial instrument due to a potential default within 12 months after the reporting date, while the expected credit loss during the duration represents the expected credit loss caused by all possible defaults of a financial instrument during the period.

The impairment losses on all of the financial assets are shown by revising down the book value amount through the contra account, except for the Allowance prepared for loss assessed by other comprehensive fair value is recognized under other comprehensive loss or gain, and not to lose the carrying value.

2017

Except for FVTPL financial assets, the company should measure whether there is any evidence of impairment losses for other financial assets on each balance sheet day. If there is any objective evidence reveals a single or several events happen after initial recognition of financial assets causing the losses of the estimated future cash flows on the financial assets, the financial assets have been impaired.

If the financial assets listed with the amortized costs, like accounts receivable, is evaluated individually and found no objective impairment evidence, they should be collectively evaluated impairment again. The objective impairment losses evidence existed collectively on accounts receivables might include payment collection experience that the Merged company had in the past, the increasing of the delayed payment over the average credit period collectively, and the observable national and regional changes in economic situation related to the delay of accounts receivable.

The impairment losses amount of the financial assets listed at the amortized costs are the differences between asset book value amount and estimated future cash flows according to the discounted current value of the financial assets with the initial effective interest rate.

If the impairment losses amount of financial assets listed at the amortized costs reduce at the subsequent period and are confirmed the reduction is related to the event happens after the recognition of the loss after the objective judgement, the impairment losses recognized should be directly reversed and recognized on profits and losses or through the adjustment of contra accounts. However, the reverse must not make the book value amount of the financial assets over the amortized costs on the reverse day under the situation of unrecognition of impairment losses.

The impairment losses on all of the financial assets are directly deducted from the book value amount of the financial assets. However, accounts receivable revise down the book value amount through the contra account. When it is judged the accounts receivable are not able to be collected, it is the allowance for the contra account. The allowance for payment that is not able to be collected back should be debited on the contra account. Other than the allowance for the contra account due to the accounts receivable that are not collected back, the change of the book value amount on the contra account should be recognized on income.

(3) Derecognition of financial assets

The company can only derecognize the financial assets when the contractual rights from the cash flows of the financial assets are ineffective or the financial assets have been transferred and almost all risk and rewards of the asset ownership have been transferred to other enterprises.

Before 2018, when a financial asset is derecognized as a whole, the difference between the carrying amount and the sum of any accumulated benefits or losses accrued from the consideration collected, which have been recognized in other comprehensive income, is recognized in profit or loss. Since 2018, when a financial asset measure at amortized cost is derecognized as a whole, the difference between the carrying amount and the consideration collected should be recognized in profit or loss.

2. Equity instruments

The debts and equity instruments issued by the company are classified as financial liability or equity according to the substance of the contract and the definition of financial liabilities and equity instruments.

The equity instruments issued by the company is recognized by the acquisition price deducting the direct issuing cost.

The reacquiring the equity instrument of the company is to recognize and derecognize under the equity. The purchasing, selling, issuing or cancelling the equity instrument of our own company's won't be recognized on profits and losses.

3. Financial liability

(1) Subsequent measurement

All of the financial liability should be measured at the amortized costs through effective interest rate.

(2) Derecognition of financial liability

When derecognizing the financial liability, the difference between its book value amount and the consideration (including any non-cash asset transferred or the liability borne) paid will be recognized as income.

4. Convertible Bonds

The company issues composite financial instrument (convertible bonds) in accordance with the substantiality of contract agreement and the definition of financial liability and equity instrument, which composition is classified into financial liability and equity at original recognition.

At original recognition, the fair value of liability composition is estimated by the current market interest rate of similar non-convertible instruments, which calculated for amortized cost measurement using effective interest method upon execution of conversion or before expiration. The liability of composition under embedded non-equity derivative instruments shall be measured at fair value.

The conversion right is classified as equity. The overall fair value of such composite instrument, except for the residual amount of liability composition as fair value through independent determination, recognized as equity after deducting influence of income tax, shall not be measured subsequently. When the convertible right is executed, the relevant liability composition and amount of equity shall be converted into the capital and capital reserve for issuing bond at a premium. If the conversion right of convertible bonds is not executed upon expiration, the amount recognized for equity shall be converted into capital reserve for issuing bonds at premium.

The relevant transaction costs for issuing convertible bonds shall be amortized into the liability of the instrument (included in the book value of liability) and equity composition (included in equity) according to the ratio of total amortization cost.

(XI) Liability Preparation

Liability preparation recognized includes the obliged amount of contract to be maintained or restored for return to the lessor, which is specifically indicated in the lease period, taking consideration of the risk and uncertainty of obligation, to become the optimal estimates for expenses needed for repaying the obligation on the date of balance sheet. The liability reparation refers to the estimated discounted cash flow technique for repaying the obligation.

(XII) Income Recognition

2018

The company shall amortize the transaction price to all performance obligations upon identifying the performance obligations in addition to recognizing the performance obligations as income.

1. Commodity Sales Revenue

Commodity sales revenue comes from the sales of company products. When the furniture is arriving to the customer designated premise, the customer already use the right to use the commodity and bears the risk of commodity, the company shall recognize the revenue and account receivables at the time.

2. Flooring Revenue

The operating services provided for flooring, which shall be recognized as income when customer completes acceptance and validates the right and risks transferred.

2017

Income refers to the collected or receivable consideration at fair value, deducting the estimated returns by customers, discounts, and other types of discounts. Sales return shall be reasonably estimated for the future proposition of return amount according to past experience and other relevant factors

1. Commodity Sales

Commodity sales shall be recognized as income when meeting the following conditions fully:

- (1) The Company has transferred the material risks and remuneration of commodity ownership to the buyer;
- (2) The company does not continue the participation in management for commodity sold nor maintain effective control;
- (3) Amount of income could be reliably measured;
- (4) The economic benefit related to transaction could flow into the company; and
- (5) Costs realized or will be realized, as related to the transaction, shall be reliably measured.

2. Service Provision

Service income includes the operational services provided to flooring, which shall be recognized upon completion of service provision.

3. Interest income

The interest income from finance assets could flow into the company for economic benefit while the amount of income could be recognized upon measurement. Interest income shall adopt accrual basis accounting according to the outstanding funds and all applicable effective interest rates by time.

(XIII) Lease

If the lease clauses transfer nearly all risks and remuneration associated with the assets to the lessee, the lease shall be classified as finance lease. All other leases shall be classified as business lease.

1. The Company is the lessor

The lease proceeds from business lease shall be recognized as proceeds during the relevant lease period according to linear basis.

2. The Company is the lessee

Business lease is recognized as expense during the lease period according to linear basis.

(XIV) Borrowing Costs

Borrowing costs refer to the direct attribution of the acquisition, building or production of assets meeting the requirement, which is part of the asset cost before the asset nearly completes all necessary activities for scheduled use or sales status.

Particular borrowing conducting temporary investment and earning investment income before meeting the capital expense of elements shall be deducted from the borrowing cost of capitalization criteria.

Except for the aforementioned, all other borrowing costs occurred at current period shall be recognized as loss/profit.

(XV) Employee benefits

1. Short term benefit

The liabilities connected with the short-term employee benefits are measured by non-discounted amounts expected to be paid in exchange for staff services.

2. Pension

The amount of the pension to be contributed under the defined contribution pension plan is recognized as expense during the staff service period.

(XVI) Income tax

Income tax expense is the sum of current income taxes and deferred income taxes.

1. Current income tax

The additional income tax on the undistributed surplus calculated in accordance with the Income Tax Act shall be included in the income tax expense for the year of resolution of the shareholders' meeting.

The adjustment of income tax payable in the previous year shall be included in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities on the books and the basis for the calculation of taxable income.

Deferred tax liabilities are generally recognized for all temporary differences in taxable income, while deferred tax assets are recognized when there is a high likelihood that the taxable income will be used as a tax deduction for deductible temporary differences, loss deductions, research and development and personnel training expenses.

The carrying amount of deferred tax assets is reviewed at each date of statement of financial position and reduced for those which are no longer likely to have enough taxable income to recover all or part of the assets. Those not recognized initially as deferred tax assets are also reexamined on each date of statement of financial position and the carrying amount is increased for those which are very likely to generate taxable income to recover all or part of the assets.

