Stock code: 6195

2020 Annual Report

SCAN-D CORPORATION

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

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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.

I、Spokesperson

Name：Ho, San-Chuang
Title：Finance/Accounting Chief
TEL：(03) 318-0555
E-mail：tommyho@scanteak.com.tw

Deputy Spokesperson：Hsu, Chia-Chieh
Title：Finance Manager
TEL：(03) 318-0555
E-mail：grace@scanteak.com.tw

II、Headquarters, Branches and Plant

Address： No.69, Dinhu 1 St., Gueishan Dist., Taoyuan City
TEL：(03) 318-0555
Please refer to the statement for further information.

III、Stock Transfer Agent

Name：KGI Securities
Address：5F., No.2, Chongqin S. Rd., Taipei City
Website：http://www.gcsc.com.tw
TEL：(02) 2389-2999

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

Auditors：Chen, Hui -Min、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 of all, I would like to thank all shareholders for attending the Company's general shareholders meeting. Last year, Scan-D has officially entered the group strategic layout of the Asian furniture market, acquiring Taiwan ’s second-largest furniture retailer “NOVA” with NT$228 million. It was the first M&A of Scan-D since its establishment over 27 years. Although the revenue growth has not been a problem after consolidating the revenue in Scan-D Group, external factors such as the US-China trade war and annuity reform has resulted in a more conservative consumption pattern, the revenue of Taiwan Scan-D thereby declined compared to 2018. Looking forward to the business this year, the epidemic in Wuhan may have a short-term impact on domestic consumption in the first quarter, and the US-China trade war is showing signs of easing. After the Taiwan election has ended, as the political and economic situation returns to stability, Taiwan consumers should be able to move away from the conservative consumption model. In addition, as the Taiwan housing market began to recover, Taiwan market operation should be able to improve significantly compared to last year. Among the three major brands of Scan-D Group, Scan Living will be the brand with the greatest growth momentum and will be the main force of the exhibition stores. Scanteak has entered the mature stage of the brand, the pace of store optimization will continue to move forward. The first brand flagship store has been launched in the Neihu frontline in November last year. In addition, dual-brand group stores will also be launched one after another this year. In addition to establishing landmarks that symbolize the leading brand, the Group's advantage will also be better utilized. Sleep Gallery will specialize in special counters in department stores, establishing a clear direction as a high-end bedding brand. As of the end of 2019, the number of Scan-D Group branches reached 128 branches (including 81 Scanteak branches, 40 Scan Living branches and 7 Sleep Gallery branches), maintaining its position as the largest furniture chain store in Taiwan. In 2019, the Company's total revenue reached NT$1,828 billion, representing an annual increase of 7.33%; net profit after tax was NT$103 million, representing an annual decrease of 38.09%. The 2019 operation results and 2020 business plan are reported as follows:

I、2019 Business Report

(I)Result of business plan:

Unit: TWD 1000 dollars

Year / Subject	2019	2018	Increase	Ratio (%)
Operating income	1,828,643	1,703,688	124,955	7.33%
Operating margin	1,004,836	944,252	60,584	6.42%
Operating expenses	888,078	742,171	145,907	19.66%
Business Benefits	116,758	202,081	(85,323)	(42.22)%
Operating foreign Receipts (branch)	22,303	9,762	12,541	128.47%
Net profit (loss) before tax	139,061	211,843	(72,782)	(34.36)%
Net profit after tax (loss)	103,744	167,570	(63,826)	(38.09)%

(II)Budget performance：NA

(III) Analysis of financial income and expenditure and profitability

Unit: 1000 dollars

<table>
<tr><th colspan="3">Year / Subject</th><th>2019</th><th>2018</th><th>Increase %</th></tr>
<tr><td rowspan="5">Financial Status</td><td colspan="2">Operating income</td><td>1,828,643</td><td>1,703,688</td><td>7.33%</td></tr>
<tr><td colspan="2">Operating margin</td><td>1,004,836</td><td>944,252</td><td>6.42%</td></tr>
<tr><td colspan="2">Interest income</td><td>1,873</td><td>249</td><td>652.21%</td></tr>
<tr><td colspan="2">Interest expense</td><td>19,077</td><td>3,398</td><td>461.42%</td></tr>
<tr><td colspan="2">After-tax pure benefit</td><td>103,744</td><td>167,570</td><td>(38.09)%</td></tr>
<tr><td rowspan="6">Profit</td><td colspan="2">Rate of return on assets (%)</td><td>5.60</td><td>10.88</td><td>(48.53)%</td></tr>
<tr><td colspan="2">Rate of return on shareholder equity (%)</td><td>10.11</td><td>16.58</td><td>(39.02)%</td></tr>
<tr><td rowspan="2">Paid-in ratio(%)</td><td>Operating</td><td>25.31</td><td>43.80</td><td>(42.21)%</td></tr>
<tr><td>Pretax</td><td>30.14</td><td>45.92</td><td>(34.36)%</td></tr>
<tr><td colspan="2">Pure benefit rate (%)</td><td>5.67</td><td>9.84</td><td>(42.38)%</td></tr>
<tr><td colspan="2">Surplus per share (pure loss) (yuan)</td><td>2.25</td><td>3.67</td><td>(38.69)%</td></tr>
</table>

(IV) Research and development: Not applicable.

II、Summary of 2020 Business Plan

(I) Business strategy:

1. Planned to establish 10 business locations in 2020.
2. Continue to increase the number of dual-brand group stores and expand the market to improve overall efficiency.
3. Make good use of channel advantages of being an international furniture and boutique agency, implement a multi-brand strategic operation.
4. Utilize the information system to strengthen purchasing accuracy and optimize inventory management.

(II) Estimated Sales Volume and its Basis:

In the coming year, the Company will continue to establish more locations and expand the scale of operations. The revenue is expected to grow continuously in the coming year.

(III) 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, comfortable and 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 condition and future development direction. Scan-D will continue to uphold the business philosophy since its establishment "innovation, harmony, pragmatic, speed" and move towards corporate sustainable management. We also hope that our shareholders will continue to show support and encouragement. All employees of Scan-D shall try their best in achieving outstanding performance.

Lastly, I wish you health and all the best. Good health

Regards

II、Company Profile

I、Date of Incorporation: Oct.9, 1995

II、Company History

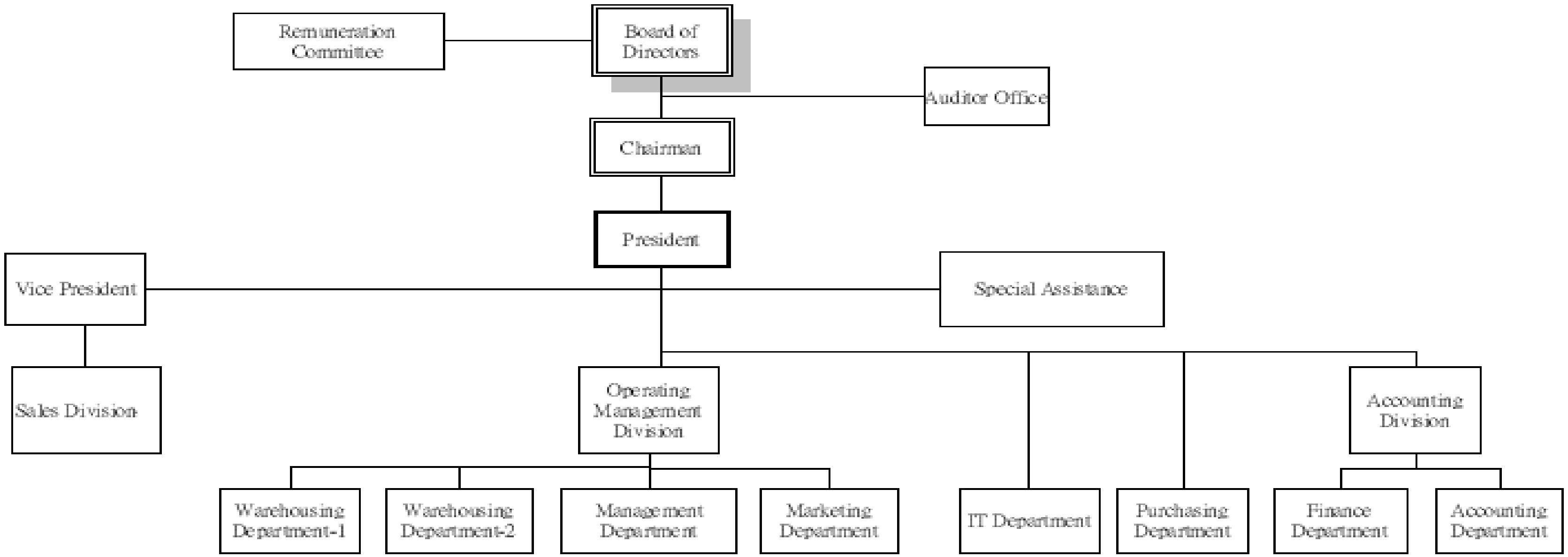
October 1995	The company was approved for establishing registeration, the name of the company was set as Xuchan Eletronics , the registered capital amount was NT$ 50 million, the paid-in capital amount was NT$ 20 million. It maily operated Integrated circuit, research and development, design and transaction 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 22nd 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.
May, 2019	Acquired Singapore's second-largest furniture retailer, Nova Furnishing Holdings Pte. Ltd.

III、 Corporate Governance Report

I、Organization System

（I）Organizational Chart



（II）Major Corporate Functions

Department	Main Operations
General Manager	①Proposes 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. ②Controls 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. ③Supervises and tracks the target of every operating performance management, leads the group to achieve the company goal. ④Promotes 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, ⑤Organizes, 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	①Responsible 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. ②Assesses the integrity, rationality and the execution effectiveness of every department of the company's internal control system ③Assists and promotes the self-assessed operations of relevant internal control execution of every department. ④Submits the audit report and tracks the improvement effectiveness.
Operating Office	Mainly responsible for selling furniture products: ①Implements relevant activities details that corresponds with the operating target and annual action play to achieve medium and long-term strategic programs. ②The execution of relevant personnel management in sale area, after-sale services, and educational training. ③The receipt of the customer's order, the contact of the shipment, the collection of accounts, etc.
Warehouse Department	①Classification of merchandises, delivery, receiving, inventory management and storage space planning. ②Manages commodity allocation, pumping, and regular inventory operations to improve existing warehouse management issues and improve operational efficiency. ③Out-going products quality examination and maintenance, improve product quality or customized products according to the customer needs. ④The company's merchandise shipment process controls operations.
Procurement Department	①Executes the procurement operations in accordance with the sale plan, dealing with problems of the import and export, lost items, or delay of the products. ②Improve the quality of products and the order arrived rate, engages in the new product examination operations, improve the control operation of yield. ③Collects and evaluates the suppliers, establishes, updates their information. ④Sets the standard of safe stock of the company and control the inventory of the products, reducing the costs of inventory of the company. ⑤Responsible for the request of cash of payable payment of the suppliers.
Marketing Department	①Plans the marketing activities and branding strategies of corresponding with the company's development and increasing the satisfaction of the customers. ②Engages 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. ③Product distribution process management, establishment of marketing channel network analysis, and development of marketing channel strategy ④Manages and maintains the company's product website. ⑤Plans the marketing activities and projects.
Management	①The establishment and management of HR systems such as manpower planning, recruitment,

Department	appointment, assessment, and promotion of the company. ②Plans, designs, and manages the company's remuneration system, business trip, insurance, and welfare matters. ③The plan, system establishment and execution of the company's educational training and human resource development. ④Plans and promotes the company's corporate culture and employee relations. ⑤Plans, manages, and implements the company's environmental, safety and health issues. ⑥The procurement and management of fixed assets, contract management of general affairs projects, the procurement of facilities. ⑦Assists in handling legal cases and related legal matters. ⑧Management tasks such as document numbering, issuance, recycling, and storage.
Information Department	①Plans and executes the deleptonization policy of the company, overall distribute the company's information and facility resources. ②The assessment, importation, and maintenance of the relevant application system of ERP. ③Assists 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. ④Manages the group development and operating of the information department. ⑤Information security crisis handling standards.
Finance and Accounting Department	①Responsible 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. ②Proposes the strategies of investment, merger, acquisition of the company's growth. ③Financial statement preparation and budget management, operational effectiveness analysis, for determination unit management, and policy establishment. ④Establishes, assess and implements the accounting system. ⑤Various tax planning and reporting. ⑥Regular announcement or declaration of financial situation. ⑦Comprehensively handle the matters of every services.

II、Directors, Supervisors and Management Team

（I）（1）Directors and Supervisors

Apr.19, 2020；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			Remarks（Note 4）
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairperson	BVI NOBLE LINK MANAGEMENT LTD.		BVI	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	Note 4
	Representative: Lim, Pok-Chin	M	Singapore	106/06/22	3	99/06/25	0	0	0	0	0	0	6,250,365	13.55%	Hawaii Furnishing Pte Ltd Chairperson St. Joseph's Anglo-Chinese School	The Company：GM Other Company：Hawaii Furnishing Pte Ltd Chairperson YiCHia Investment Chairperson Redwood Interior Pte Ltd Director JieBiShen Holding Director	Director	LIM, JIE-REN	First degree of kinship	Note 4
Director	Neo, Khay-Pin	M	Singapore	106/06/22	3	99/06/25	0	0	0	0	0	0	108,000	0.23%	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	None
Director	Lim, Jie-Ren	M	Singapore	106/06/22	3	100/06/22	0	0	0	0	54	0%	2,028,200	4.40%	Hawaii Furnishing Pte Ltd Counsultant Hawaii Furnishing Japan President University of Michigan Ross School of Business -MBA	The Company：GM Assistant Other Company：Hawaii Furnishing Pte Ltd Counsultant Hawaii Furnishing Japan President Zipguntiger Investment Director Mobler Japan President	Chairperson	Lim, Pok-Chin	First degree of kinship	None
Independent Director	Chen, Chung-Cheng	M	ROC	106/06/22	3	100/06/22	0	0	0	0	0	0	0	0	Yonghuei 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 JieBiShen Holding Independent Director ANXO Biotech. Independent Director	None	None	None	None
Independent Director	Wang, Chia-Cheng	M	ROC	106/06/22	3	106/06/22	220,500	0.53%	83,525	0.18%	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	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	None

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			Remarks (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
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 director。 NAID ROC supervisor。 NAID ROC member rep. NSYU 2th EMBA	Heli Co., Ltd. Chairperson	None	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	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.
Note 4: If the positions of Chairman and general manager or equivalent titles (senior manager) are held by the same person, spouses or first degree of kinship, the reason, rationality, necessity, and countermeasures shall be explained.
(1) The Chairman holds the position of general manager of the Company: It is because the Chairman has been working in the furniture market for more than 40 years, familiar with the various channels and brand management, and has a deep understanding of the changes and trends of the furniture industry, which can improve operating efficiency and decision-making.
(2) The Company's countermeasures: In addition to actively training the general manager to be suitable candidates, the Company will establish an audit committee in accordance with the provisions of the Securities and Exchange Act when the term of office of directors and supervisors expires this year, so as to increase the number of independent directors, enhance the functions of the Board of Directors and strengthen the supervisory function of the Board of Directors.

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

Apr.19, 2020

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.
Note 3: For corporate shareholders who are not under the organization of the Company, the name and shareholding of the shareholders shall be disclosed (i.e. name of the investor or donor and their investment or donation ratio).

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

Apr.19, 2020

Criteria / Name (Note 1)	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
	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	Have 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	9	10	11	12	
Chairperson BVI NOBLE LINK MANAGEMENT LTD. Representative: Lim, Pok-Chin			V		V							V		V		0
Director Neo, Khay-Pin			V	V	V	V	V	V	V	V	V	V	V			0
Director LIM, JIE-REN			V	V	V			V	V	V		V		V	V	0
Independent Director Chen, Chung-Cheng		V	V	V	V	V	V	V	V	V	V	V	V	V	V	2
Independent Director Wang, Jia-Chen			V	V	V	V	V	V	V	V	V	V	V	V	V	1
Supervisor Lee,Shin-Mo			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Supervisor Wang, I-Yao			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Supervisor Liu, Chi-Hon			V	V	V	V	V	V	V	V	V	V	V	V	V	0

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

Note 2: For directors or supervisors who meet any of the following situations during the two years before and during their term of office, please tick the appropriate boxes under each condition code.

(1) Not an employee of the Company or its affiliated companies.

(2) Not a director or supervisor of the Company or its affiliated companies (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(3) Not a natural-person shareholder who holds, together with those held by the spouse, minor children, or under others' names, more than 1% of the total issued shares of the Company, or who is a top 10 shareholder.

(4) Not a manager mentioned in paragraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of any persons mentioned in paragraph (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a top 5 shareholder, or a director or supervisor representative appointed by the Company in accordance with paragraph 1 or 2, Article 27 of the Company Act (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(6) Not a director, supervisor, or employee of another company that the majority of its directors or the shares with voting rights are controlled by the same person (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(7) Not a director, supervisor, or employee of another company or an institution who is concurrently a chairman, general manager, or equivalent position of the Company or a spouse thereof (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations)

(8) Not a director, supervisor, manager, 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 (excluding specified companies or institutions holding more than 20% but less than 50% of the total issued shares of the Company, and independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(9) Not a professional individual who is an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution, or a spouse thereof, that provides commercial, legal, financial, accounting services or consultation to the Company or its affiliated companies, or those made an accumulated profit of less than NT$500,00 over the last 2 years. However, members of the remuneration committee, public acquisition and review committee, or merger and acquisition special committee who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act are excluded.

(10) None of the directors are a spouse or a relative within the second degree of kinship.

(11) None of the circumstances in the paragraphs of Article 30 of the Company Act applies.

(12) None of the people is elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act

（II）Management Team

Apr.19, 2020

Title （Note 1）	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education） （Note 2）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks（Note 3）
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	Singapore	Lim, Pok-Chin	M	99/04/06	0	0	0	0	6,250,365	13.55%	Hawaii Furnishing Pte Chairperson St. Joseph's Anglo-Chinese School	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	
Chief Operating Officer	ROC	Yu, Hung-Wu	M	108/06/04	153,000	0.33%	177,000	0.38%	0	0	IF CASA Chairman EMBA, NTU	General Manager at Deli Bed Co., Ltd.	None	None	None	
Assistant Manager	ROC	Liao, I-Chen	F	109/03/10	28,105	0.06%	0	0	0	0	Green Forest Co., Ltd. Manager Department of Data Processing, Shu Jen High School of Home Economics & Commerce	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: If the positions of the general manager or equivalent titles (senior manager) and the Chairman are held by the same person, spouses or first degree of kinship, the reason, rationality, necessity, and countermeasures shall be explained.

(1) The Chairman holds the position of general manager of the Company: It is because the Chairman has been working in the furniture market for more than 40 years, familiar with the various channels and brand management, and has a deep understanding of the changes and trends of the furniture industry, which can improve operating efficiency and decision-making.

(2) The Company's countermeasures: In addition to actively training the general manager to be suitable candidates, the Company will establish an audit committee in accordance with the provisions of the Securities and Exchange Act when the term of office of directors and supervisors expires this year, so as to increase the number of independent directors, enhance the functions of the Board of Directors and strengthen the supervisory function of the Board of Directors.

Note 4: Mr. Yu, Hung-Wu took up the post of Chief Operating Officer of the Company on June 4, 2019.

Note 5: Ms. Liao,I-Chen served as an Assistant Manager of the company on March 10, 2020.

III、Remuneration of Directors, Supervisors, President, and Vice President

(I) Remuneration of Directors

Apr.19, 2020 ； Unit: NT$ thousands

Title (Note1)	Name	Remuneration: Base Compensation (A) (Note2): The company	Remuneration: Base Compensation (A) (Note2): All companies in the consolidated financial statements (Note 7)	Remuneration: Severance Pay (B): The company	Remuneration: Severance Pay (B): Companies in the consolidated financial statements (Note 7)	Remuneration: Bonus to (C) (Note 3): The company	Remuneration: Bonus to (C) (Note 3): Companies in the consolidated financial statements (Note 7)	Remuneration: Base Compensation (D) (Note 4): The company	Remuneration: Base Compensation (D) (Note 4): Companies in the consolidated financial statements (Note 7)	Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10): The company	Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10): Companies in the consolidated financial statements (Note 7)	Relevant Remuneration Received by Directors Who are Also Employees: Salary, Bonuses, and Allowances (E) (Note 5): The company	Salary, Bonuses, and Allowances (E) (Note 5): Companies in the consolidated financial statements (Note 7)	Severance Pay (F): The company	Severance Pay (F): Companies in the consolidated financial statements (Note 7)	Profit Sharing- Employee Bonus (G) (Note 6): The company: Cash	Profit Sharing- Employee Bonus (G): The company: Stock	Profit Sharing- Employee Bonus (G): Companies in the consolidated financial statements (Note 7): Cash	Profit Sharing- Employee Bonus (G): Companies in the consolidated financial statements (Note 7): Stock	Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10): The company	Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10): Companies in the consolidated financial statements (Note7)	Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)
Chairperson	BVI NOBLE LINK MANAGEMENT LTD. Representative: Lim, Pok-Chin	0	0	0	0	1,210	1210	66	66	1.23%	1.23%	10,591	10,591	0	0	2,128	0	2,128	0	13.51%	13.51%	-
General Director	Neo, hay-Pin																					
Director	LIM, IE-REN																					
Independent Director	Chen, ung-Cheng																					
Independent Director	Wang, Chia-Cheng																					

1. Please specify the independent directors' remuneration policy, system, standards, and structure of, and specify the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: the remuneration of independent directors is based on the Articles of Association and the regulations governing the remuneration of directors and supervisors. The remuneration shall submit to the Board meeting for resolution in accordance with the degree of participation and contribution to the Company 's operations with reference to the standard of the industry.
2. In addition to the disclosure in the table above, specify the compensation received by the directors providing services to the company.

Range of Remuneration

Range of Remuneration	Name of Directors: Total of (A+B+C+D): The company（Note 8）	Total of (A+B+C+D): Companies in the consolidated financial statements（Note 9）H	Total of (A+B+C+D+E+F+G): The company（Note 8）	Total of (A+B+C+D+E+F+G): Companies in the consolidated financial statements（Note 9）I
Under NT$ 1,000,000	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$1,000,000 ~ NT$1,999,999				
NT$2,000,000 ~ NT$3,499,999	LIM, JIE-REN	LIM, JIE-REN	LIM, JIE-REN	LIM, JIE-REN
NT$3,500,000 ~ NT$4, 999,999				
NT$5,000,000 ~ NT$9, 999,999				
NT$10,000,000 ~ NT$14, 999,999	Lim, Pok-Chin	Lim, Pok-Chin	Lim, Pok-Chin	Lim, Pok-Chin
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 names of directors should be listed separately (corporate shareholders should list the names and representatives of the corporate shareholders separately). The names of general directors and independent directors should also be listed separately. The amount of each payment should be disclosed in a consolidated manner. A director concurrently serves as a general manager or deputy general manager should fill in this table and Table (3-1) or (3-2) below.
Note 2: Refer to the remuneration paid to directors in the most recent year (including director's salaries, job remuneration, severance, bonuses, and incentives 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: When the aggregate amount of the remuneration paid to the Company's directors from all companies in the consolidated financial statements (including the Company) should be disclosed, the name of the director should also be disclosed in the level in which he/she belongs.
Note 10: Net profit after tax refers to the net profit after tax in the most recent parent company only or individual financial report.
Note 11: a. This field should clearly indicate the amount of remuneration received by the Company 's directors from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").
b. Remuneration received by the Company's directors from a reinvestment business other than a subsidiary or the parent company shall be combined into the field I of the Table of Range of Remuneration, which shall be renamed as "Parent Company and All Reinvestment Business".
c. Remuneration refers to rewards, compensations (including compensation to employees, directors or supervisors) and allowances from professional practice received by the Company's director from a reinvestment business other than a subsidiary or the parent company for their services as a director, supervisor, or manager.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure instead of taxation.

(II) Remuneration of Supervisors

Apr.19, 2020 ； Unit: NT$ thousands

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)（Note 8）		Whether remuneration was received from a reinvestment business other than a subsidiary or from the parent company （Note 9）
		Base Compensation (A) （Note 2）		Bonus to Supervisors (B) （Note 3）		Allowances (C) （Note 4）				
		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	242	242	15	15	0.25%	0.25%	None
Supervisor	Wang, I-Yao	0	0	242	242	15	15	0.25%	0.25%	None
Supervisor	Liu, Chih-Hung	0	0	242	242	15	15	0.25%	0.25%	None

Range of Remuneration

Range of Remuneration	Name of Supervisors	
	Total of (A+B+C)	
	The company（Note 6）	Companies in the consolidated（Note 7）
Under NT$ 1,000,000	Lee,Shin-Mo、Wang, I-Yao、Liu, Chih-Hung	Lee,Shin-Mo、Wang, I-Yao、Liu, Chih-Hung
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ NT$4, 999,999		
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, 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.
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 net profit after tax in the most recent parent company only or individual financial report.
Note 9: a. This field should clearly indicate the amount of remuneration received by the Company 's supervisor from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").
b. Remuneration received by the Company's supervisor from a reinvestment business other than a subsidiary or the parent company shall be combined into the field D of the Table of Range of Remuneration, which shall be renamed as "Parent Company and All reinvestment Business".
c. Remuneration refers to rewards, compensations (including compensation to employees, directors or supervisors) and allowances from professional practice received by the Company's supervisor from a reinvestment business other than a subsidiary or the parent company for their services as a director, supervisor, or manager.

* 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.19, 2020 ； Unit: NT$ thousands

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company		Companies in the consolidated financial statements (Note 5)		The company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General Manager	Lim, Pok-Chin	10,879	10,879	0	0	1,692	1,692	2,528	0	2,528	0	14.58%	14.58%	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 (Note 6)	Companies in the consolidated financial statements (Note 7)
Under NT$ 1,000,000		
NT$1,000,000 ~ NT$1,999,999		
NT$2,000,000 ~ NT$3,499,999		
NT$3,500,000 ~ 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	Lim, Pok-Chin	Lim, Pok-Chin
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 field should clearly indicate the amount of remuneration received by the Company 's general manager or vice general manager from a reinvestment business other than a subsidiary or the parent company (if not, please fill in "none").

b. Remuneration received by the Company's general manager or vice general manager from a reinvestment business other than a subsidiary or the parent company shall be combined into the field E of the Table of Range of Remuneration, which shall be renamed as "Parent Company and All Reinvestment Business".

c. Remuneration refers to rewards, compensations (including compensation to employees, directors or supervisors) and allowances from professional practice received by the Company's general manager or vice general manager from a reinvestment business other than a subsidiary or the parent company for their services as a director, supervisor, or manager.

＊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.31,2019

<table>
<tr><th></th><th>Title
(Note 1)</th><th>Name
(Note 1)</th><th>Employee Bonus - in Stock (Fair Market Value)</th><th>Employee Bonus - in Cash</th><th>Total</th><th>Ratio of Total Amount to Net Income (%)</th></tr>
<tr><td rowspan="6">Manager</td><td>General Manager</td><td>Lim, Pok-Chin</td><td rowspan="6">0</td><td rowspan="6">3,091</td><td rowspan="6">3,091</td><td rowspan="6">2.98%</td></tr>
<tr><td>Vice General Manager</td><td>Hsueh, Hsiu-Chu</td></tr>
<tr><td>Chief Operating Officer</td><td>Yu,Hung-Wu</td></tr>
<tr><td>Assistant Manager</td><td>Liao,I-Chen</td></tr>
<tr><td>CFO</td><td>Ho, San-Chuang</td></tr>
<tr><td>Chief Auditor</td><td>Huang, Shu-Ling</td></tr>
</table>

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. Yu, Hung-Wu took up the post of Chief Operating Officer of the Company on June 4, 2019.

Note 6: Ms. Liao,I-Chen served as an Assistant Manager of the company on March 10, 2020.

(V) 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	2019				2018			
	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	13,995	13.51%	13,995	13.51%	16,841	10.05%	16,841	10.05%
Supervisor	771	0.75%	771	0.75%	1,242	0.75%	1,242	0.75%
GM and Vice GM	15,099	14.58%	15,099	14.58%	17,528	10.46%	17,528	10.46%

(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 6 meetings in 2019 【A】, participating status is as follows：

Title	Name （Note 1）	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】 （Note 2）	Remarks
Chairperson	BVI NOBLE LINK MANAGEMENT LTD. Representative: Lim, Pok-Chin	6	0	100.00%	Extended, re-elected on106/6/22
Director	Neo, Khay-Pin	6	0	100.00%	Extended, re-elected on106/6/22
Director	LIM, JIE-REN	6	0	100.00%	Extended, re-elected on106/6/22
Independent Director	Chen, hung-Cheng	5	1	83.00%	Extended, re-elected on106/6/22
Independent Director	Wang, hia-Cheng	5	1	83.00%	Extended, re-elected on106/6/22
Supervisor	Lee,Shin-Mo	6	0	100.00%	Extended, re-elected on106/6/22
Supervisor	Wang, I-Yao	6	0	100.00%	Extended, re-elected on106/6/22
Supervisor	Liu, Chih-Hung	6	0	100.00%	Extended, re-elected on106/6/22

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.19~20.

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: Refer to P.21.

III、TWSE/TPEx listed companies shall disclose information on the evaluation cycle and period, scope, method, and content of the Board of Director's self (or peer) evaluation, and fill out the status of Board evaluation in Table 2(2).

Ⅳ、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 2019.06.28 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 realize the corporate governance spirit and effectively improve information transparency, the Company discloses Board meeting minutes and corporate internal governance regulations on its website 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. 4、 The Company will establish an audit committee in accordance with the provisions of the Securities and Exchange Act when the term of directors and supervisors expires this year to strengthen corporate governance and management functions. V、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) Refer to P.21~22.。

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 matters resolved by the Board meeting for which independent directors have provided dissenting or qualified opinion.

Date of the meeting	Content of Resolutions and Follow-up Actions	Matters specified in Article 14-3 of Securities and Exchange Act	Dissenting or qualified opinion of the independent director
10th Meeting of the 9th session March 21, 2019	1.The Distribution of the Company's Directors, Supervisors, Managers and Employees Remuneration in 2019.	V	None
	Independent director's opinions: None The Company's response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		
	2.Amendments to the certain provisions of the Company's Regulations Governing the Acquisition and Disposal of Assets.	V	None
	Independent director's opinions: None The Company's response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		
12th Meeting of the 9th session May 9, 2019	1. Amendments to the certain provisions of the Company's Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees.	V	None
	Independent director's opinions: None The Company's response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		
	2.Amendments to the certain provisions of the internal control system and internal audit implementation rules of the Company's "Other Management."	V	None
	Independent director's opinions: None The Company's response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		

Date of the meeting	Content of Resolutions and Follow-up Actions	Matters specified in Article 14-3 of Securities and Exchange Act	Dissenting or qualified opinion of the independent director
15th Meeting of the 9th session November 7, 2019	1. Changed of the Company's CPA from the third quarter of 2019.	V	None
	Independent director's opinions: None The Company’s response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		
	2. Distribution of 2019 year-end bonus of the Company's managers.	V	None
	Independent director's opinions: None The Company’s response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		
16th Meeting of the 9th session March 24, 2020	1. The Distribution of the Company's Directors, Supervisors, Managers and Employees Remuneration in 2019.	V	None
	Independent director's opinions: None The Company’s response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		
	2. Resolution on the establishment of the Company's Regulations for Assessing the CPA Independence and Suitability.	V	None
	Independent director's opinions: None The Company’s response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		
	3. Resolution on the evaluation of the independence and suitability of the Company's CPAs and their appointment.	V	None
	Independent director's opinions: None The Company’s response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		
	4. Amendments to the certain provisions of the Company's Regulations Governing Articles of Association.	V	None
	Independent director's opinions: None The Company’s response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present		
	5. Amendments to the certain provisions of the Company's Regulations Governing Procedure for Shareholder Meetings.	V	None
	Independent director's opinions: None The Company’s response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present		
	6. Amendments to the certain provisions of the Company's Regulations Governingfor Election of Directors and Supervisors is renamed to the Procedures for Election of Directors.	V	None
	Independent director's opinions: None The Company’s response to the opinions from independent directors: None Resolution: Approved by the Chairman with the resolution of all directors present.		

Note 4: Directors abstaining from resolution with conflict of interest

Date of the meeting	Resolution	Directors avoiding conflict of interest, reasons for avoidance and participation in voting
13th Meeting of the 9th session June 20, 2019	The distribution of the Company's directors, supervisors, managers and employees remuneration in 2018.	1. Chairman Lim, serving concurrently as the general manager, is a related party with conflict of interest in this resolution. Therefore, he will abstain from the discussion of this resolution. In addition, director Lim, Jie-Ren will be appointed to act as the acting chairman temporarily for the discussion of the resolution. 2. Approved by the acting chairman Lim, Jie-Ren with the resolution of all directors present.
15th Meeting of the 9th session November 7, 2019	Distribution of 2019 year-end bonus of the Company's managers.	1. As Chairman Lin, serving concurrently as the general manager, is a related party with conflict of interest in this resolution, he will abstain from discussion and voting. In addition, director Wang, Chia-Cheng will be appointed to act as the acting chairman temporarily for the discussion of the resolution. 2. When the director's spouse, relative within the second degree of kinship or a company that has a controlled affiliation with the director is interested, the director shall not participate in the discussion and voting in the Board meeting. As director Lim, Jie-Ren has a conflict of interest in this resolution, he will abstain from discussion and voting. 3. Approved by Mr. Wang, Chia-Cheng, the acting chairman and independent director, with the resolution of all directors present.
16th Meeting of the 9th session March 24, 2020	Resolution on the nomination list of independent director candidates.	1. ndependent director Chen, Chung-Cheng, Wang, Chia-Cheng and member of the Remuneration Committee Hung, Ta-Feng are the independent director candidates and interested in such resolution. Therefore, they shall abstain from the discussion of this resolution to avoid conflicts of interest in accordance with the regulations. This resolution shall be voted and avoided one by one. This resolution, after stakeholders are abstained from voting to avoid conflicts of interest, was approved unanimously by the remaining attending Directors after being consulted by the Chairman.

Note 5: Communication between the independent directors and chief internal auditor

(1) Independent directors provide timely feedback through the monthly audit report provided by the chief internal auditor.

(2) The chief internal auditor reports the audit result at the quarterly Board meetings and has fully communicated the implementation and results of the audit.

(3) Major communication from January 1, 2019 to April 30, 2020 is as follows

Date	Item	Recommendations and Results
10th Meeting of the 9th session March 21, 2019	1. Report on internal audit operations 2. Examination and statement of the effectiveness of the internal control system in 2018	No objections
12th Meeting of the 9th session May 9, 2019	Report on internal audit operations	No objections
14th Meeting of the 9th session August 8, 2019	Report on internal audit operations	No objections
15th Meeting of the 9th session November 7, 2019	1. Report on internal audit operations 2. 2020 audit plan	No objections

Note 6: Communication between independent directors and CPAs

(1) The Company's independent directors and CPAs will communicate face-to-face or in writing on the content of the financial report and

(2) Major communication from January 1, 2019 to April 30, 2020 is as follows

Date	Item	Recommendations and Results
15th Meeting of the 9th session November 7, 2019	CPA explanation on the audit results of the consolidated financial report	No objections
16th Meeting of the 9th session March 24, 2020	CPA explanation on the audit results of the individual and consolidated financial report	No objections

(II) Evaluation of the performance of the Board of Directors

Evaluation cycle (Note 1)	Evaluation Period (Note 2)	Scope of Evaluation (Note 3)	Evaluation Method (Note 4)	Evaluation Content (Note 5)
-	-	-	-	-

Note 1: Fill in the evaluation cycle of the Board of Directors. For example: once a year.

Note 2: Fill in the period covered by the evaluation covered by the Board of Directors. For example: The performance evaluation of the Board of Directors from January 1, 2019 to December 31, 2019.

Note 3: The scope of the evaluation includes the performance evaluation of the Board of Directors, individual board members and functional committees.

Note 4: The performance evaluation methods include internal self-evaluation of the Board of Directors, self-evaluation and peer evaluation of the directors, the appointment of external professional institutions or experts, or other appropriate methods.

Note 5: The evaluation content includes at least the following items according to the evaluation scope:

(1) Performance evaluation of the Board of Directors: At least include the level of participation in the Company's operations, the quality of the Board of Directors' decisions, the composition and structure of the Board of Directors, the election and continuous education of directors, internal control, etc.

(2) Performance evaluation of individual directors: At least including the understanding of the Company's objectives and missions, directors' responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuous education of directors, internal control, etc.

(3) Performance evaluation of the functional committees: At least include the level of participation in the Company's operations, the quality of the functional committees' decisions, the composition and election of the members of the functional committees, internal control, etc.

Note 6: The Company anticipates to formulate the related matters of the Board of Directors self-evaluation before the end of 2020.

（III）Supervisors’ participation in Board Meeting

1.Participates 6 meetings in 2019【A】, attending status are as follows：

Title	Name （Note 1）	Attendance in Person (B)	Attendance Rate (%) （Note 2）	Title
Supervisor	Lee,Shin-Mo	6	100.00%	Extended, re-elected on106/6/22
Supervisor	Wang, I-Yao	6	100.00%	Extended, re-elected on106/6/22
Supervisor	Liu, Chih-Hung	6	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 condition, differences in Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and its reasons

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	
I. Did the Company stipulate and disclose best practice principles for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?		V	The Company has not yet stipulated the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies but the Code of Practice for Corporate Governance of Listed Companies will be used as the basis for corporate governance and will be implemented.	The Company will stipulate Corporate Governance Best Practice Principles in the future, the remaining shall have no significant differences.
II. Equity structure and shareholders' rights of the Company (I) Did the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigation? Are such matters handled according to the procedure?	V		(I) The Company has a spokesperson and an acting spokesperson that handle shareholders' suggestions, inquiries and disputes, convenes shareholders' meetings in accordance with the Company Act and related regulations, and formulates complete Rules of Procedure for Shareholders Meetings to provide shareholders with appropriate rights.	No significant difference.
(II) Did the Company maintain a list of major shareholders with actual controlling power as well as a list of major shareholders exercising ultimate control over those major shareholders?	V		(II) The Company obtains information on actual changes in the shareholdings of major shareholders through professional stock service agencies and reports their shareholdings according to the laws.	
(III) Did the Company establish and enforce risk control and firewall systems with its affiliated companies?	V		(III) The Company maintains effective risk control through internal control, internal audit and other related management methods, and eliminates unconventional transactions.	
(IV) Did the Company stipulate internal rules that prohibit internal staff from trading marketable securities by utilizing information not disclosed to the market?	V		(IV) The Company has stipulated Procedures for Handling Material Inside Information to prevent insider transactions and educate insiders on matters that should be paid attention to at least once a year to prevent inappropriate behavior.	

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	
III. Composition and responsibilities of the Board of Directors (I) Did the Board of Directors develop and implement a board diversity policy?	V		(I) The Company has formulated the Procedures for Election of Directors and Supervisors in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. The composition of the Board of Directors should consider diversification. In addition, appropriate board diversity policies should be formulated and implemented in accordance with its operation, type of business and development needs. The Company has 5 directors (including 2 independent directors) according to the scale of operation and development needs. The background of the board members covers different nationalities, cultures, industries, academics, finance, accounting, management and other fields, which fulfills the board diversity policy. For the Company's board diversity policy, please refer to The implementation of the Company's board diversity policy on #pageXX# of this annual report (Note 6). The Company has 5 directors, of which 40% are directors serving as employees, 40% are independent directors, 1 director is over 70 years old, 3 are between 50 and 69 years old, and 1 is below 60 years old.	No significant difference.
(II) Does the Company voluntarily establish other functional committees in addition to the remuneration committee and the audit committee?		V	(II) The Company has not established other types of functional committees other than the remuneration committee according to the laws. However, the Company has a complete processing method and control mechanism for each business function. The persons in charge of each unit are responsible for the control and management of each function.	

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	
(III) Did the Company formulate performance evaluation procedures for the Board of Directors and its evaluation method, conduct annual and regular performance evaluations, and report the results of the performance evaluation to the Board of Directors, which is provided for reference for the remuneration, nomination and re-election of individual directors? (IV) Did the Company regularly evaluate the independence of CPAs?		V V	(III) The Company has not established the Procedures for Performance Evaluation of the Board of Directors. Directors and representatives of corporate directors are generally equipped with the knowledge, skills and literacy required for performing their duties. Plans will be formulated in accordance with the regulations in the future. (IV) CPAs maintain a strict and fair attitude and a spirit of independence when auditing the Company's financial statements. The accounting department has evaluated the independence and suitability of CPAs once a year and submitted it to the Board of Directors for resolution on March 24, 2020. Please refer to #pageXX# of this annual report (Note 7) for the 2018 Evaluation Form for the Independence and Suitability of CPAs.	No significant difference.
IV. Did the TWSE/TPEx listed company has qualified and an appropriate number of corporate governance personnel, and appointed corporate governance directors responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for operation, assisting directors and supervisors in following regulations, handling matters related to Board meetings and the shareholders' meetings in accordance with the regulations, preparing minutes for Board meetings and the shareholders' meetings, etc.)?		V	The Company's accounting department handles matters related to corporate governance on a part-time basis and cooperates with relevant units to enable shareholders and stakeholders to fully understand the Company's corporate governance.	No significant difference.

