

# SCANTEAK

詩肯柚木



# 2021

**Annual Shareholders' Meeting  
Meeting Agenda ( Translation)**

SCAN-D CORPORATION

Time: Jun.22, 2021 Am 09:00

Place: No. 69, Dinghu 1st St., Guishan Dist., Taoyuan City

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**Scan-D Corporation**  
**2021 General Shareholders' Meeting Agenda**

- I. Announcing the Commencement of the Meeting
- II. Chairman's Speech
- III. Reporting Matters
- IV. Proposals
- V. Discussion and Elections
- VI. Extempore Motions
- VII. Adjournment

# Scan-D Corporation

## 2021 General Shareholders' Meeting Agenda

Time: 9AM, Tuesday, June 22, 2021

Address: No. 69, Dinhu 1 St., Gueishan Dist., Taoyuan City (the Company's conference room)

- I. Announcing the Commencement of the Meeting
- II. Chairman's Speech
- III. Reporting Matters
  - (I) The Company's 2020 Business Report.
  - (II) Audit Committee's Review Report on the 2020 Financial Statements
  - (III) Report on the Company's 2020 Employees' and Directors' Remuneration Distribution.
  - (IV) Report on the Company's Second Conversion of Domestic Secured Corporate Bonds.
- IV. Proposals
  - (I) The Company's 2020 Business Report and Final Statement.
  - (II) The Company's 2020 Earnings Distribution.
- V. Discussion and Election
  - (I) By-election of the Company's independent director.
  - (II) Amendments Removal of the non-competition restrictions of the newly elected independent director.
- VI. Extempore Motions
- VII. Adjournment,

## Chapter 3. Reporting Matters

### **Proposal I Proposed by the Board of Directors**

Subject: Report on the Company's 2020 business condition. Please review accordingly.

Description: Please refer to Annex I on page 7 to 8 of this manual for the Company's 2020 Business Report.

### **Proposal II Proposed by the Board of Directors**

Subject: Audit Committee's Review Report on the 2020 Financial Statements.

Description: Please refer to Annex II on page 9 of Audit Committee's Review Report.

### **Proposal III Proposed by the Board of Directors**

Subject: Report on the Company's 2020 Employees' and Directors' Remuneration Distribution. Please review accordingly.

Description: 1. Pursuant to the Articles of Association: In 2020, the Company's profit was NT\$298,440,560 (i.e. profit before tax less the benefits before distribution of employees', directors' and supervisors' remuneration less accumulated loss), employees' remuneration was NT\$12,534,504 and directors' and supervisors' remuneration was NT\$4,178,168, which were all paid in cash.

2. The proposal was reviewed by the Remuneration Committee and resolved by the Board of Directors.
3. There is no difference between the above distribution amount and the estimated amount of recognized expenses in 2020.

### **Proposal IV Proposed by the Board of Directors**

Subject: Report on the Company's Second Conversion of Domestic Secured Corporate Bonds. Please review accordingly.

Description: The Company was approved by the Financial Supervisory Commission Jinguanzhengfa No. 1050044891 on November 17, 2016 to issue the second conversion of domestic secured corporate bonds of NT\$300 million. For details, please refer to Annex III on page 10 of this manual.

## Chapter 4. Proposals

### **Proposal I Proposed by the Board of Directors**

**Subject:** The Company's 2020 Business Report and Final Statement. Please review accordingly.

**Description:**

1. The Company's 2020 consolidated and individual financial statements have been audited by CPA Chen, Hui-Min and Kuo, Nai-Hua from Deloitte & Touche. An unqualified audit report has been issued, and Business Report and Financial Statements have been approved by the Audit Committee, with the review report included in the meeting minute.
2. Please refer to Annex I on page 7 to 8 of this manual for the above-mentioned Business Report, and Annex IV and V on page 11 to 31 of this manual for the Final Statement.

**Resolution:**

### **Proposal II Proposed by the Board of Directors**

**Subject:** The Company's 2020 Earnings Distribution. Please review accordingly.

**Description:**

1. The Company's 2020 earnings distribution, the list of which has been prepared in accordance with the Company's Articles of Association.
2. A cash dividend of NT\$193,159,164 is expected to be distributed to shareholders (NT\$4.0 per share in cash). After it has been resolved by the General Shareholders' Meeting, the Board of Directors is authorized to set a separate ex-dividend date and payment date for the distribution. The cash dividend is rounded down to NT\$1 based on the distribution ratio. The total amount of fraction cash dividends less than NT\$1 shall be recognized in other income of the Company.
3. In the event that the number of shares outstanding is affected by changes in the Company's share capital, resulting in the change of the dividend rate, the shareholders meeting is requested to authorize the Board of Directors to handle such change at its full discretion.
4. Please refer to Annex VI on Page 32 of the Handbook for the Company's distribution of 2020 earnings.

**Resolution:**

## Chapter 5. Discussion and Election

### Proposal I: Proposed by the Board of Directors

Subject: By-election of the Company's independent director.

- Description: 1. Chen, Chung-Cheng, the independent director of the Company, resigned as the independent director of the Company due to personal commitments. According to Article 15 of the Company's Articles of Association, the Company proposes to elect one independent director by way of the nomination system. The newly elected independent director will take office immediately after the election, the term of office will be from June 22, 2021 to June 16, 2023.
2. According to Article 192 of the Company Law and Article 15 of the Articles of Association of the Company, the election of independent directors adopted a nomination system, which has been nominated, reviewed, and approved by the Board of Directors of the Company, and included in the list of independent director candidates. The relevant information is as follows:

Independent Director Candidates	Education Background	Experiences	Current Position	Number of Shares Held	Reasons for the term of independent directors reaching three sessions
Lin, Hui-Ping	Bachelor of Finance at Soochow University Baruch College Finance MBA at Baruch College	Deputy General Manager, Sales Department, Grand Cathay Securities Corporation Special Assistant of the Chairman, M.J. International Co. Ltd. Special Assistant of the Chief Financial Officer and Chairman, Kayee International Group Co., Ltd.	Chairman, Huilu Information Co., Ltd. Director, Pili International Multimedia Co., Ltd. Senior Consultant, Stylution International Corp.	0	None

3. Please proceed to vote:

Result of Election:

## Proposal II: Proposed by the Board of Directors

Subject: Please the removal of the non-compete restrictions for the newly-appointed independent director.

- Description:
1. According to Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
  2. It is proposed to file a request to the 2021 General Shareholders Meeting pursuant to the law, with regard to the removal of non-compete restrictions for new directors (including independent directors) and their representatives.

Name	Part-time job
Lin, Hui-Ping	Senior Consultant, Stylution International Corp.

### Resolution:

Approved the removal of the non-compete restrictions for the newly-appointed independent director.

## Chapter 6. Extempore Motions

### Adjournment



## Business Report

Dear shareholders:

First of all, I would like to thank all the shareholders for attending the Company's general shareholders meeting. Last year, the retail consumption market was hit by the global COVID-19 epidemic. However, the performance of the furniture industry was relatively stable without much of an impact. In the early stage of the epidemic outbreak, Scan-D was well-prepared with sufficient inventory and cash flow. In addition, our operation was growing against the unfavorable environment due to our industry-leading sales strategies, such as 30 installments of zero interest rate, diversified mobile payment, zero card installments, and iStaging. The revenge spending after the reopening of NOVA Singapore was also a driver of our revenue growth. As of the end of 2020, the number of Scan-D Group branches reached 142 branches (including 84 Scanteak branches, 52 Scan Living branches and 6 Sleep Gallery branches), maintaining its position as the largest furniture chain store in Taiwan. The Company's total revenue reached NT\$2,131 billion, representing an annual increase of 16.56%; net profit after tax was NT\$226 million, representing an annual increase of 117.70%. The 2020 operation results and 2021 business plan are reported as follows:

### I. 2020 Business Report

#### (I) Implementation of Business Plan:

Unit: NT\$'000

Item \ Year	Amount in 2020	Amount in 2019	Increase (decrease)	Increase (decrease) ratio (%)
Operating revenue	2,131,422	1,828,643	302,779	16.56%
Gross profit	1,203,522	1,004,836	198,686	19.77%
Operating expenses	950,727	888,078	62,649	7.05%
Operating Profit	252,795	116,758	136,037	116.51%
Non-operating income (expenses)	40,182	22,303	17,879	80.16%
Net profit (loss) before tax	292,977	139,061	153,916	110.68%
Net profit (loss) after tax	225,854	103,744	122,110	117.70%

#### (II) Budget performance: Not applicable.

#### (III) Financial balance and profitability analysis:

Unit: NT\$'000

Item	Year		Increase (decrease) %	
	2020	2019		
Financial Condition	Operating revenue	2,131,422	1,828,643	16.56%
	Gross profit	1,203,522	1,004,836	19.77%
	Interest income	1,641	1,873	(12.39)%
	Interest expenses	23,985	19,077	25.73%

	Net profit after tax	225,854	103,744	117.70%	
Profitability	Return on assets (%)	8.70	5.60	55.36%	
	Return on shareholders' equity (%)	20.71	10.11	104.85%	
	Paid-in ratio (%)	Operating Profit	54.10	25.31	113.75%
		Net profit before tax	62.69	30.14	108.00%
	Net margin (%)	10.60	5.67	86.95%	
	Earnings per share (net loss) (NT\$)	4.88	2.25	116.89%	

(IV) Research and development: Not applicable.

## II. Summary of 2021 Business Plan

(I) Business strategy:

1. Planned to establish 10 business locations in 2021.
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 boutiques agency, implement multi-brand strategic operation.
4. Utilize 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.

**Scan-D Corporation**

Chairman: Lim, Pok-Chin

General Manager: Lim, Pok-Chin

Accounting Supervisor: Ho, San-Chuang

### **Audit Committee's Review Report**

The Board of Directors has prepared and submitted the Company's 2020 Business Report, Consolidated and Individual Financial Statements, and earnings distribution proposal, of which the Consolidated and Individual Financial Statements have been audited and certified by the CPAs, Chen, Hui -Min and Kuo, Nai-Hua, of Deloitte & Touche, and an unqualified audit report has been issued.

The above Business Report, Financial Statements, and earnings distribution proposal have been reviewed by the Audit Committee, and no mistakes were found. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted for approval.

TO

The Company's 2021 General Shareholders' Meeting

Scan-D Corporation

Convener of the Audit Committee: Wang, Chia-Cheng

March 23, 2021

## Scan-D Corporation

## The second conversion of domestic secured corporate bonds

Types of corporate bonds	The second conversion of domestic secured corporate bonds
Date of issuance	12.15.2016
Issuing amount	NT\$100,000
Issuance Price	Issued at par value
Total issuing par value	NT\$300,000,000
Total issuing amount	NT\$300,000,000
Coupon Rate	0%
Issuance period	12.15.2016-12.15.2021
Conversion period	01.16.2017-12.15.2021
Conversion premium rate	102.13%
Latest conversion price	NT\$38.3
Rights and conditions of sell back bonds	For details, please refer to issuance and conversion policies
Rights and conditions of buy back bonds	For details, please refer to issuance and conversion policies
Underwriter	Cathay Securities Corporation
Unconverted ordinary shares as of the publication date	5,904,718 shares
Unconverted amount as of the publication date	NT\$46,900,000

## **2020 Consolidated Financial Statements Independent Auditors' Report**

### **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, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2020 and 2019 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 2020. 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 2020 Consolidated Financial Statements of Scan-D Corporation and its subsidiaries (Scan-D Group) are as followings:

#### Authenticity of Sales Revenue

As Scan-D Group belongs to the furniture retail industry and sells products to non-specific consumers, where there are many miscellaneous transactions, Therefore the sales revenue incurred from the orders with prices higher than the average sales amount of orders is listed as one of the key audit matters. For accounting policies on revenue recognition, Please refer to Note 4(15) of the consolidated financial report.

The CPA has conducted the following key auditing procedures for the sales revenue generated from the orders with prices higher than the average sales amount of the above orders:

1. Understand the design and implementation, as well as testing the effectiveness of the internal control system for the above sales revenue process.
2. Obtain details of the above sales revenue, conduct sample testing samples, check the shipment supporting documents and the collection of receivables to confirm the authenticity of the sales revenue incurred.
3. We found no significant sales return and discount during the later stage of the period.

#### **Other Matters**

Scan-D Corporation has compiled the Individual Financial Statements for 2020, 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 the Audit Committee) 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 2020 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-Min

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 23, 2021

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 31, 2020 and 2019

Unit: NT\$'000

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 418,377	14	\$ 221,542	8
1110	Financial assets at fair value through profit and loss- current (Notes 4 and 7)	7,081	-	7,680	-
1136	Current financial assets at amortized cost (Note 4, 8, and 9)	120,000	4	-	-
1170	Net accounts receivable (Note 4 and 10)	86,109	3	72,130	3
1180	Accounts receivable due from related parties, net (Note 4, 10, and 31)	2,253	-	-	-
130X	Inventories (Note 4 and 11)	427,570	15	528,365	20
1410	Advance payments	25,096	1	8,814	-
1470	Other current assets (Note 31)	11,458	-	12,681	-
11XX	Total current assets	1,097,944	37	851,212	31
	<b>Non-current assets</b>				
1600	Property, Plant & Equipment (Note 4, 13, and 32)	853,452	29	795,419	30
1755	Right-of-use assets (Note 4, 14 and 31)	751,655	26	831,643	31
1801	Net computer software (Note 4)	984	-	1,188	-
1805	Goodwill (Note 4 and 15)	158,913	6	158,913	6
1915	Advance payment for equipment	6,783	-	3,909	-
1920	Refundable Deposits (Note 31)	59,907	2	62,841	2
15XX	Total non-current assets	1,831,694	63	1,853,913	69
1XXX	Total assets	\$ 2,929,638	100	\$ 2,705,125	100
	<b>Liability and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Note 4 and 16)	\$ 10,780	-	\$ 80,052	3
2130	Contract liabilities - current (Note 23)	334,382	11	256,390	9
2150	Notes receivable (Note 4 and 18)	5,328	-	4,461	-
2170	Accounts payable (Notes 4 and 18)	59,056	2	46,371	2
2200	Other payables (Note 19)	118,664	4	96,810	4
2230	Income tax liabilities for the period (Note 4 and 25)	41,599	2	9,890	-
2280	Lease liabilities - current (notes 4, 14 and 31)	247,870	9	264,425	10
2321	Corporate bonds due within one year or exercised repurchase rights (notes 4 and 17)	127,798	4	148,259	6
2322	Long-term loans due within one year (notes 4, 16 and 32)	47,549	2	8,884	-
2399	Other current liabilities	3,142	-	4,156	-
21XX	Total current liabilities	996,168	34	919,698	34
	<b>Non-current liabilities</b>				
2540	Long-term loans (notes 4, 16 and 32)	213,645	7	18,597	7
2550	Liabilities provision - non-current (Notes 4 and 20)	7,170	-	7,614	1
2570	Deferred income tax liabilities (Note 4 and 25)	18,844	1	1,895	-
2580	Lease liabilities - non-current (notes 4, 14 and 31)	517,330	18	572,291	21
2645	Guarantee deposited	4,437	-	5,068	-
25XX	Total non-current liabilities	761,426	26	776,465	29
2XXX	Total liabilities	1,757,594	60	1,696,163	63
	<b>Equity (Note 22)</b>				
	Equity attributable to owners of the Company				
3110	Capital - common stock	467,311	16	461,332	17
3200	Capital surplus	198,612	7	181,931	7
	Retained earnings				
3310	Statutory surplus reserve	193,090	6	182,733	7
3320	Special reserve	1,248	-	-	-
3350	Undistributed earnings	312,315	11	181,919	6
3300	Total retained earnings	506,653	17	364,652	13
3400	Other equity	(3,139)	-	(1,248)	-
31XX	Total equity attributable to owners of the Company	1,169,437	40	1,006,667	37
36XX	Non-controlling interests (Note 22)	2,607	-	2,295	-
3XXX	Total equity	1,172,044	40	1,008,962	37
	Total liabilities and equity	\$ 2,929,638	100	\$ 2,705,125	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, 2020 and 2019