Deferred tax assets and liabilities are measured by the tax rate of the expected liabilities settlement or assets realization in the current period, according to the tax rate and the tax law which have been legalized or substantively legalized on the date of statement of financial position. The measurement of deferred tax liabilities and assets reflects the tax consequences of the way in which a Merged company is expected to recover or pay off the carrying amount of its assets and liabilities on the date of statement of financial position.

3. Current and deferred tax

The current and deferred tax are recognized in profit or loss, provided that the current and deferred tax in relation to the items recognized in other comprehensive income or directly included in equity are recognized in other comprehensive income or directly included in equity, respectively.

5. Primary sources of uncertainty in major accounting judgments, estimates, and assumptions

When the company adopts an accounting policy, management must make relevant judgments, estimates, and assumptions of relevant information that is difficult to obtain from other sources based on historical experience and other relevant factors.

The management will continue to review estimates and basic assumptions. If the revision of the estimate only affects the current period, it will be recognized in the current period; if an amendment to an accounting estimate affects both the current and future periods, it will be recognized for the current period and the future period.

6、Cash and cash equivalent

	<u>Dec.31, 2018</u>	<u>Dec.31, 2017</u>
Cash on hand and working capital	\$ 2,938	\$ 3,048
Checks and fixed deposit	77,106	149,889
	<u>\$ 80,044</u>	<u>\$152,937</u>

7、Financial instruments measured at fair value through profit or loss

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
<u>Financial assets-current</u>		
Compulsorily Measured at fair value through profit or loss		
Derivable financial assets		
– Option (Note 14)	\$ 224	\$ 267

8、Notes receivable and accounts receivable

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
<u>Notes receivable</u>		
Amortized cost		
Total carrying value	\$ -	\$ 1,328
Deduction: Allowance prepared for loss	-	-
	<u>\$ -</u>	<u>\$ 1,328</u>
<u>Accounts receivable</u>		
Amortized cost		
Total carrying value	\$ 79,728	\$ 91,795
Deduction: Allowance prepared for loss	(479)	(479)
	<u>\$ 79,249</u>	<u>\$ 91,316</u>

2018

The company adopts cash payment (or credit card) from customers. Except for the account receivable for cooperation with some stores in department stores, the credit period is negotiated by both parties for monthly balance between 30~60 days. Upon determining the recoverability of account receivables, the company shall take into consideration any change of credit

quality to account receivable from the original credit lining date to the date of balance sheet.

To mitigate credit risk, the company's management appoints special team in charge of credit line decision, credit approval, and other monitoring procedures in order to assure taking proper actions for the recovery of overdue account receivables. Moreover, the company shall review all recoverable amounts for payment receivables on the date of balance sheet to assure the proposition of non-recoverable accounts for proper loss. Accordingly, the company management regards the credit risk of the company with significant reduction. Past experiences indicate that the parties have not shown records of delay and hence no bad debts will be proposed.

The Company adopts the simplified method of IFRS 9 to recognize loss allowance for expected credit losses during survival period. The expected credit loss during surviving period takes consideration of the past delinquent records and current financial conditions of customers, industry economic situations, GDP forecast, and industry prospects. Hence the history of the credit loss experience of the company shows insignificant differentiation between the type of losses among customer groups, and hence does not further segment customer groups by preparation matrix but only defines the expected credit loss rate by the number of overdue days for account receivables.

The allowance loss for account receivables according to the company measurement of preparation matrix is described below:

Dec.31,2018

	<u>Not overdue</u>	<u>Due 1~30 days</u>	<u>Due 31~215 days</u>	<u>Due over 215 days</u>	<u>Total</u>
Expected credit loss	0%	0%	0%	100%	-
Total carrying value	\$ 79,720	\$ -	\$ -	\$ 8	\$ 79,728
Allowance prepared for loss (Accumulating credit loss)	(471)	-	-	(8)	(479)
Amortized cost	<u>\$ 79,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,249</u>

Allowance prepared for loss for accounts receivable are as follows:

	2018
Balance at the beginning of the year (IAS 39)	\$ 479
Effect of retroactive application of IFRS 9	-
Balance at the beginning of the year (IFRS 9)	479
Add: Loss recognized in this year	-
Balance at the end of the year	\$ 479

2017

The company holds the same credit policy for 2017 as that of 2018.

The company adopts cash payment or credit card from customers. Except for the account receivable for cooperation with some stores in department stores or wholesale markets, the credit period is negotiated by both parties for monthly balance between 30~60 days. Allowance for bad debts proposal policy shall be evaluated for signs of reduction on the date of balance sheet. If objective evidence suggests single or multiple incidents occurred after the original recognition of account receivables, which affects the estimated future cash flow of account receivables, the account receivables shall be deemed as loss.

The company shall propose method of allowance for bad debts through dividing the type of receivable affiliated parties, type of card payment receivables (payment to be collected from the banks), and non-affiliated parties. Receivable affiliated parties and credit card receivables will not be proposed for allowance for bad debts due to lack of risk in loss. The account receivables by non-affiliated parties undergo loss test in the same group for the account receivables from non-affiliated parties. First, the customer will be evaluated for creditor and if likely to close or conduct other financial restructuring such as the signs of objective loss. Customers with signs of individual loss shall be proposed for 100% bad debts. Customers without signs of individual loss shall be evaluated for account recoverability rate by past experience and shall be reviewed for any evidence of objective loss from previous year.

The customer group of the company is vast without mutual association, and hence the concentration of credit risk is limited.

The analysis of account receivable is described below:

	<u>Dec.31,2017</u>
0~150 days	\$ 91,795
151~180 days	-
181~360 days	-
Over 360 days	-
Total	<u>\$ 91,795</u>

Analyzing based on billing date.

Allowance for bad debt are as follows:

	<u>I n d i v i d u a l</u> <u>i m p a i r m e n t</u>	<u>C o l l e c t i v e</u> <u>i m p a i r m e n t</u>	<u>T o t a l</u>
Balance on Jan. 1, 2017	\$ -	\$ 479	\$ 479
Add: Bad debt expenses (revolving) for the current year	-	-	-
Deduction: Actual write-off for the current year	-	-	-
Balance on Dec.31, 2017	<u>\$ -</u>	<u>\$ 479</u>	<u>\$ 479</u>

9、Inventory

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Commodity	\$491,601	\$440,818
In-transit inventory	<u>17,242</u>	<u>23,923</u>
	<u>\$508,843</u>	<u>\$464,741</u>

Cost of goods sold in 2017 and 2018 are 748,954,000 dollars and 787,080,000 dollars.