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	
V. Did the Company establish a communication channel with stakeholders (including but not limited to shareholders, employees, customers, and suppliers)? Did the Company set up a stakeholders' area on the Company's website? Are matters related to significant Corporate Social Responsibility that the stakeholders are concerned with addressed appropriately?	V		A stakeholder area is set up on the Company's website to disclose the contact information of the spokesperson and acting spokesperson, so as to facilitate the communication of stakeholders on the issues they are concerned about. Personnel in charge of each unit are designated to handle employee suggestions and feedback. Labor-management meetings are held quarterly to encourage communication between employees and the management, reflect employees' opinions appropriately, improve labor-management communication channels, and protect labor rights. The Company has a 0800 customer service hotline, the Company's official website and e-mail dedicated to handling appropriately the issues that our customers are concerned about, such as information on marketing activity and customer rights, to maintain customer relations and protect consumer rights. Special areas for corporate governance, Board meeting, and shareholders meeting are established on the Company's website, adhering to the principle of honesty and transparency, so that shareholders and stakeholders can fully understand the Companys financial and business condition and corporate governance.	No significant difference.
VI. Did the Company appoint a professional shareholder services agent to handle matters related to shareholders meetings?	V		The Company assists in handling matters related to shareholders meetings through professional stock service agencies to ensure shareholders meetings are convened in a legal, effective and safe manner.	No significant difference.

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td>VII. Information disclosure
(I) Did the Company establish a website to disclose information on financial operations and corporate governance?
(II) Did the Company adopt other ways of information disclosure (e.g. setting up an English website, appointing designated people to handle information collection and disclosure, establishing a spokesman system, and webcasting investor conferences on the Company's website)?
(III) Did the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</td><td>V
V
V</td><td></td><td>(I) The Company has set up an investor-specific web page on its website, which regularly updates relevant corporate governance information and discloses information related to the Company's financial business. The website is at https://www.topshine.tw.
(II) The Company has arranged personnel designated to collect relevant information and disclose major issues immediately in order to implement the spokesman system, and has uploaded the presentation of the judicial person on the Company's website.
(III) The Company's financial report and the announcement of the operating status each month shall be handled in accordance with Article 36 of the Securities and Exchange Act and reported to the competent authority.</td><td>No significant difference.</td></tr>
</table>

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	
VIII. Has the Company provided important information to enable better understanding of the state of corporate governance (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, education of directors and supervisors, risk management policy and implementation risk evaluation standards, implementation of customer policies, and the Company's purchase of liability insurance for its directors and supervisors)?	V		(I) The Company attaches great importance to employee relations. In addition to establishing an employee welfare committee and providing marriage and funeral subsidies, the Company also organizes new year tours and group buys for its employees. To ensure employees' rights, labor management rules are stipulated in accordance with the Labor Standards Act to provide employees with rules to be followed. In addition, the Company has established an employee reward and punishment management rules and various welfare systems, so that employees behavior and workplace ethics codes can be followed to ensure legitimate rights and interests. Employees are encouraged to communicate with the management, reflect employees' opinions appropriately, improve labor-management communication channels, and protect labor rights. (II) The directors, supervisors, and managers of the Company design relevant training courses related to professional knowledge and practical operation in accordance with the regulations for the continuous education of the directors and supervisors (see Note 3 and Note 4). (III) The implementation of risk management policies and risk evaluation standards: The company attaches great importance to its industry. In addition to promoting various policies in accordance with the laws, risk evaluations of major banks, customers, and suppliers are conducted to reduce and avoid potential risks. (IV) Implementation of consumer or customer protection policy: The Company has a 0800 customer service hotline, the Company's official website and e-mail dedicated to handling appropriately customer issues, maintaining customer relations and protect consumer rights. (Ⅴ) The Company's purchase of liability insurance for directors	No significant difference.

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	
			and supervisors: The directors and supervisors of the Company uphold the principle of ethical corporate management, fully understand the responsibilities of the directors and supervisors, plan and evaluate, and regularly purchase insurance related to directors and supervisors responsibilities according to the needs (see Note 5).	

IX. Please provide information on the status of improvement regarding the results of Corporate Governance evaluation published by the TWSE Corporate Governance Center in the most recent year. For improvements that are yet to be implemented, please specify the matters and measures to be prioritized for improvement.

(I) Improvement Status

1. An English version of the Shareholders' Meeting Agenda Handbook and annual report is prepared to improve the disclosure of the Company's information in English.
2. The Shareholders' Meeting Agenda Handbook and supplementary information of the meeting are uploaded 30 days prior to the general shareholders meeting.
3. The annual report is uploaded 14 days prior to the general shareholders meeting.

(II) Prioritized improvement matters and measures

1. Establish an audit committee.
2. The Board of Directors regularly evaluates the independence of CPAs.
3. Other matters yet to be improved will be gradually improved and implemented depending on the Company's planning.

Note 1: Operating conditions should be stated in the Summary Description field.

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.

Note 3: The details of the education of directors and supervisors are as follows:

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	

Title	Name	Study period		Organizer	Course title	Hrs
		From	To			
Representative of Juridical person director	Lim, Pok-Chin	108/06/28	108/06/28	Taiwan Corporate Governance Association	Corporate Governance - Analysis of the latest Company Act Directors' and Supervisors' Legal Liability and Risk Control of False Financial Statements - Case Study as the Core of Discussion	6.0
Director	LIM, JIE-REN	108/06/28	108/06/28	Taiwan Corporate Governance Association	Corporate Governance - Analysis of the latest Company Act Directors' and Supervisors' Legal Liability and Risk Control of False Financial Statements - Case Study as the Core of Discussion	6.0
Director	Neo, Khay-Pin	108/06/10	108/06/10	Taiwan Corporate Governance Association	Risk Management and Internal Control Inheritance and Planning of Family Business	6.0
Independent Director	Chen, Chung-Cheng	108/06/28	108/06/28	Taiwan Corporate Governance Association	Corporate Governance - Analysis of the latest Company Act Directors' and Supervisors' Legal Liability and Risk Control of False Financial Statements - Case Study as the Core of Discussion	6.0
		108/11/26	108/11/26	CPA Associations R.O.C	Countermeasures for the China-US Trade War	3.0
		108/11/27	108/11/27	CPA Associations R.O.C	Company Mergers and Acquisitions	3.0
		108/12/17	108/12/17	CPA Associations R.O.C	Anti-Money Laundering and Counter Terrorism Financing Power and Responsibility of Independent Directors	6.0
Independent Director	Wang, Chia-Cheng	108/07/04	108/07/04	Corporate Operation Association of the Republic of China	Analysis of Economic Policies in Tax Haven and Corresponding Measures	3.0
		108/07/31	108/07/31	Taipei Exchange (TPEx)	Seminar on the Shareholding of TWSE Listed and Emerging Companies	3.0
Supervisor	Lee,Shin-Mo	108/06/28	108/06/28	Taiwan Corporate Governance Association	Corporate Governance - Analysis of the latest Company Act Directors' and Supervisors' Legal Liability and Risk Control of False Financial Statements - Case Study as the Core of Discussion	6.0
Supervisor	Wang,I-Yao	108/06/28	108/06/28	Taiwan Corporate Governance Association	Corporate Governance - Analysis of the latest Company Act Directors' and Supervisors' Legal Liability and Risk Control of False Financial Statements - Case Study as the Core of Discussion	6.0
Supervisor	Liu, Chih-Hung	108/03/08	108/03/08	Taiwan Corporate Governance Association	The duties of directors and risk management under the latest corporate governance policy	3.0
		108/03/27	108/03/27	Taiwan Academy of Banking and Finance	Corporate Governance Course - Analysis of Tax Controversy in Corporate M&A Practice	3.0

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	

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	108.11.18	Accounting Research and Development Foundation	Continuing training class for principal accounting officers of issuers, securities firms, and securities exchanges	6.0
		108.11.19	Accounting Research and Development Foundation	Continuing training class for principal accounting officers of issuers, securities firms, and securities exchanges	6.0
Chief Auditor	Huang, hu-Ling	108.08.27	The Institute of Internal Auditors - Chinese Taiwan	Corporate labor-management relations: Labor contract, working rules and labor-management meeting analysis and major audit matters	6.0
		108.11.27	The Institute of Internal Auditors - Chinese Taiwan	Audit Practices on Subsidiaries	6.0

Notes 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, 2019 To：Mar.1, 2020

Note 6: The Company's implementation of the board diversity policy

Core projects of diversity	Gender	Operational judgment	Accounting and finance analysis	Business management	Crisis handling	Industry knowledge	International market perspective	Leadership	Decision-making
Lim, Pok-Chin	Male	V		V	V	V	V	V	V
Neo, Khay-Pin	Male	V	V	V	V		V	V	V
Lim, Jie-Ren	Male	V	V	V	V	V	V	V	V
Chen, Chung-Cheng	Male	V	V	V	V		V	V	V
Wang, Chia-Cheng	Male	V	V	V	V	V	V	V	V

Evaluation items	Implementation Status (Note 1)			Differences in the Corporate Governance Best Practice Principles for TWSE/TPEx- Listed Companies, and the reasons for the said shortcomings
	Yes	No	Summary (Note 2)	

Note 7: 2019 Accountant Independence and Suitability Evaluation Form

Name of CPA: CPA, Chen, Hui-Min	CPA Firm: Deloitte & Touche
Main educational background: Bachelor of Commerce, Fu Jen University, EMBA Studies of Taiwan University. Joined the CPA firm in 1987, has more than 30 years of experience in the finance and tax field, assisted domestic and foreign companies in public offerings, listings, or over-the-counter listing over the years, and assisted customers in establishing internal accounting control system.	
Name of CPA: CPA, Kuo, Nai-Hua	CPA Firm: Deloitte Taiwan
Main educational background: Graduated from the Department of Accounting, Chinese Culture University, joined the audit service department of Deloitte & Touche in 1997. In addition to providing financial statement assurance and audit services, assisting SMEs to establish internal control systems and procedure improvement, Kuo, Nai-Hua has assisted many companies in public offerings, listings or over-the-counter listing and financing.	

Item No.	Evaluation Items	Yes	No
1	As of the most recent assurance operation, no CPA has been replaced for seven years.	V	
2	The CPA does not have significant financial relationship with his/her client.	V	
3	The CPA avoids any inappropriate relationship with his/her client.	V	
4	The CPA ensures that his/her assistants are honest, fair and independent.	V	
5	The CPA has not performed audit and assurance services on financial statements of companies he/she has served within two years before practicing.	V	
6	The CPA has not permitted others to practice under his/her name.	V	
7	The CPA has not owned any shares of the Company and its affiliated companies.	V	
8	The CPA does not loan any money from the Company and its affiliated companies.	V	
9	The CPA has not engaged in joint investments or benefit sharing with the Company or its affiliated companies.	V	
10	The CPA does not concurrently serve as a regular employee of the Company or its affiliated companies and does not receive a fixed salary.	V	
11	The CPA is not involved in the management function of the decision-making of the Company and its affiliated companies.	V	
12	The CPA has not concurrently engaged in other businesses that may lead to loss of independence.	V	
13	None of the Company's management is a spouse of a relative within second degree of kinship with the CPA.	V	
14	The CPA has not received any commission related to his/her service.	V	
15	The CPA has not engaged in any matter that may result in disciplinary actions taken against him/her or damage to the principle of independence so far.	V	
Evaluation results: Fulfilled the Company's independence and suitability evaluation standards.			

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

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

Title （Note 1）	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience: 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	Independence Criteria (Note2): 1	2	3	4	5	6	7	8	9	10	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks （Note 3）
Independent Director	Chen, Chung-Cheng		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 1: 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.

Note 2: For those who meet any of the following situations during the two years before and during their term of office, please tick the appropriate boxes under each condition code.

(1) Not an employee of the Company or its affiliated companies.

(2) Not a director or supervisor of the Company or its affiliated companies (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(3) Not a natural-person shareholder who holds, together with those held by the spouse, minor children, or under others' names, more than 1% of the total issued shares of the Company, or who is a top 10 shareholder.

(4) Not a manager mentioned in paragraph (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of any persons mentioned in paragraph (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a top 5 shareholder, or a director or supervisor representative appointed by the Company in accordance with paragraph 1 or 2, Article 27 of the Company Act (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(6) Not a director, supervisor, or employee of another company that the majority of its directors or the shares with voting rights are controlled by the same person (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this

regulation or the local regulations).

(7) Not a director, supervisor, or employee of another company or an institution who is concurrently a chairman, general manager, or equivalent position of the Company or a spouse thereof (excluding independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations)

(8) Not a director, supervisor, manager, 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 (excluding specified companies or institutions holding more than 20% but less than 50% of the total issued shares of the Company, and independent directors appointed by both the Company and its parent company, subsidiary or subsidiaries under the same parent company pursuant to this regulation or the local regulations).

(9) Not a professional individual who is an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution, or a spouse thereof, that provides commercial, legal, financial, accounting services or consultation to the Company or its affiliated companies, or those made an accumulated profit of less than NT$500,00 over the last 2 years. However, members of the remuneration committee, public acquisition and review committee, or merger and acquisition special committee who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act are excluded.

(10) None of the circumstances in the paragraphs of Article 30 of the Company Act applies.

(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 hold in the recent year(Ａ) and the attendency 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	2	1	67%	Extended, rel-elected on 106/06/22
Other	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.

(3) Significant resolutions:

List of important meetings of the Remuneration Committee

January 1, 2019 to May 6, 2020

Date	Session	Content	Resolution	The Company's response to the remuneration committee's opinion
March 21, 2019	6th meeting of the 3rd session Remuneration Committee	1、Approved the distribution of employees' remuneration and directors' and supervisors' remuneration of the Company in 2018.	Adopted with the approval of all members of the committee	Proposed by the Board of Directors and adopted with the approval of all attended directors
June 20, 2019	7th meeting of the 3rd session Remuneration Committee	1、Approved the distribution of directors' and supervisors' remuneration and managers' and employees' remuneration of the Company in 2018.	Adopted with the approval of all members of the committee	Proposed by the Board of Directors and adopted with the approval of all attended directors
November 17, 2019	8th meeting of the 3rd session Remuneration Committee	1、Approved the distribution of managers' remuneration of the Company in 2018.	Adopted with the approval of all members of the committee	Proposed by the Board of Directors and adopted with the approval of all attended directors
March 24, 2020	9th meeting of the 3rd session Remuneration Committee	1、Approved the distribution of employees' remuneration and directors' and supervisors' remuneration of the Company in 2019. 2、Approved the amendments to the Remuneration Payment for Directors and Supervisors and renaming as Remuneration Payment for Directors. 3、Approved the amendments of certain provisions of the Company's Salary Management Measures. 4、Approved the appointment of Tsao, Yueh-I as the assistant manager of the Company's marketing department and remuneration matters. 5、Approved the re-appointment of Liao I-Chen as the assistant manager of the business department and remuneration matters.	Adopted with the approval of all members of the committee	Proposed by the Board of Directors and adopted with the approval of all attended directors

(V) Fulfillment of Corporate Social Responsibility, Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Evaluation items	Implementation Status (Note 1)			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary (Note 2)	
I. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations based on the principle of materiality, and formulate relevant risk management policies or strategies? (Note 3)		V	The Company upholds the principle of ethical operation, attaches importance to the rights of consumers and stakeholders, pays attention to corporate governance, environmental and social factors, which are incorporated in the Company's management policies and operational activities.	The Company will stipulate a corporate social responsibility policy or system in the future, the remaining shall have no significant differences.
II. Has the Company assigned a designated (part-time) personnel to promote CSR, and has the Board authorized senior management to handle and report its implementation to the Board of Directors?	V		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.	No significant difference.
III. Environmental issues (I) Does the Company establish appropriate environmental management systems based on the characteristics of the industry? (II) Is the Company committed to improving the utilization efficiency of various resources and utilizing renewable resources with reduced environmental impact? (III) Has the Company assessed the current and future potential risks and opportunities arising from climate changes taken countermeasures related to the climate changes?	 V V V		(I) The Company focuses on its own business, maintains a strict standard on 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 reduce wasting of materials while maintaining product quality and value. (II) We use eco-friendly secondary forests, natural coatings and packaging materials, and develop element series products. We also use recycled furniture and wood to demonstrate the simple and natural texture of teak. (III) The Company pays attention to the impact of climate change on operating activities and formulates the Company's energy conservation and carbon reduction strategies, such as the use of LED lamps, inverter air conditioners, and adjustment of air-conditioning temperature at any time in new retail stores to reduce the impact of the Company's operating activities on climate change.	No significant difference

Evaluation items	Implementation Status (Note 1)			Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary (Note 2)	
(Ⅳ) Has the Company calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established policies with regard to energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, and waste management?	V		(IV) With a professional background and the concept of forest protection, we use the teak forest in area developed by the government to exploit forest areas in a planned way to ensure the sustainable development of the forests in the globe.	
IV. Social Issues (Ⅰ) Did the Company formulate management policies and procedures in accordance with relevant regulations and international human rights treaties? (II) Did the Company establish and implement reasonable employee benefits measures (including remuneration, leave, and other benefits) and reflected the business performance or results in employee remuneration appropriately? (III) Has the Company provided employees with a safe and healthy work environment as well as conducted regular courses on health and safety for its employees? (IV) Has the Company established an effective career development and training program for its employees?	V V V V		(Ⅰ) The Company complied with relevant labor laws and regulations, protects the legitimate rights and interests of employees and follows internationally recognized labor human rights protection responsibilities, and formulates relevant management policies and procedures. (II) The Company establishes a good career development environment, education and training, and a career development training program for its employees. The Company also appropriately reflects its operating performance or results in its employee remuneration policies to ensure the recruitment, retention, and incentive of human resources fulfill the target of being a sustainable business. (III) In order to maintain the physical and mental health and balance of our employees, we establish an occupational safety and health management plan and hold seminars on occupational disasters from time to time to enhance employees' awareness of safety and health, eliminate potential hazards, and promote employee safety and health in order to achieve the goal of zero occupational disasters and maintain an excellent working environment. (IV) In order to enhance the competitiveness of our employees, the Company invests in employee education and training every year to enable each employee to realize his or her fullest potential through talent trainings.	No significant difference.

<table>
<tr><th rowspan="2">Evaluation items</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviations from Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td>(V) Has the Company complied with relevant laws, regulations and international standards for the customer health and safety, customer privacy, and marketing and product labeling, and formulate relevant consumer protection policies and complaint procedures?

(VI) Has the Company formulated a supplier management policy requiring suppliers to comply with the relevant regulations on environmental protection, occupational safety and health or labor human rights, and their implementation?</td><td>V

V</td><td></td><td>(V) The Company upholds the principle of ethical operation, attaches importance to the rights of consumers. The marketing and labeling of products and services are in compliance with relevant laws and regulations.
The Company has a 0800 customer service hotline dedicated to improve the quality of customer service and protect consumer rights.
(VI) The Company may terminate or terminate the contract at any time if the raw materials and processes used by the supplier are found to have adverse effects on the environment and society.</td><td>No significant difference.</td></tr>
<tr><td>V. Does the Company make reference to international standards or guidelines for the preparation of reports, such as corporate social responsibility reports and other reports that disclose non-financial information of the Company?
Has a third-party verification unit obtained a confirmation or assurance opinion on the aforementioned report?</td><td>V</td><td></td><td>The Company has not compiled the Corporate Social Responsibility Report but will implement corporate governance in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies.</td><td>No significant difference.</td></tr>
<tr><td colspan="5">VI. 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”.</td></tr>
<tr><td colspan="5">VII. 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.</td></tr>
<tr><td colspan="5">Note 1: If "Yes" is chosen under the "Implementation Status", please explain the key policies, strategies, and measures adopted and their implementation results; if "No" is chosen, please explain the reasons and specify related policies, strategies, and measures to be adopted in the future.
Note 2: Companies that have compiled CSR reports may specify ways to access the report and indicate the page numbers of the cited pages.
Note 3: The principle of materiality refers to environmental, social and corporate governance issues that have significant impacts on the Company's investors and other stakeholders.</td></tr>
</table>

(VI) Fulfillment of ethical operation, Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Evaluation items	Implementation Status (Note 1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
I. Formulation of policies and plans for ethical corporate management (I) Has the Company established the ethical corporate management policies approved by the Board of Directors, and specified its ethical corporate management policies and practices, and the commitment of the Board of Directors and senior management to actively implement such policies in its rules and external documents? (II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention measures accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies? (III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a reporting system, implemented them and reviewed the prevention measures on a regular basis?		V V V	(I) The Company has not established any regulations of ethical corporate management. However, when the Company enters into external contracts, it agrees on the contents of the contracts and actively fulfills the contractual commitments based on the principle of ethics and reciprocity. The directors, supervisors, and managers fulfill the principle of ethical operation in their internal management and external business activities. (II) The Company has not established regulations to prevent unethical conduct, such as bribery, acceptance of bribes and provision of illegal political contributions, through the internal audit unit's inspection mechanism. (III) The Company has not established regulations to prevent unethical conduct. However, it has been promoting the importance of ethical conduct to its employees, and the internal audit department includes checks on the occurrence of unethical conduct in its internal audit during regular spot checks.	The Company will stipulate Corporate Governance Best Practice Principles in the future, the remaining shall have no significant differences.
II. Implementing ethical corporate management (I) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its counterparty clearly stipulates terms on ethical conduct?	V		(I) The Company has established an evaluation mechanism for its suppliers. In entering into external contracts, the Company adheres to the principle of ethics and reciprocity and actively fulfills its contractual commitments.	No significant difference.

Evaluation items	Implementation Status (Note 1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once a year) report the implementation of the ethical corporate management policies and prevention measures against unethical conduct to the Board of Directors?		V	(II) Although the Company has not established a dedicated department to promote ethical corporate management, it has been regularly promoting the importance of ethical corporate management in internal meetings from time to time. The head of audit regularly attends the board meetings to report on business execution to facilitate the supervision from the Board of Directors.	No significant difference.
III) Has the Company established policies to prevent conflicts of interest, provided appropriate reporting channels, and implemented accordingly?		V	(III) The Company has not established a policy for the prevention of conflicts of interest. However, in the case of conflict of interest, employees of the Company may report such matters directly to the Management Department in addition to their immediate department heads.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit department, based on the assessment results of the risk of unethical conduct, formulated audit plans and inspected the compliance with the prevention measures accordingly or entrusted a CPA to conduct the audit?	V		(IV) The Company has an internal audit plan. The internal audit department performs various spot checks in accordance with the audit plan. When special circumstances arise, spot checks will be arranged.	
(V) Does the Company regularly organize internal and external training for ethical corporate management?	V		(V) Promote the importance of ethical corporate management in internal meetings of the Company on a regular basis.	
III. Implementation of the whistle-blowing system in the Company (I) Has the Company established a detailed whistle-blowing, reward system and accessible whistle-blowing channels? Does the Company assign suitable and dedicated individuals for cases reported by the whistle-blower?		V	(I) The Company has not established a detailed whistle-blowing and reward system. However, in the case of violation of ethical corporate management, employees of the Company may report such matters directly to the Management Department in addition to their immediate department heads.	No significant difference.
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?		V	(II) The Company has not established standard operating procedures and confidentiality mechanisms for accepting whistle-blowing. In the event of a violation of the ethical corporate management, the Company will, depending on the circumstances and significance of the violation, take disciplinary action in accordance with the Regulations on the Management of Awards and Punishments.	

Evaluation items	Implementation Status (Note 1)			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(III) Has the Company implemented protection measures against inappropriate disciplinary actions on the whistle-blower?	V		(III) If the Company receives a report from a whistle-blower, a dedicated team will be established to investigate and protect the whistle-blower from inappropriate treatment.	No significant difference.
IV. Improvement of information disclosure (I) Has the Company disclosed the content of its best practices on ethical corporate management and the effectiveness of its implementation on its website or Market Observation Post System (MOPS)?		V	The Company plans to disclose information about integrity management on the official website.	The Company plans to disclose information on its ethical corporate management on its website, the remaining have no significant difference.
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).None				

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 https://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 24, 2020

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, 2019, 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 24, 2020. 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) Significant resolutions of the shareholders' meeting and the board meetings in the most recent fiscal year and as of publication date of this annual report

1. Significant Resolutions of the Shareholders' Meeting

(1) 2019 General Shareholders Meeting of Scan-D Corporation

Date of meeting	Significant Resolutions
June 20, 2019	1. Recognition of the Company's 2018 Business Report and Financial Account. 2. Recognition of the 2018 Earning Distribution Resolution 3. Approval to certain articles of the Company's Regulations Governing the Acquisition and Disposal of Assets. 4. Approval to certain articles of the Company's Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees.

(2) Resolutions of the 2019 General Shareholders Meeting of Scan-D Corporation and their Implementation

Subject: Recognition of the Company's 2018 Business Report and Financial Account.

Resolution: The voting results are as follows:

Total votes of shareholders present at the time of voting: 29,450,649 votes

Voting results	% of the total voting rights of the attending shareholders
For: 29,409,484 votes (including 2,542,401 electronic votes)	99.86%
Against: 32,792 votes (including 32,792 electronic votes)	0.11%
Invalid: 0 votes (including 0 electronic votes)	0.00%
Abstention: 8,373 votes (including 8,373 electronic votes)	0.03%

This resolution was recognized as the original resolution by voting.

Implementation: The Company's 2018 final account has been recognized: and has been announced and reported to the competent authorities in accordance with the relevant regulations.

Subject: Recognition of the Company's 2018 Earning Distribution Resolution.

Resolution: The voting results are as follows:

Total votes of shareholders present at the time of voting: 29,450,649 votes

Voting results	% of the total voting rights of the attending shareholders
For: 29,410,484 votes (including 2,542,401 electronic votes)	99.86%
Against: 32,792 votes (including 32,792 electronic votes)	0.11%
Invalid: 0 votes (including 0 electronic votes)	0.00%
Abstention: 6,373 votes (including 6,373 electronic votes)	0.03%

This resolution was recognized as the original resolution by voting.

Implementation: The ex-dividend date was set to July 24, 2019. In accordance with the resolution of the shareholders meeting, a cash dividend of NT$138,399,681 (NT$3 per share in cash) was distributed to the shareholders and was fully paid on August 12, 2019.

Subject: To approve certain amendments to the Regulations Governing the Acquisition and Disposal of Assets.

Resolution: The voting results are as follows:

Total votes of shareholders present at the time of voting: 29,450,649 votes

Voting results	% of the total voting rights of the attending shareholders
For: 29,385,484 votes (including 2,518,401 electronic votes)	99.78%
Against: 58,792 votes (including 58,792 electronic votes)	0.20%
Invalid: 0 votes (including 0 electronic votes)	0.00%
Abstention: 6,373 votes (including 6,373 electronic votes)	0.02%

This resolution was recognized as the original resolution by voting.

Implementation: Announced on the Company's website on July 2, 2020 and implemented according to the amended procedures.

Subject: To approve certain provisions of the Company's Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees.

Resolution: The voting results are as follows:

Total votes of shareholders present at the time of voting: 29,450,649 votes

Voting results	% of the total voting rights of the attending shareholders
For: 29,385,184 votes (including 2,518,101 electronic votes)	99.78%
Against: 58,792 votes (including 58,792 electronic votes)	0.20%
Invalid: 0 votes (including 0 electronic votes)	0.00%
Abstention: 6,673 votes (including 6,673 electronic votes)	0.02%

This resolution was recognized as the original resolution by voting.

Implementation: Announced on the Company's website on July 2, 2020 and implemented according to the amended procedures.

2. Significant Resolutions of the Board Meeting

Significant Meeting Agenda

January 1, 2019 to April 30, 2020

Date	Session	Content
March 21, 2019	10th meeting of the 9th session Board Meeting	1、Approved the distribution of employees' remuneration and directors' and supervisors' remuneration of the Company in 2018. 2、Approved the 2018 business report and financial report of the Company. 3、Approved the 2018 earnings distribution of the Company. 4、Approved the amendment of certain provisions of the Company's Regulations Governing the Acquisition and Disposal of Assets. 5、Approved the Company's 2018 Annual Internal Control System Statement proposal. 6、Approved the application of the extension of the bank credit line. 7、Approved the date, venue and reason of convening of the Company's 2019 general shareholders meeting. 8、Approved the Company's acceptance of the resolutions at the 2019 general shareholders meeting.
April 19, 2019	11th meeting of the 9th session Board of Directors	1、Approved the major equity investment. 2、Approved the extension of bank credit limit and account opening matters.
May 9, 2019	12th meeting of the 9th session Board of Directors	1、Approved the amendment of certain provisions of the Company's Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees. 2、Approved the formulation of the Company's Standard Procedures for Handling Directors' Request. 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. 4、Approved the amendments to the certain provisions of the internal control system and internal audit implementation rules of the Company's "Other Management."
June 20, 2019	13th meeting of the 9th session Board Meeting	1、Approved the appointment of Mr. Yu, Hung-Wu as the chief operating officer of the Company's operations and management division and the remuneration matters. 2、Approved the removal of the non-compete restriction of the Company's managers. 3、Approved the application of the extension of the bank credit line. 4、Approved the distribution of directors' and supervisors' remuneration and managers' and employees' remuneration. 5、Approved the authorization of adjusting the cash dividend payout ratio. 6、Approved the authorization of adjusting the conversion price of the Company's second domestic secured corporate bonds. 7、Approved matters related to the ex-dividend date and payment date of the Company's cash dividend.
August 8, 2019	14th meeting of the 9th session Board Meeting	1、Approved the amendment of certain provisions of the Company's Essentials of Management of Related Party Transactions.

Date	Session	Content
November 7, 2019	15th meeting of the 9th session Board Meeting	1、Approved the replacement of the Company's CPA in the third quarter of 2019. 2、Approved the Company's 2019 budget review. 3、Approved the 2019 year-end bonus distribution for the Company's managers. 4、Approved the formulation of the Company's 2020 audit plan.
March 24, 2020	16th meeting of the 9th session Board Meeting	1、Approved the distribution of employees' remuneration and directors' and supervisors' remuneration of the Company in 2019. 2、Approved the 2019 business report and financial report of the Company. 3、Approved the 2019 earnings distribution of the Company. 4、Approved the proposal to establish the Company's Regulations for Assessing the CPA Independence and Suitability. 5、Approve the evaluation of the independence and suitability of the Company's CPAs and their appointment. 6、Approved the re-election of 7 directors (including 3 independent directors) of the Company. 7、Approved the nomination list of independent director candidates. 8、Removal of the non-compete restriction of newly elected directors (including independent directors) of the Company and their representatives. 9、Approved the amendments of certain provisions of the Articles of Association. 10、Approved the amendments of certain provisions of the Company's Rules of Procedure for Shareholders Meetings. 11、Approved the amendments of the Company's Procedures for Election of Directors and Supervisors and renaming as Procedures for Election of Directors. 12、Approved the amendments to the Remuneration Payment for Directors and Supervisors and renaming as Remuneration Payment for Directors. 13、Approved the amendments of certain provisions of the Company's Salary Management Measures. 14、Approved the appointment of Tsao, Yueh-I as the assistant manager of the Company's marketing department and remuneration matters. 15、Approved the re-appointment of Liao I-Chen as the assistant manager of the business department and remuneration matters. 16、Approved the Company's 2019 Internal Control System Statement. 17、Approved the application of the extension of the bank credit line. 18、Approved the deregistration of the subsidiary. 19、Approved the date, venue and reason of convening of the Company's 2020 general shareholders meeting. 20、Approved the Company's acceptance of the resolutions at the 2020 general shareholders meeting and nomination of independent directors.

（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	HSIEH, MIN-ZHONG	Kuo, Nai-Hua	2019/01/01~2019/06/30	Internal Adjustment
Deloitte & Touche	Chen, Hui-Min	Kuo, Nai-Hua	2019/07/01~2019/12/31	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	1,830	-	1,830
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 (Note 2)	Subtotal		
Deloitte & Touche	HSIEH, MIN-ZHONG Kuo, Nai-Hua	1,830						2019.01.01-2019.06.30	
	Chen, Hui-Min Kuo, Nai-Hua							2019.07.01-2019.12.31	

Note 1: Where the Company replaces the CPA or accounting firm, the auditing periods of the former and successor CPA or firm shall be annotated separately. The reason for the replacement shall be provided in the Notes section accordingly. The audit and non-audit fees paid shall also be disclosed in order.

Note 2: Non-audit fees shall be listed separately based on service items. If "Other" in non-audit fees reaches 25% of total non-audit fees, the contents of the non-audit services shall be specified in the remark column.

(II) 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.

(III) 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：

<table>
<tr><td>Replacement Date</td><td colspan="4">From 2019 Q3</td></tr>
<tr><td>Replacement reasons and explanations</td><td colspan="4">Change accountant for the internal arrangement of Deloitte & Touche</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated, or the CPA did not accept the appointment</td><td colspan="2">Parties
Status</td><td>CPA</td><td>The Company</td></tr>
<tr><td colspan="2">Termination of appointment</td><td colspan="2" rowspan="2">NA</td></tr>
<tr><td colspan="2">No longer accepted (continued) appointment</td></tr>
<tr><td>Other issues (except for unqualified issues) in the audit reports within the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Differences with the company</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td></td><td colspan="3">V</td></tr>
<tr><td colspan="4">Remarks/specify details:</td></tr>
<tr><td>Others (shall be disclosed according to Article 10, Subparagraph 5, Item 1-4 of the Principle)</td><td colspan="4">None</td></tr>
</table>

(II) Current Accountant：

Name of accounting firm	Deloitte & Touche
Name of CPA	Chen,Hui-Min、Kuo, Nai-Hua
Date of appointment	From 2019 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.

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

Unit: share

Title	Name	2019		As of Apr. 19, 2020		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	(51,000)	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	
Chief Operating Officer	Yu,Hung-Wu	153,000	0	0	0	
Assistant Manager	Liao, I-Chen	0	0	28,105	0	
CFO	Ho, San-Chuang	0	0	0	0	
Chief Auditor	Huang, Shu-Ling	0	0	0	0	

Note1: Shareholders hooding over 10% id deemed as major shareholder, please specify.
Note2: The relative person in relation to the transfer of equity or the pledge of equity shall fill in the following information.
Note3: Mr. Yu, Hung-Wu took up the post of Chief Operating Officer of the Company on June 4, 2019.
Note4: Ms. Liao,I-Chen served as an Assistant Manager of the company on March 10, 2020.

(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（Note 1）	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（Note 3）		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	21,299,490	46.17%	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	3,320,775	7.20%	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	21,299,490	46.17%	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	2,028,200	4.40%	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.	2,000,000	4.34%	0	0	0	0	None	None	None
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
Standard Chartered entrusted LIN, 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
Tai,Chuan-Wen	290,000	0.63%	0	0	0	0	None	None	None
Standard Chartered entrusted Credit Suisse Investment Account	234,550	0.51%	0	0	0	0	None	None	None
Wang, I-Yao	233,118	0.51%	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.

Consolidated Shareholding

Unit: Shares; %

Reinvestment (Note)	Investment by the Company		Investments by the directors, supervisors, managers, and directly or indirectly controlled business		Consolidated Investment	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Nova Furnishing Holdings Pte.Ltd.	2,000,000	100%	-	-	2,000,000	100%

Note: Long-term investments made by the Company using the equity method.

IV、Capital Overview

I、Capital and Shares

(I) Source of Capital

Apr.19, 2020；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 earning18,984,000 dollars	None	Note 13
102/06	10	80,000	800,000	41,859	418,599	Capital increase by retained earning19,933,000 dollars	None	Note 14
103/08	10	80,000	800,000	43,952	439,529	Capital increase by retained earning20,930,000 dollars	None	Note 15
104/07	10	80,000	800,000	42,982	429,829	Cancel treasure 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.142968on 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.19, 2020 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	The Company's shares are listed in TPEx.

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

(II) Information on the shelf registration system: Not applicable.

（III）Shareholder structure

Apr.19, 2020 Unit: share

Shareholder structure / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Person	0	4	18	5,307	15	5,341
Shares	0	2,000,000	3,148,567	19,281,998	21,702,662	46,133,227
%	0	4.34%	6.82%	41.79%	47.05%	100.00%

（IV）Share status

1.Ordinary Stock (Par value 10 dollars) Apr.19, 2020

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	1,450	220,659	0.48 %
1,000 ~ 5,000	3,149	6,188,499	13.41 %
5,001 ~ 10,000	427	3,211,270	6.96 %
10,001 ~ 15,000	112	1,432,207	3.10 %
15,001 ~ 20,000	66	1,204,963	2.61 %
20,001 ~ 30,000	55	1,352,140	2.93 %
30,001 ~ 50,000	38	1,397,805	3.03 %
50,001 ~ 100,000	26	1,847,947	4.01 %
100,001 ~ 200,000	8	1,139,122	2.47 %
200,001 ~ 400,000	3	757,668	1.64 %
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	26,575,550	57.61 %
Total	5,341	46,133,227	100.00 %

2. Special share: no special shares are issued.

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

Apr.19, 2020 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	3,320,775	7.20 %
YiCHia Investment	2,929,590	6.35 %
Standard Chartered entrusted Lim, Jie-Ren Investment Account	2,028,200	4.40 %
Fubon Life Insurance Co., Ltd.	2,000,000	4.34 %
Hsueh, Hsiu-Chu	1,247,860	2.70 %
Standard Chartered entrusted Lin, Jie-MinInvestment Account	805,397	1.75 %
Tai,Chuan-Wen	290,000	0.63 %
Standard Chartered entrusted Credit Suisse Investment Account	234,550	0.51 %
Wang, I-Yao	233,118	0.51 %

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

Unit: TWD:1000 shares

Items \ Year			2018	2019	As of Mar.31, 2020 (Note 8)
Market Price per Share (Note 1)	Highest Market Price		63.80	49.50	39.55
	Lowest Market Price		41.95	36.20	24.00
	Average Market Price		55.64	42.30	33.40
Net Worth per Share (Note 2)	Before Distribution		21.43	21.43	22.41
	After Distribution		19.60	（Note 9）	-
Earnings per Share	Weighted Average Shares		45,694	46,133	46,133
	EPS (Note 3)		3.67	2.25	0.66
Dividends per Share	Cash Dividends		3.00	2.00	-
	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)		15.16	18.80	-
	Price / Dividend Ratio (Note 6)		18.55	21.15	-
	Cash Dividend Yield Rate (Note 7)		5.39	4.73	-

* 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.

（VII）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 2019

Unit: NT$

Item	Amount	
	Subtotal	Total
Undistributed earnings at the beginning of the period	78, 344, 794	
Plus: current after-tax surplus	103, 575, 012	
Minus: legal reserve	(10, 357, 501)	
	(1, 248, 142)	
Distributable surplus for the current period		170, 314, 163
Distribution items:		
Shareholder bonus (NT$1.8 per share in cash)	83, 039, 809	

Undistributed earnings at the end of the period	87, 274, 354	
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 23, 2020.		

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

(VIII)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

<table>
<tr><th colspan="3">Item / Year</th><th>Year 2020 (forecast)</th></tr>
<tr><td colspan="3">Initial paid-up capital</td><td>NT$461,332,270</td></tr>
<tr><td rowspan="3">The situation of share allotment and dividend payment this year (Note 1)</td><td colspan="2">Cash dividend per share (NT$)</td><td>NT$1.8</td></tr>
<tr><td colspan="2">The number of share allotments per share for recapitalization of retained earnings</td><td>0 stock</td></tr>
<tr><td colspan="2">The number of share allotments per share for recapitalization of capital reserve</td><td>0 stock</td></tr>
<tr><td rowspan="7">Change in business performance</td><td colspan="2">Operating profit</td><td rowspan="12">The Company did not post financial forecast information in 2020, so it is not applicable.</td></tr>
<tr><td colspan="2">Increase or decrease ratio in net operating profit year-on-year</td></tr>
<tr><td colspan="2">Pre-tax profit</td></tr>
<tr><td colspan="2">Increase or decrease ratio in pre-tax profit year-on-year</td></tr>
<tr><td colspan="2">Earnings per share</td></tr>
<tr><td colspan="2">Increase or decrease ratio in earnings per share year-on-year</td></tr>
<tr><td colspan="2">Average annual return on investment (inverse of average annual PE ratio)</td></tr>
<tr><td rowspan="5">Prepared earnings per share and PE ratio</td><td rowspan="2">Where recapitalization of retained earnings is reallocated to cash dividends</td><td>Prepared earnings per share</td></tr>
<tr><td>Prepared annual average rate of return</td></tr>
<tr><td rowspan="2">Where recapitalization of capital reserve is not handled</td><td>Prepared earnings per share</td></tr>
<tr><td>Prepared annual average rate of return</td></tr>
<tr><td>Where recapitalization of capital reserve is not handled and capital increase through capitalization of retained earnings is paid in cash dividends instead</td><td>Prepared earnings per share</td></tr>
</table>

Note 1: Pending the resolution of the 2020 regular meeting of shareholders.