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

Code		2020		2019	
		Amount	%	Amount	%
	Operating income (Note 23)				
4110	Sales revenue	\$ 2,132,775	100	\$ 1,834,971	101
4170	Sales return	( 13,584)	( 1)	( 14,621)	( 1)
4190	Sales discount	( 47)	-	( 126)	-
4100	Net sales revenue	2,119,144	99	1,820,224	100
4800	Other operating revenue	12,278	1	8,419	-
4000	Total Operating Revenue	<u>2,131,422</u>	<u>100</u>	<u>1,828,643</u>	<u>100</u>
	Operating costs (notes 9, 21, 24, and 31)				
5110	Cost of sales	( 919,004)	( 43)	( 817,403)	( 45)
5800	Other operating costs	( 8,896)	1	( 6,404)	-
5000	Total operating expenses	( 927,900)	( 44)	( 823,807)	( 45)
5900	Gross profit	<u>1,203,522</u>	<u>56</u>	<u>1,004,836</u>	<u>55</u>
	Operating expenses (Notes 19, 24 and 31)				
6100	Marketing expenses	( 841,314)	( 40)	( 789,611)	( 43)
6200	Administrative expenses	( 109,413)	( 5)	( 98,467)	( 5)
6000	Total operating expenses	( 950,727)	( 45)	( 888,078)	( 48)
6900	Operating margin	<u>252,795</u>	<u>11</u>	<u>116,758</u>	<u>7</u>
	Non-operating income and expenses (Note 24 and 31)				
7100	Interest income	1,641	-	1,873	-
7190	Other income	65,475	3	41,391	2
7020	Other profit and loss	( 2,949)	-	( 1,884)	-
7050	Finance costs	( 23,985)	( 1)	( 19,077)	( 1)
7000	Total non-operating income and expenses	<u>40,182</u>	<u>2</u>	<u>22,303</u>	<u>1</u>
7900	Profit before tax of continuing operations	292,977	13	139,061	8

(Continued)

(Continued from previous page)

Code		2020		2019	
		Amount	%	Amount	%
7950	Income tax expenses (Note 25)	( 67,123 )	( 3 )	( 35,317 )	( 2 )
8200	Net income	<u>225,854</u>	<u>10</u>	<u>103,744</u>	<u>6</u>
	Other comprehensive profit or loss				
8360	Items that might be reclassified to profit or loss:				
8361	Translation differences in financial statements from overseas operations	( 2,446 )	-	( 1,602 )	-
8399	Income tax relating to items that may be reclassified (Notes 23)	<u>473</u>	<u>-</u>	<u>312</u>	<u>-</u>
8300	Other comprehensive income for the period	( <u>1,973</u> )	<u>-</u>	( 1,290 )	<u>-</u>
8500	Total comprehensive income	<u>\$ 223,881</u>	<u>10</u>	<u>\$ 102,454</u>	<u>6</u>
	Net income attributable to:				
8610	Owners of parent company	\$ 225,041	11	\$ 103,575	6
8620	Non-controlling interest	<u>813</u>	<u>-</u>	<u>169</u>	<u>-</u>
8600		<u>\$ 225,854</u>	<u>11</u>	<u>\$ 103,744</u>	<u>6</u>
	Total comprehensive income attributable to:				
8710	Owners of parent company	\$ 223,150	10	\$ 102,327	6
8720	Non-controlling interest	<u>731</u>	<u>-</u>	<u>127</u>	<u>-</u>
8700		<u>\$ 223,881</u>	<u>10</u>	<u>\$ 102,454</u>	<u>6</u>
	Earnings per share (Note 26)				
	From continuing business				
9710	Basic	<u>\$ 4.88</u>		<u>\$ 2.25</u>	
9810	Diluted	<u>\$ 4.55</u>		<u>\$ 2.24</u>	

The attached notes are part of the consolidated financial statements.

Chairman: Lin, Fu-Chin

Manager: Lin, Fu-Chin

Accounting upervisor: He, han-Chuang

Scan-D Corporation and its Subsidiaries  
Consolidated Statements of Changes in Equity  
January 1 to December 31, 2020 and 2019

Unit: NT\$'000

		Equity attributable to owners of the Company								
Code		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	Special reserve				Undistributed earnings
A1	Balance as of January 1, 2019	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 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

(Continued)

Equity attributable to owners of the Company

Code		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	Special reserve				Undistributed earnings
	Appropriation and distribution of 2019 earnings									
B1	Statutory surplus reserve	-	-	-	10,357	-	( 10,357)	-	-	
B3	Special reserve	-	-	-	-	1,248	( 1,248)	-	-	
B5	Cash dividend to shareholders of the Company	-	-	-	-	-	( 83,040)	-	( 83,040)	
B5	Cash dividends distributed to shareholders of subsidiaries	-	-	-	-	-	-	( 419)	( 419)	
D1	Net profit in 2020	-	-	-	-	-	225,041	-	813	
D3	Other comprehensive income in 2020	-	-	-	-	-	( 1,891)	( 82)	( 1,973)	
D5	Total comprehensive income in 2020	-	-	-	-	-	225,041	( 1,891)	731	
I1	Conversion of corporate bonds to common stock	598	5,979	16,681	-	-	-	-	22,660	
Z1	Balance as at December 31, 2020	<u>\$ 46,731</u>	<u>\$ 461,332</u>	<u>\$ 198,612</u>	<u>\$ 193,090</u>	<u>\$ 1,248</u>	<u>\$ 312,315</u>	<u>( \$ 3,139)</u>	<u>\$ 2,607</u>	<u>\$ 1,172,044</u>

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, 2020 and 2019

Unit: NT\$'000

Code		2020	2019
	Cash flows from operating activities		
A10000	Profit before tax for the year	\$ 292,977	\$ 139,061
A20010	Income and expense items		
A20100	Depreciation expenses	310,053	257,000
A20200	Amortization expenses	857	1,389
A20400	Net losses on financial liabilities at fair value through profit or loss	421	1,132
A20900	Finance costs	23,985	19,077
A21200	Interest income	( 1,641)	( 1,873)
A21300	Dividend income	( 201)	( 282)
A22500	Loss (gain) on disposal and scraping of property, plant and equipment	( 18)	872
A29900	Gain on lease modification	( 1,002)	( 1)
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	( 13,979)	12,315
A31160	Accounts receivable due from related parties	( 2,253)	-
A31200	Inventory	100,795	24,006
A31230	Prepayments	( 16,282)	161
A31240	Total current assets	1,279	14,507
A32125	Contract liabilities	77,992	139,377
A32130	Notes payable	867	( 9,382)
A32150	Accounts payable	12,685	( 96,771)
A32180	Other Payables	22,266	19,852
A32230	Other current liabilities	1,014	1,881
A33000	Cash from operating activities	807,787	522,321
A33300	Interest paid	( 4,820)	( 3,657)
A33500	Income tax paid	( 17,956)	( 58,410)
AAAA	Net cash inflow from operating activities	<u>785,011</u>	<u>460,254</u>
	Cash flow from investment activities		
B00040	Acquisition of financial assets at amortized cost	( 120,000)	-

(Continued)

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Code		2020	2019
B02200	Acquisition of subsidiaries (Notes 27)	-	( 152,348 )
B02700	Acquisition of property, plant and equipment	( 115,107 )	( 25,017 )
B02800	Disposal price of property, plant and equipment	930	63
B03700	Increase in refundable deposits	3,136	( 14,498 )
B04500	Acquisition of intangible assets	( 653 )	( 954 )
B07100	Increase in prepayment for equipment	( 4,739 )	( 11,465 )
B07500	Interest received	591	1,036
B07600	Dividend received	<u>201</u>	<u>282</u>
BBBB	Net cash outflow from investing activities	( <u>235,641</u> )	( <u>202,901</u> )
	Cash flow from financing activities		
C00100	Increase in short-term loans	-	78,160
C00200	Decrease in short-term loans	( 69,272 )	-
C01600	Proceeds from long-term loan	62,713	145,115
C03000	Increase in guarantee deposits	-	5,044
C03100	Decrease in guarantee deposits received	( 631 )	-
C04020	Repayment of lease principal	( 261,426 )	( 204,591 )
C04500	Cash dividend distributed	( 83,040 )	( 138,400 )
C05800	Cash dividend paid to non-controlling interests	( <u>419</u> )	<u>-</u>
CCCC	Net cash outflow from financing activities	( <u>352,075</u> )	( <u>114,672</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	( <u>460</u> )	( <u>1,183</u> )
EEEE	Increase in cash and cash equivalents, net	196,835	141,498
E00100	Cash and cash equivalents at beginning of the year	<u>221,542</u>	<u>80,044</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 418,377</u>	<u>\$ 221,542</u>

The attached notes are part of the consolidated financial statements.