10、Property, Plant and Equipment

	<u>L a n d</u>	<u>B u i l d i n g</u>	<u>T r a n s p o r t a t i o n</u> <u>e q u i p m e n t</u>	<u>O A e q u i p m e n t</u>	<u>R e n t a l</u> <u>i m p r o v e m e n t</u>	<u>O t h e r</u> <u>e q u i p m e n t</u>	<u>T o t a l</u>
<u>Cost</u>							
Balance on Jan. 1, 2017	\$ 534,164	\$ 207,278	\$ 4,965	\$ 4,606	\$ 224,263	\$ 52,118	\$1,027,394
Addition	-	2,266	2,010	-	33,539	7,050	44,865
Recategorized	-	-	-	-	-	-	-
Disposition	-	-	(293)	-	(26,565)	(329)	(27,187)
Balance on Dec.31, 2017	<u>\$ 534,164</u>	<u>\$ 209,544</u>	<u>\$ 6,682</u>	<u>\$ 4,606</u>	<u>\$ 231,237</u>	<u>\$ 58,839</u>	<u>\$1,045,072</u>
<u>Accumulated depreciation</u>							
Balance on Jan. 1, 2017	\$ -	(\$ 18,338)	(\$ 2,840)	(\$ 3,149)	(\$ 191,437)	(\$ 38,159)	(\$ 253,923)
Depreciation expense	-	(10,778)	(773)	(461)	(23,602)	(7,005)	(42,619)
Recategorized	-	-	-	-	-	-	-
Disposition	-	-	293	-	23,556	282	24,131
Balance on Dec.31, 2017	<u>\$ -</u>	<u>(\$ 29,116)</u>	<u>(\$ 3,320)</u>	<u>(\$ 3,610)</u>	<u>(\$ 191,483)</u>	<u>(\$ 44,882)</u>	<u>(\$ 272,411)</u>
Dec.31,2017-net	<u>\$ 534,164</u>	<u>\$ 180,428</u>	<u>\$ 3,362</u>	<u>\$ 996</u>	<u>\$ 39,754</u>	<u>\$ 13,957</u>	<u>\$ 772,661</u>
<u>Cost</u>							
Balance on Jan.1,2018	\$ 534,164	\$ 209,544	\$ 6,682	\$ 4,606	\$ 231,237	\$ 58,839	\$1,045,072
Addition	-	1,046	465	-	21,129	4,549	27,189
Recategorized	-	675	-	-	1,197	-	1,872
Disposition	-	-	(969)	-	(2,758)	(53)	(3,780)
Balance on Dec.31, 2018	<u>\$ 534,164</u>	<u>\$ 211,265</u>	<u>\$ 6,178</u>	<u>\$ 4,606</u>	<u>\$ 250,805</u>	<u>\$ 63,335</u>	<u>\$1,070,353</u>
<u>Accumulated depreciation</u>							
Balance on Jan.1,2018	\$ -	(\$ 29,116)	(\$ 3,320)	(\$ 3,610)	(\$ 191,483)	(\$ 44,882)	(\$ 272,411)
Depreciation expense	-	(11,325)	(851)	(498)	(19,500)	(6,643)	(38,817)
Recategorized	-	-	-	-	-	-	-
Disposition	-	-	436	-	2,385	39	2,860
Balance on Dec.31, 2018	<u>\$ -</u>	<u>(\$ 40,441)</u>	<u>(\$ 3,735)</u>	<u>(\$ 4,108)</u>	<u>(\$ 208,598)</u>	<u>(\$ 51,486)</u>	<u>(\$ 308,368)</u>
Dec.31,2018-net	<u>\$ 534,164</u>	<u>\$ 170,824</u>	<u>\$ 2,443</u>	<u>\$ 498</u>	<u>\$ 42,207</u>	<u>\$ 11,849</u>	<u>\$ 761,985</u>

Depreciation costs is calculated through straight-line basis according to the following years:

Building	8-40 Years
Transportation equipment	3-6 Years
OA equipment	3-4 Years
Rental improvement	1-10 Years
Miscellaneous equipment	3-9 Years

Please refer to note 29 for Property, Plant and Equipment Amount set as loan guarantee.

11、Intangible assets

Software

	<u>2018</u>	<u>2017</u>
<u>Cost</u>		
Balance at the beginning of the year	\$ 3,743	\$ 2,151
Acquired separately	818	1,592
Disposition	<u>-</u>	<u>-</u>
Balance at the end of the year	<u>\$ 4,561</u>	<u>\$ 3,743</u>

	<u>2018</u>	<u>2017</u>
<u>Accumulated amortization</u>		
Balance at the beginning of the year	(\$ 1,738)	(\$ 791)
Amortization fee	(1,200)	(947)
Disposition	<u>-</u>	<u>-</u>
Balance at the end of the year	(<u>\$ 2,938</u>)	(<u>\$ 1,738</u>)
Net balance at the end of the year	<u>\$ 1,623</u>	<u>\$ 2,005</u>

Amortization fee is calculated through straight-line basis according to the following years:

Software 1-5 Years

- by function Amortization fee :

	<u>2018</u>	<u>2017</u>
Operating cost	\$ 19	\$ 15
Marketing expenses	1,115	866
Administration expenses	<u>66</u>	<u>66</u>
	<u>\$ 1,200</u>	<u>\$ 947</u>

12、 Other assets

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
<u>Payments in advance</u>		
Prepaid rent	\$ 20,893	\$ 29,983
Advance payment	4,202	6,372
Others	<u>4,183</u>	<u>4,891</u>
	<u>\$ 29,278</u>	<u>\$ 41,246</u>
<u>Other current assets</u>		
Temporary payments	\$ 221	\$ 2,616
Other financial assets	4,015	4,012
Others	<u>35</u>	<u>87</u>
	<u>\$ 4,271</u>	<u>\$ 6,715</u>

Other financial assets mortgage information please refer to note 29.

13、 Long-term loan

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
<u>Secured loan</u>		
Bank loan	\$ 52,418	\$ 57,936
Deduction: Listed as part of the expiration within 1 year	(<u>5,518</u>)	(<u>5,518</u>)
Long-term loan	<u>\$ 46,900</u>	<u>\$ 52,418</u>

The bank loan is mortgage-backed during the company's land and building (refer to Note 29), and borrowing expiration date on June 27, 2028. As of December 31, 2018, the effective annual interest rate is 1.82%. The amount appropriated is used for purchasing land and plant.

The Long-term loan of the Company are as follows:

<u>Borrowing Bank</u>	<u>L o a n A m o u n t</u>	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Taiwan Business Bank	Amount: 100,000,000 dollars Duration: 2013.06.27~2028.06.27 Rate: 1.82% (not fixed) Repayment: For the first 36 months, interest is paid on a monthly basis, with 1 installment per month from the 37th month and a total of 144 installment per month from 15th. This Long-term loan in February 106 years early settlement of 31,948 dollars.	\$ 52,418	\$ 57,936

14、 Bonds payable

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Domestic secured convertible bond	\$152,400	\$233,900
Deduction: Discount on bonds payable	(6,250)	(12,783)
Deduction: Listed as part of the expiration within 1 year	(<u>146,150</u>)	<u>-</u>
	<u>\$ -</u>	<u>\$221,117</u>

Domestic Secured Convertible Bond

The company issues 3,000 units of secured convertible bonds priced in New Taiwan Dollars bearing zero interests rate in December, 2016, totaling NTD300,000 thousand.

Each unit of bondholder is entitled to convert into the common stock of the company at NT49 per share. The conversion period lasts from January 16, 2017 to December 15, 2021. The convertible price was adjusted from NT49 on August 5, 2017 to NT46.5; and the conversion price was adjusted to NTD43.3 since July 24, 2018.

Between January 16, 2017 and November 6, 2021, if the closing price for the common stock of the company exceeds 30% of the conversion price at the time for 30 business days in a row, the company may recover the convertible bonds in the following 30 business day; alternatively, if the remaining amount of outstanding convertible bonds is less than 10% of the total face value of the original issuance, the company may recover the bonds at any time.

In case the bond holders sell the convertible bonds before the sell-back date between December 2019 and December 2020, the bond holders may require the company to redeem the convertible bond held in the face value of the bond in cash, in 100% of the face value of the bond for 3 years of maturity (real earning 0%) or 100% of face value of liability for 4 years of maturity (real earning 0%).

Such convertible bonds include composition of liability and equity, where equity composition is expressed as stock option of capital reserve under equity category. Liability composition includes the liability instrument of the primary contract and derivative instrument for options. The original recognized effective annual interest rate is 1.433% for the primary contract while the derivative instrument of option is measured as fair value. The fair value for change loss recognized in 2018 and 2017 were NT276 thousand and variable margin of fair value at NTD1,145 thousand.

	<u>Amount</u>
Issuance (Deducting trading cost 5,000,000 dollars)	\$295,000
Derivative Option (Shared cost 15,000 dollars)	(855)
Equity (Shared cost 250,000 dollars)	(<u>14,750</u>)
Debt on issuance date (Shared cost 4,735,000 dollars)	279,395
Interest calculated by 1.433%	<u>175</u>
Debt on Jan.1, 2017	279,570
Interest calculated by 1.433%	3,811
Corporate bond converted to ordinary share payable	(<u>62,264</u>)
Debt on Dec.31,2017	<u>\$221,117</u>
Debt on Jan.1,2018	221,117
Interest calculated by 1.433%	2,356
Corporate bond converted to ordinary share	(<u>77,323</u>)
Debt on Dec.31,2018	<u>\$146,150</u>

15、 Notes payable and Accounts payable

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
<u>Notes payable</u>		
Occurs from operation	<u>\$ 32,730</u>	<u>\$ 43,354</u>
<u>Accounts payable</u>		
Occurs from operation	<u>\$ 23,406</u>	<u>\$ 18,625</u>

The average credit period for the company to purchase inventory is 30~60 days while international clients pay by L/C at sight.