(IX) Compensation of employees, directors, and supervisors:

1. 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 24, 2020 adopted the resolution of employee compensation and director and supervisor compensation distribution for the year of 2019, and planned to distribute their compensation of 2019 to be NT$5,809,282 and NT$1,936,427 respectively, which would be paid in cash and submitted to the shareholders regular meeting of 2020 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$9,425,226 for employee compensation in 2018 and NT$3,141,742 for director and supervisor compensation in 2018, which was not different from the recognition in the financial report in 2018.

（X）Share repurchases: none.

2. 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 19, 2020, 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.

Chapter 5. Operation Summary

I. Business Activities

(I)Scope of Business

1. Primary Business Activities
   (01) Manufacture of Furniture and Fixtures
   (02) Upholstery
   (03) Wholesale of Furniture, Bedding, Kitchen Equipment and Fixture
   (04) Wholesale of Construction Materials
   (05) Retail of Furniture, Bedding, Kitchen Equipment and Fixture
   (06) Retail of Construction Materials
   (07) Landscape and Interior Design
   (08) Wholesale of Precision Instruments
   (09) Wholesale of Telecom Instruments
   (10) Wholesale of Computer Software
   (11) Wholesale of Electronic Materials
   (12) Other Wholesale
   (13) Other Retail
   (14) International Trading
   (15) Management Consulting
   (16) Software Design Services
   (17) Digital Information Supply Services
   (18) Product Design
   (19) All business that is not prohibited or restricted by law, except permitted business

2. Revenue ratio

Unit: NT$'000

Year / Product Category	2019	
	Amount	%
Living room products	746,404	40.82%
Restaurant products	227,004	12.41%
Bedroom products	574,263	31.40%
Mattress	272,553	14.90%
Others	8,419	0.47%
Total	1,828,643	100.00 %

3. Current products and services offered by the Company
   Household consumer products, mainly sales of furniture and home decoration products.

4. Planned development of new products and services
   (1) Aggressive store expansion plan: Continuous development of sales points (new store) 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 increasing its popularity and market share.
   (3) Strengthening product development: Apart from the original teak furniture products, the Company has strengthened 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 a price-cutting

competition.

(4) Development of marketing activities: In addition to utilizing the advantages of our existing physical stores with promotional activities, together with public relations, media and show biz operations, the efficiency and effectiveness of marketing activities can be enhanced while the scope of its business and profit can be expanded.

(II) Industry Overview

1. Current Condition 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 the 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 entered a period of rapid development and prosperity of export. At the same time, with the aid of the 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 production 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-end furniture produced. For example, a Hong Kong-based teak company set up a factory at the Kaohsiung Export Processing Zone in 1967, while the Veterans Affairs Council also set up a plant in the same year to produce wooden furniture for export. The two factories above 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 continuous expansion of the production scale of existing factories, new factories and the production capacity of newly established wood companies were also opened up successively, and the export of products reached a peak at the time. However, the domestic furniture industry gradually underwent an important shift in structure, while under international market disruptions, such as inflation and oil crisis, and the ban on exports from log exporting countries, resulting in a decline of Taiwan's mainstream wooden furniture, which in turn created the rise of metal furniture products.

From 1981 to 1990, Taiwan introduced the manufacturing technology of Japanese copper furniture, which started the development process of metal furniture. At first, some manufacturers cooperated with Japanese factories 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 of imported timber. Since then, Taiwan wooden furniture manufacturers began to rely on imported timber from Southeast Asia. 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. As domestic steel mills such as China Steel and Hualung and other companies continue to supply high-quality raw materials, Taiwan's metal furniture had considerable competitiveness in the international market.

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 production and diversification. In 1995, the Sakura manufacturer set up a system furniture factory in Taichung. The system furniture is intended for the overall planning and design of the interior space, where space can be utilized more effectively compared with traditional furniture. 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, certain Taiwanese furniture manufacturers began to move out by transforming from the OEM model to self-owned brands, such as Legacy, a well-known American furniture brand acquired by Taisheng. Later, it acquired Universal, an American hotel furniture manufacturer, and set up factories in China, exporting products from China to the United States.

In the 1990s, as Taiwan gradually attaching importance to the quality of life, the chain furniture brand channel merchants focusing 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. In addition, by utilizing brand power, they entered the consumer market and developed exquisite products with high added value and marketed the brand, including chain furniture brands like Scanteak, STRAUSS, and Order. With the rising consumption level in Taiwan, the demand for imported furniture was also increasing.

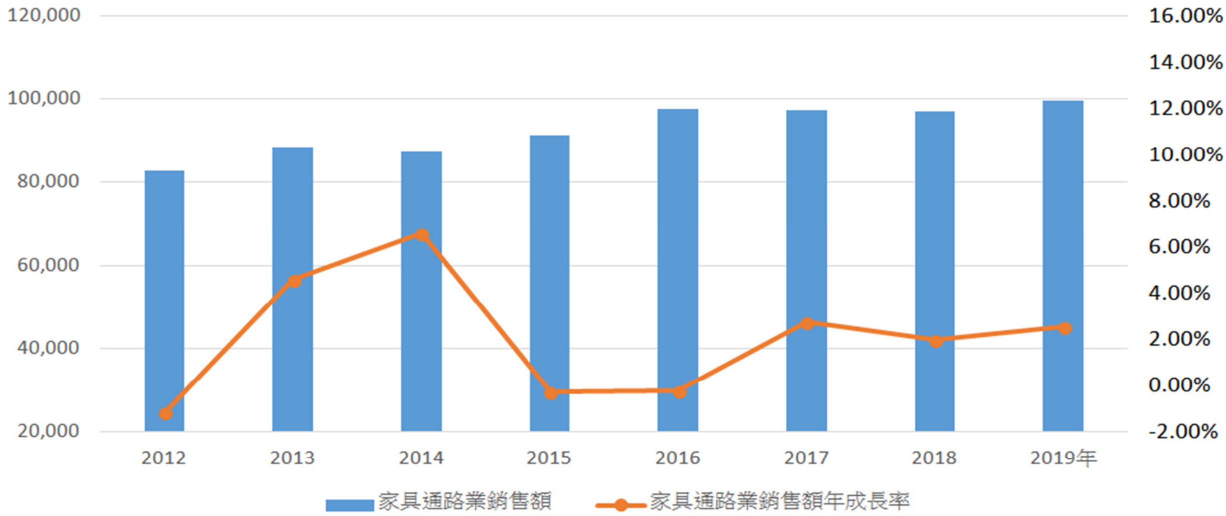
Large chain furniture outlets such as B&Q and IKEA expanded to Taiwan in the 2000s. They provided customers with DIY furniture and customized consulting services, which created a trend for DIY furniture and gained a share in the furniture market.In 2000, the scale of production and marketing of furniture manufacturing industry in Taiwan reached NT$53.9 billion. However, the scale declined to only about NT$35 billion by 2008. 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 to enhance their competitiveness.

The impact of the financial crisis in 2009 and the overall economic downturn reduced 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 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 while the housing market slightly recovered. In addition, domestic manufacturers actively establish OEM and ODM relationships with international furniture giants. Under the growth of export value, the annual growth rate of the overall sales value maintained a growing trend.

In 2013, as the number of real estate projects in the nation continued to rise while 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 European brand furniture companies to increase product competitiveness and support the sales growth of the 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 NT$80 billion and nearly NT$100 billion. Except for the annual decrease of 9.12% affected by the global financial crisis in 2009, the overall market has presented a pattern of small or steady growth and became to level off year by year. In 2019, the total sales volume of Taiwan's furniture industry was NT$ $104.1 billion, and the overall furniture market without bedding was nearly NT$100 billion, which was mature and stable

Sales and annual growth rate of Taiwan furniture industry from 2012 to 2019

Unit: NT$ million



Note: Classified according to the taxation standard of the ROC. The furniture industry includes domestic furniture, imported furniture, and kitchenware.
Source: Ministry of Finance statistical database.

Since 2013, there has been a significant 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 the chain furniture industry, have begun to upgrade their logistics and warehousing capabilities and build logistics centers, which assisted Taiwan's furniture industry, which is in a mature market, in enhancing 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. Midstream agencies, such as traders, agents and wholesalers, then 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 primarily engaged in the operation of chain furniture stores, providing the sales and services of teak furniture, bedding, kitchen appliances, and other products. It is also the end of the channel that faces consumers directly in the circulation of commodities, which is at the downstream of the furniture industry chain.

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

3. Product development 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 outstanding featured products and well-known brands.
   (2) Furniture enterprise 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 reduces the stress of consumers entering the market by organizing casual and low-involvement marketing activities. In addition, it 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.

(III) Technology and R&D Overview

1. R&D expenditure in the most recent year up to the publication date 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 publication date 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 cooperated with different companies 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 was awarded the highest honorary Presidential Design Award in Singapore. This has provided the largest momentum for SCAN-D to innovate.

(IV) Long-term and short-term business development plans

In order to cope with the future industry trend and the overall economic environment and trend, 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 summarized as follows:

1. Short-term plan:
   (1) Continuous to expand the domestic market and accelerating the strategy of double brand store expansion.
   (2) Make good use of channel advantages to act as an agent for international boutique furniture, with multi-brand strategy management.
   (3) Strengthen 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, with a hope to integrate the upstream and downstream resources through the experience of developing brand channels in Taiwan, so as to become an international furniture manufacturer.
   (2) A new SCAN-D membership system is being planned to strengthen customer relationship management (CRM) and customer loyalty, enhance the service mechanism of business bases, and develop different age groups of consumers.

II. Market, production and Sales Overview

(I) Market Analysis

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

Unit: NT$'000

Item	Year	2018		2019	
		Sales Amount	Percentage of revenue %	Sales Amount	Percentage of revenue %
Distribution Region	Internal sales	1,703,688	100.00	1,442,780	78.90
	External sales	-	-	385,863	21.10
	Hong Kong/China	-	-	-	-
	US/Germany	-	-	-	-
	Others	-	-	-	-
	Other operating revenue	-	-	-	-
	Total	1,703,688	100.00	1,828,643	100.00

2. Market share

Taiwan's furniture industry is mainly divided into two systems: the manufacturing industry and the service industry. The manufacturing industry is export-oriented while the service industry is mainly domestic retail. According to the Report on Import and Export of Furniture in Taiwan in 2018 by the Taiwan Furniture Manufacturers' Association, the total import of furniture in Taiwan in 2018 was valued at about US$647 million while 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 2019 was NT$104.1 billion while the Company accounting for about 1.39% of the total sales.

3. Future supply, demand and growth of the market

(1)Future supply and demand

A furniture retail 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 in consumers and the market, the

Company has gradually transformed into Specially Stores, design exhibition hall or chain stores, while the furniture products shifted from being made domestically to imported furniture. In the future, the channel moded of traditional furniture markets is expected to gradually replaced by large-scale furniture chains with high reputation and service orientation.

(2) Future growth of the industry

According to the analysis of the 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 where the global furniture industry is scrambling to invest in. SCAN-D has been operating brand and developing sales channels in Taiwan for many years, accumulated enough experience and energy to enter the furniture chain store business in mainland 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 our operating results and establish an optimized sales system. In the future, Scan-D will base itself in Taiwan and enter the Chinese and ASEAN markets, expanding its vision to the globe as its corporate vision.

4. Competitive niche

(1) Quality assurance

The Company's products are subject to strict quality inspection from material selection to furniture design and production, so as to ensure that the goods delivered to customers are high-quality finished products. From furniture raw materials, joints, accessories to final decoration, we pay attention to every detail. With a product warranty card system and 0800 free customer service hotline, we are dedicated to solving problems for our customers, achieving the goal of "customer first, service from the heart." We will ensure that the 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 an optimized logistics planning and warehousing management system, inventory cost can be effectively reduced and the competitive advantage can be enhanced.

(3) Value of the channel

We have more than 100 physical stores in Taiwan, all of which are operated under the direct operation moded. At the convergence of transportation systems, they have an absolute competitive niche in marketing activities, retail displays, 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, the Company won the first place in the 2009 survey of ideal brands/well-known brands of 60 leisure furniture, and second place in the 2010 and 2011 surveys of well-known brands of furniture and professional awards. In 2012, it was regarded as one of "200 Best Small and Medium-sized Enterprises in Asia in 2012" by Forbes magazine. Every piece of furniture has obtained quality assurance. It is a trustworthy and high-quality brand in the heart of 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 was awarded the highest honorary Presidential Design Award in Singapore. This has provided the largest momentum for SCAN-D to innovate.

5. Favorable and unfavorable factors and responding measures for prospects of development
   (1) Favorable factors
      a. The brand's orientation is clear as our core team has many years of sales experience. We have a flexible grasp of market dynamics and business management capabilities. Under the leadership of an elite team, Scan-D is able to perform well during difficult times.
      b. Scan-D is people-oriented, 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 retail staff understands customer preferences and actual needs and leads them to feel the carefully created warmth of the atmosphere.
      c. To facilitate flexible dispatch and distribution of goods, large-scale transshipment and warehousing units were established in northern and central Taiwan. In addition to effectively shortening the logistics time, risk diversification can be achieved.
      d. Long-term cooperation with overseas suppliers, quality and stable supply and strong bargaining power reduce the cost relatively, which is also the Company's competitive advantage in the furniture industry.
      e. We have more than 100 physical stores in Taiwan, all of which are operated under the direct operation moded. At the convergence of transportation systems, they have an absolute competitive niche in marketing activities, retail displays, and customer service.

   (2) Unfavorable factors and response measures

Unfavorable Factors	Response measures
Global recession and slowdown of the domestic economic growth.	Maintain growth despites the economical decline. The Company increases the number of customers and purchasing opportunities by expanding branch stores, using creative marketing ideas and creating atmosphere at store displays
Competition in the industry is intense, other than bricks and mortar the large retail chain stores have brought on major impact. In addition, low priced furniture imported from China had expanded its market share rapidly and resulted in a price-cutting competition in the furniture industry.	Enhance consumer recognition by establishing brand image and strengthening various marketing strategies. Actively develop peripheral soft products, increase product diversification and uniqueness to drive the development of potential markets.
The furniture industry sells semi-durable goods and involves a wide range of products.	The Company analyzes and understands the diversity and rapidly changing needs of consumers and communicate deeply with consumers through innovative marketing strategies and brand image. The Company strengthens customer relationship management, establishes a loyal and stable customer base, and improves customer return rate by

Unfavorable Factors	Response measures
	adhering to its brand spirit and value recognition.

(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 furniturs. 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

	2018				2019				As of 2020 latest quarter			
Item	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer
1	A	68,101	9.80	None	B	46,445	6.89	None	H	8,840	6.62	None
2	B	50,700	7.30	None	A	38,841	5.76	None	B	7,868	5.89	None
3	D	50,333	7.24	None	D	31,893	4.73	None	D	7,189	5.39	None
	Others	525,464	75.66	None	Others	557,114	82.62	None	Others	109,592	82.00	None
	Total	694,598	100.00		Total	674,293	100.00		Total	133,489	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

Year / Shipments & Sales / Major Products (or by departments)	2018		2019	
	Local	Export	Local	Export
	Quantity	Amount	Quantity	Amount
Living Room	-	498,860	-	746,404
Restaurant	-	286,289	-	227,004
Bedroom	-	719,312	-	574,263
Mattress	-	185,310	-	272,553
Others	-	13,917	-	8,419
Total	-	1,703,688	-	1,828,643

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		2018	2019	As of Mar.31, 2020
Number of Employees	Management	34	44	49
	Technician	45	45	46
	Staff	367	345	368
	Total	446	434	463
Average Age		37.67	38.06	41.37
Average Years of Service		3.51	4.53	5.04
Education	Ph.D.	0.00%	0.00%	0.00%
	Masters	1.10%	1.60%	1.60%
	Bachelor’s Degree	57.20%	56.40%	58.48%
	Senior High School	37.70%	38.00%	37.30%
	Below Senior High	4.00%	4.00%	2.62%

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:

In addition to the provision of labor insurance and National health insurance for employees, the Company also organizes employee travel and body checks bonuses, talent referral bonuses, employee shopping privileges from time to time. In addition, in accordance with the relevant laws and regulations, an employee welfare committee is established to implement various welfare measures, such as birthday vouchers, New Year's Day vouchers, subsidy for employee wedding and funeral, and year-end bonuses depending on the Company's earning at the end of the year.

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	281,776

3.Retirement System:

To ensure a stable retirement life of our employees, the Company contributes 6% to the personal pension account of the Bureau of Labour Insurance in accordance with the Labour Pension Act. In accordance with the above regulations, the Company recognized an expense of approximately NT$11,678,000 in 2019.

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 Satiety 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、Major Contract：

Agreement	Counterparty	Period	Major Contents	Restrictions
Brand License	Hawaii Furnishing Pte Ltd.	2010/04/01 | 2040/03/31	Acquire the right of using SCANTEAK to operate business	Territory: Taiwan
Trademark License	Lim, Pok-Chin	2010/04/01 | 2040/03/31	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-consolidated

Unit: NT$ thousands

Item / Year		Financial Summary for The Last Five Years (Note 1)					As of Mar.31, 2020 (Note 3)
		2015	2016	2017	2018	2019	
Current assets		-	-	-	-	851,212	750,892
Property, Plant and Equipment (Note 2)		-	-	-	-	795,419	780,451
Intangible assets		-	-	-	-	1,188	1,441
Other assets (Note 2)		-	-	-	-	1,057,306	1,000,076
Total assets		-	-	-	-	2,705,125	2,532,860
Current liabilities	Before distribution	-	-	-	-	919,698	751,016
	After distribution	-	-	-	-	(Note 4)	-
Non-current liabilities		-	-	``3210-	-	776,465	746,307
Total liabilities	Before distribution	-	-	-	-	1,696,163	1,497,323
	After distribution	-	-	-	-	(Note 4)	-
Equity attributable to shareholders of the parent		-	-	-	-	1,006,667	1,033,747
Capital stock		-	-	-	-	461,332	461,332
Capital surplus		-	-	-	-	181,931	181,931
Retained earnings	Before distribution	-	-	-	-	364,652	395,135
	After distribution	-	-	-	-	(Note 4)	-
Other equity interest		-	-	-	-	(1,248)	4,651
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	2,295	1,790
Total equity	Before distribution	-	-	-	-	1,008,962	1,035,537
	After distribution	-	-	-	-	(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) Balance Sheet-by IFRSs-Unconsolidated

Unit: NT$ thousands

Item \ Year		Financial Summary for The Last Five Years（Note1）					As of Mar.31, 2020 (Note 3)
		2015	2016	2017	2018	2019	
Current assets		696,420	829,071	760,173	701,925	676,415	-
Property, Plant and Equipment（Note2）		791,552	773,471	772,661	761,985	753,459	-
Intangible assets		650	1,360	2,005	1,623	1,188	-
Other assets（Note2）		58,325	59,467	49,383	81,654	939,445	-
Total assets		1,546,947	1,663,369	1,584,222	1,547,187	2,370,507	-
Current liabilities	Before distribution	339,513	365,013	325,845	451,123	712,104	-
	After distribution	489,954	493,962	507,373	589523	(Note4)	-
Non-current liabilities		408,900	471,493	279,235	53,324	651,736	-
Total liabilities	Before distribution	748,413	836,506	605,080	504,447	1,363,840	-
	After distribution	898,854	965,455	786,608	642,847	(Note4)	-
Equity attributable to shareholders of the parent		798,534	826,863	979,142	1,042,740	1,006,667	-
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	310,029	323,608	413,435	399,477	364,652	-
	After distribution	159,588	194,659	231,907	261,077	(Note4)	-
Other equity interest			-	-	-	(1,248)	-
Treasury stock			-	-	-	-	-
Non-controlling interest			-	-	-	-	-
Total equity	Before distribution	798,534	826,863	979,142	1,042,740	1,006,667	-
	After distribution	648,093	697,914	797,614	904,340	(Note4)	-

* 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.

(III) Condensed Balance Sheet-by IFRSs-consolidated

Unit: thousand dollars/EPS in dollars

Item \ Year	Financial Summary for The Last Five Years (Note 1)					As of Mar.31, 2019 (Note 2)
	2015	2016	2017	2018	2019	
Revenue	-	-	-	-	1,828,643	473,943
Gross Profit	-	-	-	-	1,004,836	263,945
Income from operations	-	-	-	-	116,758	34,624
Non-operating income	-	-	-	-	22,303	3,664
Net profit before tax	-	-	-	-	139,061	38,288
Net profit for operating unit	-	-	-	-	139,061	38,288
Loss from non-operating unit	-	-	-	-	-	-
Net profit/loss for this term	-	-	-	-	103,744	30,512
Other comprehensive income (income after tax)	-	-	-	-	(1,290)	(3,937)
Total comprehensive income	-	-	-	-	102,454	26,575
Net income attributable to shareholders of the parent	-	-	-	-	103,575	30,483
Net income attributable to non-controlling interest	-	-	-	-	169	29
Comprehensive income attributable to Shareholders of the parent	-	-	-	-	102,327	27,080
Comprehensive income attributable to non-controlling interest	-	-	-	-	127	(505)
EPS	-	-	-	-	2.25	0.66

* 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.

(IV) Condensed Balance Sheet-by IFRSs-Unconsolidated

Unit: thousand dollars/EPS in dollars

Item \ Year	Financial Summary for The Last Five Years (Note1)					As of Mar.31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Revenue	1,586,690	1,637,952	1,805,336	1,703,688	1,442,780	-
Gross Profit	922,307	886,576	1,004,354	944,252	800,728	-
Income from operations	230,740	193,446	254,042	202,081	103,958	-
Non-operating income	2,127	5,552	11,473	9,762	26,613	-
Net profit before tax	232,867	198,998	265,515	211,843	130,571	-
Net profit for operating unit	232,867	198,998	265,515	211,843	130,571	-
Loss from non-operating unit	-	-	-	-	-	-
Net profit/loss for this term	190,878	164,020	218,776	167,570	103,575	-
Other comprehensive income (income after tax)	-	-	-	-	(1,248)	-
Total comprehensive income	190,878	164,020	218,776	167,570	102,237	-
Net income attributable to shareholders of the parent	190,878	164,020	218,776	167,570	102,237	-
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	190,878	164,020	218,776	167,570	102,237	-
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
EPS	4.40	3.82	5.05	3.67	2.25	-

* 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.

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

Year	Firm	Name of the accountant	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
2019	Deloitte & Touche	Chen, Hui-Min、Kuo, Nai-Hua	Unqualified opinion

II、Financial Analysis in the Most Recent 5 Years

(I) Consolidated Financial Analysis-By IFRSs-consolidated

Item (Note 3) \ Year (Note1)		Financial Summary for The Last Five Years					As of Mar.31,2020 (Note 2)
		2015	2016	2017	2018	2019	
Financial structure (%)	Debt Ratio	-	-	-	-	62.70	59.12
	Ratio of long-term capital to property, plant and equipment	-	-	-	-	224.46	228.31
Solvency (%)	Current ratio	-	-	-	-	92.55	99.98
	Quick ratio	-	-	-	-	34.15	34.61
	Interest earned ratio (times)	-	-	-	-	8.29	6.60
Operating ability	Accounts receivable turnover (times)	-	-	-	-	24.01	36.01
	Average collection period	-	-	-	-	15.20	10.14
	Inventory turnover (times)	-	-	-	-	1.58	1.65
	Accounts payable turnover (times)	-	-	-	-	20.15	17.07
	Average days in sales	-	-	-	-	231.01	220.67
	Property, plant and equipment turnover (times)	-	-	-	-	2.35	2.41
	Total assets turnover (times)	-	-	-	-	0.86	0.72
Profitability	ROA (%)	-	-	-	-	5.60	5.50
	Return on stockholders' equity (%)	-	-	-	-	10.11	11.94
	Pre-tax income to paid-in capital (%)	-	-	-	-	30.14	8.30
	Profit ratio (%)	-	-	-	-	5.67	6.44
	Earnings per share (NT$)	-	-	-	-	2.25	0.66
Cash flow	Cash flow ratio (%)	-	-	-	-	50.04	17.74
	Cash Flow Adequacy Ratio (%)	-	-	-	-	113.72	191.74
	Cash Re-investment Ratio(%)	-	-	-	-	10.17	5.63
Leverage	Operating leverage	-	-	-	-	4.13	6.84
	Financial leverage	-	-	-	-	1.20	1.25

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)

Consolidated Financial Analysis-By IFRSs-Unconsolidated

Item (Note 3) \ Year (Note1)		2015	2016	2017	2018	2019	As of Mar.31,2020 (Note 2)
		Financial Summary for The Last Five Years					
Financial structure (%)	Debt Ratio	48.38	50.29	38.19	32.60	57.53	-
	Ratio of long-term capital to property, plant and equipment	152.54	167.86	162.86	143.84	220.11	-
Solvency (%)	Current ratio	205.12	227.13	233.29	155.60	94.99	-
	Quick ratio	43.05	90.61	78.01	36.31	28.02	-
	Interest earned ratio (times)	28.66	25.58	53.29	63.34	9.72	-
Operating ability	Accounts receivable turnover (times)	37.22	24.78	20.20	19.71	19.54	-
	Average collection period	9.81	14.73	18.07	18.52	18.68	-
	Inventory turnover (times)	1.41	1.57	1.74	1.55	1.30	-
	Accounts payable turnover (times)	17.85	15.65	18.89	26.93	21.78	-
	Average days in sales	258.87	232.48	209.77	235.48	280.77	-
	Property, plant and equipment turnover (times)	2.16	2.09	2.34	2.22	1.90	-
	Total assets turnover (times)	1.00	1.02	1.11	1.09	0.74	-
Profitability	ROA (%)	12.46	10.64	13.73	10.88	5.90	-
	Return on stockholders' equity (%)	22.56	20.18	24.23	16.58	10.11	-
	Pre-tax income to paid-in capital (%)	54.18	46.30	59.83	45.92	28.30	-
	Profit ratio (%)	12.03	10.01	12.12	9.84	7.18	-
	Earnings per share (NT$)	4.40	3.82	5.05	3.67	2.25	-
Cash flow	Cash flow ratio (%)	44.48	79.55	69.57	38.10	57.52	-
	Cash Flow Adequacy Ratio (%)	64.16	61.93	64.49	87.93	111.36	-
	Cash Re-investment Ratio (%)	(4.80)	9.03	6.40	(0.69)	9.18	-
Leverage	Operating leverage	3.44	4.23	3.55	4.22	3.83	-
	Financial leverage	1.04	1.04	1.02	1.02	1.17	-

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 increase in gearing ratio and decrease in current and liquidity ratios: The increase in gearing and decrease in current and liquidity ratios were mainly due to the recognition of lease liabilities under IFRS 16.
2. The decrease in the turnover rate of property, plant, and equipment, return on total assets and return on assets: The decrease is mainly due to the increase in the amount of property, plant, and equipment due to the recognition of right-of-use assets under IFRS 16.
3. The decrease in interest coverage ratio: The decrease is mainly due to the recognition of lease liability and interest expense under IFRS 16.
4. The increase in receivables turnover rate: The increase is mainly due to the increase in the credit period resulted from the increase in the number of department stores.
5. The decrease in accounts payable turnover ratio: The decrease was mainly due to the increase in accounts payable consolidated to the subsidiaries for the period.
6. The decrease in return on equity, net profit before tax to capital ratio, net profit ratio and earnings per share: mainly due to the decrease in profit for the period.
7. The increase in cash flow ratio, cash flow allowance ratio and cash reinvestment ratio: The increase was mainly due to the increase in operating cash flow due to the decrease in inventory and the increase in contractual liabilities during the period.
8. The decrease in operating leverage: Mainly due to the decrease in profit for the period.

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

plant and equipment + long-term investment + other non- current assets + Working capital). (Note 5)

6. Leverage:

(1) Operational leverage = (operating revenue-change operating cost and expense)/operating profit (Note 6).

(2) Financial leverage = Operating profit/(operating profit-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 earning 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

2019 Supervisor Report

The Board of directors present the company's 2019 balance sheet, comprehensive income and loss statement, equity change statement and cash flow statement, made by Deloitte & Touche accountant Chen, Hui -Min 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: 2020 Shareholders' Meeting

SCAN-D CORPORATION

Supervisor ：Wang, I-Yao

Supervisor ：Lee,Shin-Mo

Supervisor ：Liu, Chih-Hung

Mar.24, 2020

IV、Financial Statements in the Most Recent Year: Consolidated financial report， Please refer to page 99 to 173.

V、Un Consolidated Financial report of the parent and subsidiary company of the most recent year：Please refer to pege174 to 226.

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	2019	2018	Difference	
			Amount	%
Current Assets	851,212	701,925	149,287	21.27%
Long-term Share Right Investment	-	-	-	-
Fixed Assets	795,419	761,985	33,434	4.39%
Other Assets	1,058,494	83,277	975,217	1,171.05%
Total Assets	2,705,125	1,547,187	1,157,938	74.84%
Current Liabiliies	919,698	451,123	468,575	103.87%
Other Liabilities	-	-	-	-
Long-term Liabilities	776,465	53,324	723,141	1,356.13%
Total Liabilities	1,696,163	504,447	1,191,716	236.24%
Paid in Capital	461,332	461,332	0	0.00%
Capital Reserve	181,931	181,931	0	0.00%
Legal Reserve	182,733	165,976	16,757	10.10%
Special Reserve	-	-	-	-
Undistributed earning	181,919	233,501	(51,582)	(22.09%)
Adjustment	(1,248)	-	(1,248)	-
Shareholders equity	1,008,962	1,042,740	(33,778)	(3.24%)

I. IReasons, impact and future plans for changes of more than 20% or over NT$1,000,000 in assets, liabilities, and shareholding for the past two years:

1. The increase in current assets: The increase in current assets was mainly due to the acquisition of a subsidiary, which was consolidated in the current assets of a subsidiary.
2. The increase in other assets: Mainly due to the recognition of goodwill for the acquisition of a subsidiary and the recognition of right-of-use assets under IFRS 16.
3. The increase in current liabilities: The increase in current liabilities was mainly due to the recognition of lease liabilities under IFRS 16 and the consolidation of current liabilities for the acquisition of a subsidiary.
4. The increase in long-term liabilities: The increase in long-term liabilities was mainly due to the recognition of lease liabilities under IFRS 16 and the long-term loans for the acquisition of a subsidiary.
5. The increase in total liabilities: Mainly due to 5 and 6.
6. The increase in statutory surplus reserve: Mainly due to the provision of the statutory surplus reserve in accordance with the regulations.
7. The decrease in unallocated surplus: Mainly due to the payment of cash dividends.

II. Review and analysis of major capital expenditure and its sources of funding: none.

II、 Financial Performance

(I)Results Comparison

Unit: thousand dollars

Item \ Year	2019	2018	Variance	%
Revenue	1,843,390	1,721,009	122,381	7.11%
Deduction: Sales return	(14,621)	(17,202)	2,581	(15.00)%
Sales discount	(126)	(119)	(7)	5.88%
Operating revenue	1,828,643	1,703,688	124,955	7.33%
Operating cost	823,807	759,436	64,371	8.48%
Unrealized/realized profit between affiliated company－net	-	-	-	-
Gross Profit	1,004,836	944,252	60,584	6.42%
Operating expense	888,078	742,171	145,907	19.66%
Operating net profit	116,758	202,081	(85,323)	(42.22%)
Non-operating expenses and losses	43,264	14,222	29,042	204.20%
Non-operating expenses and losses	(20,961)	(4,460)	(16,501)	369.98%
Income Before Income Tax from Continuing Operations	139,061	211,843	(72,782)	(34.36%)
Tax expense/interest	(35,317)	(44,273)	8,956	(20.23%)
Net profit for this term	103,744	167,570	(63,826)	(38.09%)

I. Reasons for changes in the amount of more than 20% or over NT$1,000,000 for the past two years:

1. Net income, net income before tax and net income from continuing operations during the period decreased compared to the same period last year: Mainly due to the decline in revenue of Taiwan Scan-D and the increase in operating expenses consolidated into the subsidiaries.

2. Non-operating income and gains, non-operating expenses and losses: The increase compared to the same period last year was mainly due to the consolidation of non-operating income and gains for the acquisition of a subsidiary, borrowing of long-term loans and interest expense recognized under IFRS 16.

II. Reasons for changes in the Company's primary business:
Not applicable.

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.

(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	2019	2018	Variance	%
Operating Activities	460,254	171,858	288,396	167.81%
Investment Activities	(202,901)	(57,729)	(145,172)	(251.47%)
Funding Activities	(114,672)	(187,022)	72,350	38.69%
Exchange effect	(1,183)	0	(1,183)	0.00 %
total	141,498	(72,893)	214,391	294.12%

Analysis Instructions:

1. The cash inflow from operating activities increased from the previous period: Mainly due to the decrease in inventories and the decrease in goods received in advance.
2. The cash outflow from investing activities increased from the previous period: The increase in cash outflow was mainly due to the acquisition of a subsidiary.
3. The net cash outflow from fund-raising activities decreased compared to the previous period: Mainly due to the decrease in cash outflow due to the long-term borrowing for the period.

(II) 2-Year Currency Analysis

Item \ Year	2019	2018	%
Cash flow ratio (%)	50.04	38.10	31.34%
Cash Flow Adequacy Ratio (%)	113.72	87.93	29.33%
Cash Re-investment Ratio (%)	10.17	(0.69)	(1,573.91%)

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

1. The decrease in cash flow ratio: The increase was mainly due to the increase in cash flow from operating activities consolidated in the subsidiaries during the period
2. The increase in cash flow allowance ratio: The increase was mainly due to the increase in cash flow from operating activities consolidated in the subsidiaries during the period.
3. The decrease in cash reinvestment ratio: The increase was mainly due to the increase in cash flow from operating activities consolidated in the subsidiaries during the period.

(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
236,786	238,500	206,800	268,486	-	-

1. Analysis of changes in cash flows:
   Operating activities: Mainly due to net cash inflows from operating activities in 2020.
   Annual cash outflow: Mainly due to the expected distribution of cash dividend and the expansion of business locations.
2. Remedial measures and liquidity analysis for the expected cash deficiency: None.

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 Factorsin 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 mearsures:

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 2019 interest expenses accounted for 18.42% 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 2019 exchange profit accounted for 0.72% 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 mearsures: 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

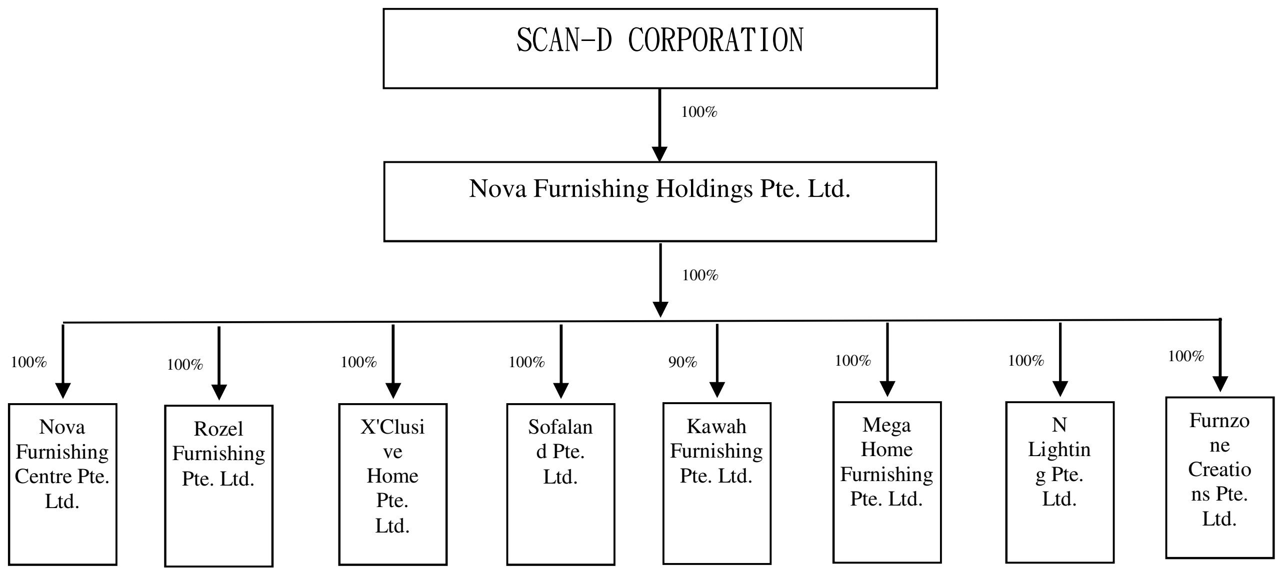
Provides the information of the distributed resources of the main operating strategist and the effectiveness of the department, focuses on the kind of every delivered or provided products or services. In accordance with the provisions of the IFRS No.41 "The Disclosure of Operating Segments Information," 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.

1. Affiliated Companies Organizational Chart December. 31, 2019



2. Basic information of related companies

Company Name	Date of establishment	Area	Paid-in capital	Scope of Business
Nova Furnishing Holdings Pte. Ltd.	January 2003	Singapore	SGD2,000,000	Holding company
Nova Furnishing Centre Pte.	January 2003	Singapore	SGD150,000	Furniture wholesale and retail
Rozel Furnishing Pte. Ltd.	September 2009	Singapore	SGD500,000	Furniture wholesale and retail
X'Clusive Home	November 2009	Singapore	SGD350,000	Furniture wholesale and retail
Sofaland Pte. Ltd.	March 2002	Singapore	SGD250,000	Furniture wholesale and retail

Kawah Furnishing Pte. Ltd.	June 2017	Singapore	SGD360,000	Furniture wholesale and retail
Mega Home Furnishing Pte. Ltd.	October 2017	Singapore	SGD500,000	Furniture wholesale and retail
N Lighting Pte. Ltd.	February 2006	Singapore	SGD100,000	Furniture wholesale and retail
Furnzone Creation	January 2003	Singapore	SGD600,000	Furniture wholesale and retail

3. The same shareholder information of persons presumed to have control and affiliation

4. Information of directors of related companies

Company Name	title	Name or representative	Shareholding	
			Share	%
Nova Furnishing Holdings Pte. Ltd.	Director	Lim, Pok-Chin	-	-
	Director	Lim, Jie-Ren	-	-
	Director	IVAN ONN KOK MENG	-	-
Nova Furnishing Centre Pte.	Director	Lim, Pok-Chin	-	-
	Director	Lim, Jie-Ren	-	-
Rozel Furnishing Pte. Ltd.	Director	Lim, Pok-Chin	-	-
	Director	Lim, Jie-Ren	-	-
X'Clusive Home	Director	Lim, Pok-Chin	-	-
	Director	Lim, Jie-Ren	-	-
Sofaland Pte. Ltd.	Director	Lim, Pok-Chin	-	-
	Director	Lim, Jie-Ren	-	-
Kawah Furnishing Pte. Ltd.	Director	Lim, Pok-Chin	-	-
	Director	Lim, Jie-Ren	-	-
Mega Home Furnishing Pte. Ltd.	Director	Lim, Pok-Chin	-	-
	Director	Lim, Jie-Ren	-	-
N Lighting Pte. Ltd.	Director	Lim, Pok-Chin	-	-

	Director	Lim, Jie-Ren	-	-
Furnzone Creation	Director	Lim, Pok-Chin	-	-
	Director	Lim, Jie-Ren	-	-

5. Operational overview of related companies

December.31,2019 Unit:NT$ thousands

Company Name	Carrying amount of investment at the end of the period	(Loss) profit after tax for the period
Nova Furnishing Holdings Pte. Ltd.	247,265	21,225
Nova Furnishing Centre Pte.	9,441	4,040
Rozel Furnishing Pte. Ltd.	18,636	5,944
X'Clusive Home	12,317	2,805
Sofaland Pte. Ltd.	7,675	1,251
Kawah Furnishing Pte. Ltd.	20,651	1,686
Mega Home Furnishing Pte. Ltd.	15,123	760
N Lighting Pte. Ltd.	(2,187)	(1,322)
Furnzone Creation	22,699	7,324

(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:

I. On April 19, 2019, the Board of Directors of the Company resolved to purchase 100% interest in Nova Furnishing Holdings Pte Ltd of NOVA, the second-largest furniture retailer in Singapore, for NT$228 million.

Declaration of Consolidated Financial Statements of Affiliates

For the fiscal year 2019 (January 1 to December 31, 2019), the affiliated companies of the Company that shall be included in the consolidated financial statements of affiliated companies as per the rules of the Criteria Governing Preparation of Affiliation Reports, the Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prescribed by the International Financial Reporting Standards No. 10. Also, all the information to be disclosed in the consolidated financial statements of affiliated companies has already been disclosed in the aforementioned consolidated financial statements. Hence, the consolidated financial statements of affiliated companies are not prepared separately.