Chairman: Lin, Fu-Chin

Manager: Lin, Fu-Chin

Accounting Supervisor: He, han-Chuang

## **2020 Individual Financial Statements Independent Auditors' Report**

### **Independent Auditors' Report**

To Scan-D Corporation

#### **Audit Opinion**

We have audited the consolidated balance sheets of Scan-D Corporation as of December 31, 2020 and 2019, 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, 2020 and 2019.

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, 2020 and 2019, and its individual financial performance and its consolidated cash flows for January 1 to December 31, 2020 and 2019 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 2020 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 2020 individual financial statements of Scan-D Corporation are as followings:

#### Authenticity of the Sales Revenue Incurred

As Scan-D Corporation belongs to the furniture retail industry and sells products to non-specific consumers, where there are many miscellaneous transactions. Therefore the sales revenue incurred from the orders with prices higher than the average sales amount of orders is listed as one of the key audit matters. For accounting policies on revenue recognition, please refer to Note 4 (13) in the Parent Company Only Financial Statements.

The CPA has conducted the following key auditing procedures for the sales revenue generated from the orders with prices higher than the average sales amount of the above orders:

1. Understand the design and implementation, as well as testing the effectiveness of the internal control system for the above sales revenue process.
2. Obtain details of the above sales revenue, conduct sample testing samples, check the shipment supporting documents and the collection of receivables to confirm the authenticity of the sales revenue incurred.
3. We found no significant sales return and discount during the later stage of the 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 the Audit Committee) 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 2020 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-Min

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 23, 2021

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, 2020 and 2019

Unit: NTS'000

Code	Assets	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
	<b>Current assets</b>				
1100	Cash and cash equivalents (Note 4 and 6)	\$ 200,742	8	\$ 131,100	6
1110	Financial assets at fair value through profit and loss- current (Notes 4 and 7)	561	-	285	-
1136	Current financial assets at amortized cost (Note 4, 8, and 9)	120,000	4	-	-
1170	Net accounts receivable (Note 4 and 10)	74,209	3	67,474	3
1180	Accounts receivable due from related parties, net (Note 4, 10, and 29)	2,253	-	-	-
130X	Inventories (Notes 4 and 11)	361,301	14	470,575	20
1470	Other non-current assets	10,170	-	6,981	-
11XX	Total current assets	<u>769,236</u>	<u>29</u>	<u>676,415</u>	<u>29</u>
	<b>Non-current assets</b>				
1550	Investment using equity method (Notes 4 and 12)	325,906	12	247,265	10
1600	Property, Plant & Equipment (Note 4, 13, and 30)	823,451	32	753,459	32
1755	Right-of-use assets (Note 4 and 14)	641,217	25	641,695	27
1801	Net computer software (Note 4)	984	-	1,188	-
1915	Advance payment for equipment	6,783	-	3,909	-
1920	Refundable Deposits (Note 29)	44,431	2	46,576	2
15XX	Total Non-Current Assets	<u>1,842,772</u>	<u>71</u>	<u>1,694,092</u>	<u>71</u>
1XXX	Total Asset	<u>\$ 2,612,008</u>	<u>100</u>	<u>\$ 2,370,507</u>	<u>100</u>
	<b>Liability and equity</b>				
	<b>Current liabilities</b>				
2100	Short-term loans (Note 4 and 15)	\$ -	-	\$ 60,000	3
2130	Contract liabilities - current (Note 22)	234,600	9	192,624	8
2150	Notes receivable (Note 4 and 17)	5,328	-	4,461	-
2170	Accounts payable (Notes 4 and 17)	18,021	1	23,675	1
2200	Other payables (Note 18)	82,905	3	76,379	3
2230	Current income tax liabilities (Notes 4 and 24)	29,660	1	3,435	-
2280	Lease liabilities - current (notes 4, 14 and 29)	183,839	7	192,308	8
2321	Corporate bonds due within one year or exercised repurchase rights (notes 4 and 16)	127,798	5	148,259	6
2322	Long-term loans due within one year (Note 4 and 15)	47,549	2	7,303	1
2399	Other current liabilities	3,142	-	3,660	-
21XX	Total current liabilities	<u>732,842</u>	<u>28</u>	<u>712,104</u>	<u>30</u>
	<b>Non-current liabilities</b>				
2540	Long-term loans (Note 4 and 15)	213,645	8	189,597	8
2550	Liability provision - non-current (Note 4 and 19)	6,200	-	6,500	1
2570	Deferred income tax liabilities (Notes 4 and 24)	18,180	1	851	-
2580	Lease liabilities - non-current (notes 4, 14 and 29)	469,907	18	453,461	19
2645	Guarantee deposited	1,797	-	1,327	-
25XX	Total non-current liabilities	<u>709,729</u>	<u>27</u>	<u>651,736</u>	<u>28</u>
2XXX	Total liabilities	<u>1,442,571</u>	<u>55</u>	<u>1,363,840</u>	<u>58</u>
	<b>Equity (Note 21)</b>				
3110	Capital stock - common stock	467,311	18	461,332	19
3200	Capital surplus	198,612	8	181,931	8
	<b>Retained earnings</b>				
3310	Statutory surplus reserve	193,090	7	182,733	8
3320	Special reserve	1,248	-	-	-
3350	Undistributed earnings	312,315	12	181,919	7
3300	Total retained earnings	<u>506,653</u>	<u>19</u>	<u>364,652</u>	<u>15</u>
3400	Other equity	( 3,139)	-	( 1,248)	-
3XXX	Total equity	<u>1,169,437</u>	<u>45</u>	<u>1,006,667</u>	<u>42</u>
	<b>Total liabilities and equity</b>	<u>\$ 2,612,008</u>	<u>100</u>	<u>\$ 2,370,507</u>	<u>100</u>

The attached notes are part of the individual financial report.