16、 Other accounts payable

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Payables on equipment	\$ 3,533	\$ 1,065
Payroll and bonus payable	30,385	31,210
Compensations payable	12,567	15,749
Pay for labor and health insurance	6,690	5,387
Paying for advertising	5,568	10,903
Paying for annual leave	3,853	5,142
Paying for transportation fee	5,123	6,863
Business tax	3,780	6,791
Others	<u>6,898</u>	<u>5,446</u>
	<u>\$ 78,397</u>	<u>\$ 88,556</u>

17、 Liability reserve-non-current

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Decommissioning costs	<u>\$ 6,400</u>	<u>\$ 5,700</u>

The liability preparation for decommissioning costs refers to the expected cost to paid by the company for decommissioning, restoring or conducting environmental repair as the independently recognized liability upon returning the leased asset to the lessor on expiration of lease period.

18、 Pension

Confirmed Allocation Plan

The pension system adopted by the company's "Worker Pension Regulations" are confirmed retire plans under the governemnt's management. 6% of the employee's monthly salary is transferred to the worker's designated account at the Bureau of Labor Insurance.

The confirmed plan are as follows:

	<u>2018</u>	<u>2017</u>
Operating cost	<u>\$ 1,252</u>	<u>\$ 1,308</u>
Marketing expenses	<u>\$ 10,870</u>	<u>\$ 8,776</u>
Administration expenses	<u>\$ 1,372</u>	<u>\$ 1,228</u>

19、 Equity

(I) Stock Capital

Ordinary Shares

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Rated number of shares (1000 shares)	<u>80,000</u>	<u>80,000</u>
Rated Share Capital	<u>\$ 800,000</u>	<u>\$ 800,000</u>
Paid-in shares (1000 shares)	<u>46,133</u>	<u>44,380</u>
Issued shares	<u>\$ 461,332</u>	<u>\$ 443,799</u>

Issued ordinary shares value of NT\$ 10, which each share entitled to voting and profit distribution rights. As to Dec.31,2017, bond holder has converted the convertible bond and common stock are 17,533,000 dollars and 13,970,000 dollars, equal to 1,753,000 shares and 1,397,000 shares.

(II) Capital reserves

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
<u>Share capital to be loss</u> <u>make-up (1)</u>		
Additional paid-in capital in excess of par	\$ 58,676	\$ 58,676
Converted bond in excess of par	115,762	51,732
<u>Not for any use</u>		
Share option	<u>7,493</u>	<u>11,500</u>
	<u>\$ 181,931</u>	<u>\$ 121,908</u>

1. This kind of capital reserves can be used to compensate losses, and it can also be used to issue cash or appropriate for capital when the company involves with no loss. However, the capital appropriation must be limited to a certain ratio of the paid-in capital every year.

(III) Retained earnings and dividend policies

The surplus earnings distribution policy stipulated that if the Company has a surplus in its annual general final accounts, taxes shall be paid first to make up the previous deficits, and then 10% shall be set aside for the statutory surplus reserve. The board of directors may, at its own discretion, reserve the additional accumulated undistributed surplus in the previous year depending on operation needs after the special capital reserve is set aside or reversed according to law or the provisions of the competent authority. The board of directors shall draft a shareholder dividend or bonus issue proposal to be submitted to the board of shareholders for resolution. For the policy on the distribution of remuneration of employees and directors under the amended articles of association, please refer to Note 21 (6) employee and director remuneration.

In accordance with the Articles of Association of the company, the dividend policy is to allocate an annual dividend dividend of not less than 20% to the allocated surplus. When distributing a shareholder dividend dividend, it is possible to cash or stock in such a way that Cash dividends is not less than 30% of the total dividend.

Legal surplus reserve should be appropriated until it balance achieves the total authorized capital stock in the company. Legal surplus reserve can be used to compensate losses. When the company is not involved with any loss, 25% of the

legal surplus reserve excessive from the total authorized capital stock can be distributed in cash other than being appropriated to capital stocks.

The company recognizes and reverses special surplus reserves according to the official letter of No. Chin Kuan Cheng Fa Zi Di 1010012865 and letter No. Chin Kuan Cheng Fa Zi Di 1010047490as well as “Applicable Q&A for special surplus reserves recognition after adopting International Financial Reporting Standards (IFRSs)”.

The 2017 and 2016 earning distribution was approved by the shareholders’ meeting holding on Jun.20,2018 and Jun.22, 2017:

	<u>Earning Distribution</u>		<u>Dividend (dollar)</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Legal reserve	\$ 21,878	\$ 16,402	\$ -	\$ -
Cash dividends	181,528	128,949	3.94	2.97

2018 earning distribution is to be proposed on Mar.21, 2019 by the Board.

	<u>E a r n i n g D i s t r i b u t i o n</u>	<u>Dividend (dollar)</u>
Legal reserve	\$ 16,757	\$ -
Cash dividends	138,400	3.00

The proposal shall be resolute by the shareholders’ meeting on Jun.20, 2019.

20、Income

	<u>2018</u>	<u>2017</u>
Revenue from Contracts with Customers		
Revenue from sales	\$ 1,689,771	\$ 1,786,642
Revenue from floor laying	<u>13,917</u>	<u>18,694</u>
	<u>\$ 1,703,688</u>	<u>\$ 1,805,336</u>

(I) Information of contract with customers

1. Revenue from sales

Commodity Sales Revenue

Commodity sales revenue comes from the sales of company products. When the furniture is arriving to the customer designated premise, the customer already use the right to use the commodity and bears the risk of commodity, the company shall recognize the revenue and account receivables at the time.

2. Revenue from floor laying

The operating services provided for flooring, which shall be recognized as income when customer completes acceptance and validates the right and risks transferred.

(II) Contractual balance

	<u>Dec.31,2018</u>
Contractual liability-current	
Product sales	<u>\$ 117,013</u>

21、Net profit from continuous operations

(I) Other income

	<u>2018</u>	<u>2017</u>
Interest income		
Deposit	\$ 136	\$ 104
Others	<u>113</u>	<u>92</u>
	249	196
Rental income	1,407	464
Others	<u>12,566</u>	<u>16,345</u>
	<u>\$ 14,222</u>	<u>\$ 17,005</u>

(II) Other gain (loss)

	<u>2018</u>	<u>2017</u>
Gain from foreign currency exchange	\$ 350	\$ 1,938
Disposition of real estate, plant and equipment	222	(3,021)
Financial gain/loss assessed by fair value	(276)	1,145
Others	<u>(1,358)</u>	<u>(516)</u>
	<u>(\$ 1,062)</u>	<u>(\$ 454)</u>

(III) Financial costs

	<u>2018</u>	<u>2017</u>
Bank loan interest	\$ 1,042	\$ 1,267
Interest of the convertible bond	<u>2,356</u>	<u>3,811</u>
	<u>\$ 3,398</u>	<u>\$ 5,078</u>

(IV) Depreciation and Amortization

	<u>2018</u>	<u>2017</u>
Depreciation expense- by function		
Operating cost	\$ 13,358	\$ 14,078
Marketing expenses	24,431	27,802
Administration expenses	<u>1,028</u>	<u>739</u>
	<u>\$ 38,817</u>	<u>\$ 42,619</u>
Amortization fee- by function		
Operating cost	\$ 19	\$ 15
Marketing expenses	1,115	866
Administration expenses	<u>66</u>	<u>66</u>
	<u>\$ 1,200</u>	<u>\$ 947</u>

(V) Employee welfare

	<u>2018</u>	<u>2017</u>
Short term benefit	\$283,555	\$281,956
Pension		
Confirmed plan (Note 189)	<u>13,494</u>	<u>11,312</u>
	<u>\$297,049</u>	<u>\$293,268</u>
- by function		
Operating cost	\$ 29,914	\$ 30,964
Marketing expenses	214,071	205,557
Administration expenses	<u>53,064</u>	<u>56,747</u>
	<u>\$297,049</u>	<u>\$293,268</u>

(VI) Staff and director remunerations

After the Company makes up the accumulated deficit with the pre-tax benefits before deducting the remuneration allocated to the employees and directors in the current year following the terms and conditions, contributions at not less than 2% and not more than 4% are made to employee and directors remuneration. The foregoing employee compensation for those to whom shares are issued may cover subsidiary company employees who meet certain conditions which are authorized to be decided by the board of directors of the Company. As the Company suffered losses in the years of 2018 and 2017, the remuneration of employees and directors was not estimated and listed.