As hereby declared

Company Name: Scan-D Corporation

Responsible Person: Lin, Fu-Chin

March 24, 2020

Stock Code: 6195

Declaration of Consolidated Financial Statements of Affiliates

Scan-D Corporation and its Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

2019 and 2018

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

Tel: 03-3180555

Independent Auditors' Report

To Scan-D Corporation

Audit Opinion

We have audited the consolidated balance sheets of Scan-D Corporation and its subsidiaries (hereinafter referred to as "Scan-D Group") as of December 31, 2019 and 2018, and the Consolidated Comprehensive Income Statement, Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow, and Notes to the Consolidated Financial Statement (including a summary of significant accounting policies) for January 1 to December 31, 2019 and 2018.

In our opinion, the above consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis of Auditors' Opinion

We conducted our audits in accordance with the 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 Consolidated Financial Statements section. We are independent of the Scan-D Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled 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, in our professional judgment, were of most significance in our audit of the financial statements for 2019. 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.

Key audit matters for the 2019 Consolidated Financial Statements of Scan-D Corporation and its subsidiaries (Scan-D Group) are as followings:

<u>Authenticity of Sales Revenue</u>

Significant audit risk is regarded as existing in the revenue recognition based on the significance and audit guidelines. As Scan-D Group belongs to the furniture retail industry and sells products to non-specific consumers, where there are many miscellaneous transactions, the risk of revenue recognition depends on whether 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 key audit matters.

By performing control tests, we realized the revenue recognition procedure of the Scan-D Group, and the design and implementation of related control systems. Other audit procedures performed included:

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 inspected and verified the efficiency of the transaction orders and delivery orders.
2. We checked the authenticity of the payment amounts and the payers according to the condition of payment collection.
3. With the samples for testing selected from the detailed records of sales revenue, we performed detailed tests to verify the consistency between the order amounts and the target of the orders, the reasonability of dates, and whether the orders were signed and accepted.
4. We found no significant sales return and discount during the later stage of the period (the later stage of the period was determined based on the average credit period).

Other Matters

Scan-D Corporation has compiled the Individual Financial Statements for 2019, and we have compiled an audit report with our unqualified opinion for reference.

Responsibilities of the Management and Governance Bodies on the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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, the management is responsible for assessing the Scan-D Group's ability to continue as a going concern, disclosure of related matters and the adoption of the going concern basis of accounting, unless the management either intends to liquidate Scan-D Group or cease operation, or has no other practicable solutions other than liquidation or cease of operation.

The governing bodies (including supervisors) of Scan-D Group are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. There may still be material misstatements due to fraud or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could influence the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also performed the following tasks:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform appropriate countermeasures for the risks evaluated, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents resulting from fraudulence is higher than that resulting from errors.
2. Obtain an necessary understanding of the 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 Scan-D Group's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management's use of going concern basis of accounting, and determined whether there existed events or circumstances that might cast significant uncertainty over Scan-D Group's ability to continue as a going concern. If we are of the opinion 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 Scan-D Group to no longer have the capacity to function as a going concern

5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including relevant notes), and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Group to express opinions on the consolidated financial statements. We are responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

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 identified during our audit.

We also provide those charged with governance with a statement that the staffs required to be independent of the accounting firms under us 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, including related protection measures.

We have determined the key audit matters to be audited in the consolidated financial statements for 2019 based on the matters communicated with those charged with governance. We have clearly described the said matters in the auditor's report except for certain matters that are prohibited from public disclosure by laws or regulations or certain matters we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to result in adverse effects that would be greater than the public benefits gained.

Deloitte & Touche

CPA Chen, Hui-Ming

CPA Kuo, Nai-Hua

Securities and Futures Commission Approval Document No.
Tai-Cai-Zheng-6 No. 0920123784

Financial Supervisory Commission Approval Document No.
Chin-Kuan-Cheng-Shen-Tzu No. 1070323246

March 24, 2020

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 and its subsidiaries

Consolidated Balance Sheets

December 12, 2019 and 2018

Unit: NT$'000

Code	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 221,542	8	$ 80,044	5
1110	Financial assets at fair value through profit and loss- current (Notes 4 and 7)	7,680	-	224	-
1170	Net accounts receivable (Note 4 and 8)	72,130	3	79,249	5
1200	Other receivables	374	-	16	-
130X	Inventories (Note 4 and 9)	528,365	20	508,843	33
1410	Advance payments (Note 15)	8,814	-	29,278	2
1470	Other current assets (Note 15 and 32)	12,307	-	4,271	-
11XX	Total current assets	851,212	31	701,925	45
	Non-current assets				
1600	Property, Plant & Equipment (Note 4, 11, and 32)	795,419	30	761,985	50
1755	Right-of-use assets (Note 4, 12 and 31)	831,643	31	-	-
1801	Net computer software (Note 4 and 13)	1,188	-	1,623	-
1805	Goodwill (Note 4 and 14)	158,913	6	-	-
1840	Deferred income tax assets (Note 4 and 25)	-	-	1,317	-
1915	Advance payment for equipment	3,909	-	30,476	2
1920	Refundable Deposits (Note 31)	62,841	2	49,861	3
15XX	Total non-current assets	1,853,913	69	845,262	55
1XXX	Total assets	$ 2,705,125	100	$ 1,547,187	100
Code	**Liability and equity**				
	Current liabilities				
2100	Short-term loans (Note 4 and 16)	$ 80,052	3	$ -	-
2130	Contract liabilities - current (Note 23)	256,390	9	117,013	8
2150	Notes receivable (Note 4 and 18)	4,461	-	32,730	2
2170	Accounts payable (Notes 4 and 18)	46,371	2	23,406	2
2200	Other payables (Note 19)	96,810	4	78,397	5
2230	Income tax liabilities for the period (Note 4 and 25)	9,890	-	21,809	1
2280	Lease liabilities - current (notes 4, 12 and 31)	264,425	10	-	-
2310	Advance receivable	496	-	22,425	2
2321	Corporate bonds due within one year or exercised repurchase rights (notes 4 and 17)	148,259	6	146,150	9
2322	Long-term loans due within one year (Note 4 and 16)	8,884	-	5,518	-
2399	Other current liabilities	3,660	-	3,675	-
21XX	Total current liabilities	919,698	34	451,123	29
	Non-current liabilities				
2540	Long-term loans (Note 4 and 16)	189,597	7	46,900	3
2550	Liabilities provision – non-current (Notes 4 and 20)	7,614	1	6,400	1
2570	Deferred income tax liabilities (Note 4 and 25)	1,895	-	-	-
2580	Lease liabilities - non-current (notes 4, 12 and 31)	572,291	21	-	-
2645	Guarantee deposited	5,068	-	24	-
25XX	Total non-current liabilities	776,465	29	53,324	4
2XXX	Total liabilities	1,696,163	63	504,447	33
	Equity (Note 22)				
	Equity attributable to owners of the Company				
3110	Capital - common stock	461,332	17	461,332	30
3200	Capital surplus	181,931	7	181,931	11
	Retained earnings				
3310	Statutory surplus reserve	182,733	7	165,976	11
3350	Undistributed earnings	181,919	6	233,501	15
3300	Total retained earnings	364,652	13	399,477	26
3400	Other equity	(1,248	-	-	-
31XX	Total equity attributable to owners of the Company	1,006,667	37	1,042,740	67
36XX	Non-controlling interests (Note 22)	2,295	-	-	-
3XXX	Total equity	1,008,962	37	1,042,740	67
	Total liabilities and equity	$ 2,705,125	100	$ 1,547,187	100

The attached notes are part of the consolidated financial statements.

Chairman: Lin, Fu-Chin Manager: Lin, Fu-Chin Accounting Supervisor: He, han-Chuang

Scan-D Corporation and its Subsidiaries

Consolidated Statements of Comprehensive Income

January 1 to December 31, 2019 and 2018

(Unit: NT$'000, NT$ for earnings per share)

Code		2019 Amount	2019 %	2018 Amount	2018 %
	Operating income (Note 23)				
4110	Sales revenue	$ 1,834,971	101	$ 1,707,092	100
4170	Sales return	(14,621)	(1)	(17,202)	(1)
4190	Sales discount	(126)	-	(119)	-
4100	Net sales revenue	1,820,224	100	1,689,771	99
4800	Other operating revenue	8,419	-	13,917	1
4000	Total Operating Revenue	1,828,643	100	1,703,688	100
	Operating costs (notes 9, 21, 24, and 31)				
5110	Cost of sales	(817,403)	(45)	(748,954)	(44)
5800	Other operating costs	(6,404)	-	(10,482)	(1)
5000	Total operating expenses	(823,807)	(45)	(759,436)	(45)
5900	Gross profit	1,004,836	55	944,252	55
	Operating expenses (Notes 24 and 31)				
6100	Marketing expenses	(789,611)	(43)	(667,305)	(39)
6200	Administrative expenses	(98,467)	(5)	(74,866)	(4)
6000	Total operating expenses	(888,078)	(48)	(742,171)	(43)
6900	Operating margin	116,758	7	202,081	12
	Non-operating income and expenses (Note 24 and 31)				
7190	Other income	43,264	2	14,222	1
7020	Other profit and loss	(1,884)	-	(1,062)	-
7050	Finance costs	(19,077)	(1)	(3,398)	-
7000	Total non-operating income and expenses	22,303	1	9,762	1
7900	Profit before tax of continuing operations	139,061	8	211,843	13

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Code		2019 Amount	2019 %	2018 Amount	2018 %
7950	Income tax expenses (Note 4 and 25)	(35,317)	(2)	(44,273)	(3)
8200	Net income	103,744	6	167,570	10
	Other comprehensive profit or loss				
8360	Items that might be reclassified to profit or loss:				
8361	Translation differences in financial statements from overseas operations (Note 22)	(1,602)	-	-	-
8399	Income tax relating to items that may be reclassified (Notes 22)	312	-	-	-
8300	Other comprehensive income for the period	(1,290)	-	-	-
8500	Total comprehensive income	$ 102,454	6	$ 167,570	10
	Net income attributable to:				
8610	Owners of parent company	$ 103,575	6	$ 167,570	10
8620	Non-controlling interest	169	-	-	-
8600		$ 103,744	6	$ 167,570	10
	Total comprehensive income attributable to:				
8710	Owners of parent company	$ 102,327	6	$ 167,570	10
8720	Non-controlling interest	127	-	-	-
8700		$ 102,454	6	$ 167,570	10
	Earnings per share (Note 26)				
	From continuing business				
9710	Basic	$ 2.25		$ 3.67	
9810	Diluted	$ 2.24		$ 3.43	

The attached notes are part of the consolidated financial statements.

Chairman: Lin, Fu-Chin Manager: Lin, Fu-Chin Accounting Supervisor: He, han-Chuang

Scan-D Corporation and its Subsidiaries

Consolidated Statements of Changes in Equity

January 1 to December 31, 2019 and 2018

Unit: NT$'000

Code		Equity attributable to owners of the Company: Capital: Number of shares	Capital: Amount	Capital surplus	Retained earnings: Statutory surplus reserve	Retained earnings: Undistributed earnings	Translation differences in financial statements from other equity of overseas operations	Non-controlling interest (Note 22)	Total equity
A1	Balance as of January 1, 2018	44,380	$ 443,799	$ 121,908	$ 144,098	$ 269,337	$ -	$ -	$ 979,142
	Appropriation and distribution of 2017 earnings								
B1	Statutory surplus reserve	-	-	-	21,878	(21,878)	-	-	-
B5	Cash dividend to shareholders of the Company	-	-	-	-	(181,528)	-	-	(181,528)
D1	Net profit in 2018	-	-	-	-	167,570	-	-	167,570
I1	Conversion of corporate bonds to common stock	1,753	17,533	60,023	-	-	-	-	77,556
Z1	Balance as at December 31, 2018	46,133	461,332	181,931	165,976	233,501	-	-	1,042,740
	Appropriation and distribution of 2018 earnings								
B1	Statutory surplus reserve	-	-	-	16,757	(16,757)	-	-	-

Code		Equity attributable to owners of the Company							
		Capital			Retained earnings		Translation differences in financial statements from other equity of overseas operations	Non-controlling interest (Note 22)	Total equity
		Number of shares	Amount	Capital surplus	Statutory surplus reserve	Undistributed earnings			
B5	Cash dividend to shareholders of the Company	-	-	-	-	(138,400)	-	-	(138,400)
D1	Net profit in 2019	-	-	-	-	103,575	-	169	103,744
D3	Other comprehensive income in 2019	-	-	-	-	-	(1,248)	(42)	(1,290)
D5	Total comprehensive income in 2019	-	-	-	-	103,575	(1,248)	127	102,454
O1	Changes in non-controlling interests	-	-	-	-	-	-	2,168	2,168
Z1	Balance as at December 31, 2019	46,133	$ 461,332	$ 181,931	$ 182,733	$ 181,919	($ 1,248)	$ 2,295	$ 1,008,962

The attached notes are part of the consolidated financial statements.

Chairman: Lin, Fu-Chin Manager: Lin, Fu-Chin Accounting Supervisor: He, Shan-Chuang

Scan-D Corporation and its Subsidiaries

Consolidated Statements of Cash Flows

January 1 to December 31, 2019 and 2018

Unit: NT$'000

Code		2019	2018
	Cash flows from operating activities		
A10000	Profit before tax for the year	$ 139,061	$ 211,843
A20010	Income and expense items		
A20100	Depreciation expenses	257,000	38,817
A20200	Amortization expenses	1,389	1,200
A20400	Net losses on financial liabilities at fair value through profit or loss	1,132	276
A20900	Finance costs	19,077	3,398
A21200	Interest income	(1,873)	(136)
A21300	Dividend income	(282)	-
A22500	Loss (gain) on disposal and scraping of property, plant and equipment	872	(222)
A29900	Gain on lease modification	(1)	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	-	1,328
A31150	Accounts receivable	12,315	12,067
A31180	Other receivables	(358)	1,607
A31200	Inventory	24,006	(44,102)
A31230	Prepayments	161	11,968
A31240	Total current assets	14,865	2,447
A32125	Contract liabilities	139,377	(18,543)
A32130	Notes payable	(9,382)	(10,624)
A32150	Accounts payable	(96,771)	4,781
A32180	Other Payables	19,852	(12,627)
A32210	Advance receivable	480	22,095
A32230	Other current liabilities	1,401	(655)
A33000	Cash from operating activities	522,321	224,918
A33300	Interest paid	(3,657)	(1,042)
A33500	Income tax paid	(58,410)	(52,018)
AAAA	Net cash inflow from operating activities	460,254	171,858
	Cash flow from investment activities		
B02200	Acquisition of subsidiaries (less the cash received)	(152,348)	-

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Code		2019	2018
B02700	Acquisition of property, plant and equipment	(25,017)	(24,021)
B02800	Disposal price of property, plant and equipment	63	1,142
B03700	Increase in refundable deposits	(14,498)	(2,990)
B04500	Acquisition of intangible assets	(954)	(818)
B06500	Increase in other financial assets	-	(3)
B07100	Increase in prepayment for equipment	(11,465)	(31,175)
B07500	Interest received	1,036	136
B07600	Dividend received	282	-
BBBB	Net cash outflow from investing activities	(202,901)	(57,729)
	Cash flow from financing activities		
C00100	Increase in short-term loans	78,160	-
C01600	Proceeds from long-term loan	145,115	-
C01700	Repayment of long-term loan	-	(5,518)
C03000	Increase in guarantee deposits	5,044	24
C04020	Repayment of lease principal	(204,591)	-
C04500	Cash dividend distributed	(138,400)	(181,528)
CCCC	Net cash outflow from financing activities	(114,672)	(187,022)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(1,183)	-
EEEE	Increase (decrease) in cash and cash equivalents for the year	141,498	(72,893)
E00100	Cash and cash equivalents at beginning of the year	80,044	152,937
E00200	Cash and cash equivalents at the end of the year	$ 221,542	$ 80,044

The attached notes are part of the consolidated financial statements.

Chairman: Lin, Fu-Chin Manager: Lin, Fu-Chin Accounting Supervisor: He, han-Chuang

Scan-D Corporation and its Subsidiaries

Notes to Consolidated Financial Report

January 1 to December 31, 2019 and 2018

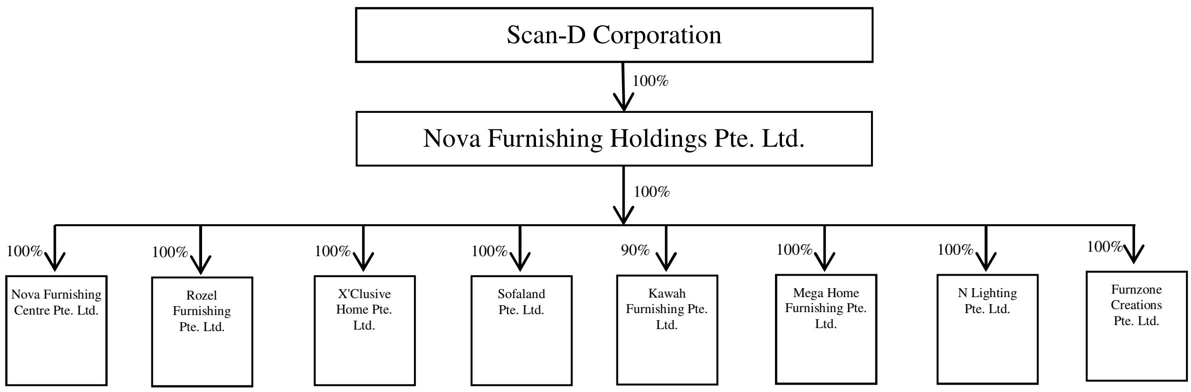
(Unless otherwise specified, the amounts are in NT'000)

I. Company History

Scan-D Corporation (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 “Scan-D Corporation” resolved by the Shareholders’ Meeting held on June 25, 2010 and completed the registration on July 15, 2010. The Company is primarily engaged in the wholesale and retail business of furniture, bedding, kitchen equipment, and fixtures. The Company's shares were approved for public offering by Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan on July 13, 2000 and have been listed on Taipei Exchange for trading since October 21, 2002.

The consolidated financial report is denominated in NT$, the Company's functional currency.

Investment structure



II. Date and procedures of Approving the Financial Report

The consolidated financial report was approved by the Board of Directors on March 24, 2020.

III. Application of New and Amendments to Standards and Interpretations

(I) Initial application of the amendments to 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 Interpretations (SIC) (collectively, “IFRSs”) recognized and issued into effect by the Financial Supervisory Commission (FSC)

With the exception of the following, the application of the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs recognized and issued into effect by the FSC should not result in major changes to the accounting policies of the merged company:

1. IFRS 16 “Leases”

IFRS 16 stipulates accounting treatments for the identification of lease agreements and lessors and lessees. It will replace IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", and related interpretations. Please see Note 4 for relevant accounting policies.

Definitions of lease

The merged company determined whether the contracts signed or amended after January 1, 2019 are (or involve) leases based on IFRS 16. Contracts currently considered to be leasing contracts according to IAS 17 and IFRIC 4 will not be re-evaluated and will be processed in accordance with the transitional provisions of IFRS 16.

The merged company is the lessee.

Except for the low-value target asset leases and short-term leases that are recognized on a straight-line basis, the right-of-use assets and lease liabilities of other leases are recognized on the consolidated balance sheets. The consolidated statements of comprehensive income present the interest expense, generated by the effective interest method, of the depreciation expense and lease liabilities on the right-of-use assets. On the consolidated statements of cash flows, the principal of the lease liability is classified as financing activities and interest payments are classified as operating activities. Before the application of IFRS 16, contracts expenses classified as operating leases are recognized on a straight-line basis. Cash flow from operating leases is recognized in operating activities on the Consolidated Statements of Cash Flow. Contracts classified as financing leases are recognized in lease assets and rent payable on the consolidated balance sheets.

The merged company has elected to apply IFRS 16 retrospectively without recompiling the comparative information.

For agreements handled previously as operating leases under IAS 17, the lease liability as at January 1, 2019 is measured at the remaining lease payments over the lease term, discounted at the incremental borrowing rate of the lessee; all right-of-use assets are measured at the lease liabilities on such date, discounted using the aforementioned interest rate as if IFRS 16 had been applied at the date when the lease commenced. IAS 36 will be applicable to impairment assessment on all right-of-use assets recognized.

The merged company is expected to adopt the following practical expedients:

(1) A single discount rate is used to measure the lease liability for a lease combination with reasonably similar characteristics.

(2) Leases expired before December 31, 2019 are accounted for as short-term leases.

(3) Initial direct costs are excluded from the measurement of the right-of-use assets on January 1, 2019.

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

For the leases classified as finance leases under IAS 17, the carrying amount of the lease assets and lease liabilities on December 31, 2018, will be used as the carrying amount of the right-of-use assets and lease liabilities on January 1, 2019.

The weighted average of the increased borrowing interest rate applicable to the lease liability of the merged company recognized on January 1, 2019 was 1.82%. The difference between the amount of the lease liabilities and the total future minimum lease payments on December 31, 2018 that cannot be canceled is set out below:

Total future minimum lease payments under non-cancellable operating leases as of December 31, 2018	$ 596,571
Less: Short-term leases applicable to exemption	(39,117)
Total undiscounted amount as of January 1, 2019	$ 557,454
The present value after discounting the incremental borrowing rate on January 1, 2019	$ 553,807
Lease liabilities balance as of January 1, 2019	$ 553,807

The merged company is the lessor.

No adjustments will be made to the lessor's leases during the transition and IFRS 16 will be applied from January 1, 2019.

Adjustments in assets, liabilities and equity on January 1, 2019 due to the initial adoption of IFRS 16 were as follows:

	Amount as of January 1, 2019 after re-compilation	Adjustment to Initial Appliation	Amount as of January 1, 2019 after re-compilation
Prepaid rent (recognized in advance payments)	$ 20,893	($ 20,893)	$ -
Right-of-use assets	-	556,667	556,667
Refundable deposits	49,861	(2,270)	47,591
Effects on assets	$ 70,754	$ 533,504	$ 604,258
Notes payable	$ 32,730	($ 18,887)	$ 13,843
Lease liabilities - current	-	153,762	153,762
Lease liabilities - non-current	-	400,045	400,045
Receivables by agencies (recognized in other current liabilities)	3,554	(1,416)	2,138
Effects on liabilities	$ 36,284	$ 533,504	$ 569,788

2. IFRIC 23 "Uncertainty over Income Tax Treatments"

   IFRIC 23 clarifies that the merged company shall assume the taxation agency could acquire all relevant data for auditing in the event of uncertainty in income tax treatments. If the merged company determines the income tax treatments filed could likely to be accepted by the taxation agency, the merged company's decision in tax income, tax basis, unrealized tax losses, unrealized tax deductibles, and tax rates must be consistent with the ones adopted when the income tax report was filed. If the taxation agency is unlikely to accept the tax treatment filed, the merged company shall evaluate with the most likely amount or expected value. However, the decision should be based on which method provides better predictions of the resolution of the uncertainty. In case of changes in facts or situations, the merged company shall reevaluation its judgment and estimates.

3. Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

   IFRS 9 specifies that if the contract provisions allow the issuer (i.e. the debtor) to repay the debt instruments in advance or allows the holder (i.e the creditor) to sell the debt instruments to the issuer prior to expiration, while the prepayment nearly represents the unpaid principal and interests of the outstanding principal and the reasonable compensation for contracts terminated in advance, the cash flow of the contract shall solely be the interests for paying the principal and interests of the outstanding principal. Such amendments further explain that the foregoing reasonable compensation could be paid or received by any party of the contract, meaning that the party proposed for prepayment may receive reasonable compensation.

4. Annual Improvements to IFRSs 2015-2017 Cycle

The annual improvements to 2015-2017 Cycle have amended IFRS 3 “Business Combination,” IFRS 11 “Joint Agreement,” IAS 12 “Income Tax” and IAS 23 “Borrowing Costs.” In particular, the amendments to IAS 23 clarifies that if the particular borrowing is still outstanding after the relevant assets have reached the expected using or selling condition, the borrowing cost for such loan shall be included in the calculation of capitalization of the interest rate for general borrowing.

(II) IFRs applicable in 2020 approved by the Financial Supervisory Commission (hereinafter referred to as “FSC”)

New/revised/amended standards and interpretations	Effective Date Issued by IASB
Amendment to IFRS 3 “Definition of Business”	January 1, 2020 (Note 3)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Changes in Interest Rate Indicators”	January 1, 2020 (Note 2)
Amendment to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Corporate mergers with an acquisition date between the starting date of the annual report on January 1, 2020 and assets acquired after such date shall be applied to this amendment.

Note 2: The years starting from January 1, 2020 shall be applied retrospectively to this amendment.

Note 3: Retrospective applications in the years starting from January 1, 2020 shall be applied prospectively to this amendment.

Amendment to IAS 1 and IAS 8 "Definition of Material"

The amendment does not amend the definition of material and only provides a more understandable explanation. The revised definition of material also explains that non-material information may obscure material information. In addition, IAS 1 currently considers "may potentially affect users" as the definition of material. The definition of material has changed to "may reasonably be expected to affect users" after the amendment.

Except for the aforementioned impact, as of the date of approval and issuance of the Consolidated Financial Statements, the merged company continued to evaluate the impact of amendments to other standards and interpretations on financial condition and performance. Such impacts will be disclosed upon completion of the evaluation.

(III) IFRSs issued by the IASB but not yet approved as effective by the FSC

New/revised/amended standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 “Insurance Contracts”	January 1, 2021
Amendment to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2022

Note 1: Unless otherwise specified, the aforementioned New/revised/amended standards or interpretations shall be effective at the reporting period from the year of such dates.

1. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

   The amendment stipulates that if the merged company sells or invests assets to an affiliated enterprise (or joint venture), or the merged company loses control of the subsidiary, but retains significant influence on the subsidiary (or joint control), if the aforementioned assets or former subsidiaries fulfill the definition of “Business” in “Business Combination” in IFRS 3, the merged company recognizes all profits and losses arising from those transactions.

   In addition, if the merged company sells or invests assets to an affiliated company (or joint venture), or the merged company loses control of the subsidiary in a transaction with the affiliated company (or joint venture), but retains significant influence on the subsidiary (or joint control), if the aforementioned assets or former subsidiaries do not fulfill the definition of “Business” in IFRS 3, the merged company will only recognize the profit or loss arising from the transactions in the interest scope where the investor is not related to such affiliated companies (or joint ventures). In other words, the share of the merged company on those profits or losses shall be eliminated.

2. Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"

   The amendment clarifies that, when determining whether a liability should be classified as non-current, evaluation shall be made on whether the merged company has the right to defer the settlement period to at least 12 months at the end of the reporting period. If the merged company has such rights at the end of the reporting period, the liability shall be classified as non-current regardless of whether the merged company is expected to exercise the right. In addition, the amendment clarifies that if the right to defer the settlement of liabilities of the merged company is subject to the compliance with specific conditions, the merged company must have met certain conditions at the end of the reporting period, regardless of whether the lender has tested whether the merged company has complied with such conditions at a later date.

   The amendment stipulates that for the purpose of classifying liabilities, the aforementioned settlement refers to the elimination of liabilities caused by the transfer of cash, other economic resources, or the equity instruments of the merged company to the counterparty. However, if the terms of the liability may be based on the choice of the counterparty to transfer the equity instrument of the merged company, which resulted in its settlement, and if the option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Expression,” the aforementioned terms will not affect the classification of liabilities.

Except for the aforementioned impact, as of the date of approval and issuance of the Consolidated Financial Statements, the merged company continued to evaluate the impact of amendments to other standards and interpretations on financial condition and performance. Such impacts will be disclosed upon completion of the evaluation.

IV. Summarized Explanation on Significant Accounting Policies

(I) Statement of Compliance

The consolidated financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs recognized and announced as effective by the FSC.

(II) Basis of Preparation

In addition to the financial instruments measured at fair value, the consolidated financial report was prepared based on historical costs.

Fair value measurements are categorized into Level 1 to Level 3 based on the degree to which the inputs are observable and the significance of the inputs:

1. Level 1 input: Refers to the quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (i.e. the price) or indirectly (deduced from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

(III) Classification Standard of Current and Non-Current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or a cash equivalent (excluding assets restricted to be utilized for the exchange or settlement of liabilities for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred till at least 12 months after the balance sheet date.

Current assets or current liabilities that are not specified above are classified as non-current assets or non-current liabilities.

(IV) Basis of the Merger

The consolidated financial report includes the financial reports of the Company and entities owned by the Company (i.e. subsidiaries, including structural entities). The statements of comprehensive income include the operating income of the acquired or disposed subsidiaries from the date of acquisition to the date of disposal in the current year. The financial reports of subsidiaries have been reorganized to bring uniformity between their accounting policies and those of the merged company. In the preparation of the consolidated financial report, all transactions, account balances, income and expenses between the entities have been written off. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become deficit balance as a result.

Changes in the merged company's ownership interests in a subsidiary that does not result in a loss of control to the subsidiary shall be considered equity transactions. The carrying amounts of the Group and non-controlling interests have been adjusted to reflect relative changes in their interests in subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

For details, shareholding ratio and business items of subsidiaries, please refer to Note 10 and table 4 in Note 35.

(V) Business Combination

The acquisition method is applied to business combinations. Acquisition costs are listed in the period of its incurrence and service.

Goodwill is measured by the total amount the fair value of consideration transferred, the non-controlling interest of the acquiree and fair value of the acquiree equity previously held by the acquirer on the acquisition date less the net amount of identifiable assets and assumed liabilities acquired on the acquisition date. If after reassessment, the net amount of identifiable assets and assumed liabilities acquired on the acquisition date still exceeds the total amount the fair value of consideration transferred, the non-controlling interest of the acquiree and fair value of the acquiree equity previously held by the acquirer on the acquisition date, the difference is the gain on bargain purchase, which is immediately recognized in profit or loss.

The non-controlling interest in the acquiree's current ownership interest and the right to enjoy the acquirer's net assets on a pro-rata basis upon liquidation are measured at fair value. Other non-controlling interests are measured at fair value.

(VI) Foreign Currency

In preparing each individual financial statement, transactions denominated in a currency other than the entity’s functional currency (i.e. foreign currency) are converted into the entity’s functional currency using the exchange rate on the date of transaction.

Monetary items denominated in foreign currencies are translated at the closing exchange rates on each balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value is determined. The resulting exchange difference is recognized in the profit or loss of the period. However, for changes in fair value recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

In preparing the Consolidated Financial Statements, assets and liabilities of a foreign operation (including subsidiaries, associates, or joint ventures, of which the country of domicile or currency is different from the Company) are translated into NT$ by using the exchange rates on each balance sheet date. Income and expenses are translated at the average exchange rate of the period. The resulting exchange differences are recognized in other comprehensive income (and are attributable to owners of the Company and non-controlling interest, respectively).

Goodwill arising from the acquisition of a foreign operation and fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition of a foreign operation are considered assets and liabilities of the foreign operation and are translated at the closing exchange rate on each balance sheet date. The resulting exchange differences are recognized in other comprehensive profit or loss.

(VII) Cash and Cash Equivalents

Cash and cash equivalents shall refer to cash on hand and demand deposits. Bank deposits are short-term, highly liquid time investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Reserve accounts that do not meet the foregoing definitions are recognized in other financial assets - current.

(VIII) Inventory

Inventory comprises goods and in-transit inventory. The value of inventory shall be determined based on the cost and net realizable value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to complete the sale. Cost of inventory is calculated using weighted-average method.

(IX) Property, Plant, and Equipment

Property, plant, and equipment are recognized at cost and subsequently measured by cost less accumulated depreciation.

Except for the depreciation of self-owned land, the remaining property, plant and equipment are depreciated separately for each major part on a straight-line basis over the service life. The merged company has to review the estimated useful life, residual value, and depreciation methods at the end of each year at least annually, and deduce the effect of the changes in accounting estimates.

When derecognizing property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(X) Goodwill

The goodwill acquired through business combination considers the amount of goodwill recognized on the acquisition date as the cost, and is subsequently married at cost less accumulated impairment loss.

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually and when there is an indication that the unit may be impaired by comparing the carrying amount and the recoverable amount of the units with goodwill. For goodwill to which the CPUs are allocated acquired through business combination during the year, the unit is tested for impairment before the end of that year. If the recoverable amount of the CPUs is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CPU and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss of the period. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of a certain business within the allocated CPUs, the attributable amount of goodwill of the disposed business is included in the carrying amount of the business to determine the profit or loss on disposal.

(XI) Intangible assets

1. Separate Acquisition

   The intangible assets with limited useful life acquired separately are measured at cost, and subsequently at cost less accumulated amortization and impairment loss. Intangible assets will be amortized using the straight-line method within the useful life. The merged company has to review the estimated useful life, residual value, and depreciation methods at the end of each year at least annually, and deduce the effect of the changes in accounting estimates. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment losses.

2. Derecognition

   When derecognizing intangible assets, the difference between net disposal proceeds and the carrying value of the assets is recognized in profit and loss of the period.

(XII) Impairment of tangible and intangible assets (excluding goodwill) and contract cost-related assets

The merged company has to assess whether there is an indication that the tangible and intangible assets (excluding goodwill) may be impaired on each balance sheet date. If there is an indication of impairment, the recoverable amount of the assets shall be estimated. If it is not possible to determine the recoverable amount for an individual asset, the merged company estimates the recoverable amount of the CPUs to which asset belongs.

Intangible assets with indefinite useful lives and not available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of individual asset or CPU is lower than its carrying amount, the carrying amount of the asset or the CPU shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

The impairment of the inventory, property, plant and equipment, and intangible assets recognized in the customer's contract are recognized based on the inventory impairment regulations and the aforementioned regulations. Subsequently, the carrying amount of the contract cost-related assets that exceed the expected remaining consideration receivable for provision of related products or labor services shall be deducted by directly related costs and recognized inan impairment loss. The carrying amount of the contract cost-related assets is subsequently included in the CPU for impairment assessment.

When the impairment loss is subsequently reversed, the carrying amount of the asset, CPU, or contract cost-related asset shall be increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) of the asset, CPU, or contract cost-related asset that was not recognized inan impaired loss in the previous years. Reversal of impairment loss is recognized in profit or loss.

(XIII) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the merged company becomes a party of the financial instrument contract.

Upon initial recognition of financial assets and financial liabilities, if they are not measured at fair value through profit or loss, it is measured at value plus the transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial Assets

   Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

   (1) Measurement Types

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

A Financial Assets Measured at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated to be measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include the equity investments that are not designated to be measured at fair value through other comprehensive income, and debt investments that are not qualified as to be measured at amortized cost, or that are measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are those measured at fair value, the dividend, interest and remeasured profit or loss are recognized in other profit or loss. Fair value is determined in the manner described in Note 30.

B Financial Assets Measured at Amortized Cost

Investments in financial assets of the merged company that satisfy the following two conditions are classified as financial assets at amortized cost:

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

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

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents and accounts receivable and other receivables measured at amortized cost), are measured at the gross carrying amount determined by the effective interest method less the amortized loss of any impairment loss, while all currency exchange gains or losses are recognized in profit or loss.

Except for the following two circumstances, interest income is calculated by multiplying the effective interest rate by the gross carrying amount of financial assets:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of financial assets.

b. For financial assets other than purchased or originated credit-impaired but subsequently become credit-impaired, interest income is calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Credit-impaired financial assets refer to that the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to enter bankruptcy or other financial restructuring, or the active market for financial assets has disappeared due to financial difficulties.

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) Impairment of Financial Assets and Contract Assets

The merged company measures the financial assets (including accounts receivable) measured at amortized cost on each balance sheet date at expected credit loss.

Loss allowances are recognized for accounts receivable and contract assets at expected credit losses over the duration. Other financial assets are first evaluated to see whether the credit risk increases significantly after the initial 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 over the duration.

Expected credit loss is weighted-average credit loss based on the risk of default. The 12-month expected credit loss represents the expected credit loss that results from those possible default events on the financial instrument within 12 months after the reporting date, whereas the lifetime expected credit loss represents the expected credit loss that results from all possible default events over the life of the financial instrument.

For the purpose of internal credit risk management, provided that the collaterals held by the merged company are not taken into account, the following circumstances are determined to represent the default of financial assets:

A Internal or external information indicates that the debtor is unable to repay the debt.

B Overdue for more than 90 days, unless there is reasonable evidence showing that the delayed default is more appropriate.

The impairment loss of all financial assets is reduced based on the allowance account. However, the allowance for the investment in the debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income and shall not reduce its carrying amount.

(3) Derecognition of Financial Assets

The merged company derecognizes financial assets only when the contractual rights to the cash flow of the financial asset expire or when the financial assets have been transferred with substantially all the risks and rewards of ownership transferred to other enterprises.

On derecognition of an entire financial asset measured at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. On derecognition of an investment in a debt instrument at fair value through other comprehensive income in its entirety, the difference between its carrying amount and the sum of the consideration received and the accumulated gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. On derecognition of an investment in an equity instrument at fair value through other comprehensive income in its entirety, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity Instruments

Debts and equity instruments issued by the merged company are classified as financial liabilities or equity in accordance with the contractual substance and the definition of financial liabilities and equity instruments.

Equity instruments issued by the merged company are recognized based on the price obtained less direct issuance costs.

The recovery of the Company's self-owned equity instruments is recognized and derecognized in equity. The purchase, sale, issuance or cancellation of the Company's self-owned equity instruments is not recognized in profit or loss.

3. Financial Liabilities

(1) Subsequent Measurement

All financial liabilities are measured at amortized cost by the effective interest method.

(2) Derecognition of Financial Liabilities

On derecognization of financial liabilities, the difference between its carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

4. Convertible Corporate Bonds

The components of compound financial instruments (convertible corporate bonds) issued by the merged company are classified into financial liabilities and equity respectively on initial recognition in accordance with the contractual substance and the definition of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability components is estimated at the current market interest rate of similar non-convertible instruments and was measured at amortized cost by the effective interest method before the conversion or maturity date. The components of liabilities embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the overall fair value of the compound instrument less the fair value of the separately determined fair value of the liability component, which is recognized inequity after deducting the impact of income tax and is not measured subsequently. When the conversion right is exercised, its related liability components and the amount of equity will be transferred to equity and capital reserve - issuance premium. If the conversion right of the convertible corporate bonds has not been exercised at the maturity date, the amount recognized in equity will be transferred to capital reserve - issuance premium.

The transaction costs related to the issuance of convertible corporate bonds are allocated to the liabilities (recognized in the carrying amount of the liabilities) and the equity component (recognized in the equity) allocated to the instrument in proportion to the total price allocated.

(XIV) Liability Provision

Liability provision 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 into account the risk and uncertainty of obligation, to become the optimal estimates for expenses required for repaying the obligation on the balance sheet date. Liability provision is measured by the estimated discounted cash flow for the repayment obligation.

(XV) Revenue Recognition

After the merged company has identified the performance obligation in the client contract, the transaction price shall be distributed to each performance obligation and recognizes the revenue when the performance obligations are fulfilled.

1. Revenue from sales of commodity

   Revenue from sales of commodity comes from the sales of furniture products. When the furniture is delivered to a customer’s specific location, the customer has the right to use the product and bears the risk of the commodity, which should be recognized inrevenue and accounts receivable by the Company at the time.

2. Revenue from flooring

Primarily refers to the operating services provided for flooring, which shall be recognized inrevenue when the customer completed acceptance and the rights and risks have been transferred.

(XVI) Leases

2019

The merged company evaluates whether the contract is (or involves) leases on the date entering into the contract.

1. The Merged Company as the Lessor

   Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

   When the merged company subleases the right-of-use asset, the classification of the sublease is determined by the right-of-use asset (instead of the underlying asset). However, if the main lease is a short-term lease where the recognition exemption is applicable to the merged company, the sublease is classified as an operating lease.

   Rental changes in lease agreements that do not depend on indices or rates are recognized inincome in the period in which they are incurred.

2. The Merged Company as the Lessee

   Except for lease payment for leases of low-value underlying assets and short-term leases where recognition exemptions are applicable that are recognized inexpenses on a straight-line basis over the leasing period, other leases recognize the right-of-use assets and lease liabilities on the inception of the lease.

   The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, lease payments before the inception of the lease less lease incentives received, the initial direct cost, and the estimated cost of restoring the underlying asset), and subsequently measured by the cost less accumulated depreciation and accumulated impairment losses. The remeasurement of lease liabilities is also adjusted. Right-of-use assets are recognized separately in the consolidated balance sheet.

   Right-of-use assets are depreciated on a straight-line basis from the inception of the lease to the earlier of the maturity of the useful life or leasing period.

Lease liabilities were initially measured at the present value of lease payments (including fixed payments). If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using such interest rate. If the interest rate is not easily determined, the lease payment is discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured on the amortized cost basis using the effective interest method, and interest expenses are apportioned over the lease term. If changes in future lease payments are caused by changes in the index or rate during the lease period, the merged company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are recognized separately in the consolidated balance sheet.