Chairman: Lim, Pok-Chin

Manager: Lim, Pok-Chin

Accounting Supervisor: Ho, San-Chuang

Scan-D Corporation  
Individual Statements of Comprehensive Income  
January 1 to December 31, 2020 and 2019

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

Code		2020		2019	
		Amount	%	Amount	%
	Operating income (Note 4 and 22)				
4110	Sales revenue	\$ 1,547,636	100	\$ 1,449,108	100
4170	Sales return	( 13,584)	( 1)	( 14,621)	( 1)
4190	Sales discount	( 47)	-	( 126)	-
4100	Net sales revenue	1,534,005	99	1,434,361	99
4800	Other operating revenue	12,278	1	8,419	1
4000	Total Operating Revenue	<u>1,546,283</u>	<u>100</u>	<u>1,442,780</u>	<u>100</u>
	Operating costs (notes 11, 23 and 29)				
5110	Cost of sales	( 635,575)	( 41)	( 635,648)	( 44)
5800	Other operating costs	( 8,896)	( 1)	( 6,404)	( 1)
5000	Total operating expenses	( 644,471)	( 42)	( 642,052)	( 45)
5900	Gross profit	<u>901,812</u>	<u>55</u>	<u>800,728</u>	<u>55</u>
	Operating expenses (Notes 23 and 29)				
6100	Selling expense	( 621,912)	( 40)	( 620,276)	( 43)
6200	Administrative expense	( 80,014)	( 5)	( 76,494)	( 5)
6000	Total operating expenses	( 701,926)	( 45)	( 696,770)	( 48)
6900	Operating profit	<u>199,886</u>	<u>13</u>	<u>103,958</u>	<u>7</u>
	Non-operating income and expenses (Note 23)				
7100	Interest income	1,043	-	899	-
7010	Other income	14,020	1	19,192	1
7020	Other gains and losses	2,713	-	263	-
7050	Finance costs	( 16,939)	( 1)	( 14,966)	( 1)
7070	Shares of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	<u>81,005</u>	<u>5</u>	<u>21,225</u>	<u>2</u>

(Continued)

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Code		2020		2019	
		Amount	%	Amount	%
7000	Total non-operating income and expenses	<u>81,842</u>	<u>5</u>	<u>26,613</u>	<u>2</u>
7900	Net income before tax	281,728	18	130,571	9
7950	Income tax expense (Note 4 and 24)	( <u>56,687</u> )	( <u>4</u> )	( <u>26,996</u> )	( <u>2</u> )
8200	Net profit for the year	<u>\$ 225,041</u>	<u>14</u>	<u>\$ 103,575</u>	<u>7</u>
	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)	( <u>2,364</u> )	-	( <u>1,560</u> )	-
8399	Income tax relating to items that may be reclassified (Notes 21)	<u>473</u>	-	<u>312</u>	-
8300	Other comprehensive income for the year	( <u>1,891</u> )	-	( <u>1,248</u> )	-
8500	Total comprehensive income for the period	<u>\$ 223,150</u>	<u>14</u>	<u>\$ 102,327</u>	<u>7</u>
	Earnings per share (Note 25)				
	From continuing business				
9710	Basic	<u>\$ 4.88</u>		<u>\$ 2.25</u>	
9810	Diluted	<u>\$ 4.55</u>		<u>\$ 2.24</u>	

The attached notes are part of the individual financial report.

Chairman: Lim, Pok-Chin

Manager: Lim, Pok-Chin

Accounting Supervisor: Ho, San-Chuang

Scan-D Corporation  
Individual Statements of Changes in Equity  
January 1 to December 31, 2020 and 2019

Unit: NT\$'000

Code		Capital		Retained earnings			Other equity items	Total equity	
		Number of Shares	Amount	Capital surplus	Statutory surplus reserve	Special reserve	Undistributed earnings		Exchange differences on translation of financial statements of overseas operations
A1	Balance as at January 1, 2019	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
	Appropriation and distribution of 2019 earnings								
B1	Statutory surplus reserve	-	-	-	10,357	-	( 10,357)	-	-
B3	Special reserve	-	-	-	-	1,248	( 1,248)	-	-
B5	Cash dividend to shareholders	-	-	-	-	-	( 83,040)	-	( 83,040)
D1	Net profit in 2020	-	-	-	-	-	225,041	-	225,041
D3	Other comprehensive income in 2020	-	-	-	-	-	-	( 1,891)	( 1,891)
D5	Total comprehensive income in 2020	-	-	-	-	-	225,041	( 1,891)	223,150
I1	Conversion of corporate bonds to common stock	598	5,979	16,681	-	-	-	-	22,660
Z1	Balance as at December 31, 2020	46,731	\$ 467,311	\$ 198,612	\$ 193,090	\$ 1,248	\$ 312,315	( \$ 3,139)	\$ 1,169,437

The attached notes are part of the individual financial report.

Chairman: Lim, Pok-Chin

Manager: Lim, Pok-Chin

Accounting Supervisor: Ho, San-Chuang

Scan-D Corporation  
Individual Statements of Cash Flows  
January 1 to December 31, 2020 and 2019

Code		2020	Unit: NT\$'000 2019
	Cash flows from operating activities		
A10000	Profit Before Tax in this year	\$ 281,728	\$ 130,571
A20010	Income and expense items		
A20100	Depreciation expenses	232,897	209,824
A20200	Amortization expenses	857	1,389
A20400	Net profit from financial liabilities at fair value through profit or loss	( 211 )	( 61 )
A20900	Finance costs	16,939	14,966
A22400	Shares of profit of subsidiaries, associates and joint ventures accounted for using the equity method	( 81,005 )	( 21,225 )
A21200	Interest income	( 1,043 )	( 899 )
A22500	Loss (gain) on disposal and scraping of property, plant and equipment	554	524
A29900	Gain on lease modification	( 1,002 )	( 1 )
A30000	Changes in operating assets and liabilities		
A31150	Accounts receivable	( 6,735 )	11,775
A31160	Accounts receivable due from related parties	( 2,253 )	-
A31200	Inventory	109,274	38,268
A31240	Total current assets	( 3,133 )	22,569
A32125	Contract liabilities	41,976	75,611
A32130	Notes payable	867	( 28,269 )
A32150	Accounts payable	( 5,654 )	269
A32180	Other Payables	6,459	553
A32230	Other current liabilities	( 518 )	( 31 )
A33000	Cash from operating activities	589,997	455,833
A33300	Interest paid	( 3,524 )	( 3,308 )
A33500	Income tax paid	( 12,660 )	( 42,890 )
AAAA	Net cash inflow from operating activities	<u>573,813</u>	<u>409,635</u>

Cash flow from investment activities

(Continued)



(Continued from previous page)

Code		2020	2019
B00040	Acquisition of financial assets at amortized cost	( 120,000)	-
B02200	Acquisition of subsidiaries (less the cash received)	-	( 227,600)
B02700	Acquisition of property, plant and equipment	( 106,017)	( 18,145)
B03800	Decrease in refundable deposits	2,134	733
B04500	Acquisition of intangible assets	( 653)	( 954)
B06500	Decrease (increase) in other financial assets	-	4,015
B07100	Increase in prepayment for equipment	( 4,739)	( 11,465)
B07500	Interest received	<u>206</u>	<u>218</u>
BBBB	Net cash outflow from investing activities	( <u>229,069</u> )	( <u>253,198</u> )
	Cash flow from financing activities		
C00100	Increase in short-term loans	-	60,000
C00200	Decrease in short-term loans	( 60,000)	-
C01600	Borrowing of long-term loan	64,294	144,482
C03000	Increase in guarantee deposits	470	1,303
C04020	Repayment of lease principal	( 196,826)	( 172,766)
C04500	Cash dividend distributed	( <u>83,040</u> )	( <u>138,400</u> )
CCCC	Net cash outflow from financing activities	( <u>275,102</u> )	( <u>105,381</u> )
EEEE	Increase in cash and cash equivalents, net	69,642	51,056
E00100	Cash and cash equivalents at beginning of the year	<u>131,100</u>	<u>80,044</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 200,742</u>	<u>\$ 131,100</u>

The attached notes are part of the individual financial report.