Ratio

	<u>2018</u>	<u>2017</u>
Employee	4.2%	4.2%
Directors and supervisors	1.4%	1.4%

Amount

	<u>2018</u>		<u>2017</u>	
	<u>C a s h</u>	<u>S h a r e s</u>	<u>C a s h</u>	<u>S h a r e s</u>
Employee	\$ 9,425	\$ -	\$ 11,812	\$ -
Directors and supervisors	3,142	-	3,937	-

The annual financial report shall be processed according to changes of accounting estimation in case any change takes place after the announcement date and shall be adjusted into the book at the following year.

The real amount distributed for the 2017 and 2016 employee remuneration and director/supervisor remuneration do not show discretion from the amount recognized in the 2017 and 2016 financial reports.

For information on the employee remuneration and director/supervisor remuneration resolved by the 2019 and 2018 Board of Director meeting of the company, please visit "Market Observation Post System."

22、 Income tax of operating unit

(I) Recognized Income tax expenses

	<u>2018</u>	<u>2017</u>
Income tax		
This year	\$ 42,713	\$ 44,854
Retained earnings to be distributed	1,537	1,867
Adjustment	<u>1</u>	<u>38</u>
	<u>44,251</u>	<u>46,759</u>
Deferred tax		
This year	258	(20)
Rate	(<u>236</u>)	<u>-</u>
Recognized Income tax expenses	<u>\$ 44,273</u>	<u>\$ 46,739</u>

Income tax expenses adjustment:

	<u>2018</u>	<u>2017</u>
Net profit before tax	<u>\$211,843</u>	<u>\$265,515</u>
Net profit before tax calculated by Income tax expenses rate (2018-20%/2017-17%)	\$ 42,369	\$ 45,137
Expenses uneducable	602	(303)
Retained earnings to be distributed	1,537	1,867
Rate	(236)	-
Income tax expenses adjustment	<u>1</u>	<u>38</u>
Recognized Income tax expenses	<u>\$ 44,273</u>	<u>\$ 46,739</u>

The tax rate applicable to the company under Taiwan's Income Tax Act in 2017 for the merged company was 17%. After the amendment to the Income Tax Act in February 2018, the business income tax rate was changed from 17% to 20%, being effective from 2018. The tax rate for the subsidiaries in China was 25%. In addition, the tax rate applicable to undistributed surplus in 2018 was reduced from 10% to 5%.

2018 Retained earnings to be distributed is payable for 5% additional tax, and the effect is to be assessed after shareholders' meeting.

(II) Income tax liability

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Income tax liability		
Income tax payable	<u>\$ 21,809</u>	<u>\$ 29,576</u>

(III) Deferred income tax asset

The variance of deferred income tax asset and liability are as follows:

2018

Deferred income tax a s s e t	B a l a n c e	Recognized loss/gain	R a t e	Balance at the end of the year
Temporary difference				
Stock impairment	\$ 464	\$ -	\$ 82	\$ 546
Paying for annual leave	<u>875</u>	(<u>258</u>)	<u>154</u>	<u>771</u>
	<u>\$ 1,339</u>	(<u>\$ 258</u>)	<u>\$ 236</u>	<u>\$ 1,317</u>

2017

<u>Deferred income tax asset</u>	<u>B a l a n c e</u>	<u>Recognized loss/gain</u>	<u>Balance at the end of the year</u>
Temporary difference			
Debt allowance	\$ 3	(\$ 3)	\$ -
Stock impairment	464	-	464
Paying for annual leave	<u>852</u>	<u>23</u>	<u>875</u>
	<u>\$ 1,319</u>	<u>\$ 20</u>	<u>\$ 1,339</u>

(IV) Income Tax Assessment

The profit-seeking enterprise income tax of the Company shall be assessed by the taxation agency for tax filing reports filed before 2016.

23、Earnings per share

Unit: share/dollars

	<u>2018</u>	<u>2017</u>
Basic Earnings per share	<u>\$ 3.67</u>	<u>\$ 5.05</u>
Diluted Earnings per share	<u>\$ 3.43</u>	<u>\$ 4.57</u>

Earnings and ordinary shares used to calculate Earnings per share:

Net profit of the year

	<u>2018</u>	<u>2017</u>
Net profit to calculate Earnings per share	\$ 167,570	\$ 218,776
Ordinary share may cause dilution :		
Compensation	-	-
Interest of convertible bond after tax	<u>1,885</u>	<u>3,163</u>
Not profit to calculate diluted Earnings per share	<u>\$ 169,455</u>	<u>\$ 221,939</u>

Number of shares

	Unit : 1,000 shares	
	<u>2018</u>	<u>2017</u>
The weighted average number of ordinary shares used to calculate the net profit per share:	45,694	43,326
Effects of diluted normal shares:		
Employee stock options		
Compensation	260	248
Bond convertible	<u>3,520</u>	<u>5,030</u>
The weighted average number of diluted ordinary shares used to calculate the net profit per share	<u>49,474</u>	<u>48,604</u>

If the company chooses the distribution of employee remuneration in stocks or cash, the diluted EPS is calculated by assuming the adoption of stocks for employee remuneration and adding weighted average outstanding shares to the potential common stock with dilution effect, in order to calculate the diluted EPS. The calculation of diluted EPS before the resolution of employee remuneration distribution in shares in the following year shall also take consideration of the dilution effect of such potential common stock.

24. Non-Cash Transaction

The company conducted the following investment activities paid/collected in cash for 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Purchase Property, Plant and Equipment		
Property, Plant and Equipment increment	\$ 27,189	\$ 44,865
Add : Payables on equipment	1,065	648
Add : Discharge allowance	5,700	5,900
Deduction: Payables on equipment-year end	(3,533)	(1,065)
Deduction: Discharge allowance-year end	(<u>6,400</u>)	(<u>5,700</u>)
Cash payment	<u>\$ 24,021</u>	<u>\$ 44,648</u>

25. Business Lease Agreement

The company is the lessee

The business lease refers to the store, office and warehouse leased with a leasing period between 1~10 years. All business leases with over 5 years of leasing period shall require the review of clauses on market rental in every 5 years. Upon the termination of lease period, the company will not offer preference in purchasing the leased asset.

The total amount of minimum lease payment for non-cancellable business lease is described below:

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Less than 1 year	\$ 177,564	\$ 223,626
1~5 years	359,524	428,698
Over 5 years	<u>59,483</u>	<u>69,973</u>
	<u>\$ 596,571</u>	<u>\$ 722,297</u>

26. Fund Risk Management

The company conducts fund management to assure the optimization of liability and equity balance under the premise of sustained management, thereby maximizing shareholder's remuneration.

The fund structure of the company is composed of the net liability of the company (namely loan minus cash and equivalent cash) and equity (namely shares, capital reserve and retained earnings).

The company does not need to comply with other external fund requirement.

27. Financial Instruments

(I) Fair value information - financial instruments not assessed based on fair value

The management of the merged company deems financial assets not assessed based on fair value and the carrying amount of its financial debts being close to the fair value or the fair value as unreliable.

(II) Fair value information - financial instruments assessed by repetitive basis of fair price.