Changes in the lease agreement that do not depend on indice or rates are recognized inexpenses in the period in which they are incurred.

2018

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

1. The Merged Company as the Lessor

    Lease income from operating leases is recognized in income on a straight-line basis over the relevant lease period.

2. The Merged Company as the Lessee

    Payment for operating leases is recognized inexpenses during the lease period on a straight-line basis.

(XVII) Finance Costs

Finance costs are directly attributable to the acquisition, construction, or production of borrowing cost of assets meeting the requirement of significant documents, which is part of the asset cost before the asset nearly completes all necessary activities for scheduled use or sales condition.

Special loans, such as investment income from temporary investments prior to capitalization, are deducted from the cost of loans eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit and loss in the period they are incurred.

(XVIII) Employee Benefits

1. Short-Term Employee Benefits

   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

   Pensions under the defined contribution retirement plan are pensions contributable over the period for which employees render their services, and are recognized inexpense.

(XIX) Income taxes

Income tax expenses are the sum of current income tax and deferred income tax.

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.

   Adjustments to income tax payable in previous years are recognized in the current income tax.

2. Deferred Income Tax

   Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

   Deferred tax liabilities are generally recognized for all temporary differences in taxable income, while deferred tax assets are recognized when they are likely to be taxable and to reduce income tax generated by the temporary differences.

   Taxable temporary differences related to investment subsidiaries, affiliates, and joint agreements are recognized under deferred tax liabilities, except when the merged company is able to control the reversal of the temporary difference which is not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investments are recognized indeferred income tax assets only to the extent that it is likely that the taxable income is sufficient to be used to achieve the temporary difference and is expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. Assets not recognized indeferred income tax assets are re-examined on each balance sheet date and the carrying amount is increased for assets likely to generate sufficient taxable income to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred income tax liabilities and assets reflects the tax consequences generated by the expected manner of recovery or repayment of the carrying amount of the assets and liabilities on the balance sheet date.

3. Current and Deferred Income Tax

Current and deferred income taxes are recognized in gain or loss. However, current and deferred income taxes related to items recognized in other comprehensive income or directly recognized in equity are recognized in other comprehensive income or are directly recognized in equity.

If current income or deferred tax arises from business combination, the income tax effects are included in the accounting of business combination.

V. Significant Accounting Judgments and Assumptions, and Major Sources of Estimation Uncertainty

When the merged company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates.

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

VI. Cash and Cash Equivalents

	December 31, 2019	December 31, 2018
Cash on hand and working capital	$ 624	$ 2,938
Bank check and current deposit	220,918	77,106
	$221,542	$ 80,044

VII. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2019	December 31, 2018
Financial assets - Current		
Measured at Fair Value through Profit or Loss		
Derivatives (not designated for hedging)		
- Conversion options (Note 17)	$ 285	$ 224
Non-derivative financial assets		
- Domestic TWSE/TPEx listed stocks	7,395	-
	$ 7,680	$ 224

VIII. Accounts Receivable

	December 31, 2019	December 31, 2018
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 72,609	$ 79,728
Less: Allowance for loss	(479)	(479)
	$ 72,130	$ 79,249

The merged company usually adopts cash payment (or credit card) from customers. Except for that the credit period of the accounts receivable stores established in department stores for cooperation is negotiated by both parties, with a monthly balance between 30-60 days. The merged company considers any changes to the credit quality of accounts receivable from the original credit date to the balance sheet date when determining the recoverability of accounts receivable.

To lower credit risk, management of the merged company has appointed a specific team to handle decisions on credit limits, credit approval, and other monitoring procedures to ensure that appropriate actions are taken to recover overdue accounts receivable. In addition, the merged company reviews the recoverable amount of each receivables on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As such, the merged company's management concludes that the credit risk of the merged company has been significantly reduced. As historical experience shows that the counterparty has no record of default, no allowance for bad debt is provided.

The merged company adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowance for accounts receivable based on the lifetime expected credit loss. Lifetime expected credit loss is calculated taking into account the customer's past default records, economic conditions of the industry, GDP forecasts and the outlook of the industry. As the merged company's historical experience of credit loss indicates no significant difference in the loss patterns between the different customer groups, the merged company does not classify customers into different groups but determines the expected credit loss rate solely based on the overdue days of accounts receivable.

The Company's loss allowance for accounts receivable based on the provision matrix are as follows:

December 31, 2019

	Not past due	Past due 1 - 30 days	Past due 31 - 215 days	Past due more than 215 days	Total
Expected credit loss rate	0%	0.59%	1.11%	100%	-
Gross carrying amount	$ 72,607	$ -	$ 2	$ -	$ 72,609
Loss allowance (lifetime expected credit loss)	(479)	-	-	-	(479)
Amortized cost	$ 72,128	$ -	$ 2	$ -	$ 72,130

December 31, 2018

	Not past due	Past due 1 - 30 days	Past due 31 - 215 days	Past due more than 215 days	Total
Expected credit loss rate	0%	0%	0%	100%	-
Gross carrying amount	$ 79,720	$ -	$ -	$ 8	$ 79,728
Loss allowance (full lifetime expected credit losses)	(471)	-	-	(8)	(479)
Amortized cost	$ 79,249	$ -	$ -	$ -	$ 79,249

Information on changes in allowance for accounts receivable is as follows:

	2019	2018
Balance at the beginning of the year	$ 479	$ 479
Add: Impairment loss recognized for the year	-	-
Balance at the end of the year	$ 479	$ 479

IX. Inventories

	December 31, 2019	December 31, 2018
Commodity	$511,718	$491,601
In-transit inventory	16,647	17,242
	$528,365	$508,843

In 2019 and 2018, the cost of sales related to inventory amounted to NT$817,403,000 and NT$748,954,000, respectively.

X. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

The entities in preparation of the consolidated financial report are as follows:

		Percentage of ownership		
Name of investment company	Name of subsidiary	2019 December 31	2018 December 31	Explanation
Scan-D Corporation	Nova Furnishing Holdings Pte. Ltd.	100.00%	-	(1)
Nova Furnishing Holdings Pte. Ltd.	Nova Furnishing Centre Pte. Ltd.	100.00%	-	(1)
Nova Furnishing Holdings Pte. Ltd.	Rozel Furnishing Pte. Ltd.	100.00%	-	(1)
Nova Furnishing Holdings Pte. Ltd.	X'clusive Home Pte. Ltd.	100.00%	-	(1)
Nova Furnishing Holdings Pte. Ltd.	Sofaland Pte. Ltd.	100.00%	-	(1)
Nova Furnishing Holdings Pte. Ltd.	Kawah Furnishing Pte. Ltd.	90.00%	-	(1)
Nova Furnishing Holdings Pte. Ltd.	Mega Home Furnishing Pte. Ltd.	100.00%	-	(1)
Nova Furnishing Holdings Pte. Ltd.	N Lighting Pte. Ltd.	100.00%	-	(1)
Nova Furnishing Holdings Pte. Ltd.	Furnzone Creations Pte. Ltd.	100.00%	-	(1)

Explanation (1): May 1, 2019 is considered as the date of combination of Nova Furnishing Holdings Pte. Ltd., a new subsidiary of the merged company for the period. The Company invested SGD10,000,000 to acquire 100% of its original share capital of SGD3,027,189 (Note 27).

XI. Property, Plant, and Equipment

	December 31, 2019
For own use	$ 795,419

(I) For own use - 2019

	Self-owned land	Building	Communication and transportation equipment	Furniture, fixtures and office equipment	Leasehold improvements	Other equipment	Total
Costs							
Balance as at January 1, 2019	$ 534,164	$ 211,265	$ 6,178	$ 4,606	$ 250,805	$ 63,335	$ 1,070,353
Addition	-	380	1,347	1,041	17,716	3,073	23,557
Disposal	-	-	-	(59)	(18,407)	(38,345)	(56,811)
Reclassification	-	15,623	-	-	-	-	15,623
Acquired through business combination (Note 27)	-	269,706	19,188	10,049	24,251	8,819	332,013
Net exchange difference	-	(4,873)	(361)	(196)	(475)	(138)	(6,043)
Balance as at December 31, 2019	$ 534,164	$ 492,101	$ 26,352	$ 15,441	$ 273,890	$ 36,744	$ 1,378,692
Accumulated depreciation							
Balance as at January 1, 2019	$ -	($ 40,441)	($ 3,735)	($ 4,108)	($ 208,598)	($ 51,486)	($ 308,368)
Depreciation expenses	-	(23,717)	(2,086)	(1,266)	(22,943)	(5,708)	(55,720)
Disposal	-	-	-	25	17,711	38,140	55,876
Acquired through business combination (Note 27)	-	(231,817)	(11,280)	(8,865)	(21,944)	(6,399)	(280,305)
Net exchange difference	-	4,362	221	171	385	105	5,244
Balance as at December 31, 2019	$ -	($ 291,613)	($ 16,880)	($ 14,043)	($ 235,389)	($ 25,348)	($ 583,273)
Net amount as at December 31, 2016	$ 534,164	$ 200,488	$ 9,472	$ 1,398	$ 38,501	$ 11,396	$ 795,419

No indication of impairment was identified in 2019 and 2018 after evaluation.

Depreciation expense is calculated on a straight-line basis according to the following useful years:

Building	8 to 40 years
Communication and transportation equipment	1 to 10 year(s)
Furniture, fixtures and office equipment	3 to 4 years
Leasehold improvements	1 to 10 year(s)
Other equipment	3 to 9 years

Please refer to Note 32 for the amount of property, plant and equipment pledged as a guarantee of loans.

(II) 2018

	Self-owned land	Building	Transportation and communication equipment	Furniture, fixtures and office equipment	Leasehold improvements	Other equipment	Total
Costs							
Balance as of January 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
Reclassification	-	675	-	-	1,197	-	1,872
Disposal	-	-	(969)	-	(2,758)	(53)	(3,780)
Balance as at December 31, 2018	$ 534,164	$ 211,265	$ 6,178	$ 4,606	$ 250,805	$ 63,335	$ 1,070,353
Accumulated depreciation							
Balance as of January 1, 2018	$ -	($ 29,116)	($ 3,320)	($ 3,610)	($ 191,483)	($ 44,882)	($ 272,411)
Depreciation expenses	-	(11,325)	(851)	(498)	(19,500)	(6,643)	(38,817)
Disposal	-	-	436	-	2,385	39	2,860
Balance as at December 31, 2018	$ -	($ 40,441)	($ 3,735)	($ 4,108)	($ 208,598)	($ 51,486)	($ 308,368)
Net amount as at December 31, 2018	$ 534,164	$ 170,824	$ 2,443	$ 498	$ 42,207	$ 11,849	$ 761,985

Depreciation expense is calculated on a straight-line basis according to the following useful years:

Building	8 to 40 years
Communication and transportation equipment	3 to 6 years
Furniture, fixtures and office equipment	3 to 4 years
Leasehold improvements	1 to 5 year(s)
Other equipment	3 to 9 years

Please refer to Note 32 for the amount of property, plant and equipment pledged as a guarantee of loans.

XII. Lease Agreement

(I) Right-of-use assets - 2019

	Building	Transportation equipment	Total
Costs			
Balance as at January 1, 2	$ -	$ -	$ -
IFRS 16 Accounts	552,734	3,933	556,667
Addition	358,221	-	358,221
Derecognition	(1,600)	-	(1,600)
Acquired through business combination (Note 27)	122,612	-	122,612
Net exchange difference	(3,738)	-	(3,738)
Balance as at December 31, 2019	$ 1,028,229	$ 3,933	$ 1,032,162
Accumulated depreciation			
Balance as at January 1, 2019	$ -	$ -	$ -
Depreciation expenses	(199,390)	(1,890)	(201,280)
Derecognition	300	-	300
Net exchange difference	461	-	461
Balance as at December 31, 2019	($ 198,629)	($ 1,890)	($ 200,519)
Net amount as at December 31, 2016	$ 829,600	$ 2,043	$ 831,643

	December 31, 2019
Right-to-use asset sublease income (recognized in other income)	($ 2,535)

(II) Lease Liabilities - 2019

	December 31, 2019
Carrying amount of lease liabilities	
Current	$264,425
Non-current	$572,291

The discount rate ranges for lease liabilities are as follows:

	December 31, 2019
Building	1.82% - 4.00%
Transportation equipment	1.82%

(III) Sublease

The Company has conducted the following sublease transactions.

Sublease of right-of-use assets in 2019

For the merged company's right-of-use of the apartment subleased through operating leases, the lease period is 1 to 5 years. When the lessee exercises the right to renew the lease, the rent is adjusted according to the prevailing market rent.

	December 31, 2019
First year	$ 2,022
Second year	1,652
Third year	871
Fourth year	678
Fifth year	514
	$ 5,737

(IV) Other Lease Information

2019

	2019
Short-term lease expense	$ 63,207
Low-value assets lease expense	$ 397
Changes in lease payments not included in the measurement of lease liability	$ 42,971
Total cash (outflow) from lease	($311,166)

The merged company elected to apply the recognition exemption for business stores that fulfill the definition of short-term leases and leases of coffee machines and signboards that fulfill the definition of low-value asset leases, and does not recognize the related right-of-use assets and lease liabilities for these leases.

2018

The merged company is the lessee.

Operating leases refer to leasing business stores, offices, and warehouses. The lease period is 1 to 10 years. The terms of all operating leases with a lease period of more than 5 years shall be reviewed according to the prevailing market rents every 5 years. The merged company does not enjoy the right of first refusal of the leasing assets at the end of the lease term.

Future minimum lease gross payments for operating lease that cannot be cancelled were as follows:

	December 31, 2018
Less than 1 year	$177,564
1 - 5 years	359,524
Over 5 years	59,483
	$596,571

XIII. Computer Software

	2019	2018
Costs		
Balance at the beginning of the year	$ 4,561	$ 3,743
Separate Acquisition	954	818
Disposal	(577)	-
Balance at the end of the year	$ 4,938	$ 4,561
Accumulated amortization		
Balance at the beginning of the year	($ 2,938)	($ 1,738)
Amortization expenses	(1,389)	(1,200)
Disposal	577	-
Balance at the end of the year	($ 3,750)	($ 2,938)
Net amount at the end of the year	$ 1,188	$ 1,623

The amortization cost is calculated on a straight-line basis according to the following useful years:

Computer software	1 to 5 year(s)

XIV. Goodwill

	2019
Costs	
Balance at the beginning of the year	$ -
Acquired through business combination (Note 27)	158,913
Net exchange difference	-
Balance at the end of the year	$158,913

The merged company acquired Nova Furnishing Holdings Pte. Ltd. and its subsidiaries on May 1, 2019, resulting in goodwill of NT$158,913,000, mainly due to the benefits brought by the continued profit from the furniture sales channel in Singapore.

XV. Other assets

	December 31, 2019	December 31, 2018
Prepayments		
Prepaid rent	$ -	$ 20,893
Prepaid cost of goods	1,236	4,202
Others	7,578	4,183
	$ 8,814	$ 29,278
Total current assets		
Temporary payments	$ 655	$ 221
Payment on behalf	305	15
Other financial assets	-	4,015
Others	11,347	20
	$ 12,307	$ 4,271

For information on the pledge of other financial assets, please refer to Note 32.

XVI. Loans

(I) Short-term borrowings

	December 31, 2019	December 31, 2018
Unsecured loans		
Credit limit loans	$ 80,052	$ -

The interest rate of bank revolving loans was 1.18% to 3.94% as of December 31, 2019.

(II) Long-Term Loans

	December 31, 2019	December 31, 2018
Guaranteed loans		
Bank loans	$ 198,481	$ 52,418
Less: part recognized inmaturity within one year	(8,884)	(5,518)
Long-term loans	$ 189,597	$ 46,900

The bank loan was pledge by the merged company's self-owned land and building (see Note 32). As of December 31, 2019 and 2018, the effective annual interest rates were 1.70% to 6.00% and 1.82%, respectively. Provisions are used to purchase equity and plants.

The long-term loans of the merged company are:

Borrowing bank	Original borrowing amount	December 31, 2019	December 31, 2018
Taiwan Business Bank	Total borrowings: NT$100,000,000 Borrowing period: June 27, 2013 - June 27, 2028 Interest rate range: 1.82% (floating rate) Repayment method: The first 36 months is the grace period for the principal repayment. The interest is paid on a monthly basis. From the 37th month, the repayment period is 1 month. Repayment is made on the 15th of each month, for a total of 144 installments. NT$31,948,000 of the long-term loan was paid in advance in February 2017.	$ 46,900	$ 52,418
	Total borrowing: NT$150,000,000 Borrowing period: October 23, 2019 - October 23, 2024 Interest rate range: 1.70% (floating rate) Repayment method: The first 12 months is the grace period for the principal repayment. The interest is paid on a monthly basis. From	150,000	-

	the 13th month, the repayment period is 1 month. Repayment is made on the 23th of each month, for a total of 168 installments.		
United Overseas Bank	Total borrowing: NT$95,555,000 Borrowing period: October 26, 2010 - October 25, 2020 Interest rate range: 6% (floating rate) Repayment method: Average repayment per installment	1,581	-
		$ 198,481	$ 52,418

XVII. Corporate Bonds Repayable

	December 31, 2019	December 31, 2018
Domestic secured convertible corporate bonds	$152,400	$152,400
Less: Discount on bonds payable	(4,141)	(6,250)
Less: part recognized inmaturity within one year	(148,259)	(146,150)
	$ -	$ -

Domestic secured convertible corporate bonds

The merged company issues 3,000 units of secured convertible bonds denominated in New Taiwan Dollars bearing zero interest rate in December, 2016, the total principal amounted to NT$300,000,000.

Holder of each unit of corporate bond is entitled to convert into the common stock of the merged company at NT$49 per share. The conversion period lasts from January 16, 2017 to December 15, 2021. The convertible price was adjusted from NT$49 on August 5, 2017 to NT$46.5; and the conversion price was adjusted to NT$43.3 since July 24, 2018. Since July 24, 2019, the conversion price was adjusted to NT$40.4.

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 of the convertible corporate bond at the time for 30 business days in a row, the merged company may recover the bonds in the following 30 business day. Alternatively, if the remaining amount of outstanding convertible corporate bonds is less than 10% of the total carrying amount on initial issuance, the merged company may recover the bonds at any time subsequently.

In case the bondholders sell the convertible bonds before the sell-back date between December 15, 2019 and December 15, 2020, the bondholders may require the merged company to redeem the convertible bond held at par value in cash, in 100% of the carrying amount of the bond for 3 years of maturity (actual earning 0%) or 100% of carrying amount of liability for 4 years of maturity (actual earning 0%).

Such convertible corporate bonds include liability and equity component, where equity component is recognized in capital reserve - stock option under equity. Liability components include debt instruments of primary contracts and options derivatives. The initial recognized effective annual interest rate is 1.433% for the primary contract while the option derivatives are measured at fair value through profit and loss. In 2018 and 2017, the recognized gains of fair value changes and loss of fair value changes were NT$61,000 and NT$276,000, respectively.

	Amount
Issuance price (less transaction costs of NT$5,000)	$295,000
Option derivatives component (less transaction cost allocated to option of NT$15,000)	(855)
Equity component (less transaction cost allocated to equity of NT$250,000)	(14,750)
Liability component on the issuance date (less transaction cost allocated to liabilities of NT$4,735,000)	$279,395

	Amount
Liability component as of January 1, 107	$221,117
Interest calculated at effective interest rate 1.433%	2,356
Common stock converted from corporate bonds payable	(77,323)
Liability components as of December 31, 2018	$146,150
Liability components as of January 1, 2019	$146,150
Interest calculated at effective interest rate 1.433%	2,109
Common stock converted from corporate bonds payable	-
Liability components as of December 31, 2019	$148,259

XVIII. Bills payable and accounts payable

	December 31, 2019	December 31, 2018
Notes payable		
Arising from operations	$ 4,461	$ 32,730
Accounts payable		
Arising from operations	$ 46,371	$ 23,406

The domestic average depreciation period of the inventory purchase by the merged company is 30 to 60 days, while payment shall be made according to letters of credit at sight in foreign countries.

XIX. Other Payables

	December 31, 2019	December 31, 2018
Equipment payable	$ 859	$ 3,533
Salary and bonus payable	37,327	30,385
Employees and Directors remuneration payable	7,746	12,567
Labour health insurance and pension payable	5,977	6,690
Advertising expenses payable	2,920	5,568
Leave benefits payable	6,827	3,853
Freight payable	5,231	5,123
Business tax payable	14,760	3,780
Others	15,163	6,898
	$ 96,810	$ 78,397

XX. Liabilities Provision - Non-current

	December 31, 2019	December 31, 2018
Decommissioning costs	$ 7,614	$ 6,400

Liability provision for decommissioning costs refers to the cost that the merged company expects to pay for decommissioning, restoration, or environmental restoration when the leased assets are returned to the lessor at the end of the lease period.

XXI. Post-employment Benefit Plan

Defined contribution plans

The pension system from "Labor Pension Act" applicable to Scan-D Corporation of the merged company is a defined contribution plan under government administration. The merged company contributes 6% of the employee's monthly salary to the personal account at Bureau of Labor Insurance.

The employees of the merged company's Singapore subsidiary are members of the Central Provident Fund (CPF) operated by the Singapore government. Such subsidiaries shall contribute a certain percentage of salaries to the CPF in order to contribute to the fund. Obligations of the merged company towards the government-operated pension plan are limited to its contributions of specific amounts.

Pension expense relating to defined contribution plans are recognized under the following items:

	2019	2018
Operating costs	$ 1,939	$ 1,252
Marketing expenses	$ 14,059	$ 10,870
Administrative expenses	$ 2,327	$ 1,372

XXII. Equity

(I) Capital

Common stock

	December 31, 2019	December 31, 2018
Authorized shares (in thousands)	80,000	80,000
Authorized capital	$ 800,000	$ 800,000
Number of shares issued and fully paid (in thousands)	46,133	46,133
Issued capital	$ 461,332	$ 461,332

Common stocks are issued with par value of NT$10 per share and each common stock represents a right to vote and receive dividends. As of December 31, 2019, holders of the convertible corporate bonds have converted NT$17,533,000 dollars(1,753,000 shares) of the Company's common stock.

(II) Capital surplus

	December 31, 2019	December 31, 2018
Should be used to cover losses, cash distribution, or for capitalization (1)		
Share issuance premium	$ 58,676	$ 58,676
Corporate bond conversion premium	115,762	115,762
Cannot be used for any purposes		
Share options	7,493	7,493
	$ 181,931	$ 181,931

1. This kind of capital surplus should be used to cover losses and for cash distribution or capitalization when the Company has no loss, but the capitalization is restricted to a certain ratio of paid-in capital every year.

(III) Retained earnings and dividend policy

The earning appropriation policy in the Articles of Incorporation provides that the Company shall use the earnings for the year, if any, to pay all taxes and offset accumulated losses before allocating 10% of which as statutory surplus reserves. However, no additional statutory surplus reserve shall be provided once it reaches the Company's paid-in capital. Special surplus reserve shall then be provided or reversed from the balance pursuant to relevant laws and regulations. The Board of Directors shall prepare the proposal for the appropriation of earnings of the remaining balance, if any, combined with accumulated unappropriated earnings and submit it to the shareholders' meeting for resolution on bonus to shareholders. For the policies on the appropriation of employees', directors' and supervisors' remuneration under the Company's Articles of Association, please refer to Employees' Remuneration and Directors' and Supervisors' Remuneration in Note 24(6).

In addition, according to the Articles of Association of the Company, the dividend policy is to distribute dividends to shareholders not less than 20% of the distributable surplus each year. Cash or shares are the primary way to distribute dividends, cash dividend shall not be lower than 30% of the total share dividend.

The statutory surplus reserve is supplemented until the balance equals the Company's total paid-in capital. The statutory surplus reserve should be used to cover losses. When the Company has no loss, the portion of the statutory surplus reserve that exceeds 25% of the total paid-in capital may be appropriated in cash in addition to being transferred to capital stock.

The Company provides and reverses statutory surplus reserve pursuant to Letter No. 1010012865, Letter No. 1010047490 and Letter No. 1030006415 from the FSC, and "Q&A of the Application of the Special Capital Reserve After Adopting the International Financial Reporting Standards (IFRSs)."

The Company held general shareholders meetings on June 20, 2019 and June 20, 2018, during which the 2018 and 2017 Earnings Appropriation Resolution were resolved as follows:

	Earnings Appropriation Resolution		Dividends per Share (NT$)	
	2018	2017	2018	2017
Statutory surplus reserve	$ 16,757	$ 21,878	$ -	$ -
Cash dividends	138,400	181,528	3.00	3.94

The 2019 Earnings Appropriation Resolution to be resolved by the Board of Directors' meeting on March 24, 2020 is as follows:

	Earnings Appropriation Resolution	Dividends per Share (NT$)
Statutory surplus reserve	$ 10,358	$ -
Special reserve	1,248	-
Cash dividends	83,040	1.80

The 2019 Earnings Appropriation Resolution is subject to the resolution of the shareholders' meeting to be held on June 17, 2020.

(IV) Other Equity Items

Exchange differences on translation of financial statements of overseas operations

	2019	2018
Balance at the beginning of the year	$ -	$ -
Arising during the period		
Currency translation differences from overseas operations	(1,560)	-
Relevant income tax	312	-
Balance at the end of the year	($ 1,248)	$ -

(V) Non-Controlling Interests

	2019	2018
Balance at the beginning of the year	$ -	$ -
Increase in Non-Controlling Interests from Acquisition of Subsidiaries (Note 27)	2,168	-
Net income	169	-
Arising during the period		
Currency translation differences from overseas operations	(42)	-
Balance at the end of the year	$ 2,295	$ -

XXIII. Revenue

	2019	2018
Revenue from contracts with customers		
Revenue from sales of commodity	$ 1,820,224	$ 1,689,771
Revenue from flooring	8,419	13,917
	$ 1,828,643	$ 1,703,688

(I) Explanation of the customer contract

1. Revenue from sales of commodity

   Commodity sales income comes from the sales of furniture products. When the furniture is delivered to a customer’s specific location, the customer has the right to use the product and bears the risk of the commodity, which should be recognized in income and accounts receivable by the merged company at the time.

2. Revenue from flooring

Primarily refers to the operating services provided for flooring, which shall be recognized in income when the customer completed acceptance and the rights and risks have been transferred.

(II) Contracts Balance

	December 31, 2019	December 31, 2018
Contract liabilities - current		
Sales of commodity	$ 256,390	$ 117,013

XXIV. Net Profit of Continuing Operations

(I) Other revenues

	2019	2018
Interest income		
Bank deposit	$ 904	$ 136
Others	969	113
	1,873	249
Rental income	11,748	1,407
Dividend income	282	-
Others	29,361	12,566
	$ 43,264	$ 14,222

(II) Other Gain and (Loss)

	2019	2018
Net gains on foreign exchange	$ 744	$ 350
Gain on lease modification	1	-
Gain (loss) on disposal of property, plant and equipment	(872)	222
Financial liability gain (loss) measured at fair value through profit and loss	(1,132)	(276)
Others	(625)	(1,358)
	($ 1,884)	($ 1,062)

(III) Financial costs

	2019	2018
Interest on bank loans	$ 4,312	$ 1,042
Interest on convertible corporate bonds	2,109	2,356
Interest on lease liabilities	12,656	-
	$ 19,077	$ 3,398

(IV) Depreciation and Amortization

	2019	2018
Depreciation expenses summarized by functions		
Operating costs	$ 22,185	$ 13,358
Operating expenses	234,815	25,459
	$257,000	$ 38,817

	2019	2018
Amortization expenses summarized by functions		
Operating costs	$ 20	$ 19
Operating expenses	1,369	1,181
	$ 1,389	$ 1,200

(V) Employee benefit expenses

	2019	2018
Short-term employee benefits	$344,512	$283,555
Benefits after retirement		
Defined distribution plan (Note 21)	18,325	13,494
	$362,837	$297,049

	2019	2018
Summarized by functions		
Operating costs	$ 50,894	$ 29,914
Operating expenses	311,943	267,135
	$362,837	$297,049

(VI) Employees' Remuneration and Directors' and Supervisors' Remuneration

The Company distributes employees' remuneration and directors' and supervisors' remuneration at not less than 4% and not more than 2% of the earnings before tax of the year before deducting the employees', directors' and supervisors' remuneration. Employees' remuneration and directors' and supervisors' remuneration in 2019 and 2018 resolved in the Board of Directors' meetings on March 24, 2020 and March 21, 2019, respectively, were as follows:

Estimated ratio

	2019	2018
Employees' remuneration	4.2%	4.2%
Directors' and Supervisors' Remuneration	1.4%	1.4%

Amount

	2019		2018	
	Cash	Shares	Cash	Shares
Employees' remuneration	$ 5,809	$ -	$ 9,425	$ -
Directors' and Supervisors' Remuneration	1,937	-	3,142	-

Changes made to the amount after the publication of the annual consolidated financial report are handled in accordance with accounting estimation changes and will be recognized in the financial statements of the following year.

The actual distribution of employees' remuneration and directors' and supervisors' remuneration in 2018 and 2017 were consistent with amounts recognized in the consolidated financial statements 2018 and 2017.

Please refer to the "Market Observation Post System" for employees' remuneration and directors' and supervisors' remuneration resolved at the 2019 and 2018 Board meetings.

XXV. Income tax of continuing operations

(I) Main composition of income tax expenses recognized in profit or loss

	2019	2018
Current income tax		
Generated in the year	$ 30,636	$ 42,713
Surtax on unappropriated earnings	621	1,537
Adjustments of previous years	1,580	1
Deferred income tax		
Generated in the year	2,480	258
Changes in tax rates	-	(236)
Income tax expenses recognized in profit or loss	$ 35,317	$ 44,273

The reconciliation of accounting profit and income tax expense was as follows:

	2019	2018
Profit before tax of continuing operations	$139,061	$211,843
Income tax expense of profit before tax calculated according to the statutory tax rate	$ 33,912	$ 42,369
Non-deductible expenses	(796)	602
Surtax on unappropriated earnings	621	1,537
Changes in tax rates	-	(236)
Adjustments made in the year on the current income tax expenses of prior years	1,580	1
Income tax expenses recognized in profit or loss	$ 35,317	$ 44,273

Taiwan's Income Tax Act was amended in 2018, the business income tax rate was adjusted from 17% to 20%. In addition, the amendment stipulated that the tax rate applicable to the undistributed earnings in 2018 was reduced from 10% to 5%. The tax rate applicable for subsidiaries in Singapore was 17%.

In July 2019, Taiwan President announced the amendment of the Statute for Industrial Innovation, which stipulates that the construction or purchase of specific assets or technologies from the unappropriated surplus from 2018 shall be recognized indeduction items for the calculation of the unappropriated surplus. The merged company has not deducted the capital expenditure for reinvestment with the unappropriated surplus in 2018.

(II) Current income tax liabilities

	December 31, 2019	December 31, 2018
Current income tax liabilities		
Income tax payable	$ 9,890	$ 21,809

(III) Deferred income tax assets

Changes in deferred income tax assets and liabilities were as follows:

2019

Net deferred income tax assets (liabilities)	Balance at the beginning of the year	Recognized in profit and loss	Recognized in other comprehensive income	Acquired from business combination	Exchange differences	Balance at the end of the year
Temporary differences						
Loss on inventory write-down	$ 546	$ -	$ -	$ -	$ -	$ 546
Leave benefits payable	771	167	-	-	-	938
Right-of-use asset	-	1,598	-	-	-	1,598
Depreciation expenses	-	-	-	(1,063)	19	(1,044)
Unappropriated surplus of subsidiaries	-	(4,245)	-	-	-	(4,245)
Currency Translation Difference from Overseas Operations	-	-	312	-	-	312
	$ 1,317	($ 2,480)	$ 312	($ 1,063)	$ 19	($ 1,895)

2018

Deferred income tax assets	Balance at the beginning of the year	Recognized in profit and loss	Changes in tax rates	Balance at the end of the year
Temporary differences				
Loss on inventory write-down	$ 464	$ -	$ 82	$ 546
Leave benefits payable	875	(258)	154	771
	$ 1,339	($ 258)	$ 236	$ 1,317

(IV) Income Tax Assessment

The Company has filed the business income tax over the years which has been approved by the taxation agency until 2017. Other subsidiaries have filed income tax before the deadline required by the Singapore government.

XXVI. Earnings per Share

Unit: NT$/share

	2019	2018
Basic earnings per share	$ 2.25	$ 3.67
Diluted earnings per share	$ 2.24	$ 3.43

The earnings and weighted average number of common stocks used for the calculation of earnings per share were as follows:

Net profit for the year

	2019	2018
Net profit	$ 103,575	$ 167,570
Effect of dilutive potential common stocks:		
Employee remuneration	-	-
Interest after tax of convertible corporate bonds	-	1,885
Net profit used for the calculation of diluted earnings per share	$ 103,575	$ 169,455

Number of shares

Unit: Thousand shares

	2019	2018
Weighted average number of common stocks used for the calculation of basic earnings per share	46,133	45,694
Effect of dilutive potential common stocks:		
Employee remuneration	200	260
Convertible corporate bonds	-	3,520
Weighted average number of common stocks used for the calculation of diluted earnings per share	46,333	49,474

If the merged company elected to distribute employees' remuneration by way of shares or cash, the calculation of diluted earnings per share should assume that the remuneration is paid in the form of shares, the dilutive potential ordinary shares should also be included in the weighted average number of outstanding shares to calculate the diluted earnings per share. The dilutive effect of such potential common stocks shall continue to be considered when calculating the diluted earnings per share before resolving the number of shares to be distributed as employee remuneration in the following year.

The conversion price of the outstanding convertible corporate bonds of the merged company is not included in the calculation of diluted earnings per share as the exercise price is higher than the average market price of the shares in 2019 and has anti-dilutive effects.

XXVII. Business Combination

(I) Acquisition of subsidiaries

	Primary operating activities	Acquisition base date	Ownership interest with voting rights Acquisition ratio (%)	Transferred consideration
Nova Furnishing Holdings Pte. Ltd. and its subsidiaries	Furniture industry	May 1, 2019	100.00	$ 227,600 (SGD10,000,000)

The Company acquired Nova Furnishing Holdings Pte. Ltd. and its subsidiaries to expand overseas markets, the operation scale and increase profitability.

(II) Transferred Consideration

	Nova Furnishing Holdings Pte. Ltd. and its subsidiaries
Cash (SGD10,000,000)	$ 227,600

(III) Assets Acquired and Liabilities Assumed upon Acquisition Date

	Nova Furnishing Holdings Pte. Ltd. and its subsidiaries
Current assets	
Cash and cash equivalents	$ 75,252
Financial assets	8,727
Accounts receivable	5,196
Inventory	43,528
Other current assets	22,901
Non-current assets	
Property, plant and equipment	51,708
Right-of-use asset	122,612
Other non-current assets	922
Current liabilities	
Short-term loans	(1,892)
Accounts payable	(119,736)
Other payables	(580)
Lease liabilities - current	(38,239)
Current income tax liabilities	(13,654)
Non-current liabilities	
Long-term loans	(948)
Deferred income tax liabilities	(1,063)
Lease liabilities - non-current	(83,879)
	$ 70,855

(IV) Other intangible assets resulting from acquisition

	Nova Furnishing Holdings Pte. Ltd.
Transferred consideration (SGD10,000,000)	$ 227,600
Add: Non-controlling interest through acquisition of subsidiaries	2,168
Less: Fair value of identifiable assets acquired	(70,855)
Goodwill arising from acquisition	$ 158,913

(V) Non-Controlling Interests

The non-controlling interests of Nova Furnishing Holdings Pte. Ltd. and its subsidiaries are measured on the basis of the identifiable net assets at the acquisition date and the share of the non-controlling interests.

(VI) Net Cash (Inflow) Outflow from Acquisition of Subsidiary

	Nova Furnishing Holdings Pte. Ltd. and its subsidiaries
Consideration of cash payment	$ 227,600
Less: Balance of cash and cash equivalents acquired	(75,252)
	$ 152,348

(VII) Effects of Business Combination on Business Results

Business results of the acquired companies from the acquisition date were as follows:

	Nova Furnishing Holdings Pte. Ltd. and its subsidiaries
	May 1 to December 31, 2019
Operating revenue	$ 385,863
Net profit for the period attributable to the merged company	$ 21,225

XXVIII. Non-Cash Transactions

The merged company conducted the following investment activities with only partial cash receipts and payments in 2019 and 2018:

(I) Property, Plant and Equipment

	2019	2018
Purchase of property, plant and equipment		
Increase in property, plant and equipment	$ 23,557	$ 27,189
Add: Equipment payable at the beginning of the period	3,533	1,065
Add: Decommissioning liabilities provision at the beginning of the period	6,400	5,700
Less: Equipment payable at the end of the period	(859)	(3,533)
Less: Decommissioning liabilities provision at the end of the period	(7,614)	(6,400)
Cash payments	$ 25,017	$ 24,021

(II) Lease Liabilities

	2019	2018
Lease liabilities		
Lease liabilities at the beginning of the period	$ 553,807	$ -
Add: Acquisition from business combination	122,118	-
Increase in right-of-use assets	358,221	-
Interest expenses	12,656	-
Less: Lease liabilities at the end of the period	(836,716)	-
Derecognization	(1,301)	-
Effect of refundable deposits	(1,007)	-
Effect of exchange rate	(3,187)	-
Cash payments	$ 204,591	$ -

(III) Acquisition of Subsidiaries

	2019	2018
Acquisition of subsidiaries		
Current assets	$ 155,604	$ -
Non-current assets	175,242	-
Current liabilities	(174,101)	-
Non-current liabilities	(85,890)	-
Non-controlling interest	(2,168)	-
Goodwill	158,913	-
Total amount of merger and acquisition	227,600	-
Less: Cash and equivalent cash obtained on the date of merger and acquisition	(75,252)	-
Cash outflow from acquisition of subsidiary equity	$ 152,348	$ -

(IV) Interest Received

	2019	2018
Interest Income	$ 1,873	$ 136
Add: Gains receivable at the beginning of the period	-	-
Less: Gains receivable at the end of the period	-	-
Less: Interest on refundable deposits	(837)	-
Interest income received	$ 1,036	$ 136

(V) Interest paid

	2019	2018
Interest expenses	$ 19,077	$ 3,398
Add: Interest payable at the beginning of the period	-	-
Less: Interest payable at the end of the period	(655)	-
Less: Interest on lease liabilities	(12,656)	-
Less: Interest on convertible corporate bonds	(2,109)	(2,356)
Interest expenses paid	$ 3,657	$ 1,042

XXIX. Capital Risk Management

The merging company conducts capital management to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity, provided that it is operating as a going concern.

The merged company's capital structure consists of its net debt (i.e. borrowings less cash and cash equivalent) and equity (i.e. equity, capital reserve, retained earnings and other equity items and non-controlling interests).

The merged company is not required to comply with other external capital requirements.

XXX. Financial Instruments

(I) Information on Fair value - Financial Instruments not Measured at Fair Value

The management of the merged company considers that the carrying amount of financial assets and liabilities not measured at fair value exceeds the fair value.

(II) Information on Fair value - Financial Instruments Measured at Fair Value

1. Fair Value Measurement Hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 285	$ -	$ 285
Domestic TWSE/TPEx listed stocks	7,395	-	-	7,395
Total	$ 7,395	$ 285	$ -	$ 7,680

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 224	$ -	$ 224

2. Valuation techniques and inputs applied to Level 2 fair value measurement

Classification of financial instruments	Valuation techniques and inputs
Derivatives - convertible corporate bonds	CRR Binary Tree Convertible Valuation Model

(III) Classification of Financial Instruments

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit and loss	$ 7,680	$ 224
Financial assets at amortized cost (Note 1)	294,046	163,324
Financial liabilities		
Measured at cost after amortization (Note 2)	1,426,108	354,934

Note 1: The balance includes financial assets at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, and other financial assets.

Note 2: The balance includes financial liabilities measured at amortized cost, including short-term loans, bills payable, accounts payable, other payables, long-term loans due within one year, corporate bonds due within one year or execution of put-back rights, current income tax liabilities, and corporate bonds payable, long-term loans, and guarantee deposits.

(IV) Objectives and Policies related to Financial Risk Management

The primary financial instruments of the merged company include cash and equivalent cash, accounts receivable, accounts payable, corporate bonds payable, loans and lease liabilities. The finance management department of the merged company provides services to business units and coordinates operations in the domestic and overseas financial markets by supervising internal risk exposure reports and managing financial risks related to the operations of the merged company in accordance with the risk level and breadth analysis. Such risks include market risks (including exchange rate risks and interest rate risks), credit risks, and liquidity risks.

1. Market risks

(1) Exchange rate risks

For the carrying amount of currency monetary assets and currency monetary liabilities denominated in the non-functional currency of the merged company on the balance sheet date, please refer to Note 34.

Sensitivity Analysis

The merged company is mainly exposed to USD and SGD fluctuations.