Chairman: Lim, Pok-Chin

Manager: Lim, Pok-Chin

Accounting Supervisor: Ho, San-Chuang

## Scan-D Corporation

### 2020 Earnings Distribution

Unit: NT\$

Item	Amount	
	Subtotal	Total
Unappropriated earnings at the beginning of the period	87,274,354	
Plus: Net profit after tax for the period	225,041,070	
Less: Statutory surplus reserve	(22,504,107)	
Less: Recognized in special earning reserve	(1,891,016)	
Earnings available for appropriation for the period		287,920,301
Appropriation:		
Shareholders dividends (NT\$4.0 per share in cash)	193,159,164	
Unappropriated earnings at the end of the period	94,761,137	
<p>Note: Based on the 48,289,791 ordinary shares issued on the previous day of Company's board meeting on March 22, 2021 Share-based  The cash dividend is rounded down to NT\$1 based on the distribution ratio.  The total amount of fraction cash dividends less than NT\$1 shall be recognized in other income of the Company.</p>		

Chairman: Lim, Pok-Chin

Manager: Lim, Pok-Chin

Accounting Supervisor: Ho, San-Chuang

## Scan-D Corporation

### Articles of Association

#### Chapter 1 General Provisions

- Article 1. The Company is incorporated in accordance with the regulations of the Company Act and registered under the name of SCAN-D CORPORATION.
- Article 2. The Company is engaged in the following business:
- I. CN01010 Furniture and Fixtures Manufacturing.
  - II. E801010 Building Maintenance and Upholstery.
  - III. F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures.
  - IV. F111090 Wholesale of Building Materials.
  - V. F205040 Retail Sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures.
  - VI. F211010 Retail Sale of Building Materials.
  - VII. I503010 Landscape and Interior Designing.
  - VIII. F113030 Wholesale of Precision Instruments.
  - IX. F113070 Wholesale of Telecom Instruments.
  - X. F118010 Wholesale of Computer Software.
  - XI. F119010 Wholesale of Electronic Materials.
  - XII. F199990 Other Wholesale Trade.
  - XIII. F299990 Other Retail.
  - XIV. F399990 Others Consolidated Retail.
  - XV. F401010 International Trade.
  - XVI. G801010 Warehousing and Storage.
  - XVII. I103060 Management Consulting Services.
  - XVIII. I301010 Software Design Services.
  - XIX. I301030 Digital Information Supply Services.
  - XX. I501010 Product Designing.
  - XXI. F399040 Retail without stores.
  - XXII. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3. The Company is headquartered in Taoyuan City. If necessary, the Company may establish domestic or overseas subsidiaries after the resolution from the Board.
- Article 4. Public announcements of the Company shall be made in accordance with Article 28 of the Company Act.

Article 5. The Company may re-invest as a shareholder with limited liability of other companies, and the total re-investment amount is not limited by the amount as regulated in Article 13 of the company Act.

Article 5-1. The Company may make guarantees to others for business needs.

## Chapter 2 Shares

Article 6. The total capital of the Company is NT\$800 million, divided into \$80 million shares with a nominal value of NT\$10 per share. The Board is authorized to issue outstanding shares in installments.

Of the abovementioned total capital, NT\$50 million is reserved for the exercise of stock options, such as employee stock options, corporate bonds with stock options, and special stocks with stock options, which may be issued in installments in accordance with the resolution of the Board of Directors.

Article 7. The treasury shares bought back by the Company shall be transferred to the employees at a price lower than the actual average price for purchasing the shares. The resolution for transfer may be adopted with the concurrence of over two-thirds of votes exercised by the shareholders present at the shareholders meeting who represent a majority of the issued shares of the Company.

Article 8. If the Company intends to issue employee stock options at a stock price lower than the market price, the issuance is subject to the resolution of the general shareholders meeting in accordance with Article 56-1 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

Article 9. The shares of the Company shall be numbered and signed or sealed by the Company's representative as well as attested by the bank that should be the attester according to the laws before issuance.

The shares of the Company shall be issued in non-printed certificates or printed together based on the total amount of shares issued each time, which, however, shall be registered by the centralized securities depository institution.

Article 10. Shares shall not be transferred within 60 days prior to the convening of each general shareholders' meeting, or within 30 days prior to the convening date of a general shareholders' meeting, or within 5 days prior to the base day in which the Company decides to distribute dividends, bonus or other benefits.

## Chapter 3 Shareholder Meetings

- Article 11. Shareholders' meetings can be classified into general shareholders meetings and extraordinary general meetings. General shareholders meetings are convened once per year, which shall be convened within six months after the close of each fiscal year. Extraordinary general meetings are convened when necessary.
- General shareholders meetings shall be convened 30 days in advance and extraordinary shareholders meeting shall be convened 15 days in advance by notifying shareholders in writing, which shall be made by way of electronic with the consent of the shareholders. For shareholders holding less than 1,000 registered shares, notification shall be made by announcements.
- Shareholders holding over 1% of the total number of issued shares may submit a written proposal to the Company for discussion at a general shareholders meeting. Such proposals, however, are limited to one item only, and no proposal containing more than one item will be included in the meeting agenda. The proposals are handled in accordance with the Company Act and relevant regulations.
- Article 12. When a shareholder is unable to attend a shareholders' meeting, the shareholder shall appoint a proxy to attend by to attend the meeting by issuing a power of attorney published by the Company and specified its authorized rights. In addition to the provisions of Article 177 of the Company Law, the measures for appointing proxy by shareholders shall be handled in accordance with the requirements of the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" issued by the competent authority.
- Article 13. Shareholders are entitled to one vote for each share held, except those restricted or without voting rights in accordance with Article 179 of the Company Act.
- Article 14. The resolutions of the shareholders meeting shall be attended by shareholders representing more than half of the total number of issued shares, unless otherwise provided by the Company Law, with the consent of more than half of the voting rights of the shareholders present.
- According to the regulations of the competent authority, if the Company adopts an electronic voting system, shareholders shall exercise their voting rights by electronic means. Shareholders who exercise their voting rights by electronic means are deemed to be present in person, and their exercise method should include a notice of the shareholders meeting.
- Resolutions resolved at a shareholders' meeting shall be recorded in the minutes and shall be signed and sealed by the chairman. The preparation and issuance of the minutes shall be handled in accordance with Article 183 of the Company Act.

## Chapter 4: Directors and Audit Committee

- Article 15. The Company shall appoint 7-9 directors , candidates with sufficient capabilities are elected at the shareholders meeting. The tenure is three years and the directors are subject to re-election.  
Among the aforementioned number of directors, the number of independent directors shall be no less than 3 and one-fifth of the number of directors. The election of independent directors and directors adopts a candidate nomination system. The shareholders shall elect the directors from the list of candidates. Independent directors and non-independent directors are elected concurrently, in which votes are calculated separately. The professional qualifications of independent directors, restrictions on shareholding and part-time employment, determination of independence, nomination methods and other matters to be complied with shall be handled in accordance with the relevant regulations of the securities competent authority.
- Article 16. The chairman is elected by two-thirds of the directors present at the meeting and representing one-half or more of the number of directors present at the meeting. The Vice-Chairman is elected depending on actual needs. The chairman represents the Company externally. When the chairman of the Board is on leave or unable to exercise its powers, the proxy shall handle in accordance with Article 208 of the Company Act.
- Article 17. The reason for convening the Board meeting shall be stated and notified to the directors 7 days in advance. In case of emergency, however, a board meeting may be convened at any time. The above notice in respect of convening a meeting shall be made in writing, by email, or facsimile.
- Article 18. When a director is unable to attend a shareholders' meeting, the director shall appoint other directors to attend the shareholders meeting by issuing a power of attorney and specified its authorized rights of the convening reason. However, the proxy shall be only appointed by one person.
- Article 19. The Board of Directors is authorized to determine the remuneration of the Company's directors based on their participation in and contribution to the operation of the Company, with reference to the domestic industry standard, regardless of the gain or loss of the Company's business.  
A director holding a position as an employee shall be remunerated as regular staff.  
The Company shall purchase liability insurance during the term of office of its directors and key staff in respect of their indemnity liabilities in the scope of performing duties in accordance with the laws.

## Chapter 5 Managers

- Article 20. The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall consist of all independent directors, the number of which shall be no less than three, one of whom shall be the convener, and at least one of whom shall possess accounting or financial expertise. The composition, functions and powers, rules of procedure and other matters to be complied with by the Company's audit committee shall be handled in accordance with the relevant regulations of the securities competent authority.
- Article 21. The Company shall establish various functional committees, each of which shall establish rules and regulations for exercising their powers, and shall be implemented after being approved at the Board meeting.
- Article 22. The Company shall appoint numerous managers, whose appointment, discharge and remuneration shall be handled in accordance with Article 29 of the Company Act. The manager is authorized to manage affairs and apply signatures for the Company within the scope of the Articles of Association or the agreed scope of authority.