1. Fair value levels

Dec.31,2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets</u> <u>measured at fair value</u>				
Convertible bond	\$ -	\$ 224	\$ -	\$ 224

Dec.31,2017

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>T o t a l</u>
<u>Financial assets</u> <u>measured at fair value</u>				
Convertible bond	\$ -	\$ 267	\$ -	\$ 267

2. Level 2 fair value assessment shifts.

<u>Financial Instrument</u>	<u>S h i f t</u>
Derivative – Convertible bond	Binary Model

(III) Different types of financial instruments

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
<u>Financial Assets</u>		
Measured at fair value through profit or loss	\$ 224	\$ 267
Loans and receivables(Note 1)	-	247,204
Other financial assets (Note 2)	-	4,012
Amortized cost of financial assets (Note 3)	163,324	-
<u>Liabilities</u>		
Amortized cost (Note 4)	354,910	459,164

Note 1: The balance consists of loans and receivables, such as cash, accounts receivable, accounts receivable – related parties, debt instrument investment without active markets, other financial assets - current and refundable deposits, as measured at amortized cost.

Note 2: Balance includes the balance of financial assets available-for-sale.

Note 3: The balance includes cash and cash equivalents, accounts receivable, accounts receivable - related parties, financial assets measured at amortized cost, guaranteed deposits paid and other financial assets measured at amortized cost.

Note 4: The balance consists of financial liabilities, such as other payables and guarantee deposits received as measured at amortized cost.

(IV) Purpose and policy of financial risk management

The main financial instruments of the Merged company are equity and debt instrument investments as well as the accounts receivable and accounts payable. The target of the financial risk management in the Merged company is to manage market risks (including exchange rate risk, interest rate risk and other price risks), credit risk, and liquidity risk related to the business operation. In order to reduce relevant financial risks, the Merged company works hard to identify, evaluate, and avoid market uncertainty to lower the potential negative impact towards the financial performance in our company caused by the changes of the market.

The important financial activities in the Merged company have been reviewed by the Board of Directors and Audit Committee according to relevant regulations and internal control system. During the execution of the financial plan, the Merged company must strictly follow the financial operational procedures related to the whole financial risk management and division of authority and responsibility.

1. Market risks

(1) Foreign exchange rate risk

Please refer to note 31 for the monetary asset and momentary liability book value amount of pricing of non-functional Currency on the balance sheet day in the company.

Sensitivity analysis

The company is mainly affected by the fluctuations of US and Singapore dollar exchange rates.

The table below details the sensitivity analysis by the merged company when the New Taiwan dollar (functional currency) increases and decreases by 1% in the exchange rates of the foreign currencies. One percent is the sensitivity ratio used by the group to report internally the exchange rate risk to main management, and also represents management's assessment of the reasonable range of possible changes in the foreign exchange rate. The sensitivity analysis only covers the monetary items of foreign currency in circulation and adjusts the final translation to 1% of exchange rate change. The positive number in the table below denotes the increased amount in pretax profit when the New

Taiwan dollar appreciates by 1% against the relevant currencies. When the New Taiwan dollar depreciates by 1% against the relevant foreign currencies, the impact on pre-tax profits will be negative for the same amount.

	E <u>2018</u>	f <u>2017</u>
Profit & loss	\$ 167	\$ 207

(2) Interest rate risk

The company is exposed to the cash flow risk of interest rate fluctuations, mainly of demand deposits with floating interest rates and time deposits. Therefore, the change in market interest rates will make the effective interest rate of such financial commodities change accordingly, which will make the cash flow fluctuate in the future. :

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
With fair value interest rate risk		
— financial assets	\$ 2,938	\$ 3,048
— financial ;liabilities	146,150	221,117
With cash flow interest rate risk		
— financial assets	81,121	153,901
— financial ;liabilities	52,418	57,936

The following sensitivity analysis is based on the interest rate exposure of non-derivative instrument on the end day of financial report period.

The company increases or decreases 0.5% as the reasonable risk assessment for reporting interest rate variation to the management level. If all other conditions remain and without considering the factor of interests capitalization, the rise of 0.5% in interest rate will increase NTD144,000 and NTD480,000 to the 2018 and 2017 earnings before interests and tax.

2. Credit risk

Credit risk refers to the risk of financial loss caused by the transaction of the other party's default contract obligations. As of Statement of financial position, the company may have caused the largest financial loss due to the failure of the counterparty to perform its obligations. Credit risk mainly comes from financial assets recognized by Statement of finance position.

In addition, the company reviews the recoverable amount of receivables on a case-by-case basis at Statement of Financial position to ensure that receivables that cannot be recovered have been included in the appropriate impairment losses. Accordingly, the management of the Company believes that the credit risk of the company has been significantly reduced.

The important financial activities of the Company shall be reviewed by the Board of Directors in accordance with the relevant norms and internal control system. During the execution of the financial plan, the company must comply with the relevant financial procedures regarding the overall financial risk management and division of responsibilities.

3. Liquidity Risk

The company pays for corporate operation and mitigates the influence of fluctuations in cash flow through the management and maintenance of adequate cash and cash equivalent. The management level of the company supervises the financial line from the bank to assure the compliance of clauses to loan agreement.

The Board of Directors owns the ultimate liability for the liquidity risk management of the company. The Company has established proper liquidity risk management framework to cope with the short-term, intermediate-term and long-term fundraising and management requirement for liquidity. The company maintains adequate bank financing line, borrowing promise, continuous supervisory forecast, and real cash flow, and plans the settlement of liability for managing liquidity risk from financial assets of similar maturity date. As of December 31, 2018 and 2017, the unused amount for the company is NTD 412,864,000 and 384,711,000.

28 ‧ Transactions of related parties

The company's deals with other related parties are as follows:

(I) Names of related parties and their relationships with the Company

<u>Names of related parties</u>	<u>Relationship with the merged company</u>
Hsieh, Hsio-Chu	Management
HAWAII FURNISHING PTE LTD.	Other related party
Yihsin Inc.	Other related party
HOUSE OF TEAK (CENTRAL) PTD LTD.	Other related party

(II) Operating income

<u>I t e m</u>	<u>Name of the related party</u>	<u>2018</u>	<u>2017</u>
Sales revenue	Other related party		
	HOUSE OF TEAK (CENTRAL) PTD LTD.	\$ 391	\$ -
	HAWAII FURNISHING PTE LTD.	-	<u>1,138</u>
		<u>\$ 391</u>	<u>\$ 1,138</u>

The company adjusts the sales price according to the market price to the affiliated party, which payment criteria do not show material discretion from the average clients.

(III) Cost of goods sold

<u>Name of the related party</u>	<u>2018</u>	<u>2017</u>
Other related party / HAWAII FURNISHING PTE LTD.	<u>\$ 28,901</u>	<u>\$ 29,372</u>

The company signed contract for the brand licensing and services of "Scanteak" with HAWAII FURNISHING PTE LTD. on April 1, 2010. The monthly payable royalty and service fees are calculated as 1%~3% of monthly net income value, under the costs account sales.

(IV) Rental

<u>Name of the related party</u>	<u>2018</u>	<u>2017</u>
Management/Hsieh, Hsio-Chu	\$ 1,056	\$ 1,056
Other related party /Yihsin Inc.	<u>2,448</u>	<u>2,448</u>
	<u>\$ 3,504</u>	<u>\$ 3,504</u>

<u>2018</u>				
<u>Renter</u>	<u>Object</u>	<u>Term</u>	<u>Method</u>	<u>Rental</u>
Management	Tofen Br.	105.05.01~ 110.04.30	By month, pay on 1 st day of the month	\$ 1,056
Other related party	Wenchan Br.	103.11.01~ 108.10.31	By month, pay on 1 st day of the month	2,448

<u>2017</u>				
<u>Renter</u>	<u>Object</u>	<u>Term</u>	<u>Method</u>	<u>Rental</u>
Management	Tofen Br.	105.05.01~ 110.04.30	By month, pay on 1 st day of the month	\$ 1,056
Other related party	Wenchan Br.	103.11.01~ 108.10.31	By month, pay on 1 st day of the month	2,448

The price is as the contractual obligations.