The sensitivity percentage used in the internal reporting of foreign currency risk to key management is 1%. It also represented the evaluation of the reasonable and potential range of changes in exchange rates deemed by the management. Sensitivity analysis only includes monetary items of outstanding foreign currencies. The impact figures in the table below represent the increase (decrease) in net profit before tax when the value of NT$ rises (depreciates) by 1% relative to relevant currencies.

	Impact of foreign currencies	
	2019	2018
Profit or loss	$ 143	$ 167

(2) Interest rate risk

The interest rate risks generated are mainly from the funds borrowed and deposits held by the merged company on fixed and floating interest rates simultaneously. The merged company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The nominal value of financial assets and financial liabilities of the merging company are exposed to the following interest rate risks on the balance sheet date:

	December 31, 2019	December 31, 2018
Interest rate risks with fair value		
- Financial assets	$ 624	$ 2,938
- Financial liabilities	148,259	146,150
Interest rate risks with cash flow		
- Financial assets	220,918	81,121
- Financial liabilities	278,533	52,418

The sensitivity analysis below is based on the interest rate risks of non-derivative instruments at the end of the financial reporting period.

The merged company takes an increase or decrease of 0.5% as a reasonable risk assessment for reporting changes in interest rates to management. If other conditions remain unchanged and interest capitalization is not taken into account, an increase in the interest rate of 0.5% will result in a decrease of NT$288,000 and an increase of NT$144,000, respectively, in the net profit before tax of the merged company in 2019 and 2018.

2. Credit risk

Credit risks refer to the risks causing financial loss to the Company due to the default of the counterparty in performing contractual obligations. As at the balance sheet date, the Company's maximum exposure to credit risk causing financial loss to the Company due to the default of the counterparty in performing contractual obligations is primarily arising from the carrying amount of the financial assets recognized in this balance sheet.

In addition, the merged company would review the recoverable amount of each receivables on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As such, the merged company's management concludes that the credit risk of the merged company has been significantly reduced.

Before engaging in significant transactions, approval procedures must be carried by the Board of Directors according to related regulations and the internal control system. In the course of implementing financial plans, the merged company shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties.

3. Liquidity risks

The merged company supports the Company's operation and reduces the impact brought by cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents. The merged company's management supervises the utilization of bank financing and ensures compliance with the terms of loan contracts.

The Board of Directors bears the ultimate liability for the liquidity risk management of the merged company. The merged company has established an appropriate liquidity risk management framework to meet its management demand for short-term, mid-term and long-term funding and liquidity. The merged company manages liquidity risk by maintaining sufficient bank financing limits, borrowing commitments, continuously monitoring the expected and actual cash flows, and planning to repay liabilities with financial assets with similar maturity dates. As of December 31, 2019 and 2018, the unutilized bank facilities of the merged company amounted to NT$331,022,000 and NT$412,864,000, respectively.

<u>Liquidity and table of interest rate risks of non-derivative financial liabilities</u>

The contractual maturity analysis of balances for non-derivative financial liabilities is prepared based on the earliest date in which the merged company is required to repay the loans, based on the undiscounted cash flows of the financial liabilities (including principal and estimated interest). Therefore, the following table presents the bank loans required to be repaid immediately by the merged company, regardless of the probability of exercising such rights by the bank. The analysis of the maturity of other non-derivative liabilities is prepared in accordance with the agreed repayment date.

The undiscounted interest relating to the cash flow for repaying interest at floating interest rates is estimated according to the yield curve on the balance sheet date.

December 31, 2019

	Less than 1 year	1 to 2 year(s)	2 to 5 years	More than 5 years
Floating interest rate instruments				
Short-term loans	$ 80,052	$ -	$ -	$ -
Long-term loans	8,884	16,232	48,696	124,669
Non-interest-bearing liabilities				
Notes payable	4,461	-	-	-
Accounts payable	46,371	-	-	-
Other payables	1,663	-	-	-
Lease liabilities	264,425	225,643	301,937	44,711
Guarantee deposits	5,068	-	-	-
	$ 410,924	$ 241,875	$ 350,633	$ 169,380

December 31, 2018

	Less than 1 year	1 to 2 year(s)	2 to 5 years	More than 5 years
Floating interest rate instruments				
Long-term loans	$ 5,518	$ 5,518	$ 16,554	$ 24,828
Non-interest-bearing liabilities				
Notes payable	32,730	-	-	-
Accounts payable	23,406	-	-	-
Other payables	4,465	-	-	-
Guarantee deposits	24	-	-	-
	$ 66,143	$ 5,518	$ 16,554	$ 24,828

XXXI. Related-Party Transactions

Transactions between the merged company and other related parties were as follows:

(I) Name and relationship of related parties

Name of related party	Relationship with the Company
Hsueh, Hsiu-Chu	Key Management
Hawaii Furnishing Pte. Ltd.	Related party in substance
Yihsin Inc.	Related party in substance

(II) Cost of Sales

Type/name of related party	2019	2018
Related party in substance		
Hawaii Furnishing Pte. Ltd.	$ 25,473	$ 28,901

The Company signed a contract for the brand licensing and services of the "Scanteak" brand with Hawaii Furnishing Pte. Ltd. on July 1, 2010. 1%-3% of the monthly net profit shall be paid as the monthly licensing and service fees, which were recognized under cost of sales.

(III) Lease agreement

Accounting subject	Type/name of related party	December 31, 2019	December 31, 2018
Lease liabilities - current	Key Management		
	Hsueh, Hsiu-Chu	$ 1,056	$ -
	Related party in substance		
	Yihsin Inc.	2,448	-
		$ 3,504	$ -
Lease liabilities - non-current	Key Management		
	Hsueh, Hsiu-Chu	$ 334	$ -
	Related party in substance		
	Yihsin Inc.	8,868	-
		$ 9,202	$ -

Accounting subject	Type/name of related party	2019	2018
Acquisition of right-of-use assets	Key Management		
	Hsueh, Hsiu-Chu	$ 2,414	$ -
	Related party in substance		
	Yihsin Inc.	11,707	
		$ 14,121	$ -
Rental expenses	Key Management		
	Hsueh, Hsiu-Chu	$ -	$ 1,056
	Related party in substance		
	Yihsin Inc.	2,040	2,448
		$ 2,040	$ 3,504
Interest expenses	Key Management		
	Hsueh, Hsiu-Chu	$ 32	$ -
	Related party in substance		
	Yihsin Inc.	17	
		$ 49	$ -

2019

Lessor	Leased property	Lease term	Payment method	Rental expenses
Related party in substance	Wenchang branch	November 1, 2014 - October 31, 2019	Paid monthly on the 1st of the month	$ 2,040

2018

Lessor	Leased property	Lease term	Payment method	Rental expenses
Key Management	Tofen branch	May 1, 2016 - April 30, 2021	Paid monthly on the 1st of the month	$ 1,056
Related party in substance	Wenchang branch	November 1, 2014 - October 31, 2019	Paid monthly on the 1st of the month	$ 2,448

The aforementioned lease transactions with related parties are based on the price agreed between both parties.

(IV) Refundable deposits (recognized in other non-current assets)

Type/name of related party	December 31, 2019	December 31, 2018
Key Management/Hsueh, Hsiu-Chu	$ 105	$ 105
Related party in substance/Yihsin Inc.	390	390
	$ 495	$ 495

(V) Remuneration of Key Management

	2019	2018
Short-term employee benefits	$ 14,071	$ 14,821
Benefits after retirement	108	108
	$ 14,179	$ 14,929

The remuneration of directors and other key management is determined by the remuneration committee based on personal performance and market trends.

XXXII. Pledge Assets

The following assets have been provided as collateral for bank borrowings and bank guaranteed corporate bonds:

	December 31, 2019	December 31, 2018
Reserved deposits (recognized in other current assets)	$ -	$ 4,015
Self-owned land	534,164	534,164
Building	198,998	170,824
	$ 733,162	$ 709,003

XXXIII. Significant contingent liability and unrecognized contract commitments

Material commitment and contingency of the merged company on the balance sheet date are as follows:

Material commitment

(I) In order to provide guarantees as letters of credit, the merged company has issued the following guarantee notes to each of the loaning banks:

	December 31, 2019	December 31, 2018
Guarantee notes	$299,960	$230,000

(II) The number of unused letters of credit issued by the Company due to the purchase of raw materials is summarized as follows:

Unit: Thousand dollars in foreign currencies

	December 31, 2019	December 31, 2018
USD	$ 1,839	$ 1,948
SGD	311	299
EUR	14	16

(III) The merged company signed a contract for the brand licensing and services of the "Scanteak" brand with Hawaii Furnishing Pte. Ltd. 1%-3% of the monthly net profit shall be paid as the premium pursuant to the contract, which will be expired in 2040. The premium expenses (recognized in cost of sales) for 2019 and 2018 were NT$25,473,000 and NT$28,901,000, respectively.

XXXIV. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information was summarized by foreign currencies other than the functional currency of the merged company. The exchange rates disclosed were those used to translate the foreign currencies into the functional currency. Information on foreign currency assets and liabilities with significant impact is as follows:

Unit: Foreign currencies/NT$1,000

December 31, 2019

	Foreign currency	Exchange rates	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 941	30.48 (USD:NT$)	$ 29
SGD	75,792	22.56 (SGD:NT$)	1,710
Yen	13,201	0.33 (Yen:NT$)	4
HKD	9,604	3.81 (HKD:NT$)	37
RMB	18,323	4.92 (RMB:NT$)	90
USD	4,108	1.38 (USD:SGD)	126
			$ 1,996
Foreign currency liabilities			
Monetary items			
USD	450,483	30.37 (USD:NT$)	$ 13,683
SGD	103,626	22.51 (SGD:NT)	2,333
EUR	67,729	34.10 (EUR:NT$)	2,309
MYR	1,244,772	0.33 (MYR:SGD)	9,115
RMB	743,846	0.19 (RMB:SGD)	3,201
USD	106,885	1.34 (USD:SGD)	3,202
			$ 33,843

December 31, 2018

	Foreign currency	Exchange rates	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 14,341	30.86 (USD:NT$)	$ 443
SGD	37,874	22.11 (SGD:NT$)	838
Yen	13,201	0.33 (Yen:NT$)	4
HKD	9,600	3.81 (HKD:NT$)	36
RMB	18,268	4.92 (RMB:NT$)	90
			$ 1,411
Foreign currency liabilities			
Monetary items			
USD	493,221	30.91 (USD:NT$)	$ 15,248
SGD	120,082	22.56 (SGD:NT$)	2,709
EUR	1,771	35.77 (EUR:NT$)	63
			$ 18,020

The merged company is primarily exposed to exchange rate risk in USD and SGD. The following information is aggregated in terms of the functional currency of the foreign currency held. The exchange rate disclosed is the exchange rate of the functional currency into the presentation currency. The following are significant influences on foreign exchange gain or loss (realized and unrealized):

	2019		2018	
Functional currency	Functional currency to presentation currency	Net Gain (Loss) on Foreign Currency Exchange	Functional currency to presentation currency	Net Gain (Loss) on Foreign Currency Exchange
NT$	1.000 (NT$:NT$)	$ 729	$1.000 (NT$:NT$)	$ 350
SGD	22.28 (SGD:NT$)	15	$22.48 (SGD:NT$)	-
		$ 744		$ 350

XXXV. Additional Note Disclosures

(I) Information on (I) Material Transactions and (II) Reinvestment:

1. Funds provided to others: None.
2. Endorsements/guarantees provided to others: None.
3. Marketable securities held at the end of the period: Appendix I.
4. Accumulated purchase or disposal of the same marketable securities in excess of NT$300 million or 20% of the paid-in capital: Appendix II.
5. Acquisition of real estate at price in excess of NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital: None.
7. Purchases from or sales to related parties in excess of NT$100 million or 20% of the paid-in capital: None.
8. Receivable from related parties in excess of NT$100 million or 20% of its paid-in capital: None.
9. Engage in derivatives trading: Please refer to Note 7, 17 and 30(2).
10. Others: Business relations, material transactions and amounts between the parent company and subsidiaries: Appendix III.
11. Information on investee companies: Appendix IV

(II) Information on investments in the Mainland: None.

XXXVI. Segment Information

The information is provided to the main business decision-maker to allocate resources and assess the performance of each department and focus on the type of product or service delivered or provided. According to IFRS 8 “Operation Department,” the merged company uses a single operation department to organize, manage and allocate resources. Moreover, it is primarily engaged in the sales of furniture, bedding, kitchen appliances, and furnishings. In addition, the merged company provided segment information reviewed by the business decision-makers. Its measurement basis is the same as that of the financial statements.

(I) Regional Financial Information

The merged company mainly operates in two regions - Taiwan and Singapore. The revenue from continuing business and segment profits and losses from external customers of the merged company are shown below based on the operation regions:

	Revenue from external customers	
Region	2019	2018
Taiwan	$ 1,442,780	$ 1,703,688
Singapore	385,863	-
	$ 1,828,643	$ 1,703,688

	Segment profit (loss)	
Region	2019	2018
Taiwan	$ 109,346	$ 211,843
Singapore	29,715	-
	$ 139,061	$ 211,843

(II) Total segment assets and liabilities

	December 31, 2019	December 31, 2018
Segment assets		
Taiwan	$ 2,282,155	$ 1,547,187
Singapore	422,970	-
Total consolidated assets	$ 2,705,125	$ 1,547,187
Segment liabilities		
Taiwan	$ 1,363,839	$ 504,447
Singapore	332,324	-
Total consolidated liabilities	$ 1,696,163	$ 504,447

Scan-D Corporation and its Subsidiaries

Marketable securities held at the end of the period

December 31, 2019

Appendix I

Unit: NT$'000/Foreign currency dollar

Companies held	Type and name of marketable securities (Note 1)	Relationship with the issuer of the securities	Financial Statement Account	End of the Period				Remark
				Shares or units	Carrying amount	Share holding %	Fair value	
Nova Furnishing Holdings Pte. Ltd	Shares - Listed in overseas (Counter)							
	Hafary Holdings Ltd.	None	Financial assets at fair value through profit and loss	1,249,300	$ 4,175 SGD187,395	0.29%	$ 4,175 SGD187,395	
	OKH Global Ltd.	None	Financial assets at fair value through profit and loss	8,500,000	3,220 SGD144,500	0.75%	3,220 SGD144,500	

Note 1: For information on investment subsidiaries, affiliated companies and joint venture interests, please refer to Appendix IV.

Scan-D Corporation and its Subsidiaries

Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital

January 1 to December 31, 2019

Appendix II

Unit: NT$'000, unless otherwise specified.

Purchase, sales of company	Type and name of marketable securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning of the period		Purchase (Note 3)		Sell (Note 3)				End of the Period	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Price	Carrying cost	Gain or loss on disposal	Number of shares	Amount
Scan-D Corporation	Investment using equity method Nova Furnishing Holdings Pte. Ltd.	Investment using equity method	Nova Furnishing Holdings Pte. Ltd.	Subsidiaries of the Company	-	$ -	-	Equity acquired $ 227,600 Gain on investments 21,225 Cumulative translation adjustments (1,560)	-	$ -	$ -	$ -	-	$ 247,265

Note 1: The marketable securities in this appendix refer to stocks, bonds, beneficiary certificates, and marketable securities derived therefrom.

Note 2: For marketable securities recognized using the equity method, the two fields must be filled in, the remaining fields can be left blank.

Note 3: The purchase or sale amount should be calculated separately at the market price as to whether the accumulated cost reaches NT$300 million or 20% of paid-in capital.

Note 4: Paid-in capital refers to the parent's paid-in capital. Where issuer’s shares have no par value or where the par value per share is not NT$10, transaction amount that involves a paid-in capital ratio of 20% shall be calculated by equity ratio of 10% attributable to the owners of the parent company as stated in the balance sheet.

Scan-D Corporation and its Subsidiaries

Business relationships, material transactions, and amount between the parent company and its subsidiaries

January 1 to December 31, 2019

Appendix III

Unit: NT$'000/Foreign currency dollar

No. (Note 1)	Company name	Counter-party	Relationship with counterparty (Note 2)	Transaction details			
				Account	Amount	Terms	Percentage of total consolidated revenue or total assets (Note 3)
1	Nova Furnishing Centre Pte. Ltd.	Nova Furnishing Holdings Pte. Ltd.	3	Other receivables	$ 11,140	There is no significant difference from ordinary transactions.	0.41
1	Nova Furnishing Centre Pte. Ltd.	Rozel Furnishing Pte. Ltd.	3	Sales revenue	14,422	There is no significant difference from ordinary transactions.	0.79
1	Nova Furnishing Centre Pte. Ltd.	Mega Home Furnishing Pte Ltd.	3	Sales revenue	12,429	There is no significant difference from ordinary transactions.	0.68
2	X'Clusive Home Pte. Ltd.	Nova Furnishing Centre Pte. Ltd.	3	Other receivables	28,964	There is no significant difference from ordinary transactions.	1.07
3	Kawah Furnishing Pte. Ltd.	X'Clusive Home Pte. Ltd.	3	Other receivables	13,368	There is no significant difference from ordinary transactions.	0.49
4	Mega Home Furnishing Pte Ltd.	Nova Furnishing Centre Pte. Ltd.	3	Other receivables	10,026	There is no significant difference from ordinary transactions.	0.37

Note 1: The business relationship between the parent company and its subsidiaries shall be indicated in the number field, which shall be filled in as follows:

(1) The parent company is numbered "0".

(2) The subsidiaries are numbered by company from Arabic number 1 in order.

Note 2: Relationships are categorized into the following three types. Please specify the type (The same transaction between the parent company and its subsidiaries is not required to be disclosed repeatedly. For example, for transactions between the parent company and its subsidiaries, if the parent company has disclosed the information, the subsidiaries are exempted from disclosing repeatedly. The same applies to transactions between subsidiaries where only one subsidiary needs to disclose the same transaction):

(1) Parent company to subsidiaries.

(2) Subsidiaries to parent company.

(3) Subsidiaries to subsidiaries.

Note 3: Regarding the calculation of the ratio of the transaction amount to total consolidated revenue or total assets, it is calculated based on the ratio of the ending balance to total consolidated assets for balance sheet items; and based on the ratio of interim accumulated amount to total consolidated revenue for profit or loss items.

Note 4: Whether to list the important transactions in this appendix shall be decided by the Company according to the major principles

Scan-D Corporation and its Subsidiaries

Information on Investees, regions, etc

January 1 to December 31, 2019

Appendix IV

Unit: NT$'000/Foreign currency dollar

Name of investment company	Investee company name	Place of registration	Main businesses	Original investment amount		Shares held at the end of the period			Current profit or loss of investee company	Investment profit or loss recognized for the period	Remark
				End of the current period	End of the prior year	Number of shares	Ratio	Carrying Amount			
Scan-D Corporation	Nova Furnishing Holdings Pte. Ltd.	Singapore	Investment business	$ 227,600	$ -	2,000,000	100.00	$ 247,265	$ 21,225	$ 21,225	
Nova Furnishing Holdings Pte. Ltd.	Nova Furnishing Centre Pte. Ltd.	Singapore	Furniture industry	3,417	-	150,000	100.00	9,441 SGD423,730	4,040 SGD178,602	4,040 SGD178,602	
Nova Furnishing Holdings Pte. Ltd.	Rozel Furnishing Pte. Ltd.	Singapore	Furniture industry	11,390	-	500,000	100.00	18,636 SGD836,457	5,944 SGD262,767	5,944 SGD262,767	
Nova Furnishing Holdings Pte. Ltd.	X'Clusive Home Pte. Ltd.	Singapore	Furniture industry	7,973	-	350,000	100.00	12,317 SGD552,847	2,805 SGD124,018	2,805 SGD124,018	
Nova Furnishing Holdings Pte. Ltd.	Sofaland Pte. Ltd.	Singapore	Furniture industry	5,695	-	250,000	100.00	7,675 SGD344,481	1,251 SGD55,303	1,251 SGD55,303	
Nova Furnishing Holdings Pte. Ltd.	Kawah Furnishing Pte. Ltd.	Singapore	Furniture industry	8,201	-	360,000	90.00	20,651 SGD926,907	1,686 SGD74,520	1,517 SGD67,068	
Nova Furnishing Holdings Pte. Ltd.	Mega Home Furnishing Pte. Ltd.	Singapore	Furniture industry	11,390	-	500,000	100.00	15,123 SGD678,767	760 SGD33,580	760 SGD33,580	
Nova Furnishing Holdings Pte. Ltd.	N Lighting Pte. Ltd.	Singapore	Furniture industry	2,278	-	100,000	100.00	(2,187) (SGD98,235)	(1,322) (SGD58,459)	(1,322) (SGD58,459)	
Nova Furnishing Holdings Pte. Ltd.	Furnzone Creations Pte. Ltd.	Singapore	Transportation industry	13,668	-	600,000	100.00	22,699 SGD1,018,797	7,324 SGD323,791	7,324 SGD323,791	

Stock Code: 6195

English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese

Scan-D Corporation

Individual Financial Statements and Independent Auditors' Report

2019 and 2018

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

Tel: 03-3180555

Independent Auditors' Report

To Scan-D Corporation

Audit Opinion

We have audited the consolidated balance sheets of Scan-D Corporation as of December 31, 2019 and 2018, and the Individual Statements of Comprehensive Income, Individual Statements of Changes in Equity, Individual Statements of Cash Flows, and Notes to the Individual Financial Statement (including a summary of significant accounting policies) for January 1 to December 31, 2019 and 2018.

In our opinion, the above individual financial statements present fairly, in all material respects, the individual financial position of Scan-D Corporation as of December 31, 2019 and 2018, and its individual financial performance and its consolidated cash flows for January 1 to December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Auditors' Comments

We conducted our audits in accordance with the 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 individual financial statements section. We are independent of the Scan-D Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled 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, in our professional judgment, were of most significance in our audit of the financial statements for 2019 of Scan-D Corporation. These matters were addressed in the context of our audit of the individual financial statements as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the 2019 individual financial statements of Scan-D Corporation are as followings:

Authenticity of Sales Revenue

Significant audit risk is regarded as existing in the revenue recognition based on the significance and audit guidelines. As Scan-D Corporation belongs to the furniture retail industry and sells products to non-specific consumers, where there are many miscellaneous transactions, the risk of revenue recognition depends on whether 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 key audit matters.

By performing control tests, we realized the revenue recognition procedure of the Scan-D Corporation, and the design and implementation of related control systems. Other audit procedures performed included:

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 inspected and verified the efficiency of the transaction orders and delivery orders.
2. We checked the authenticity of the payment amounts and the payers according to the condition of payment collection.
3. With the samples for testing selected from the detailed records of sales revenue, we performed detailed tests to verify the consistency between the order amounts and the target of the orders, the reasonability of dates, and whether the orders were signed and accepted.
4. We found no significant sales return and discount during the later stage of the period (the later stage of the period was determined based on the average credit period).

Responsibilities of the Management and Governance Bodies on the Individual Financial Statements

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

In preparing the individual financial statements, the management is responsible for assessing the Scan-D Corporation's ability to continue as a going concern, disclosure of related matters and the adoption of the going concern basis of accounting, unless the management either intends to liquidate Scan-D Corporation or cease operation, or has no other practicable solutions other than liquidation or cease of operation.

The governing bodies (including supervisors) of Scan-D Corporation are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual 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 Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement when it exists. There may still be material misstatements due to fraud or errors. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could influence the economic decisions made by the users of the individual financial statements, they will be deemed as material.

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We have also performed the following tasks:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform appropriate countermeasures for the risks evaluated, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. As fraudulence can involve conspiracy, forgery, intentional omissions, false statements or transgressions of internal control, the risk of failing to detect significant false contents resulting from fraudulence is higher than that resulting from errors.
2. Obtain a necessary understanding of the 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 Scan-D Corporation's internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management’s use of going concern basis of accounting, and determined whether there existed events or circumstances that might cast significant uncertainty over Scan-D Corporation’s ability to continue as a going concern. "If we are of the opinion that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the individual 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 Scan-D Corporation to no longer have the capacity to function as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements (including relevant notes), and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the Scan-D Corporation to express opinions on the individual financial statements. We are responsible for the guidance, supervision, and implementation and forming audit opinions on Scan-D Corporation.

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 identified during our audit.

We also provide those charged with governance with a statement that the staffs required to be independent of the accounting firms under us 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, including related protection measures.

We have determined the key audit matters to be audited in the individual financial statements for 2019 of Scan-D Corporation based on the matters communicated with those charged with governance. We have clearly described the said matters in the auditor's report except for certain matters that are prohibited from public disclosure by laws or regulations or certain matters we decided not to mention under some extremely rare circumstances because disclosure of such matters can be reasonably expected to result in adverse effects that would be greater than the public benefits gained.

Deloitte & Touche
CPA Chen, Hui-Ming

CPA Kuo, Nai-Hua

Securities and Futures Commission Approval Document No. Tai-Cai-Zheng-6 No. 0920123784

Financial Supervisory Commission Approval Document No. Chin-Kuan-Cheng-Shen-Tzu No. 1070323246

March 24, 2020

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
Individual Balance Sheet
December 12, 2019 and 2018

Unit: NT$'000

Code	Assets	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4 and 6)	$ 131,100	6	$ 80,044	5
1110	Financial assets at fair value through profit and loss- current (Notes 4 and 7)	285	-	224	-
1170	Net accounts receivable (Note 4 and 8)	67,474	3	79,249	5
1200	Other receivables	5	-	16	-
130X	Inventories (Notes 4 and 9)	470,575	20	508,843	33
1410	Advance payment (Note 14)	6,318	-	29,278	2
1470	Other non-current assets (Note 14)	658	-	4,271	-
11XX	Total current assets	676,415	29	701,925	45
	Non-current assets				
1550	Investment using equity method (Notes 4 and 10)	247,265	10	-	-
1600	Property, Plant & Equipment (Note 4, 11, and 30)	753,459	32	761,985	50
1755	Right-of-use assets (Note 4 and 12)	641,695	27	-	-
1801	Net computer software (Note 4 and 13)	1,188	-	1,623	-
1840	Deferred income tax assets (Notes 4 and 24)	-	-	1,317	-
1915	Advance payment for equipment	3,909	-	30,476	2
1920	Refundable Deposits (Note 26)	46,576	2	49,861	3
15XX	Total Non-Current Assets	1,694,092	71	845,262	55
1XXX	Total Asset	$ 2,370,507	100	$ 1,547,187	100

Code	Liability and equity	December 31, 2019 Amount	%	December 31, 2018 Amount	%
	Current liabilities				
2100	Short-term loans (Note 4 and 15)	$ 60,000	3	$ -	-
2130	Contract liabilities - current (Note 22)	192,624	8	117,013	8
2150	Notes receivable (Note 4 and 17)	4,461	-	32,730	2
2170	Accounts payable (Notes 4 and 17)	23,675	1	23,406	2
2200	Other payables (Note 18)	76,379	3	78,397	5
2230	Current income tax liabilities (Notes 4 and 24)	3,435	-	21,809	1
2280	Lease liabilities - current (notes 4, 12 and 29)	192,308	8	-	-
2310	Advance receivable	-	-	22,425	2
2321	Corporate bonds due within one year or exercised repurchase rights (notes 4 and 16)	148,259	6	146,150	9
2322	Long-term loans due within one year (Note 4 and 15)	7,303	1	5,518	-
2399	Other current liabilities	3,660	-	3,675	-
21XX	Total current liabilities	712,104	30	451,123	29
	Non-current liabilities				
2540	Long-term loans (Note 4 and 15)	189,597	8	46,900	3
2550	Liability provision - non-current (Note 4 and 19)	6,500	1	6,400	1
2570	Deferred income tax liabilities (Notes 4 and 24)	851	-	-	-
2580	Lease liabilities - non-current (notes 4, 12 and 29)	453,461	19	-	-
2645	Guarantee deposited	1,327	-	24	-
25XX	Total non-current liabilities	651,736	28	53,324	4
2XXX	Total liabilities	1,363,840	58	504,447	33
	Equity (Note 21)				
3110	Capital stock - common stock	461,332	19	461,332	30
3200	Capital surplus	181,931	8	181,931	11
	Retained earnings				
3310	Statutory surplus reserve	182,733	8	165,976	11
3350	Undistributed earnings	181,919	7	233,501	15
3300	Total retained earnings	364,652	15	399,477	26
3400	Other equity	(1,248	-	-	-
3XXX	Total equity	1,006,667	42	1,042,740	67
	Total liabilities and equity	$ 2,370,507	100	$ 1,547,187	100

The attached notes are part of the individual financial report.

Chairman: Lin, Fu-Chin Manager: Lin, Fu-Chin Accounting Supervisor: He, Shan-Chuang

Scan-D Corporation
Individual Statements of Comprehensive Income
January 1 to December 31, 2019 and 2018

(Unit: NT$'000, NT$ for earnings per share)

Code		2019 Amount	2019 %	2018 Amount	2018 %
	Operating income (Note 4 and 22)				
4110	Sales revenue	$ 1,449,108	100	$ 1,707,092	100
4170	Sales return	(14,621)	(1)	(17,202)	(1)
4190	Sales discount	(126)	-	(119)	-
4100	Net sales revenue	1,434,361	99	1,689,771	99
4800	Other operating revenue	8,419	1	13,917	1
4000	Total Operating Revenue	1,442,780	100	1,703,688	100
	Operating costs (notes 9, 23 and 29)				
5110	Cost of sales	(635,648)	(44)	(748,954)	(44)
5800	Other operating costs	(6,404)	(1)	(10,482)	(1)
5000	Total operating expenses	(642,052)	(45)	(759,436)	(45)
5900	Gross profit	800,728	55	944,252	55
	Operating expenses (Notes 23 and 29)				
6100	Selling expense	(620,276)	(43)	(667,305)	(39)
6200	Administrative expense	(76,494)	(5)	(74,866)	(4)
6000	Total operating expenses	(696,770)	(48)	(742,171)	(43)
6900	Operating profit	103,958	7	202,081	12
	Non-operating income and expenses (Note 23)				
7010	Other income	20,091	1	14,222	1
7020	Other gains and losses	263	-	(1,062)	-
7050	Finance costs	(14,966)	(1)	(3,398)	-
7070	Shares of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	21,225	2	-	-

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Code		2019 Amount	2019 %	2018 Amount	2018 %
7000	Total non-operating income and expenses	26,613	2	9,762	1
7900	Net income before tax	130,571	9	211,843	13
7950	Income tax expense (Note 4 and 24)	(26,996)	(2)	(44,273)	(3)
8200	Net profit for the year	$ 103,575	7	$ 167,570	10
	Other comprehensive gain or loss				
8360	Items that may be reclassified to profit or loss				
8361	Translation differences in financial statements from overseas operations (Note 21)	(1,560)	-	-	-
8399	Income tax relating to items that may be reclassified (Notes 21)	312	-	-	-
8300	Other comprehensive income for the year	(1,248)	-	-	-
8500	Total comprehensive income for the period	$ 102,327	7	$ 167,570	10
	Earnings per share (Note 25)				
	From continuing business				
9710	Basic	$ 2.25		$ 3.67	
9810	Diluted	$ 2.24		$ 3.43	

The attached notes are part of the individual financial report.

Chairman: Lin, Fu-Chin Manager: Lin, Fu-Chin Accounting Supervisor: He, Shan-Chuang

Scan-D Corporation
Individual Statements of Changes in Equity
January 1 to December 31, 2019 and 2018

Unit: NT$'000

Code		Capital: Number of Shares	Capital: Amount	Capital surplus	Retained earnings: Statutory surplus reserve	Retained earnings: Undistributed earnings	Other equity items: Exchange differences on translation of financial statements of overseas operations	Total equity
A1	Balance as at January 1, 2018	44,380	$ 443,799	$ 121,908	$ 144,098	$ 269,337	$ -	$ 979,142
	Appropriation and distribution of 2017 earnings							
B1	Statutory surplus reserve	-	-	-	21,878	(21,878)	-	-
B5	Cash dividend to shareholders	-	-	-	-	(181,528)	-	(181,528)
D1	Net profit in 2018	-	-	-	-	167,570	-	167,570
I1	Conversion of corporate bonds to common stock	1,753	17,533	60,023	-	-	-	77,556
Z1	Balance as at December 31, 2018	46,133	461,332	181,931	165,976	233,501	-	1,042,740
	Appropriation and distribution of 2018 earnings							
B1	Statutory surplus reserve	-	-	-	16,757	(16,757)	-	-
B5	Cash dividend to shareholders	-	-	-	-	(138,400)	-	(138,400)
D1	Net profit in 2019	-	-	-	-	103,575	-	103,575
D3	Other comprehensive income in 2019	-	-	-	-	-	(1,248)	(1,248)
D5	Total comprehensive income in 2019	-	-	-	-	103,575	(1,248)	102,327
Z1	Balance as at December 31, 2019	46,133	$ 461,332	$ 181,931	$ 182,733	$ 181,919	($ 1,248)	$ 1,006,667

The attached notes are part of the individual financial report.

Chairman: Lin, Fu-Chin Manager: Lin, Fu-Chin Accounting Supervisor: He, Shan-Chuang

Scan-D Corporation
Individual Statements of Cash Flows
January 1 to December 31, 2019 and 2018

Unit: NT$'000

Code		2019	2018
	Cash flows from operating activities		
A10000	Profit Before Tax in this year	$ 130,571	$ 211,843
A20010	Income and expense items		
A20100	Depreciation expenses	209,824	38,817
A20200	Amortization expenses	1,389	1,200
A20400	Net profit (loss) on financial liabilities at fair value through profit or loss	(61)	276
A20900	Finance costs	14,966	3,398
A22400	Shares of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(21,225)	-
A21200	Interest income	(899)	(136)
A22500	Loss (gain) on disposal and scraping of property, plant and equipment	524	(222)
A29900	Gain on lease modification	(1)	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	-	1,328
A31150	Accounts receivable	11,775	12,067
A31180	Other receivables	11	1,607
A31200	Inventory	38,268	(44,102)
A31230	Prepayments	22,960	11,968
A31240	Total current assets	(402)	2,447
A32125	Contract liabilities	75,611	(18,543)
A32130	Notes payable	(28,269)	(10,624)
A32150	Accounts payable	269	4,781
A32180	Other Payables	553	(12,627)
A32210	Advance receivable	(16)	22,095
A32230	Other current liabilities	(15)	(655)
A33000	Cash from operating activities	455,833	224,918
A33300	Interest paid	(3,308)	(1,042)
A33500	Income tax paid	(42,890)	(52,018)
AAAA	Net cash inflow from operating activities	409,635	171,858
	Cash flow from investment activities		

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Code		2019	2018
B02200	Acquisition of subsidiaries (less the cash received)	(227,600)	-
B02700	Acquisition of property, plant and equipment	(18,145)	(24,021)
B02800	Disposal of property, plant, and equipment	-	1,142
B03700	Increase in refundable deposits	-	(2,990)
B03800	Decrease in refundable deposits	733	-
B04500	Acquisition of intangible assets	(954)	(818)
B06500	Decrease (increase) in other financial assets	4,015	(3)
B07100	Increase in prepayment for equipment	(11,465)	(31,175)
B07500	Interest received	218	136
BBBB	Net cash outflow from investing activities	(253,198)	(57,729)
	Cash flow from financing activities		
C00100	Increase in short-term loans	60,000	-
C01600	Borrowing of long-term loan	144,482	-
C01700	Repayment of long-term loan	-	(5,518)
C03000	Increase in guarantee deposits	1,303	24
C04020	Repayment of lease principal	(172,766)	-
C04500	Cash dividend distributed	(138,400)	(181,528)
CCCC	Net cash outflow from financing activities	(105,381)	(187,022)
EEEE	Increase (decrease) in cash and cash equivalents for the year	51,056	(72,893)
E00100	Cash and cash equivalents at beginning of the year	80,044	152,937
E00200	Cash and cash equivalents at the end of the year	$ 131,100	$ 80,044

The attached notes are part of the individual financial report.

Chairman: Lin, Fu-Chin   Manager: Lin, Fu-Chin   Accounting Supervisor: He, Shan-Chuang

Scan-D Corporation
Notes to Individual Financial Statements
January 1 to December 31, 2019 and 2018
(Unless otherwise specified, the amounts are in NT'000)

I. Company History

Scan-D Corporation (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 "Scan-D Corporation" resolved by the Shareholders' Meeting held on June 25, 2010 and completed the registration on July 15, 2010. The Company is primarily engaged in the wholesale and retail business of furniture, bedding, kitchen equipment, and fixtures.

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

The individual financial report is denominated in NT$, the Company's functional currency.

II. Date and procedures of Approving the Financial Report

The individual financial report was approved by the Board of Directors on March 24, 2020.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) Initial application of the amendments to 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 Interpretations (SIC) (collectively, "IFRSs") recognized and issued into effect by the Financial Supervisory Commission (FSC)

With the exception of the following, the application of the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs recognized and issued into effect by the FSC should not result in major changes to the accounting policies of the merged company:

1. IFRS 16 "Leases"

IFRS 16 stipulates accounting treatments for the identification of lease agreements and lessors and lessees. It will replace IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", and related interpretations. Please see Note 4 for relevant accounting policies.

<u>Definitions of leases</u>

The Company determined whether the contracts signed or amended after January 1, 2019 are (or involve) leases based on IFRS 16. Contracts currently considered to be leasing contracts according to IAS 17 and IFRIC 4 will not be re-evaluated and will be processed in accordance with the transitional provisions of IFRS 16.

<u>The Company is the lessee</u>

Except for the low-value target asset leases and short-term leases that are recognized on a straight-line basis, the right-of-use assets and lease liabilities of other leases are recognized on the individual balance sheets. The individual statements of comprehensive income present the interest expense, generated by the effective interest method, of the depreciation expense and lease liabilities on the right-of-use assets. On the individual statements of cash flows, the principal of the lease liability is classified as financing activities and interest payments are classified as operating activities. Before the application of IFRS 16, contract expenses classified as operating leases are recognized on a straight-line basis. Cash flow from operating leases is recognized in operating activities on the individual statements of cash flows. Contracts classified as financing leases are recognized in lease assets and rent payable on the individual balance sheets.

The Company has elected to apply IFRS 16 retrospectively without recompiling the comparative information.

For agreements handled previously as operating leases under IAS 17, the lease liability as at January 1, 2019 is measured at the remaining lease payments over the lease term, discounted at the incremental borrowing rate of the lessee; all right-of-use assets are measured at the lease liabilities on such date, discounted using the aforementioned interest rate as if IFRS 16 had been applied at the date when the lease commenced.

IAS 36 will be applicable to impairment assessment on all right-of-use assets recognized.

The Company is expected to adopt the following practical expedients:

(1) A single discount rate is used to measure the lease liability for a lease combination with reasonably similar characteristics.
(2) Leases expired before December 31, 2019 are accounted for as short-term leases.
(3) Initial direct costs are excluded from the measurement of the right-of-use assets on January 1, 2019.
(4) In measuring the liability of a lease, hindsight is applied to decisions such as the lease term.

For the leases classified as finance leases under IAS 17, the carrying amount of the lease assets and lease liabilities on December 31, 2018, will be used as the carrying amount of the right-of-use assets and lease liabilities on January 1, 2019.

The weighted average of the increased borrowing interest rate applicable to the lease liability of the Company recognized on January 1, 2019 was 1.82%. The difference between the amount of the lease liabilities and the total future minimum lease payments on December 31, 2018 that cannot be canceled is set out below:

Total future minimum lease payments under non-cancellable operating leases as of December 31, 2018	$ 596,571
Less: Short-term leases applicable to exemption	(39,117)
Total undiscounted amount as of January 1, 2019	$ 557,454
The present value after discounting the incremental borrowing rate on January 1, 2019	$ 553,807
Lease liabilities balance as of January 1, 2019	$ 553,807

The Company is the lessor

No adjustments will be made to the lessor's leases during the transition and IFRS 16 will be applied from January 1, 2019.

Adjustments in assets, liabilities and equity on January 1, 2019 due to the initial adoption of IFRS 16 were as follows:

	Amount as of January 1, 2019 after re-compilation	Adjustment to Initial Application	Amount as of January 1, 2019 after re-compilation
Prepaid rent (recognized in advance payments)	$ 20,893	($ 20,893)	$ -
Right-of-use assets	-	556,667	556,667
Refundable deposits	49,861	(2,270)	47,591
Effects on Assets	$ 70,754	$ 533,504	$ 604,258
Notes payable	$ 32,730	($ 18,887)	$ 13,843
Lease liabilities - current	-	153,762	153,762
Lease liabilities - non-current	-	400,045	400,045
Receivables by agencies (recognized in other current liabilities)	3,554	(1,416)	2,138
Effects on liabilities	$ 36,284	$ 533,504	$ 569,788

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 rates must be consistent with the ones adopted when the income tax report was filed. If the taxation agency is unlikely to accept the tax treatment filed, the merged company shall evaluate with the most likely amount or expected value. However, the decision should be based on which method provides better predictions of the resolution of the uncertainty. In case of changes in facts or situations, the Company shall reevaluation its judgment and estimates.

3. Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

   IFRS 9 specifies that if the contract provisions allow the issuer (i.e. the debtor) to repay the debt instruments in advance or allows the holder (i.e the creditor) to sell the debt instruments to the issuer prior to expiration, while the prepayment nearly represents the unpaid principal and interests of the outstanding principal and the reasonable compensation for contracts terminated in advance, the cash flow of the contract shall solely be the interests for paying the principal and interests of the outstanding principal. Such amendments further explain that the foregoing reasonable compensation could be paid or received by any party of the contract, meaning that the party proposed for prepayment may receive reasonable compensation.

4. Annual Improvements to IFRSs 2015-2017 Cycle

   The annual improvements to 2015-2017 Cycle have amended IFRS 3 “Business Combination,” IFRS 11 “Joint Agreement,” IAS 12 “Income Tax” and IAS 23 “Borrowing Costs.” In particular, the amendments to IAS 23 clarifies that if the particular borrowing is still outstanding after the relevant assets have reached the expected using or selling condition, the borrowing cost for such loan shall be included in the calculation of capitalization of the interest rate for general borrowing.

(II) IFRSs applicable in 2020 approved by the Financial Supervisory Commission (hereinafter referred to as "FSC")

New/revised/amended standards and interpretations	Effective Date Issued by IASB
Amendment to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Changes in Interest Rate Indicators"	January 1, 2020 (Note 2)
Amendment to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1. Corporate mergers with an acquisition date between the starting date of the annual report on January 1, 2020 and assets acquired after such date shall be applied to this amendment.

Note 2. The years starting from January 1, 2020 shall be applied retrospectively to this amendment.

Note 3. Retrospective applications in the years starting from January 1, 2020 shall be applied prospectively to this amendment.

Amendment to IAS 1 and IAS 8 "Definition of Material"

The amendment does not amend the definition of material and only provides a more understandable explanation. The revised definition of material also explains that non-material information may obscure material information. In addition, IAS 1 currently considers "may potentially affect users" as the definition of material. The definition of material has changed to "may reasonably be expected to affect users" after the amendment.

Except for the aforementioned impact, as of the date of approval and issuance of the individual financial statements, the Company continued to evaluate the impact of amendments to other standards and interpretations on financial condition and performance. Such impacts will be disclosed upon completion of the evaluation.

(III) IFRSs issued by the IASB but not yet approved as effective by the FSC

New, revised, amended standards and interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1, 2021
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2022

Note 1. Unless otherwise specified, the aforementioned New/revised/amended standards or interpretations shall be effective at the reporting period from the year of such dates.

1. Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendment stipulates that if the Company sells or invests assets to an affiliated enterprise (or joint venture), or the Company loses control of the subsidiary, but retains significant influence on the subsidiary (or joint control), if the aforementioned assets or former subsidiaries fulfill the definition of "Business" in "Business Combination" in IFRS 3, the Company recognizes all profits and losses arising from those transactions.

In addition, if the Company sells or invests assets to an affiliated company (or joint venture), or the Company loses control of the subsidiary in a transaction with the affiliated company (or joint venture), but retains significant influence on the subsidiary (or joint control), if the aforementioned assets or former subsidiaries do not fulfill the definition of "Business" in IFRS 3, the Company will only recognize the profit or loss arising from the transactions in the interest scope where the investor is not related to such affiliated companies (or joint ventures). In other words, the share of the Company on those profits or losses shall be eliminated.

2. Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"

The amendment clarifies that, when determining whether a liability should be classified as non-current, evaluations shall be made on whether the Company has the right to defer the settlement period to at least 12 months at the end of the reporting period. If the Company has such rights at the end of the reporting period, the liability shall be classified as non-current regardless of whether the Company is expected to exercise the right. In addition, the amendment clarifies that if the right to defer the settlement of liabilities of the Company is subject to the compliance with specific conditions, the Company must have met certain conditions at the end of the reporting period, regardless of whether the lender has tested whether the Company has complied with such conditions at a later date.

The amendment stipulates that for the purpose of classifying liabilities, the aforementioned settlement refers to the elimination of liabilities caused by the transfer of cash, other economic resources, or the equity instruments of the Company to the counterparty. However, if the terms of the liability may be based on the choice of the counterparty to transfer the equity instrument of the Company, which resulted in its settlement, and if the option is recognized separately in equity in accordance with IAS 32 "Financial Instruments: Expression," the aforementioned terms will not affect the classification of liabilities.

Except for the aforementioned impact, as of the date of approval and issuance of the individual financial statements, the Company continued to evaluate the impact of amendments to other standards and interpretations on financial condition and performance. Such impacts will be disclosed upon completion of the evaluation.

IV. Summarized Explanation on Significant Accounting Policies

(I) Statement of Compliance

The individual financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs recognized and announced as effective by the FSC.

(II) Basis of Preparation

In addition to the financial instruments measured at fair value, the individual financial report was prepared based on historical costs.

Fair value measurements are categorized into Level 1 to Level 3 based on the degree to which the inputs are observable and the significance of the inputs:

1. Level 1 input: Refers to the quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (i.e. the price) or indirectly (deduced from the price) for the assets or liabilities.

3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

In preparation of the individual financial statements, the Company adopted the equity method for investments in subsidiaries, associates or joint ventures. To keep the profit or loss, other comprehensive income, and equity as stated in this individual financial statements for the year consistent with those attributable to owners of the Company, the differences between accounting treatments under individual basis and consolidated basis are reconciled by adjusting "investment accounted for using the equity method," "credit balance of investment accounted for using the equity method," "share of profit or loss in subsidiaries, associates, and joint ventures accounted for using the equity method," "share of other comprehensive income in subsidiaries, associates, and joint ventures accounted for using the equity method," and related equity items.

(III) Classification Standard of Current and Non-Current Assets and Liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or a cash equivalent (excluding assets restricted to be utilized for the exchange or settlement of liabilities for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities to be settled within 12 months after the balance sheet date; and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred till at least 12 months after the balance sheet date.

Current assets or current liabilities that are not specified above are classified as non-current assets or non-current liabilities.

(IV) Basis of the Merger

The acquisition method is applied to business combinations. Acquisition costs are listed in the period of its incurrence and service.

Goodwill is measured by the total amount the fair value of consideration transferred, the non-controlling interest of the acquiree and fair value of the acquiree equity previously held by the acquirer on the acquisition date less the net amount of identifiable assets and assumed liabilities acquired on the acquisition date. If after reassessment, the net amount of identifiable assets and assumed liabilities acquired on the acquisition date still exceeds the total amount the fair value of consideration transferred, the non-controlling interest of the acquiree and fair value of the acquiree equity previously held by the acquirer on the acquisition date, the difference is the gain on bargain purchase, which is immediately recognized in profit or loss.

(V) Foreign currency

In preparing financial reports, transactions denominated in a currency other than the entity's functional currency (i.e. foreign currency) are converted into the entity's functional currency using the exchange rate on the date of transaction.

Monetary items denominated in foreign currencies are translated at the closing exchange rates on each balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value is determined. The resulting exchange difference is recognized in the profit or loss of the period. However, for changes in fair value recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

In preparing the individual financial statements, assets and liabilities of a foreign operation (including subsidiaries, associates, or joint ventures, of which the country of domicile or currency is different from the Company) are translated into NT$ by using the exchange rates on each balance sheet date. Income and expenses are translated at the average exchange rate of the period. The resulting exchange differences are recognized in other comprehensive income.

Goodwill arising from the acquisition of a foreign operation and fair value adjustments to the carrying amounts of assets and liabilities arising from the acquisition of a foreign operation are considered assets and liabilities of the foreign operation and are translated at the closing exchange rate on each balance sheet date. The resulting exchange differences are recognized in other comprehensive profit or loss.

(VI) Cash and Cash Equivalents

Cash and cash equivalents shall refer to cash on hand and demand deposits. Bank deposits are short-term, highly liquid time investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Reserve accounts that do not meet the foregoing definitions are recognized in other financial assets - current.

(VII) Inventories

Inventory comprises goods and in-transit inventory. The value of inventory shall be determined based on the cost and net realizable value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV. The NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to complete the sale. Cost of inventory is calculated using weighted-average method.

(VIII) Investments in Subsidiaries

The Company has adopted the equity method to account for investments in subsidiaries.

Subsidiaries refer to individuals (including structural individuals) that the Company has control over.

Under the equity method, investments are initially recognized at cost. The carrying amount after the acquisition is adjusted according to the Company's share of profit or loss and other comprehensive income and profit distribution of the subsidiary. In addition, changes in other equity of the subsidiary attributable to the Company shall be recognized in accordance with the shareholding percentage.

When a change in the Company's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be accounted for as equity transaction. The difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in such subsidiary (including any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company shall continue to recognize losses based on the shareholding percentage.

The excess of acquisition cost over the Company's share of the net fair value of the identifiable assets acquired and liabilities assumed of the subsidiary on the acquisition date is recognized as goodwill. The goodwill is included in the carrying amount of the investment and cannot be amortized. The excess of the Company's share of the net fair value of the identifiable assets acquired and liabilities assumed of the subsidiary on the acquisition date over the acquisition cost shall be recognized as profit of the period.

Impairment assessment shall be made on the basis of cash-generating units in the financial statement and by comparing the recoverable amount and the carrying amount of cash-generating units. If the recoverable amount of the asset increases thereafter, the reversal of the impairment loss shall be recognized as profits, but the carrying amount of the asset after reversal of impairment loss shall not exceed the carrying amount of the asset before recognizing the impairment loss, net of amortization. Impairment loss attributable to goodwill shall not be reversed in subsequent periods.

In the event of the Company losing control of a subsidiary, the Company shall recognize the difference between the remaining investment in the subsidiary calculated through fair value on the date of the loss of control, the fair value of the remaining investment, and any disposal prices and fees, and the carrying amount of the investment on the date of the loss of control in profit or loss of the period. In addition, all amounts related to the subsidiary recognized in other comprehensive income shall be the same with that of the Company for direct disposal of related assets or liabilities.

The unrealized profit or loss in downstream transactions between the Company and its subsidiaries shall be written-off in the individual financial statements. Only profit or loss from upstream transactions between the Company and its subsidiaries or between its subsidiaries will be recognized in the individual financial report where the Company is not related to the interests of its subsidiaries.

(IX) Property, Plant, and Equipment

Property, plant, and equipment are recognized at cost and subsequently measured by cost less accumulated depreciation.

Except for the depreciation of self-owned land, the remaining property, plant and equipment are depreciated separately for each major part on a straight-line basis over the service life. If the lease period is shorter than the durable period, depreciation is recognized during the lease period. The Company has to review the estimated useful life, residual value, and depreciation methods at the end of each year at least annually, and deduce the effect of the changes in accounting estimates.

When derecognizing property, plant, and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(X) Intangible Assets

1. Separate Acquisition

The intangible assets with limited useful life acquired separately are measured at cost, and subsequently at cost less accumulated amortization and impairment loss. Intangible assets will be amortized using the straight-line method within the useful life. The merged company has to review the estimated useful life, residual value, and depreciation methods at the end of each year at least annually, and deduce the effect of the changes in accounting estimates. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment losses.

2. Derecognition

When derecognizing intangible assets, the difference between net disposal proceeds and the carrying value of the assets is recognized in profit and loss of the period.

(XI) Impairment of tangible and intangible assets (excluding goodwill) and contract cost-related assets

The Company has to assess whether there is an indication that the tangible and intangible assets (excluding goodwill) may be impaired on each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount for an individual asset, the Company estimates the recoverable amount of the CPUs to which asset belongs.

Intangible assets with indefinite useful lives and not available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of individual asset or CPU is lower than its carrying amount, the carrying amount of the asset or the CPU shall be reduced to the recoverable amount and the impairment loss shall be recognized in profit or loss.

The impairment of the inventory, property, plant, and equipment, and intangible assets recognized in the customer's contract are recognized based on the inventory impairment regulations and the aforementioned regulations. Subsequently, the carrying amount of the contract cost-related assets that exceed the expected remaining consideration receivable for the provision of related products or labor services shall be deducted by directly related costs and recognized in an impairment loss. The carrying amount of the contract cost-related assets is subsequently included in the CPU for impairment assessment.

When the impairment loss is subsequently reversed, the carrying amount of the asset, CPU, or contract cost-related asset shall be increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) of the asset, CPU, or contract cost-related asset that was not recognized in an impaired loss in the previous years. Reversal of impairment loss is recognized in profit or loss.

(XII) Financial instruments

Financial assets and financial liabilities shall be recognized in the balance sheet when the Company becomes a party of the financial instrument contract.

Upon initial recognition of financial assets and financial liabilities, if they are not measured at fair value through profit or loss, it is measured at value plus the transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial Assets

   Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

   (1) Measurement Types

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

   A. Financial Assets at Fair Value through Profit or Loss

   Financial assets at fair value through profit or loss include financial assets mandatorily measured at fair value through profit or loss and financial assets designated to be measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include the equity investments that are not designated to be measured at fair value through other comprehensive income, and debt investments that are not qualified as to be measured at amortized cost, or that are measured at fair value through other comprehensive income.

   Financial assets at fair value through profit or loss are those measured at fair value, the dividend, interest and remeasured profit or loss (including any dividends or interests derived from such financial assets) are recognized in other profit or loss. Fair value is determined in the manner described in Note 28.

   B. Financial Assets at Amortized Cost

   Investments in financial assets of the Company that satisfy the following two conditions are classified as financial assets at amortized cost:

   a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
   b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents and accounts receivable and other receivables measured at amortized cost), are measured at the gross carrying amount determined by the effective interest method less the amortized loss of any impairment loss, while all currency exchange gains or losses are recognized in profit or loss.

Except for the following two circumstances, interest income is calculated by multiplying the effective interest rate by the gross carrying amount of financial assets:

a. For purchased or originated credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of financial assets.

b. For financial assets other than purchased or originated credit-impaired but subsequently become credit-impaired, interest income is calculated by multiplying the effective interest rate in the reporting period after the credit impairment by the cost after the amortization of financial assets.

Credit-impaired financial assets refer to that the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to enter bankruptcy or other financial restructuring, or the active market for financial assets has disappeared due to financial difficulties.

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) Impairment of Financial Assets and Contract Assets

The Company measures the financial assets (including accounts receivable) measured at amortized cost on each balance sheet date at expected credit loss.

Loss allowances are recognized for accounts receivable and contract assets at expected credit losses over the duration. Other financial assets are first evaluated to see whether the credit risk increases significantly after the initial 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 over the duration.

Expected credit loss is weighted-average credit loss based on the risk of default. The 12-month expected credit loss represents the expected credit loss that results from those possible default events on the financial instrument within 12 months after the reporting date, whereas the lifetime expected credit loss represents the expected credit loss that results from all possible default events over the life of the financial instrument.

For the purpose of internal credit risk management, provided that the collaterals held by the Company are not taken into account, the following circumstances are determined to represent the default of financial assets:

A. Internal or external information indicates that the debtor is unable to repay the debt.

B. Overdue for more than 90 days, unless there is reasonable evidence showing that the delayed default is more appropriate.

The impairment loss of all financial assets is reduced based on the allowance account. However, the allowance for the investment in the debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income and shall not reduce its carrying amount.

(3) Derecognition of Financial Assets

The Company derecognizes financial assets only when the contractual rights to the cash flow of the financial asset expire or when the financial assets have been transferred with substantially all the risks and rewards of ownership transferred to other enterprises.

On derecognition of an entire financial asset measured at amortized cost, the difference between the carrying amount and the consideration received is recognized in profit or loss. On derecognition of an investment in a debt instrument at fair value through other comprehensive income in its entirety, the difference between its carrying amount and the sum of the consideration received and the accumulated gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. On derecognition of an investment in an equity instrument at fair value through other comprehensive income in its entirety, the accumulated gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity Instruments

Debts and equity instruments issued are classified as financial liabilities or equity in accordance with the contractual substance and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized based on the price obtained less direct issuance costs.

The recovery of the Company's self-owned equity instruments is recognized and derecognized in equity. The purchase, sale, issuance or cancellation of the Company's self-owned equity instruments is not recognized in profit or loss.

3. Financial Liabilities

(1) Subsequent Measurement

All financial liabilities are measured at amortized cost by the effective interest method.

(2) Derecognition of Financial Liabilities

On derecognition of financial liabilities, the difference between its carrying amount and the paid consideration (including any transferred non-cash assets or liabilities assumed) is recognized in profit or loss.

4. Convertible Corporate Bonds

The components of compound financial instruments (convertible corporate bonds) issued by the Company are classified into financial liabilities and equity respectively on initial recognition in accordance with the contractual substance and the definition of financial liabilities and equity instruments.

On initial recognition, the fair value of the liability components is estimated at the current market interest rate of similar non-convertible instruments and was measured at amortized cost by the effective interest method before the conversion or maturity date. The components of liabilities embedded in non-equity derivatives are measured at fair value.

The conversion right classified as equity is equal to the remaining amount of the overall fair value of the compound instrument less the fair value of the separately determined fair value of the liability component, which is recognized inequity after deducting the impact of income tax and is not measured subsequently. When the conversion right is exercised, its related liability components and the amount of equity will be transferred to equity and capital reserve - issuance premium. If the conversion right of the convertible corporate bonds has not been exercised at the maturity date, the amount recognized in equity will be transferred to capital reserve - issuance premium.

The transaction costs related to the issuance of convertible corporate bonds are allocated to the liabilities (recognized in the carrying amount of the liabilities) and the equity component (recognized in the equity) allocated to the instrument in proportion to the total price allocated.

(XIII) Liability Provision

Liability provision 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 into account the risk and uncertainty of obligation, to become the optimal estimates for expenses required for repaying the obligation on the balance sheet date. Liability provision is measured by the estimated discounted cash flow for the repayment obligation.

(XIV) Revenue Recognition

After the Company has identified the performance obligation in the client contract, the transaction price shall be distributed to each performance obligation and recognizes the revenue when the performance obligations are fulfilled.

1. Revenue from sales of commodity

   Revenue from sales of commodity comes from the sales of furniture products. When the furniture is delivered to a customer's specific location, the customer has the right to use the product and bears the risk of the commodity, which should be recognized inrevenue and accounts receivable by the Company at the time.

2. Revenue from flooring

   Primarily refers to the operating services provided for flooring, which shall be recognized in revenue when the customer completed acceptance and the rights and risks have been transferred.

(XV) Leases

<u>2019</u>

The Company evaluates whether the contract is (or involves) leases on the date entering into the contract.

1. The Company as the Lessor

   Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

   When the Company subleases the right-of-use asset, the classification of the sublease is determined by the right-of-use asset (instead of the underlying asset). However, if the main lease is a short-term lease where the recognition exemption is applicable to the Company, the sublease is classified as an operating lease.

   Rental changes in lease agreements that do not depend on indices or rates are recognized in income in the period in which they are incurred.

2. The Company as the Lessee

Except for lease payment for leases of low-value underlying assets and short-term leases where recognition exemptions are applicable that are recognized inexpenses on a straight-line basis over the leasing period, other leases recognize the right-of-use assets and lease liabilities on the inception of the lease.

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, lease payments before the inception of the lease less lease incentives received, the initial direct cost, and the estimated cost of restoring the underlying asset), and subsequently measured by the cost less accumulated depreciation and accumulated impairment losses. The remeasurement of lease liabilities is also adjusted. Right-of-use assets are recognized separately in the individual balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the inception of the lease to the earlier of the maturity of the useful life or leasing period.

Lease liabilities were initially measured at the present value of lease payments (including fixed payments). If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using such interest rate. If the interest rate is not easily determined, the lease payment is discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured on the amortized cost basis using the effective interest method, and interest expenses are apportioned over the lease term. If changes in future lease payments are caused by changes in the index or rate during the lease period, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are recognized separately in the individual balance sheet.

Changes in the lease agreement that do not depend on indice or rates are recognized in expenses in the period in which they are incurred.

<u>2018</u>

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

1. The Company is the lessor

   Lease income from operating leases is recognized in income on a straight-line basis over the relevant lease period.

2. The Company is the lessee

   Payment for operating leases is recognized in expenses during the lease period on a straight-line basis.

(XVI) Finance Costs

Finance costs are directly attributable to the acquisition, construction, or production of borrowing cost of assets meeting the requirement of significant documents, which is part of the asset cost before the asset nearly completes all necessary activities for scheduled use or sales condition.

Special loans, such as investment income from temporary investments prior to capitalization, are deducted from the cost of loans eligible for capitalization.

Except for the above, all other borrowing costs are recognized in profit and loss in the period they are incurred.

(XVII) Employee benefits

1. Short-Term Employee Benefits

   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

   Pensions under the defined contribution retirement plan are pensions contributable over the period for which employees render their services, and are recognized in expense.

(XVIII) Income Tax

Income tax expenses are the sum of current income tax and deferred income tax.

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.

   Adjustments to income tax payable in previous years are recognized in the current income tax.

2. Deferred Income Tax

   Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

   Deferred tax liabilities are generally recognized for all temporary differences in taxable income, while deferred tax assets are recognized when they are likely to be taxable and to reduce income tax generated by the temporary differences.

   Taxable temporary differences related to investment subsidiaries, affiliates, and joint agreements are recognized under deferred tax liabilities, except when the merged company is able to control the reversal of the temporary difference which is not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investments are recognized in deferred income tax assets only to the extent that it is likely that the taxable income is sufficient to be used to achieve the temporary difference and is expected to be reversed in the foreseeable future.

   The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced for assets that are no longer likely to generate sufficient taxable income to recover all or part of the assets. Assets not recognized in deferred income tax assets are re-examined on each balance sheet date and the carrying amount is increased for assets likely to generate sufficient taxable income to recover all or part of the assets.

   Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred income tax liabilities and assets reflects the tax consequences generated by the expected manner of recovery or repayment of the carrying amount of the assets and liabilities on the balance sheet date.

3. Current and Deferred Income Tax

Current and deferred income taxes are recognized in gain or loss. However, current and deferred income taxes related to items recognized in other comprehensive income or directly recognized in equity are recognized in other comprehensive income or are directly recognized in equity.

V. Significant Accounting Judgments and Assumptions, and Major Sources of Estimation Uncertainty

When the Company adopts accounting policies, the management must make judgments, estimates and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates.

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

VI. Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand and working capital	$ 528	$ 2,938
Bank check and current deposit	130,572	77,106
	$ 131,100	$ 80,044

VII. Financial Instruments at Fair Value through Profit or Loss

	December 31, 2019	December 31, 2018
Financial assets - current		
Measured at Fair Value through Profit or Loss		
Derivatives (not designated for hedging)		
- Conversion options (Note 16)	$ 285	$ 224

VIII. Accounts Receivable

	December 31, 2019	December 31, 2018
Accounts receivable		
Measured at amortized cost		
Gross carrying amount	$ 67,953	$ 79,728
Less: Allowance for loss	(479)	(479)
	$ 67,474	$ 79,249

The Company usually adopts cash payment (or credit card) from customers. Except for that the credit period of the accounts receivable stores established in department stores for cooperation is negotiated by both parties, with a monthly balance between 30-60 days. The Company considers any changes to the credit quality of accounts receivable from the original credit date to the balance sheet date when determining the recoverability of accounts receivable.

To lower credit risk, management of the Company has appointed a specific team to handle decisions on credit limits, credit approval, and other monitoring procedures to ensure that appropriate actions are taken to recover overdue accounts receivable. In addition, the Company reviews the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As such, the Company's management concludes that the credit risk of the Company has been significantly reduced. As historical experience shows that the counterparty has no record of default, no allowance for bad debt is provided.

The Company adopts the simplified approach as stipulated in IFRS 9 and recognizes loss allowance for accounts receivable based on the lifetime expected credit loss. Lifetime expected credit loss is calculated taking into account the customer's past default records, economic conditions of the industry, GDP forecasts and the outlook of the industry. As the Company's historical experience of credit loss indicates no significant difference in the loss patterns between the different customer groups, the Company does not classify customers into different groups but determines the expected credit loss rate solely based on the overdue days of accounts receivable.

The Company's loss allowance for accounts receivable based on the provision matrix are as follows:

December 31, 2019

	Not past due	Past due 1 - 30 days	Past due 31 - 215 days	Past due more than 215 days	Total
Expected credit loss rate	0%	5.88%	11.11%	100%	
Gross carrying amount	$ 67,951	$ -	$ 2	$ -	$ 67,953
Loss allowance (lifetime expected credit loss)	(479)	-	-	(-)	(479)
Amortized cost	$ 67,472	$ -	$ 2	$ -	$ 67,474

December 31, 2018

	Not past due	Past due 1 - 30 days	Past due 31 - 215 days	Past due more than 215 days	Total
Expected credit loss rate	0%	0%	0%	100%	
Gross carrying amount	$ 79,720	$ -	$ -	$ 8	$ 79,728
Loss allowance (lifetime expected credit loss)	(471)	-	-	(8)	(479)
Amortized cost	$ 79,249	$ -	$ -	$ -	$ 79,249

Information on changes in allowance for accounts receivables is as follows:

	2019	2018
Balance at the beginning of the year	$ 479	479
Add: Impairment loss recognized for the year	-	-
Balance at the end of the year	$ 479	$ 479

IX. Inventories

	December 31, 2019	December 31, 2018
Commodity	$ 453,928	$ 491,601
In-transit inventory	16,647	17,242
	$ 470,575	$ 508,843

In 2019 and 2018, the cost of sales related to inventory amounted to NT$635,648,000 and NT$748,954,000, respectively.

X. Investment using equity method

	December 31, 2019	December 31, 2018
Investee		
Nova Furnishing Holdings Pte. Ltd.	$ 247,265	$ -

	Ownership interest and percentage of voting rights	
Name of Subsidiary	December 31, 2019	December 31, 2018
Nova Furnishing Holdings Pte. Ltd.	100%	-

For disclosures on the acquisition of Nova Furnishing Holdings Pte. Ltd. by the Company, please refer to Note 27 to the 2019 consolidated financial report of the Company. For details of the investees held indirectly by the Company, please refer to Appendix IV in Note 33.

XI. Property, plant, and equipment

	December 31, 2019
For own use	$ 753,459

(I) For own use – 2019

	Self-owned land	Building	Communication and transportation equipment	Furniture, fixtures and office equipment	Leasehold improvements	Other equipment	Total
Costs							
Balance as at January 1, 2019	$ 534,164	$ 211,265	$ 6,178	$ 4,606	$ 250,805	$ 63,335	$ 1,070,353
Addition	-	380	217	-	12,574	2,400	15,571
Reclassification	-	15,623	-	-	-	-	15,623
Disposal	-	-	-	-	(15,739)	(36,269)	(52,008)
Balance as at December 31, 2019	$ 534,164	$ 227,268	$ 6,395	$ 4,606	$ 247,640	$ 29,466	$ 1,049,539
Accumulated depreciation							
Balance as at January 1, 2019	$ -	($ 40,441)	($ 3,735)	($ 4,108)	($ 208,598)	($ 51,486)	($ 308,368)
Depreciation expenses	-	(12,181)	(891)	(498)	(21,118)	(4,508)	(39,196)
Reclassification	-	-	-	-	-	-	-
Disposal	-	-	-	-	15,216	36,268	51,484
Balance as at December 31, 2019	$ -	($ 52,622)	($ 4,626)	($ 4,606)	($ 214,500)	($ 19,726)	($ 296,080)
Net amount as at December 31, 2019	$ 534,164	$ 174,646	$ 1,769	$ -	$ 33,140	$ 9,740	$ 753,459

No indication of impairment was identified in 2019 and 2018 after evaluation.

Depreciation expense is calculated on a straight-line basis according to the following useful years:

Building	8 to 40 years
Communication and transportation equipment	1 to 6 year(s)
Furniture, fixtures and office equipment	3 to 4 years
Leasehold improvements	1 to 10 year(s)
Other equipment	3 to 9 years

Please refer to Note 30 for the amount of property, plant and equipment pledged as a guarantee of loans.

(II) 2018

	Self-owned land	Building	Communication and transportation equipment	Furniture, fixtures and office equipment	Leasehold improvements	Other equipment	Total
Costs							
Balance as at January 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
Reclassification	-	675	-	-	1,197	-	1,872
Disposal	-	-	(969)	-	(2,758)	(53)	(3,780)
Balance as at December 31, 2018	$ 534,164	$ 211,265	$ 6,178	$ 4,606	$ 250,805	$ 63,335	$ 1,070,353
Accumulated depreciation							
Balance as at January 1, 2018	$ -	($ 29,116)	($ 3,320)	($ 3,610)	($ 191,483)	($ 44,882)	($ 272,411)
Depreciation expenses	-	(11,325)	(851)	(498)	(19,500)	(6,643)	(38,817)
Disposal	-	-	436	-	2,385	39	2,860
Balance as at December 31, 2018	$ -	($ 40,441)	($ 3,735)	($ 4,108)	($ 208,598)	($ 51,486)	($ 308,368)
Net amount as at December 31, 2018	$ 534,164	$ 170,824	$ 2,443	$ 498	$ 42,207	$ 11,849	$ 761,985

Depreciation expense is calculated on a straight-line basis according to the following useful years:

Building	8 to 40 years
Communication and transportation equipment	3 to 6 years
Furniture, fixtures and office equipment	3 to 4 years
Leasehold improvements	1 to 10 year(s)
Other equipment	3 to 9 years

Please refer to Note 30 for the amount of property, plant and equipment pledged as a guarantee of loans.

XII. Lease Agreement

(I) Right-of-use assets – 2019

	Building	Transportation equipment	Total
Costs			
Balance as at January 1, 2019	$ -	$ -	$ -
IFRS 16 Accounts	552,734	3,933	556,667
Addition	256,956	-	256,956
Derecognition	(1,600)	-	(1,600)
Balance as at December 31, 2019	$ 808,090	$ 3,933	$ 812,023

	Building	Transportation equipment	Total
Accumulated depreciation			
Balance as at January 1, 2019	$ -	$ -	$ -
Depreciation expenses	(168,738)	(1,890)	(170,628)
Derecognition	300	-	300
Balance as at December 31, 2019	($ 168,438)	($ 1,890)	($ 170,328)
Net amount as at December 31, 2019	$ 639,652	$ 2,043	$ 641,695

	December 31, 2019
Right-to-use asset sublease income (recognized in other income)	($2,535)

(II) Lease Liabilities – 2019

	December 31, 2019
Carrying amount of lease liabilities	
Current	$ 192,308
Non-current	$ 453,461

The discount rate ranges for lease liabilities are as follows:

	December 31, 2019
Building	1.82%
Transportation equipment	1.82%

(III) Sublease

The Company has conducted the following sublease transactions.

Sublease of right-of-use assets in 2019

For the Company's right-of-use of the apartment subleased through operating leases, the lease period is 1 to 5 years. When the lessee exercises the right to renew the lease, the rent is adjusted according to the prevailing market rent.

	December 31, 2019
First year	$ 2,022
Second year	1,652
Third year	871
Fourth year	678
Fifth year	514
	$ 5,737

(IV) Other Lease Information

2019

	2019
Short-term lease expense	$ 39,262
Low-value assets lease expense	$ 397
Changes in lease payments not included in the measurement of lease liability	$ 42,971
Total cash (outflow) from lease	($ 255,396)

The Company elected to apply the recognition exemption for business stores that fulfill the definition of short-term leases and leases of coffee machines and signboards that fulfill the definition of low-value asset leases, and does not recognize the related right-of-use assets and lease liabilities for these leases.

2018

The Company is the lessee

Operating leases refer to leasing business stores, offices, and warehouses. The lease period is 1 to 10 years. The terms of all operating leases with a lease period of more than 5 years shall be reviewed according to the prevailing market rents every 5 years. The merged company does not enjoy the right of first refusal of the leasing assets at the end of the lease term.

Future minimum lease gross payments for operating lease that cannot be cancelled were as follows:

	December 31, 2018
Less than 1 year	$ 177,564
1 - 5 years	359,524
Over 5 years	59,483
	$ 596,571

XIII. Intangible assets

Computer Software

	2019	2018
Costs		
Balance at the beginning of the year	$ 4,561	$ 3,743
Separate Acquisition	954	818
Disposal	(577)	-
Balance at the end of the year	$ 4,938	$ 4,561

	2019	2018
Accumulated amortization		
Balance at the beginning of the year	($ 2,938)	($ 1,738)
Amortization expenses	(1,389)	(1,200)
Disposal	577	-
Balance at the end of the year	($ 3,750)	($ 2,938)
Net amount at the end of the year	$ 1,188	$ 1,623

The amortization cost is calculated on a straight-line basis according to the following useful years:

Computer Software	1 to 5 year(s)

XIV. Other assets

	December 31, 2019	December 31, 2018
Prepayments		
Prepaid rent	$ -	$ 20,893
Prepaid cost of goods	1,236	4,202
Others	5,082	4,183
	$ 6,318	$ 29,278
Total current assets		
Temporary payments	$ 655	$ 221
Other financial assets	-	4,015
Others	3	35
	$ 658	$ 4,271

For information on the pledge of other financial assets, please refer to Note 30.

XV. Loans

(I) Short-term borrowings

	December 31, 2019	December 31, 2018
Unsecured loans		
Credit limit loans	$ 60,000	$ -

The interest rate of bank revolving loans was 1.18% to 1.20% as of December 31, 2019.

(II) Long-term loans

	December 31, 2019	December 31, 2018
Guaranteed loans		
Bank loans	$ 196,900	$ 52,418
Less: part recognized in maturity within one year	(7,303)	(5,518)
Long-term loans	$ 189,597	$ 46,900

The bank loan was pledged by the Company's self-owned land and building (see Note 32). As of December 31, 2019 and 2018, the effective annual interest rates were 1.70% to 1.82% and 1.82%, respectively. Provisions are used to purchase equity and plants.

The long-term loans of the Company are:

Borrowing bank	Original borrowing amount	December 31, 2019	December 31, 2018
Taiwan Business Bank	Total borrowings: NT$100,000,000 Borrowing period: June 27, 2013- June 27, 2028 Interest rate range: 1.82% (floating rate) Repayment method: The first 36 months is the grace period for the principal repayment. The interest is paid on a monthly basis. From the 37th month, the repayment period is 1 month. Repayment is made on the 15th of each month, for a total of 144 installments. NT$31,948,000 of the long-term loan was paid in advance in February 2017.	$ 46,900	$ 52,418
	Total borrowing: NT$150,000,000 Borrowing period: October 23, 2019- October 23, 2024 Interest rate range: 1.70% (floating rate) Repayment method: The first 12 months is the grace period for the principal repayment. The interest is paid on a monthly basis. From the 13th month, the repayment period is 1 month. Repayment is made on the 23th of each month, for a total of 168 installments.	150,000	-
		$ 196,900	$ 52,418

XVI. Corporate Bonds Repayable

	December 31, 2019	December 31, 2018
Domestic secured convertible corporate bonds	$ 152,400	$ 152,400
Less: Discount on bonds payable	(4,141)	(6,250)
Less: part recognized in maturity within one year	(148,259)	(146,150)
	$ -	$ -

Domestic secured convertible corporate bonds

The Company issues 3,000 units of secured convertible bonds denominated in New Taiwan Dollars bearing zero interest rate in December, 2016, the total principal amounted to NT$300,000,000.

Holder of each unit of corporate bond is entitled to convert into the common stock of the Company at NT$49 per share. The conversion period lasts from January 16, 2017 to December 15, 2021. The convertible price was adjusted from NT$49 to NT$46.5 on August 5, 2017; and the conversion price was adjusted from NT$46.5 to NT$43.3 since July 24, 2018. Since July 24, 2019, the conversion price was adjusted from NT$43.3 to NT$40.4.

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 of the convertible corporate bond at the time for 30 business days in a row, the merged company may recover the bonds in the following 30 business day. Alternatively, if the remaining amount of outstanding convertible corporate bonds is less than 10% of the total carrying amount on initial issuance, the Company may recover the bonds at any time subsequently.

In case the bondholders sell the convertible bonds before the sell-back date between December 15, 2019 and December 15, 2020, the bondholders may require the merged company to redeem the convertible bond held at par value in cash, in 100% of the carrying amount of the bond for 3 years of maturity (actual earning 0%) or 100% of carrying amount of liability for 4 years of maturity (actual earning 0%).

Such convertible corporate bonds include liability and equity component, where equity component is recognized in capital reserve - stock option under equity. Liability components include debt instruments of primary contracts and options derivatives. The initial recognized effective annual interest rate is 1.433% for the primary contract while the option derivatives are measured at fair value through profit and loss. In 2019 and 2018, the recognized gains of fair value changes and loss of fair value changes were NT$61,000 and NT$276,000, respectively.

	Amount
Issuance price (less transaction costs of NT$5,000)	$ 295,000
Option derivatives component (less transaction cost allocated to option of NT$15,000)	(855)
Equity component (less transaction cost allocated to equity of NT$250,000)	(14,750)
Liability component on the issuance date (less transaction cost allocated to liabilities of NT$4,735,000)	$ 279,395
Liability component as of January 1, 2018	$ 221,117
Interest calculated at effective interest rate 1.433%	2,356
Common stock converted from corporate bonds payable	(77,323)
Liability components as of December 31, 2018	$ 146,150
Liability components as of January 1, 2019	$ 146,150
Interest calculated at effective interest rate 1.433%	2,109
Common stock converted from corporate bonds payable	-
Liability components as of December 31, 2019	$ 148,259

XVII. Bills payable and accounts payable

	December 31, 2019	December 31, 2018
Notes payable		
Arising from operations	$ 4,461	$ 32,730
Accounts payable		
Arising from operations	$ 23,675	$ 23,406

The domestic average depreciation period of the inventory purchase by the Company is 30 to 60 days, while payment shall be made according to letters of credit at sight in foreign countries.

XVIII. Other Payables

	December 31, 2019	December 31, 2018
Equipment expenses payable	$ 859	$ 3,533
Salary and bonus payable	31,139	30,385
Employees and Directors remuneration payable	7,746	12,567
Labour health insurance payable	5,977	6,690
Advertising expenses payable	2,920	5,568
Leave benefits payable	4,689	3,853
Freight payable	5,231	5,123
Business tax payable	10,725	3,780
Others	7,093	6,898
	$ 76,379	$ 78,397

XIX. Liabilities Provision - Non-current

	December 31, 2019	December 31, 2018
Decommissioning costs	$ 6,500	$ 6,400

Liability provision for decommissioning costs refers to the cost that the Company expects to pay for decommissioning, restoration, or environmental restoration when the leased assets are returned to the lessor at the end of the lease period.

XX. Post-employment Benefit Plan

Defined contribution plans

The pension system from "Labor Pension Act" applicable to Scan-D Corporation of the merged company is a defined contribution plan under government administration. The merged company contributes 6% of the employee's monthly salary to the personal account at Bureau of Labor Insurance.

Pension expense relating to defined contribution plans are recognized under the following items:

	2019	2018
Operating costs	$ 1,373	$ 1,252
Selling expense	$ 8,895	$ 10,870
Administrative expense	$ 1,410	$ 1,372

XXI. Equity

(I) Capital

Common stock

	December 31, 2019	December 31, 2018
Authorized shares (in thousands)	80,000	80,000
Authorized capital	$ 800,000	$ 800,000
Number of shares issued and fully paid (in thousands)	46,133	46,133
Issued capital	$ 461,332	$ 461,332

Common stocks are issued with par value of NT$10 per share and each common stock represents a right to vote and receive dividends. As of December 31, 2019, holders of the convertible corporate bonds have converted NT$17,533,000 dollars (1,753,000 shares) of the Company's common stock.

(II) Capital surplus

	December 31, 2019	December 31, 2018
Should be used to cover losses, cash distribution, or for capitalization (1)		
Share issuance premium	$ 58,676	$ 58,676
Corporate bond conversion premium	115,762	115,762
Cannot be used for any purposes		
Share options	7,493	7,493
	$ 181,931	$ 181,931

1. The capital surplus from stock issuance premium may be used to cover loss and may also be used to issue cash or capital when the Company has no loss, but the capital replenishment is restricted to a certain ratio of paid-in capital every year.

(III) Retained earnings and dividend policy

The earning appropriation policy in the Articles of Incorporation provides that the Company shall use the earnings for the year, if any, to pay all taxes and offset accumulated losses before allocating 10% of which as statutory surplus reserves. However, no additional statutory surplus reserve shall be provided once it reaches the Company's paid-in capital. Special surplus reserve shall then be provided or reversed from the balance pursuant to relevant laws and regulations. The Board of Directors shall prepare the proposal for the appropriation of earnings of the remaining balance, if any, combined with accumulated unappropriated earnings and submit it to the shareholders' meeting for resolution on bonus to shareholders. For the policies on the appropriation of employees', directors' and supervisors' remuneration under the Company's Articles of Association, please refer to Employees' Remuneration and Directors' and Supervisors' Remuneration in Note 23(6).

In addition, according to the Articles of Association of the Company, the dividend policy is to distribute dividends to shareholders not less than 20% of the distributable surplus each year. Cash or shares are the primary way to distribute dividends, cash dividend shall not be lower than 30% of the total share dividend.