## Chapter 6 Accounting

- Article 23. The fiscal year of the Company starts on the January 1 and ends on December 31 every year. At the end of each fiscal year, a final account shall be made. The Board of Directors shall compile the following statements in accordance with the Company Act and file to the general shareholders meeting for recognition:
- I. Business report.
  - II. Financial statements.
  - III. Resolutions related to earnings distribution or loss provision.
- Article 24. If the Company records a profit for the year, it shall allocate no less than 4% as employees' remuneration. The Board of Directors shall decide whether it shall be distributed by shares or cash. The distribution target includes employees of subsidiaries that meet certain conditions. The Board of Directors of the Company shall resolve to allocate no more than 2% for directors' and supervisors' remuneration in accordance with the aforementioned amount. Proposals for the distribution of employees' remuneration and directors' remuneration shall be reported at the shareholders meeting. In the case of accumulated loss, the Company shall reserve an indemnity amount, which shall then be allocated to employees'

remuneration and directors' remuneration according to the aforementioned ratios.

- Article 25. If there is a surplus in the annual accounts of the Company, taxes shall be paid in accordance with the laws. After making up for the accumulated losses, 10% will be provided in the statutory surplus reserve. However, the statutory surplus reserve shall not be provided once it has reached the Company's paid-in capital. If there is a balance, together with the unappropriated earnings, the Board of Directors shall compile an earning distribution resolution and submit to the shareholders meeting to resolve whether to distribute dividends to shareholders.
- The Company's dividend policy is based on current and future development plans, considers investment environment, capital requirements, and domestic and foreign competition, and takes into account factors such as shareholders' interests. No less than 20% of the distributable earnings is allocated for share dividends to shareholders each year. Dividends are distributed primarily by way of cash or shares, of which cash dividends will be no less than 30% of the total dividend.

#### Chapter 7 Supplemental Provisions

- Article 26. The Company's organization regulations and operation rules shall be otherwise formulated.
- Article 27. All matters not specified in the Articles of Association shall be handled in accordance with the Company Act and other laws and regulations.
- Article 28. The Articles of Association was drawn up on October 3, 1995, (omitted)  
The 21st amendments were made on June 22, 2017.  
The 22st amendments were made on June 17, 2020.



### Scan-D Corporation

#### Rules and Procedures of shareholders meeting (Before Amendment)

##### Article 1

To establish a strong governance system and sound supervisory capabilities for the Company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 5 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

##### Article 2

The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the Articles of Association, shall be as provided in these Rules.

##### Article 3 (Convention and Notice of shareholders meeting)

Unless otherwise required by regulations, the shareholders meeting of the Company is convened by the Board of Directors.

The Company shall compile the notice for shareholders meeting, the power of attorney, resolutions to be recognized, resolutions to be discussed and resolution regarding appointment or dismissal of directors in electronic form and deliver them to the Market Observation Post System 30 days prior to a general shareholders meeting or 15 days prior to an extraordinary shareholders meeting. In addition, the Company shall compile the shareholders meeting Agenda and supplemental information of the meeting in electronic form and deliver them to the Market Observation Post System 21 days prior to a general shareholders meeting or 15 days prior to an extraordinary shareholders meeting. The Company shall have prepared the shareholders meeting Agenda and supplemental information of the meeting materials 15 days prior to an extraordinary shareholders meeting for the reference of the shareholders at any time. The said materials are displayed at the Company and the professional shareholder services agent designated by the Company and shall be distributed at the shareholders meeting.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and announcement. With the consent of addressees, the meeting notice may be given in electronic form.

The election or dismissal of directors, change of the Articles of Association, capital reduction, application for suspension of public issuance, directors' competition license, surplus capital increase, public reserve capital increase,

company dissolution, merger, spin-off, or provisions in Article 185-1 shall be stated in the reasons for convening the shareholders meeting along with its main content and shall not be proposed as extempore motions. Its main content shall be placed on the website designated by the securities competent authority or company and its website shall be stated in the notice.

The reasons for convening the shareholders meeting has stated the full re-election of directors and the date of appointment. After the re-election of the shareholders meeting, the appointment date shall not be changed by extempore motions or other means in the same meeting.

Shareholders who hold more than one percent of the total number of issued shares shall submit a general shareholders meeting resolution to the Company. which is limited to one only. Resolutions beyond the limitation shall not be included. However, if the proposed shareholders' resolution is to urge the Company to promote public interest or fulfill its social responsibilities, the Board of Directors shall include it in the agenda. In addition, if the proposed shareholders' resolution fulfills the circumstances mentioned in paragraph 4, Article 172-1 of the Company Act, the Board of Directors shall exclude it from the agenda.

Prior to the book closure date before a general shareholders meeting is held, the Company shall announce the accepted resolutions proposed by shareholders, the written and electronic acceptance method, the acceptance location and acceptance period. The acceptance period shall be no less than 10 days.

The resolution proposed by shareholders is limited to 300 words. Resolutions exceeding 300 words shall not be included in the agenda. The shareholders proposing a resolution shall attend the general shareholders meeting in person or by proxy, and participate in the resolution discussion.

The Company shall, prior to the date of the shareholders meeting notice, inform the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders meeting notice the proposals conforming to the requirements set out in this Article. The Board of Directors shall explain the reasons for excluding any shareholder resolutions at the shareholders meeting for resolutions not included in the agenda.

#### Article 4

For each shareholders meeting, the shareholder shall appoint a proxy to attend by to attend the meeting by issuing a power of attorney published by the Company and specified its authorized rights.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the date of the shareholders meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail, provided that this does not apply to a declaration made to cancel the previous proxy appointment.

After the delivery of the power of attorney of a proxy to the Company, in case the

shareholder issuing the said proxy intends to attend the shareholders meeting in person or to exercise his/her/its voting power in writing or by electronic means, a proxy rescission notice shall be filed to the Company 2 days in writing prior to the date of the shareholders meeting as scheduled in the shareholders meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 (Principles determining time and place of shareholders meeting)

The venue where a shareholder meeting is held shall be the premises of this Company or a location easy for shareholders to access and appropriate for holding meetings. All shareholder meetings may not begin before 9:00 a.m. or after 3:00 p.m. The opinions of the independent directors shall be fully taken into consideration for the location and time of a shareholder meeting.

Article 6 (Preparation of attendance logs and other documents)

The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The aforementioned time during which shareholder attendance registrations shall be at least 30 minutes before the meeting begins. The registration counter shall be clearly indicated and sufficient amount of staff shall be assigned.

Shareholders and their proxies (collectively referred to as "shareholders") shall attend shareholders meetings with their meeting pass, sign-in cards, or other certificates that validate the attendance. The Company may not arbitrarily add requirements demanding for other documents beyond those showing eligibility presented by shareholders. Those seeking the power of attorney shall also bring along their identity document(s) for verification.

The Company shall prepare an attendance book for shareholders to sign in, or the shareholder present may present an attendance card in lieu of signing on the attendance book.

The Company shall provide attending shareholders with the meeting agenda, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, ballots shall also be provided.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (Chairman of the shareholders meeting and Participants)

When a shareholders meeting is convened by the Board of Directors, the meeting shall be chaired by the chairman of the Board. In case the chairperson of the Board is on leave or unable to exercise its powers as a chairman, the vice-chairman shall act in place of the chairperson. If the Board has not appointed a vice-chairman or

the vice-chairman is also on leave or unable to exercise its powers as a vice-chairman, the chairman shall appoint one of the managing directors to act as the chairman, or, if managing directors have not been appointed, one of the directors shall be appointed to act as the chairman. Where the chairman does not make such an appointment, the managing directors or the directors shall elect one person from among themselves to serve as the chairman.

When electing the chairman from managing directors or directors, those who have held the positions for six months or longer and understand the financial and business operations of the Company shall be prioritized. The same shall apply for a representative of a juristic person director that serves as the chairman.

The shareholders meeting convened by the Board of Directors shall be presided over by the Chairman in personal and attended by more than half of the Board of Directors, and at least one member of each functional committee. The attendance shall be recorded in the shareholders meeting minutes.