(V) Refundable deposits (as Non-current assets)

<u>Name of the related party</u>	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Management/Hsieh, Hsio-Chu	\$ 105	\$ 105
Other related party/Yihsin Inc.	<u>390</u>	<u>390</u>
	<u>\$ 495</u>	<u>\$ 495</u>

(VI) Management remuneration

	<u>2018</u>	<u>2017</u>
Short term benefit	\$ 14,821	\$ 14,382
Pension	<u>108</u>	<u>108</u>
	<u>\$ 14,929</u>	<u>\$ 14,490</u>

The remuneration of directors and Management shall be determined by performance and market standard.

29、 Pledged assets

The pledged assets are as follows:

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Deposit (Other current assets)	\$ 4,015	\$ 4,012
Land	534,164	534,164
Building	<u>170,824</u>	<u>180,428</u>
	<u>\$ 709,003</u>	<u>\$ 718,604</u>

30、 Major liabilities or unrecognized contractual obligations

As of the Statement of Financial Position date, the major liabilities of the Company are as follows:

Commitment

(I) The guaranteed notes issued by the Company are as follows:

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
Guaranteed Note	<u>\$230,000</u>	<u>\$239,520</u>

(II) The LC (unused) purchased by the Company are as follows:

Unit: Foreign Currency/1,000 dollars

	<u>Dec.31,2018</u>	<u>Dec.31,2017</u>
USD	\$ 1,948	\$ 3,173
SGD	299	425
Euro	16	25

(3) The company signed contract for the brand licensing and services of "Scanteak" with HAWAII FURNISHING PTE LTD. on April 1, 2010. The company shall pay 1%~3% of royalty from the net sales, which agreement shall expire in 2040. The 2018 and 2017 royalty expense (selling cost on book) are 28,901,000 and 29,372,000.

(4) As of December 31, 2017 and December 31, 2016, the company signed agreement in 38,095,000 and 1,173,000 to repair the plant. The unpaid amounts are 7,619,000 and 0.

31. Foreign Currency Assets and Liability Information with Material Influence

The following information refers to the total expression of foreign currency other than the functional currency, which exchange rate disclosed under the foreign exchange from foreign currency conversion to functional currency.

The foreign currency asset and liability with material influence is described below:

Unit: Foreign currency/TWD 1,000 dollars

Dec.31,2018

<u>A s s e t s</u>	<u>F o r e i g n</u> <u>C u r r e n c y</u>	<u>R</u> <u>a</u> <u>t</u> <u>e</u>	<u>A m o u n t</u>
<u>Item</u>			
USD	\$ 14,341	30.86 (USD : TWD)	\$ 443
SGD	37,874	22.11 (SGD : TWD)	838
Yen	13,201	0.33 (Yen : TWD)	4
HKD	9,600	3.81 (HKD : TWD)	36
RMB	18,268	4.92 (RMB : TWD)	90
			<u>\$ 1,411</u>
 <u>Liabilities</u>			
<u>Item</u>			
USD	493,221	30.91 (USD : TWD)	\$ 15,248
SGD	120,082	22.56 (SGD : TWD)	2,709
Euro	1,771	35.77 (Euro : TWD)	63
			<u>\$ 18,020</u>

Dec.31,2017

<u>A s s e t s</u>	<u>F o r e i g n</u> <u>C u r r e n c y</u>	<u>R</u> <u>a</u> <u>t</u> <u>e</u>	<u>A m o u n t</u>
<u>Item</u>			
USD	\$ 592	30.21 (USD : TWD)	\$ 18
SGD	49,371	22.11 (SGD : TWD)	1,091
Yen	13,201	0.33 (Yen : TWD)	4
HKD	9,597	3.81 (HKD : TWD)	37
RMB	18,212	4.92 (RMB : TWD)	90
			<u>\$ 1,240</u>
 <u>Liabilities</u>			
<u>Item</u>			
USD	658,132	30.04 (USD : TWD)	\$ 19,771
SGD	89,802	22.37 (SGD : TWD)	2,009
Euro	87,097	35.59 (Euro : TWD)	3,100
			<u>\$ 24,880</u>

The company mostly bear the exchange risk of foreign currency for USD and Singapore. The following information is expressed in functional currency with foreign currency individuals. The exchange rate disclosed refers to the exchange rate for functional currency exchange to expressed currency. The foreign exchange loss/profits with material influence are realized and unrealized below:

Currency	2018		2017	
	Exchange Rate	Exchange Profit	Exchange Rate	Exchange loss
TWD	1.000 (TWD : TWD)	\$ 350	1.000 (TWD : TWD)	\$ 1,938

32、 Disclosure items within the notes

(I) Information on important transactions and (II) information on re-investment businesses:

1. Lending of capital to other people: none.
2. Endorsement: none
3. Securities possessing status by the end of the term: none
4. Accumulated buying or selling the same negotiable securities for more than NT\$0.3 billion or more than 20% of the paid-in capital amount: none.
5. Acquiring real estate for more than NT\$0.3 billion or more than 20% of paid-in capital amount: none.
6. The sales amount of the real estate more than NT\$0.3 billion or above 20% of the paid-in capital: none.
7. The amount of purchasing and selling good to the related parties achieves NT\$0.1 billion or more than 20% of the paid-in capital: none.
8. Accounts receivable from the related parties achieve NT\$0.1 billion or more than 20% of the paid-in capital: none.
9. Involving derivative instrument transaction: Note 7 and 14.
10. Others: business relationship between parent and subsidiary companies and among each subsidiary company as well as the important transaction status and amount: none.
11. Information of Investee Company: none.

(III) Information of Investee Company in China: none.

33 、 Department Details

Provides information to key operational decision makers on the allocation of resources and evaluation of departmental performance, focusing on the types of products or services that are delivered or provided. The company's business is concentrated in furniture, bedding, kitchen utensils and installation products sales business, and should not report on the operating department.

§IMPORTANT LISTS §

<u>I</u>	<u>T</u>	<u>E</u>	<u>M</u>	<u>N</u>	<u>O</u>	<u>.</u>
Asset 、 Liabilities and equity List						
					List 01	
					List 02	
					List 03	
					List 04	
					List 05	
					List 06	
					List 07	
					List 08	
					List 09	
					List 10	
					List 11	
Gain and loss List						
					List 12	
					List 13	
					List 14	
					List 15	
					List 16	

Scan-D Corporation
Cash and cash equivalent List
Dec.31,2018

List 1

Unit: 1,000 dollars

<u>I t e m</u>	<u>S u m m a r y</u>	<u>A m o u n t</u>
Cash		\$ 2,888
Working Capital		50
Demand deposit		74,738
Checking Deposits		957
Foreign Currency Deposits	USD 14,341dollars @30.86 、 Singapore dollars 37,874 元 @22.11	<u>1,411</u>
		<u>\$ 80,044</u>

Scan-D Corporation
Accounts Receivable List
Dec.31,2018

List 2

Unit: 1,000 dollars

I t e m	S u m m a r y	A m o u n t
Testrite Inc.	Payment of Goods	\$ 43,598
NCCC	Payment of Goods	9,942
TONGCHEN DEVELOPMENT	Payment of Goods	7,663
SHINKONG MITSUKOSHI	Payment of Goods	7,610
Cathay United Bank	Payment of Goods	6,543
Others (Note)		<u>4,372</u>
		79,728
Deduction: Allowance prepared for loss		(<u>479</u>)
		<u>\$ 79,249</u>

Note: Amount for each item is not exceeding 5% of the balance of the subject.

Scan-D Corporation

Stock List

Dec.31,2018

List 3

Unit: 1,000 dollars

<u>I</u> <u>t</u> <u>e</u> <u>m</u>	<u>C</u> <u>o</u> <u>s</u> <u>t</u>	<u>V</u> <u>a</u> <u>l</u> <u>u</u> <u>e</u>
Commodity	\$491,601	\$951,954
In-transit inventory	<u>17,242</u>	<u>17,242</u>
	<u>\$508,843</u>	<u>\$969,196</u>

Note: Calculated based on net worth.