The statutory surplus reserve is supplemented until the balance equals the Company's total paid-in capital. The statutory surplus reserve should be used to cover losses. When the Company has no loss, the portion of the statutory surplus reserve that exceeds 25% of the total paid-in capital may be appropriated in cash in addition to being transferred to capital stock.

The Company provides and reverses statutory surplus reserve pursuant to Letter No. 1010012865, Letter No. 1010047490 and Letter No. 1030006415 from the FSC, and “Q&A of the Application of the Special Capital Reserve After Adopting the International Financial Reporting Standards (IFRSs).”

The Company held general shareholders meetings on June 20, 2019 and June 20, 2018, during which the 2018 and 2017 Earnings Appropriation Resolution were resolved as follows:

	Earnings Appropriation Resolution		Dividends per Share (NT$)	
	2018	2017	2018	2017
Statutory surplus reserve	$ 16,757	$ 21,878	$ -	$ -
Cash Dividends	138,400	181,528	3.00	3.94

The 2019 Earnings Appropriation Resolution to be resolved by the Board of Directors' meeting on March 24, 2020 is as follows:

	Earnings Appropriation Resolution	Dividends per Share (NT$)
Statutory surplus reserve	$ 10,358	$ -
Special reserve	1,248	-
Cash dividends	83,040	1.80

The 2019 Earnings Appropriation Resolution is subject to the resolution of the shareholders' meeting to be held on June 17, 2020.

(IV) Other Equity Items

Exchange differences on translation of financial statements of overseas operations

	2019	2018
Balance at the beginning of the year	$ -	$ -
Arising during the period		
Currency translation differences from overseas operations	(1,560)	-
Relevant income tax	312	-
Balance at the end of the year	($ 1,248)	$ -

XXII. Revenue

	2019	2018
Revenue from contracts with customers		
Revenue from sales of commodity	$ 1,434,361	$ 1,689,771
Revenue from flooring	8,419	13,917
	$ 1,442,780	$ 1,703,688

(I) Explanation of the customer contract

1. Revenue from sales of commodity

   Revenue from sales of commodity comes from the sales of furniture products. When the furniture is delivered to a customer's specific location, the customer has the right to use the product and bears the risk of the commodity, which should be recognized inrevenue and accounts receivable by the Company at the time.

2. Revenue from flooring

   Primarily refers to the operating services provided for flooring, which shall be recognized in revenue when the customer completed acceptance and the rights and risks have been transferred.

(II) Contracts Balance

	December 31, 2019	December 31, 2018
Contract liabilities - current		
Sales of commodity	$ 192,624	$ 117,013

XXIII. Net Profit of Continuing Operations

(I) Other revenues

	2019	2018
Interest income		
Bank deposit	$ 86	$ 136
Others	813	113
	899	249
Rental income	2,672	1,407
Others	16,520	12,566
	$ 20,091	$ 14,222

(II) Other Gain and (Loss)

	2019	2018
Net gains on foreign exchange	$ 729	$ 350
Gain on lease modification	1	-
Gain (loss) on disposal of property, plant and equipment	(524)	222
Financial liability gain (loss) measured at fair value through profit and loss	61	(276)
Others	(4)	(1,358)
	$ 263	($ 1,062)

(III) Financial costs

	2019	2018
Interest on bank loans	$ 3,412	$ 1,042
Interest on convertible corporate bonds	2,109	2,356
Interest on lease liabilities	9,445	-
	$ 14,966	$ 3,398

(IV) Depreciation and Amortization

	2019	2018
Depreciation expenses summarized by functions		
Operating costs	$ 22,185	$ 13,358
Operating expenses	187,639	25,459
	$ 209,824	$ 38,817
Amortization expenses summarized by functions		
Operating costs	$ 20	$ 19
Operating expenses	1,369	1,181
	$ 1,389	$ 1,200

(V) Employee benefit expenses

	2019	2018
Short-term employee benefits	$ 258,190	$ 283,555
Benefits after retirement		
Defined distribution plan (Note 20)	11,678	13,494
	$ 269,868	$ 297,049
Summarized by functions		
Operating costs	$ 31,208	$ 29,914
Operating expenses	238,660	267,135
	$ 269,868	$ 297,049

(VI) Employees' Remuneration and Directors' and Supervisors' Remuneration

The Company distributes employees' remuneration and directors' and supervisors' remuneration at not less than 4% and not more than 2% of the earnings before tax of the year before deducting the employees', directors' and supervisors' remuneration. Employees' remuneration and directors' and supervisors' remuneration in 2019 and 2018 resolved in the Board of Directors' meetings on March 24, 2020 and March 21, 2019, respectively, were as follows:

Estimated ratio

	2019	2018
Employees' remuneration	4.2%	4.2%
Directors' and Supervisors' Remuneration	1.4%	1.4%

Amount

	2019		2018	
	Cash	Shares	Cash	Shares
Employees' remuneration	$ 5,809	$	$ 9,425	$ -
Directors' and Supervisors' Remuneration	1,937		3,142	-

Changes made to the amount after the publication of the annual financial report are handled in accordance with accounting estimation changes and will be recognized in the financial statements of the following year.

The actual distribution of employees' remuneration and directors' and supervisors' remuneration in 2018 and 2017 were consistent with amounts recognized in the financial statements 2018 and 2017.

Please refer to the "Market Observation Post System" for employees' remuneration and directors' and supervisors' remuneration resolved at the 2019 and 2018 Board meetings.

XXIV. Income tax on continuing operations

(I) Main composition of income tax expenses recognized in profit or loss

	2019	2018
Current income tax		
Generated in the year	$ 24,083	$ 42,713
Surtax on unappropriated earnings	621	1,537
Adjustments of previous years	(188)	1
	24,516	44,251
Deferred income tax		
Generated in the year	2,480	258
Changes in tax rates	-	(236)
Income tax expenses recognized in profit or loss	$ 26,996	$ 44,273

The reconciliation of accounting profit and income tax expense was as follows:

	2019	2018
Profit before tax of continuing operations	$ 130,571	$ 211,843
Income tax expense of profit before tax calculated according to the statutory tax rate	$ 26,114	$ 42,369
Non-deductible expenses	449	602
Surtax on unappropriated earnings	621	1,537
Changes in tax rates	-	(236)
Adjustments made in the year on the current income tax expenses of prior years	(188)	1
Income tax expenses recognized in profit or loss	$ 26,996	$ 44,273

Taiwan's Income Tax Act was amended in 2018, the business income tax rate was adjusted from 17% to 20%. In addition, the amendment stipulated that the tax rate applicable to the undistributed earnings in 2018 was reduced from 10% to 5%.

In July 2019, Taiwan President announced the amendment of the Statute for Industrial Innovation, which stipulates that the construction or purchase of specific assets or technologies from the unappropriated surplus from 2018 shall be recognized indeduction items for the calculation of the unappropriated surplus. The merged company has not deducted the capital expenditure for reinvestment with the unappropriated surplus in 2018.

(II) Current income tax liabilities

	December 31, 2019	December 31, 2018
Current income tax liabilities		
Income tax payable	$ 3,435	$ 21,809

(III) Deferred income tax assets (liabilities)

Changes in deferred income tax assets and liabilities were as follows:

2019

Net deferred income tax assets (liabilities)	Balance at the beginning of the year	Recognized in profit and loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary differences				
Loss on inventory write-down	$ 546	$ -	$ -	$ 546
Leave benefits payable	771	167	-	938
Right-of-use asset	-	1,598	-	1,598
Unappropriated surplus of subsidiaries	-	(4,245)	-	(4,245)
Currency Translation Difference from Overseas Operations	-	-	312	312
	$ 1,317	($ 2,480)	$ 312	($ 851)

2018

Deferred income tax assets	Balance at the beginning of the year	Recognized in profit and loss	Changes in tax rates	Balance at the end of the year
Temporary differences				
Loss on inventory write-down	$ 464	$ -	$ 82	$ 546
Leave benefits payable	875	(258)	154	771
	$ 1,339	($ 258)	$ 236	$ 1,317

(IV) Income Tax Assessment

The business income tax filed by the Company as of 2017 has been approved by the taxation agency.

XXV. Earnings per share

Unit: NT$/share

	2019	2018
Basic earnings per share	$ 2.25	$ 3.67
Diluted earnings per share	$ 2.24	$ 3.43

The earnings and weighted average number of common stocks used for the calculation of earnings per share were as follows:

Net profit for the year

	2019	2018
Net profit	$ 103,575	$ 167,570
Effect of dilutive potential common stocks:		
Employee remuneration	-	-
Interest after tax of convertible corporate bonds	-	1,885
Net profit used for the calculation of diluted earnings per share	$ 103,575	$ 169,455

Number of Shares

Unit: Thousand shares

	2019	2018
Weighted average number of common stocks used for the calculation of basic earnings per share	46,133	45,694
Effect of dilutive potential common stocks:		
Employee remuneration	200	260
Convertible corporate bonds	-	3,520
Weighted average number of common stocks used for the calculation of diluted earnings per share	46,333	49,474

If the Company elected to distribute employees' remuneration by way of shares or cash, the calculation of diluted earnings per share should assume that the remuneration is paid in the form of shares, the dilutive potential ordinary shares should also be included in the weighted average number of outstanding shares to calculate the diluted earnings per share. The dilutive effect of such potential common stocks shall continue to be considered when calculating the diluted earnings per share before resolving the number of shares to be distributed as employee remuneration in the following year.

The conversion price of the outstanding convertible corporate bonds of the Company is not included in the calculation of diluted earnings per share as the exercise price is higher than the average market price of the shares in 2019 and has anti-dilutive effects.

XXVI. Non-Cash Transactions

The Company conducted the following investment activities with only partial cash receipts and payments in 2019 and 2018:

(I) Purchase of Property, Plant and Equipment

	2019	2018
Purchase of property, plant and equipment		
Increase in property, plant and equipment	$ 15,571	$ 27,189
Add: Equipment payable at the beginning of the period	3,533	1,065
Add: Decommissioning liabilities provision at the beginning of the period	6,400	5,700
Less: Equipment payable at the end of the period	(859)	(3,533)
Less: Decommissioning liabilities provision at the end of the period	(6,500)	(6,400)
Cash payments	$ 18,145	$ 24,021

(II) Lease Liabilities

	2019	2018
Lease liabilities		
Lease liabilities at the beginning of the period	$ 553,807	$ -
Increase in right-of-use assets	256,956	-
Interest expenses	9,445	-
Less: Lease liabilities at the end of the period	(645,769)	-
Derecognization	(1,301)	-
Effect of refundable deposits	(372)	-
Cash payments	$ 172,766	$ -

(III) Interest Received

	2019	2018
Interest Income	$ 899	$ 136
Add: Gains receivable at the beginning of the period	-	-
Less: Gains receivable at the end of the period	-	-
Less: Interest on refundable deposits	(681)	-
Interest income received	$ 218	$ 136

(IV) Interest paid

	2019	2018
Interest expense	$ 14,966	$ 3,398
Add: Interest payable at the beginning of the period	-	-
Less: Interest payable at the end of the period	(104)	-
Less: Interest on lease liabilities	(9,445)	-
Less: Interest on convertible corporate bonds	(2,109)	(2,356)
Interest expenses paid	$ 3,308	$ 1,042

XXVII. Capital Risk Management

The Company conducts capital management to ensure that it is able to maximize the benefit for its shareholders by optimizing debt and equity, provided that it is operating as a going concern.

The Company's capital structure consists of its net debt (i.e. borrowings less cash and cash equivalent) and equity (i.e. equity, capital reserve, retained earnings and other equity items and non-controlling interests).

The Company is not required to comply with other external capital requirements.

XXVIII. Financial instruments

(I) Information on Fair value - Financial Instruments not Measured at Fair Value

The management of the Company considers that the carrying amount of financial assets and liabilities not measured at fair value exceeds the fair value.

(II) Information on Fair value - Financial Instruments Measured at Fair Value

1. Fair Value Measurement Hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 285	$ -	$ 285

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 224	$ -	$ 224

2. Valuation techniques and inputs applied to Level 2 fair value measurement

Classification of financial instruments	Valuation techniques and inputs
Derivatives - convertible corporate bonds	CRR Binary Tree Convertible Valuation Model

(III) Classification of Financial Instruments

	December 31, 2019	December 31, 2018
Financial assets		
Financial assets at fair value through profit and loss	$ 285	$ 224
Financial assets at amortized cost (Note 1)	198,579	163,324
Financial liabilities		
Measured at cost after amortization (Note 2)	514,436	354,934

Note 1. The balance includes financial assets at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, and other financial assets.

Note 2. The balance includes financial liabilities measured at amortized cost, including short-term loans, bills payable, accounts payable, other payables, long-term loans due within one year, corporate bonds due within one year or execution of put-back rights, current income tax liabilities, and corporate bonds payable, long-term loans, and guarantee deposits.

(IV) Objectives and Policies related to Financial Risk Management

The primary financial instruments of the Company include cash and equivalent cash, accounts receivable, accounts payable, corporate bonds payable, loans and lease liabilities. The finance management department of the Company provides services to business units and coordinates operations in the domestic and overseas financial markets by supervising internal risk exposure reports and managing financial risks related to the operations of the Company in accordance with the risk level and breadth analyses. Such risks include market risks (including exchange rate risks and interest rate risks), credit risks, and liquidity risks.

1. Market risks

(1) Exchange rate risks

For the carrying amount of currency monetary assets and currency monetary liabilities denominated in the non-functional currency of the Company on the balance sheet date, please refer to Note 34.

Sensitivity Analysis

The Company is mainly exposed to USD and SGD fluctuations.

The sensitivity percentage used in the internal reporting of foreign currency risk to key management is 1%. It also represented the evaluation of the reasonable and potential range of changes in exchange rates deemed by the management. Sensitivity analysis only includes monetary items of outstanding foreign currencies. The impact figures in the table below represent the increase (decrease) in net profit before tax when the value of NT$ rises (depreciates) by 1% relative to relevant currencies.

	Impact of foreign currencies	
	2019	2018
Profit or loss	$ 143	$ 167

(2) Interest rate risk

The interest rate risks generated are mainly from the funds borrowed and deposits held by the Company on fixed and floating interest rates simultaneously. The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates.

The nominal value of financial assets and financial liabilities of the Company is exposed to the following interest rate risks on the balance sheet date:

	December 31, 2019	December 31, 2018
Interest rate risks with fair value		
- Financial assets	$ 528	$ 2,938
- Financial liabilities	148,259	146,150
Interest rate risks with cash flow		
- Financial assets	130,572	81,121
- Financial liabilities	256,900	52,418

The sensitivity analysis below is based on the interest rate risks of non-derivative instruments at the end of the financial reporting period.

The Company takes an increase or decrease of 0.5% as a reasonable risk assessment for reporting changes in interest rates to management. If other conditions remain unchanged and interest capitalization is not taken into account, an increase in the interest rate of 0.5% will result in a decrease of NT$288,000 and an increase of NT$144,000, respectively, in the net profit before tax of the Company in 2019 and 2018.

2. Credit risk

Credit risks refer to the risks causing financial loss to the Company due to the default of the counterparty in performing contractual obligations. As at the balance sheet date, the Company's maximum exposure to credit risk causing financial loss to the Company due to the default of the counterparty in performing contractual obligations is primarily arising from the carrying amount of the financial assets recognized in this balance sheet.

In addition, the Company would review the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As such, the Company's management concludes that the credit risk of the merged company has been significantly reduced.

Before engaging in significant transactions, approval procedures must be carried by the Board of Directors according to related regulations and the internal control system. In the course of implementing financial plans, the Company shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties.

3. Liquidity risk

The Company supports the its operation and reduces the impact brought by cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents. The Company's management supervises the utilization of bank financing and ensures compliance with the terms of loan contracts.

The Board of Directors bears the ultimate liability for the liquidity risk management of the Company. The Company has established an appropriate liquidity risk management framework to meet its management demand for short-term, mid-term and long-term funding and liquidity. The Company manages liquidity risk by maintaining sufficient bank financing limits, borrowing commitments, continuously monitoring the expected and actual cash flows, and planning to repay liabilities with financial assets with similar maturity dates. As of December 31, 2019 and 2018, the unutilized bank facilities of the Company amounted to NT$328,794,000 and NT$328,794,000, respectively.

<u>Liquidity and table of interest rate risks of non-derivative financial liabilities</u>

The contractual maturity analysis of balances for non-derivative financial liabilities is prepared based on the earliest date in which the Company is required to repay the loans, based on the undiscounted cash flows of the financial liabilities (including principal and estimated interest). Therefore, the following table presents the bank loans required to be repaid immediately by the Company, regardless of the probability of exercising such rights by the bank. The analysis of the maturity of other non-derivative liabilities is prepared in accordance with the agreed repayment date.

The undiscounted interest relating to the cash flow for repaying interest at floating interest rates is estimated according to the yield curve on the balance sheet date.

<u>December 31, 2019</u>

	Within 1 year	1 to 2 year(s)	2 to 5 Years	More than 5 years
Floating interest rate instruments				
Short-term loans	$ 60,000	$ -	$	$ -
Long-term loans	7,303	16,232	48,696	124,669
Non-interest-bearing liabilities				
Notes payable	4,461	-		-
Accounts payable	23,675	-		-
Other payables	1,009	-		-
Lease liabilities	192,308	160,676	248,703	44,082
Guarantee deposits	1,327	-		-
	$ 290,083	$ 176,908	$ 297,399	$ 168,751

<u>December 31, 2018</u>

	Within 1 year	1 to 2 year(s)	2 to 5 Years	More than 5 years
Floating interest rate instruments				
Long-term loans	$ 5,518	$ 5,518	$ 16,554	$ 24,828
Non-interest-bearing liabilities				
Notes payable	32,730	-		-
Accounts payable	23,406	-		-
Other payables	4,465	-		-
Guarantee deposits	24	-		-
	$ 66,143	$ 5,518	$ 16,554	$ 24,828

XXIX. Related-party transactions

Transactions between the Company and other related parties were as follows:

(I) Name and relationship of related parties

Name of related party	Relations with the Company
Hsueh, Hsiu-Chu	Key Management
Hawaii Furnishing Pte. Ltd.	Related party in substance
Yihsin Inc.	Related party in substance

(II) Cost of Sales

Type/name of related party	2019	2018
Related party in substance		
Hawaii Furnishing Pte. Ltd.	$ 25,473	$ 28,901

The Company signed a contract for the brand licensing and services of the "Scanteak" brand with Hawaii Furnishing Pte. Ltd. on July 1, 2010. 1%-3% of the monthly net profit shall be paid as the monthly licensing and service fees, which were recognized under cost of sales.

(III) Lease agreement

Accounting subject	Type/name of related party	December 31, 2019	December 31, 2018
Lease liabilities - current	Key Management		
	Hsueh, Hsiu-Chu	$ 1,056	$ -
	Related party in substance		
	Yihsin Inc.	2,448	-
		$ 3,504	$ -
Lease liabilities - non-current	Key Management		
	Hsueh, Hsiu-Chu	$ 334	$ -
	Related party in substance		
	Yihsin Inc.	8,868	-
		$ 9,202	$ -

Accounting subject	Type/name of related party	2019	2018
Acquisition of right-of-use assets	Key Management		
	Hsueh, Hsiu-Chu	$ 2,414	$ -
	Related party in substance		
	Yihsin Inc.	11,707	
		$ 14,121	$ -
Rental expenses	Key Management		
	Hsueh, Hsiu-Chu	$ -	$ 1,056
	Related party in substance		
	Yihsin Inc.	2,040	2,448
		$ 2,040	$ 3,504
Interest expense	Key Management		
	Hsueh, Hsiu-Chu	$ 32	$ -
	Related party in substance		
	Yihsin Inc.	17	
		$ 49	$ -

2019				
Lessor	Leased property	Lease term	Payment method	Rental expenses
Related party in substance	Wenchang branch	November 1, 2014 - October 31, 2019	Paid monthly on the 1st of the month	$ 2,040

2018				
Lessor	Leased property	Lease term	Payment method	Rental expenses
Key Management	Tofen branch	May 1, 2016 - April 30, 2021	Paid monthly on the 1st of the month	$ 1,056
Related party in substance	Wenchang branch	November 1, 2014 - October 31, 2019	Paid monthly on the 1st of the month	$ 2,448

The aforementioned lease transactions with related parties are based on the price agreed between both parties.

(IV) Refundable deposits (recognized in other non-current assets)

Type/name of related party	December 31, 2019	December 31, 2018
Key Management/Hsueh, Hsiu-Chu	$ 105	$ 105
Related party in substance/Yihsin Inc.	390	390
	$ 495	$ 495

(V) Remuneration of Key Management

	2019	2018
Short-term employee benefits	$ 14,071	$ 14,821
Benefits after retirement	108	108
	$ 14,179	$ 14,929

The remuneration of directors and other key management is determined by the remuneration committee based on personal performance and market trends.

XXX. Pledged Assets

The following assets have been provided as collateral for bank borrowings and bank guaranteed corporate bonds:

	December 31, 2019	December 31, 2018
Reserved deposits (recognized in other current assets)	$ -	$ 4,015
Self-owned land	534,164	534,164
Building	174,646	170,824
	$ 708,810	$ 709,003

XXXI. Significant contingent liability and unrecognized contract commitments

Material commitment and contingency of the Company on the balance sheet date are as follows:

Material commitment

(I) In order to provide guarantees as letters of credit, the Company has issued the following guarantee notes to each of the loaning banks:

	December 31, 2019	December 31, 2018
Guarantee notes	$ 299,960	$ 230,000

(II) The number of unused letters of credit issued by the Company due to the purchase of raw materials is summarized as follows:

Unit: Thousand dollars in foreign currency

	December 31, 2019	December 31, 2018
USD	$ 1,839	$ 1,948
SGD	311	299
EUR	14	16

(III) The Company signed a contract for the brand licensing and services of the "Scanteak" brand with Hawaii Furnishing Pte. Ltd. 1%-3% of the monthly net profit shall be paid as the premium pursuant to the contract, which will be expired in 2040. The premium expenses (recognized in cost of sales) for 2019 and 2018 were NT$25,473,000 and NT$28,901,000, respectively.

XXXII. Information on Foreign Currency Assets and Liabilities with Significant Impact

The following information was summarized by foreign currencies other than the functional currency of the merged company. The exchange rates disclosed were those used to translate the foreign currencies into the functional currency. Information on foreign currency assets and liabilities with significant impact is as follows:

Unit: Foreign currencies/NT$'000

December 31, 2019

	Foreign currency	Exchange rates	Carrying Amount
Foreign-currency assets			
Monetary items			
USD	$ 941	30.48 (USD:NT$)	$ 29
SGD	75,792	22.56 (SGD:NT$)	1,710
Yen	13,201	0.33 (Yen:NT$)	4
HKD	9,604	3.81 (HKD:NT$)	37
RMB	18,323	4.92 (RMB:NT$)	90
			$ 1,870
Foreign currency liabilities			
Monetary items			
USD	450,483	30.37 (USD:NT$)	$ 13,683
SGD	103,626	22.51 (SGD:NT$)	2,333
EUR	67,729	34.10 (EUR:NT$)	2,309
			$ 18,325

December 31, 2018

	Foreign currency	Exchange rates	Carrying Amount
Foreign-currency assets			
Monetary items			
USD	$ 14,341	30.86 (USD:NT$)	$ 443
SGD	37,874	22.11 (SGD:NT$)	838
Yen	13,201	0.33 (Yen:NT$)	4
HKD	9,600	3.81 (HKD:NT$)	36
RMB	18,268	4.92 (RMB:NT$)	90
			$ 1,411
Foreign currency liabilities			
Monetary items			
USD	$ 493,221	30.91 (USD:NT$)	$ 15,248
SGD	120,082	22.56 (SGD:NT$)	2,709
EUR	1,771	35.77 (EUR:NT$)	63
			$ 18,020

The Company is primarily exposed to exchange rate risk in USD and SGD. The following information is aggregated in terms of the functional currency of the foreign currency held. The exchange rate disclosed is the exchange rate of the functional currency into the presentation currency. The following are significant influences on foreign exchange gain or loss (realized and unrealized):

	2019			2018	
Functional currency	Functional currency and presentation currency	Net Gain (Loss) on Foreign Currency Exchange		Functional currency and presentation currency	Net Gain (Loss) on Foreign Currency Exchange
NTD	1.000 (NT$:NT$)	$ 729	$	1.000 (NT$:NT$)	$ 350

XXXIII. Additional Note Disclosures

(I) Information on Material Transactions and (II) Reinvestment:

1. Funds provided to others: None.
2. Endorsements/guarantees provided to others: None.
3. Marketable securities held at the end of the period: Appendix I.
4. Accumulated purchase or disposal of the same marketable securities in excess of NT$300 million or 20% of the paid-in capital: Appendix II.
5. Acquisition of real estate at price in excess of NT$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate at price in excess of NT$300 million or 20% of the paid-in capital: None.
7. Purchases from or sales to related parties in excess of NT$100 million or 20% of the paid-in capital: None.
8. Receivable from related parties in excess of NT$100 million or 20% of its paid-in capital: None.
9. Engage in derivatives trading: Please refer to Note 7, 16 and 28(2).
10. Others: Business relations, material transactions and amounts between the parent company and subsidiaries: Appendix III.
11. Information on investee companies: Appendix IV

(III) Information on investments in the Mainland: None.

XXXIV. Segment Information

The Company has disclosed operating segment information in the 2019 consolidated financial statements according to regulations.

Scan-D Corporation
Marketable securities held at the end of the period
December 31, 2019

Appendix I

Unit: NT$'000/Foreign currency dollar

Companies held	Type and name of marketable securities (Note 1)	Relationship with the issuer of the securities	Financial Statement Account	End of the Period				Remark
				Shares or Units	Carrying Amount	Share Holding %	Fair value	
Nova Furnishing Holdings Pte. Ltd.	Shares - Listed in overseas (Counter)							
	Hafary Holdings Ltd.	None	Financial assets at fair value through profit and loss	1,249,300	$ 4,175 SGD187,395	0.29%	$ 4,175 SGD187,395	
	OKH Global Ltd.	None	Financial assets at fair value through profit and loss	8,500,000	3,220 SGD144,500	0.75%	3,220 SGD144,500	

Note 1. For information on investment subsidiaries, affiliated companies and joint venture interests, please refer to Appendix IV.

Scan-D Corporation

Accumulated purchase or disposal of individual marketable securities in excess of NT$300 million or 20% of the paid-in capital

January 1 to December 31, 2019

Appendix II

Unit: NT$'000, unless otherwise specified

Purchase, sales of company	Type and name of marketable securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning of the period		Purchase (Note 3)		Sell (Note 3)				End of the Period	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Price	Carrying Cost	Gain or loss on disposal	Number of Shares	Amount
Scan-D Corporation	Investment using equity method Nova Furnishing Holdings Pte. Ltd.	Investment using equity method	Nova Furnishing Holdings Pte. Ltd.	Subsidiary of the Company		$ -		Equity acquired $ 227,600 Gain on investments 21,225 Cumulative translation adjustments (1,560)		$	$	$		$ 247,265

Note 1. The marketable securities in this appendix refer to stocks, bonds, beneficiary certificates, and marketable securities derived therefrom.

Note 2. For marketable securities recognized using the equity method, the two fields must be filled in, the remaining fields can be left blank.

Note 3. The purchase or sale amount should be calculated separately at the market price as to whether the accumulated cost reaches NT$300 million or 20% of paid-in capital.

Note 4. Paid-in capital refers to the parent's paid-in capital. Where issuer's shares have no par value or where the par value per share is not NT$10, transaction amount that involves a paid-in capital ratio of 20% shall be calculated by equity ratio of 10% attributable to the owners of the parent company as stated in the balance sheet.

Scan-D Corporation

Business relationships, material transactions, and amount between the parent company and its subsidiaries

January 1 to December 31, 2019

Appendix III

Unit: NT$'000/Foreign currency dollar

No. (Note 1)	Company name	Counter-party	Relationship with counterparty (Note 2)	Transaction details			
				Account	Amount	Terms	Percentage of total consolidated revenue or total assets (Note 3)
1	Nova Furnishing Centre Pte. Ltd.	Nova Furnishing Holdings Pte. Ltd.	3	Other receivables	$ 11,140	There is no significant difference from ordinary transactions.	0.41
1	Nova Furnishing Centre Pte. Ltd.	Rozel Furnishing Pte. Ltd.	3	Sales revenue	14,422	There is no significant difference from ordinary transactions.	0.79
1	Nova Furnishing Centre Pte. Ltd.	Mega Home Furnishing Pte Ltd.	3	Sales revenue	12,429	There is no significant difference from ordinary transactions.	0.68
2	X'Clusive Home Pte. Ltd.	Nova Furnishing Centre Pte. Ltd.	3	Other receivables	28,964	There is no significant difference from ordinary transactions.	1.07
3	Kawah Furnishing Pte. Ltd.	X'Clusive Home Pte. Ltd.	3	Other receivables	13,368	There is no significant difference from ordinary transactions.	0.49
4	Mega Home Furnishing Pte Ltd.	Nova Furnishing Centre Pte. Ltd.	3	Other receivables	10,026	There is no significant difference from ordinary transactions.	0.37

Note 1. The business relationship between the parent company and its subsidiaries shall be indicated in the number field, which shall be filled in as follows:

(1) The parent company is numbered "0".

(2) The subsidiaries are numbered by company from Arabic number 1 in order.

Note 2. Relationships are categorized into the following three types. Please specify the type (The same transaction between the parent company and its subsidiaries is not required to be disclosed repeatedly. For example, for transactions between the parent company and its subsidiaries, if the parent company has disclosed the information, the subsidiaries are exempted from disclosing repeatedly. The same applies to transactions between subsidiaries where only one subsidiary needs to disclose the same transaction):

(1) Parent company to subsidiaries.

(2) Subsidiaries to parent company.

(3) Subsidiaries to subsidiaries.

Note 3. Regarding the calculation of the ratio of the transaction amount to total consolidated revenue or total assets, it is calculated based on the ratio of the ending balance to total consolidated assets for balance sheet items; and based on the ratio of interim accumulated amount to total consolidated revenue for profit or loss items.

Note 4. Whether to list the important transactions in this appendix shall be decided by the Company according to the major principles.

Scan-D Corporation
Information on Investees, regions, etc
January 1 to December 31, 2019

Appendix IV

Unit: NT$'000/Foreign currency dollar

Name of investment company	Investee company name	Place of Registration	Main businesses	Original Investment Amount		Shares held as at the end of the period			Current profit or loss of investee company	Investment profit or loss recognized for the period	Remark
				End of the current period	End of the prior year	Number of Shares	Ratio	Carrying Amount			
Scan-D Corporation	Nova Furnishing Holdings Pte. Ltd.	Singapore	Investment business	$ 227,600	$	2,000,000	100.00	$ 247,265	$ 21,225	$ 21,225	
Nova Furnishing Holdings Pte. Ltd.	Nova Furnishing Centre Pte. Ltd.	Singapore	Furniture industry	3,417		150,000	100.00	9,441 SGD423,730	4,040 SGD178,602	4,040 SGD178,602	
Nova Furnishing Holdings Pte. Ltd.	Rozel Furnishing Pte. Ltd.	Singapore	Furniture industry	11,390		500,000	100.00	18,636 SGD836,457	5,944 SGD262,767	5,944 SGD262,767	
Nova Furnishing Holdings Pte. Ltd.	X'Clusive Home Pte. Ltd.	Singapore	Furniture industry	7,973		350,000	100.00	12,317 SGD552,847	2,805 SGD124,018	2,805 SGD124,018	
Nova Furnishing Holdings Pte. Ltd.	Sofaland Pte. Ltd.	Singapore	Furniture industry	5,695		250,000	100.00	7,675 SGD344,481	1,251 SGD55,303	1,251 SGD55,303	
Nova Furnishing Holdings Pte. Ltd.	Kawah Furnishing Pte. Ltd.	Singapore	Furniture industry	8,201		360,000	90.00	20,651 SGD926,907	1,686 SGD74,520	1,517 SGD67,068	
Nova Furnishing Holdings Pte. Ltd.	Mega Home Furnishing Pte. Ltd.	Singapore	Furniture industry	11,390		500,000	100.00	15,123 SGD678,767	760 SGD33,580	760 SGD33,580	
Nova Furnishing Holdings Pte. Ltd.	N Lighting Pte. Ltd.	Singapore	Furniture industry	2,278		100,000	100.00	(2,187) (SGD98,235)	(1,322) (SGD58,459)	(1,322) (SGD58,459)	
Nova Furnishing Holdings Pte. Ltd.	Furnzone Creations Pte. Ltd.	Singapore	Transportation industry	13,668		600,000	100.00	22,699 SGD1,018,797	7,324 SGD323,791	7,324 SGD323,791	

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
XInshen S. Br.	10061 1F, No142-1, Xinshen S. Rd., Sec.1, Zhongzheng Dist., Taipei City	0963-567005
Guting Br.	10093 No.3, Roosevelt Rd., Sec.2, Zhongzheng Dist., Taipei City	0963-567006
Mingshen Br.	10576 No.52, Mingshen E. Rd., Sec.5, Songshan Dist., Taipei City	0963-567003
Wenchan Br.	10679 No.276, Wenchan St., Daan Dist., Taipei City	0963-567029
Fuxin S. Br.	10664 1F, No.116, Fuxin S. Rd., Sec.2, Daan Dist., Taipei City	0963-567019
Neihutidin Br.	11494 No.103, Jiotsun Rd., Sec.2, Neihu Dist., Taipei City	0963-567001
Shipai Br.	11262 No.93, Chende Rd., Sec.7, Beitou Dist., Taipei City	0963-567023
Banqiao Br.	22047 No.141, Wenhua Rd., Sec.2, Banqiao Dist., New Taipei City	0963-567027
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
Linko Br.	24447 No.36, Wenhua 1 Rd., Sec.1, Linko Dist., New Taipei City	0963-567032
Kuanfu Br.	30080 No.545, Guanfu Rd., Sec.1, Hsinchu City	0963-567063
Tzuyu Br.	30041 No.113, Tzuyu Rd., Hsinchu City	0963-567065
Jinkuo Br.	30059 No.141, Jinkuo Rd., Sec.1, Hsinchu City	0963-567062
Guanmin Br.	30264 No.33, Tzuchiang 5. Rd., Chubei City, Hsinchu County.	0963-567059
Huanzhong Br.	32083 No.915&917, Huanzhon E. Rd., Zhongli Dist., Taoyuan City	0963-567056
Chunri Br.	33051 No.1661, CHunri Rd., Taoyuan Dist., Taoyuan City	0963-567051
Tofen Br.	35153 1F, No.1347, Zhonghua Rd., Tofen Town, Miaoli County	0963-567061
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
Wuquan Br.	40878 No.87Wuquan W. Rd., Sec.2, Nantun Dist., Taichung City	0963-567078
Wenxin 1 Br.	40753 No.548, Wenxin Rd., Sec.3, Xitun Dist., Taichung City	0963-567079
Wenxin Br.	40862 No.461, Wenxin Rd., Sec.1, Nantun Dist., Taichung City	0963-567080
Dali Br.	41258 No.1236, Wenhsin S. Rd. Dali Dist., Taichung City	0963-567085
Chanhua Br.	50055 No.701, Jinma Rd., Sec.3, Chanhua City	0963-567077
Ximen Br.	70056 No.739, Ximen Rd., Sec.1, ZHoongxi Dist., Tainan City	0963-567091
Zhonghua E. Br.	70149 No.148, Zhonghua E., Rd., Sec.2, East Dist., Tainan City	0963-567092
Yongkan Br.	71067 No.162, Zhongzheng S. Rd., Yongkang Dist., Tainan City	0963-567089
Zhongzheng N. Br.	71081 No.271, Zhonhzheng N. Rd., Yongkan Dist., Tainan City	0963-567090
Qinnien Br.	80252 No.213, Qinnien 1 Rd., Lingya Dist., Kaohsiung City	0963-567105
Minzu Br.	80793 No.500, Minzu 1 Rd., Sanmin Dist., Kaohsiung City	0963-567098

Name	Address	TEL
Boai Br.	81365 No.39, Boai 3 Rd., Tzouyin Dist., Kaohsiung City	0963-567106
Niaoson Br.	83341 No.142-5, Zhongzheng Rd., Niaoson Dist., Kaohsiung City	0963-567109
Pingke Br.	90093 No.315, Jienkuo Rd., Pingtung City	0963-567110
Yuanshan Br.	11141 2F, No.46, Zhongshan N. Rd., Sec.5, Shihlin Dist., Taipei City	0963-567010
Tienmu 1 Br.	11161 B1-1F, No.238-1, Zhongshan N. Rd., Sec.6, Shihlin Dist., Taipei City	0963-567025
Fuya Br.	40764 No.918, Taiwan Ave. Sec.4, Xitun Dist., Taichnung City	0963-567070
Dahsinzhuan Br.	24342 No.108-8, XInwu Rd., Sec.1, Taishan Dist., New Taipei City	0963-567036
Zhongshan Br.	24357 No.530-1, Xinbei Ave., Sec.4, Taishan Dist., New Taipei City	0963-567033
Shinkong Br.	33052 7F, No.189, Dayu Rd., Taoyuan Dist., Taoyuan City	0963-567050
Dream Era Br.	80661 B2, No.789, ZHonghua 5 Rd., Qienzheng Dist., Kaohsiung City	0963-567099
Nankan Br.	33863 No.1, Zhongzheng Rd., Luchu Dist., Taoyuan City	0963-567052
Nankan Br.-Living	33863 2F, No.1, Zhongzheng Rd., Nanron Vil., Luchu Town, Taoyuan County	0963-870810
Damin Br.	41283 No.451, Damin Rd., Dali Dist., Taichung City	0963-567071
Tzuchiang Br.	30264 No.190, Tzuchiang S. Rd., Chubei City, Hsinchu County.	0963-567060
Beitun Br.	40654 No.401, Beitun Rd., Beitun Dist., Taichung City	0963-567081
Xinhu Br.	11494 2F, No.23, Xinhu 3 Rd., Neihu Dist., Taipei City	0963-567031
Xinhu Br.-Living	11494 Cabinet L 2F, No.23, Xinhu 3 Rd., Neihu Dist., Taipei City	0963-567007
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.223, 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
Nanya Br.	30052 No.89, Nanya St., North Dist., Hsinchu City	0963-567067
Luzhou Br.	24747 No.231, Jihsien 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
HOLA Br.-Living	23558 3F, No.291, Zhongshan Rd., Sec.2, Zhonghe Dist., New Taipei City	0963-567011

Name	Address	TEL
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
Zhongshan Br.-Living	23558 No.401-1, Zhongshan Rd., Sec.2, Zhonghe Dist., New Taipei City	0915-613507
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
Zhongyan Br.	97071 No.320, Zhongyan Rd., Sec.4, Hualien City, Hualien County	0963-567038
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.-Sleep	22175 No.95, Xintai 5 Rd., Sec.1, Xizhi Dist., New Taipei City	0963-567058
Xinwu Br.-Living	22175 No.97, Xintai 5 Rd., Sec.1, Xizhi Dist., New Taipei City	0963-567017
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., Xinzhuan Dist., New Taipei City	0966-709265
Wugon Br.-Living	24886 No.93, Wugon Rd., Xinzhuan 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, WUqiuan 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
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
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.432, 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.99, Minzu Rd., Sec. 2, Pingzhen Dist., Taoyuan City	0963-567057
Pingzhen Br.-Living	32048 No.99, 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
Scan Living, Wenxin 1 Br.	No. 548, Wenxin Rd., Sec.3, Xitun Dist., Taichung City 40753	0928-279362
Scan Living, Tainan Xinying Br.	No. 367, Fuxing Rd., Xinying Dist., Tainan City 73052	0928-279365
Scan Living, Damin Br.	No. 451, Damin Rd., Dali Dist., Taichung City 41283	0963-567088
Sleep Gallery, Nanjing Breeze Br.	B1/F, No. 337, Nanjing E. Rd., Sec.3, Songshan Dist., Taipei City 10550	0905-027535
Sleep Gallery, Ximen Xinguang Br.	B1/F, No. 658, Ximen Rd., Sec.1, West Central Dist., Tainan City 70051	0963-567103
Sleep Gallery, Zuoying Xinguang Br.	8/F, No. 123, Gaotie Rd., Zuoying Dist., Kaohsiung City 81361	0928-873530
Sleep Gallery, Nanfang Br.	4/F, No. 366, Zhonghua East Rd., Sec.1, East Dist. Tainan City 70155	0928-667539
Taipei Dajiotsun Br.	No. 2, Jiotsun Rd., Sec.1, Neihu Dist., Taipei City 11494	0933-086071
Scan Living, Dajiotsun Br.	No. 2, Jiotsun Rd., Sec.1, Neihu Dist., Taipei City 11494	0933-062671

◎ Thanks for your participation ◎

We are looking forward to your opinion.

SCAN-D ORPORATION

Chairperson Lim, Pok-Chin