Scan-D Corporation
 Payments in advance List

Dec.31,2018

List 4

Unit: 1,000 dollars

I t e m	S u m m a r y	A m o u n t
Prepaid rent	Branch Rental	\$ 20,893
Premium prepaid	Insurance	967
Other prepaid payment	Commercial and utility	1,251
Advance payment		4,202
Others	Inventory	<u>1,965</u>
		<u>\$ 29,278</u>

Scan-D Corporation
 Other current assets List
 Dec.31,2018

List 5

Unit: 1,000 dollars

<u>I</u> <u>t</u> <u>e</u> <u>m</u>	<u>S</u> <u>u</u> <u>m</u> <u>m</u> <u>a</u> <u>r</u> <u>y</u>	<u>A</u> <u>m</u> <u>o</u> <u>u</u> <u>n</u> <u>t</u>
Temporary payments	Decoration cost	\$ 221
Other Financial assets-current Deposit		4,015
Others	Borrowing to employee	<u>35</u>
		<u>\$ 4,271</u>

Scan-D Corporation
 Other Non-current assets List
 Dec.31,2018

List 6

Unit: 1,000 dollars

<u>I</u> <u>t</u> <u>e</u> <u>m</u>	<u>S u m m a r y</u>	<u>A m o u n t</u>
Equipment payment	Plant Refinement	\$ 30,476
Refundable deposits	Branch Warranty Bond	<u>49,861</u>
		<u>\$ 80,337</u>

Scan-D Corporation
Notes payable List
Dec.31,2018

List 7

Unit: 1,000 dollars

I t e m	S u m m a r y	A m o u n t
Hsin Ge	Payment of Goods	\$ 4,356
Tsenghon Inc.	Warehousing	2,860
Chaofen Corp.	Branch rental	1,925
Yun Shi Ton	Payment of Goods	1,680
Others (Note)		<u>21,909</u>
		<u>\$ 32,730</u>

Note: Amount for each item is not exceeding 5% of the balance of the subject.

Scan-D Corporation
Accounts payable List
Dec.31,2018

List 8

Unit: 1,000 dollars

I t e m	S u m m a r y	A m o u n t
Hsin Don Shen	Payment for goods	\$ 1,330
Others (Note)	Payment for goods	6,859
Expected Accounts payable	In-transit inventory	<u>15,217</u>
Total		<u>\$ 23,406</u>

Note: Amount for each item is not exceeding 5% of the balance of the subject.

Scan-D Corporation
Other accounts payable List
Dec.31,2018

ListIX

Unit: 1,000 dollars

<u>I t e m</u>	<u>S u m m a r y</u>	<u>A m o u n t</u>
Other accounts payable	Salaries	\$ 13,169
	Compensation	12,567
	Annual Bonus Payable	10,441
	Performance Bonus	6,775
	Pay for labor and health insurance	6,690
	Paying for advertising	5,568
	Paying for transportation fee	5,123
	Paying for annual leave	3,853
	Business tax	3,780
	Payables on equipment	3,533
	Others (Note)	<u>6,898</u>
		<u>\$ 78,397</u>

Note: Amount for each item is not exceeding 5% of the balance of the subject.

Scan-D Corporation
 Advance Receipts 及 Other current liabilities List

Dec.31,2018

List 10

Unit: 1,000 dollars

I t e m	S u m m a r y	A m o u n t
Advance Receipts	Plant Refinement Payment	\$ 22,425
Agency receipt	Withholding tax and premium	3,554
Temporary receipt	Overcharge	<u>121</u>
		<u>\$ 26,100</u>

Scan-D Corporation
 Long-term loan List
 Dec.31,2018

Unit: 1,000 dollars

List 11

C r e d i t o r	D	u	e	R e p a y m e n t	R a t e (%)	I n o n e y e a r	O v e r o n e y e a r	T o t a l	G u a r a n t e e d
Taiwan Business Bank Co., Ltd.	102.06.27-117.06.27			Refer to Note 13	1.82	\$ 5,518	\$ 46,900	\$ 52,418	Note 29

Scan-D Corporation
 Operating income List
 Dec.31,2018

List 12

Unit: 1,000 dollars

I t e m	S u m m a r y	A m o u n t
Sales revenue		
Living room		\$ 498,860
Restaurant		286,289
Bedroom		719,312
Mattress		<u>185,310</u>
Sales revenue		1,689,771
 Other operating revenue	 Revenue from floor laying	 <u>13,917</u>
		 <u><u>\$ 1,703,688</u></u>

Scan-D Corporation
 Operating cost List
 Dec.31,2018

List 13

Unit: 1,000 dollars

I t e m	A m o u n t
Cost of goods sold	
Commodity	\$464,741
Add : Newly purchased	694,598
Deduction: At the end of the term	(508,843)
Impairment	(1,158)
Scrapped	(915)
Transfer to Operating expenses	(<u>3,068</u>)
Sales Cost	<u>645,355</u>
Add : Impairment	1,158
Scrapped	915
Loyalty	28,901
Labor	<u>4,424</u>
Cost of goods sold	680,753
 Warehouse cost	
Salary	24,339
Rental	8,873
Depreciation	13,358
Amortization	19
Transportation	6,235
Others	<u>15,377</u>
Warehouse	68,201
 Other Operating cost	 <u>10,482</u>
 Operating cost	 <u><u>\$759,436</u></u>

Scan-D Corporation
Operating expenses List
Dec.31,2018

List 14

Unit: 1,000 dollars

I t e m	M a r k e t i n g e x p e n s e s	A d m i n i s t r a t i o n e x p e n s e s	T o t a l
Salary	\$ 173,169	\$ 47,075	\$ 220,244
Insurance	19,272	3,202	22,474
Pension	10,870	1,372	12,242
Rental	242,280	1,712	243,992
Transportation	59,227	199	59,426
Utility	20,939	-	20,939
Commercial	35,852	87	35,939
Depreciation	24,431	1,028	25,459
Amortization	1,115	66	1,181
Others (Note)	<u>80,150</u>	<u>20,125</u>	<u>100,275</u>
	<u>\$ 667,305</u>	<u>\$ 74,866</u>	<u>\$ 742,171</u>

Note: Amount for each item is not exceeding 5% of the balance of the subject.

Scan-D Corporation
 Other income List
 Dec.31,2018

List 15

Unit: 1,000 dollars

I t e m	S u m m a r y	A m o u n t
Interest income	Deposit interest	\$ 249
Other income	Penalty income	2,875
	Sponsor	668
	Insurance coverage	1,621
	Others (Note)	7,402
Rental income	HOLA leasing	<u>1,407</u>
		<u>\$ 14,222</u>

Note: Amount for each item is not exceeding 5% of the balance of the subject.

Scan-D Corporation

Employee Benefits and Amortization Fee List

From Jan.1, 2018 to Dec.31, 2018

Unit: NT\$1,000

List 16

	2018			2017		
	Operating C o s t	Operating E x p e n s e s	T o t a l	Operating C o s t	Operating E x p e n s e s	T o t a l
Benefits						
Salary	\$ 24,339	\$218,236	\$242,575	\$ 25,284	\$218,984	\$244,268
Insurance	2,822	22,474	25,296	2,758	19,591	22,349
Pension	1,252	12,242	13,494	1,308	10,004	11,312
Director's compensation	-	2,008	2,008	-	2,824	2,824
Other benefit	<u>1,501</u>	<u>12,175</u>	<u>13,676</u>	<u>1,614</u>	<u>10,901</u>	<u>12,515</u>
Total benefit	<u>\$ 29,914</u>	<u>\$267,135</u>	<u>\$297,049</u>	<u>\$ 30,964</u>	<u>\$262,304</u>	<u>\$293,268</u>
Depreciation expense	<u>\$ 13,358</u>	<u>\$ 25,459</u>	<u>\$ 38,817</u>	<u>\$ 14,078</u>	<u>\$ 28,541</u>	<u>\$ 42,619</u>
Amortization fee	<u>\$ 19</u>	<u>\$ 1,181</u>	<u>\$ 1,200</u>	<u>\$ 15</u>	<u>\$ 932</u>	<u>\$ 947</u>

As of 2018 and Dec.31,2017, the number of employees in the company was 466 and 416 respectively, and the number of directors who did not also serve as employees was 3, and the basis for calculation was consistent with the cost of employee benefits.

© Thanks for your participation ©

We are looking forward to your opinion.

SCAN-D CORPORATION

Chairperson Lim, Pok-Chin



feel at home.

詩 肯 柚 木