If a shareholders meeting is convened by a party with the power to convene a meeting other than the Board of Directors, the convening party shall chairman the meeting. When there are two or more convening parties, they shall elect one person from among themselves to serve as the chairman.

The Company may designate its attorneys, certified public accountants (CPA) or other relevant persons to attend the shareholder's meeting.

#### Article 8 (Documentation of shareholders meeting by audio or video)

The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised in writing or by electronic means.

The chairman shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the

attending shareholders still represent less than one-third of the total number of issued shares, the chairman shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within 1 month.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chairman may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

#### Article 10 (Resolution Discussion)

If the shareholders meeting is convened by the Board of Directors, its agenda shall be determined by the Board of Directors. Relevant motions (including extempore motions and amendments to original motions) shall be decided on a case-by-case basis. The meeting shall be conducted according to the scheduled agenda and shall not be changed without the resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene a meeting other than the Board of Directors,

The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda stated in the preceding two paragraphs (including extempore motions), except by a resolution of the shareholders meeting. If the chairman declares the meeting adjourned in violation of the rules and procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairman in accordance with the statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairman shall provide sufficient explanation and discussion of resolutions or resolutions of amendments or extempore motions proposed by the shareholders. When the chairman is of the opinion that a resolution has been discussed sufficiently to put it to a vote, the chairman may announce the close of the discussion, call for a vote and arrange sufficient time for the vote.

#### Article 11 (Shareholders' speech)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the chairman, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chairman shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

#### Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as a proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as a proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3 percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

#### Article 13

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or deemed non-voting shares under paragraph 2, Article 179 of the Company Act.

When the Company convenes a shareholder meeting, voting rights shall be

exercised in writing or by electronic means. When voting rights are exercised in writing or by electronic means, the method shall be set out in the shareholders meeting notice. A shareholder exercising voting rights in writing or by electronic means will be deemed to have attended the meeting in person. However, to waive his/her rights with respect to the extempore motions and revisions to the original resolutions of that meeting, the Company shall avoid submission of extempore motions and revision to the original proposals.

A shareholder intended to exercise voting rights in writing or by electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights in writing or by electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made, by the same means by which the voting rights were exercised 2 days before the date of the shareholders meeting. For overdue retraction, the voting rights already exercised in writing or by electronic means shall prevail. When a shareholder has exercised voting rights both in writing or by electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Association, the passage of a proposal requires the majority voting rights of the attending shareholders. At the time of a vote, for each proposal, the Chairman or a person designated by the Chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a vote of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, including the numbers of votes for and against and the number of absent votes, shall be submitted into the Market Observation Post System.

When there is an amendment or an alternative to the same proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one of them is passed, other resolutions will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a resolution shall be appointed by the chairman, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for voting on motions or elections shall be conducted at an open space in the shareholder meeting venue and the results, including weights, shall be announced immediately after counting and recorded.

#### Article 14 (Election)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules of the Company. The voting results shall be announced immediately, including the names of those elected as directors and the numbers of votes they received.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman and a copy shall be distributed to each shareholder within 20 days of the meeting. The preparation and distribution of the meeting minutes shall be made by electronic means.

The distribution of the meeting minutes described in the preceding paragraph shall be announced by submitting to the Market Observation Post System.

The proceedings shall be recorded in accordance with the year, month, day, place, name of the chairman, method of resolution, key points of the meeting, and voting results (including statistical weights). When there is an election of directors, the votes of each candidate shall be disclosed. During the existence of the Company, it should be kept permanently.

#### Article 16 (Public Announcement)

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If the shareholders meeting resolutions involve major information required by regulations or competent authority, the Company shall announce the content on the Market Observation Post System within the prescribed time limit.

#### Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The chairman may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at



the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairman may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chairman may direct the proctors or security personnel to escort the shareholder from the meeting.

#### Article 18 (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

#### Article 19 (Supplementary Provisions)

The rules, along with any amendments, shall be implemented after it is resolved by shareholders meetings.

The rules were made on March 20, 2000. (Omitted).

1st amendment was made on May 10, 2002.

2nd amendment was made on June 6, 2008.

3rd amendment was made on June 28, 2012.

4th amendment was made on June 13, 2013.

5th amendment was made on June 20, 2018.

6th amendment was made on June 17, 2020.

# Scan-D Corporation

## Procedures for Election of Directors

- Article 1. To ensure a just, fair, and open election of directors, the Procedures are formulated pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.
- Article 2. Except otherwise provided by laws and regulations or the Company's Articles of Association, the election of the Company's Directors shall be conducted in accordance with these Procedures.
- Article 3. The overall composition of the Board of Directors shall be taken into consideration in the election of the Company's directors. The composition of the Board of Directors shall be considered in a diversified manner, and appropriate diversification policies shall be formulated regarding its own operation, operational type, and development needs, including but not limited to the following two main aspects:
- I. Basic conditions and values: gender, age, nationality, and culture.
  - II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience.
- Each Board member shall possess knowledge, skill, and experience necessary to perform their duties; the abilities required as a whole are as follows:
- I. Ability to make operational judgments.
  - II. Ability to perform accounting and financial analysis.
  - III. Business management ability.
  - IV. Crisis management ability.
  - V. Knowledge of the industry.
  - VI. International market perspective.
  - VII. Ability to lead.
  - VIII. Ability to make policy decisions.
- Article 4. The qualifications of independent directors of the Company shall be in compliance with the provisions of Articles 2, 3, and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.
- The election of the independent directors of the Company shall comply with Articles 5, 6, 7, 8 and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and relevant practices shall be implemented pursuant to Article 24 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.
- Article 5. Elections of the Company's directors shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. The Company shall review the qualifications, education, working experience and the existence of any other matters set forth in Article 30 of the Company Act with respect to

the nominee directors. Additional documents for proof of qualifications shall not be arbitrarily added. The review results shall be provided to the shareholders as reference for electing the competent directors.

If the dismissal of a director for any reason results in an insufficient number of directors required for the Company's election, the Company shall re-elect such director at the next shareholders meeting. When the number of directors falls short by one-third of the total number prescribed in the Company's Articles of Association, the Company shall convene an extraordinary shareholders meeting within 60 days from the date of occurrence to re-election the directors.

When the number of independent directors falls below that required by paragraph 1, Article 14-2 of the Securities and Exchange Act, a re-election shall be held at the next shareholders meeting. When an independent director is dismissed, an extraordinary general meeting shall be convened within 60 days from the date of occurrence to re-election the director.

Article 6. The directors of the Company are elected by a cumulative voting system. Each share corresponds to the voting rights of the number of directors to be elected. One person shall be elected intensively or multiple people are elected by allocation.

Article 7. The Board of Directors shall prepare the ballots with the same number as the directors to be elected, add their weights and issue them to the shareholders attending the shareholders meeting. The names of the electors shall be replaced by the attendance certificate codes printed on the ballots.

In the election of directors of the Company, shareholders may choose to exercise their voting rights by either electronic means or on-site voting.

Article 8. The directors of the Company shall calculate the voting rights of independent directors and non-independent directors according to the amount specified in the Articles of Association. Candidates who obtain more votes should win the position of directors. If two or more persons obtain the same number of votes and the number of directors exceeds the specified limit, such persons acquiring the same votes shall draw lots to decide the one to be elected. The chairman shall draw lots on behalf of absent candidates.

The number of voting rights mentioned in the first paragraph is calculated based on the sum of the voting rights at the shareholders meeting and the voting rights by electronic means.

Article 9. Before the election begins, the chairman shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes at the shareholders meeting shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10. If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder

shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article 11. A ballot is invalid under any of the following circumstances:

- I. The ballot was not prepared by the Board of Directors.
- II. A blank ballot is placed in the ballot box.
- III. The writing is unclear and indecipherable or has been altered.
- IV. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
- V. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
- VI. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 12. The voting rights shall be calculated on site at a shareholders meeting immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chairman on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 13. The Board of Directors of the Company shall issue notifications to the persons elected as directors.

Article 14. These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting. These Procedures was drawn up on June 15, 2004, (omitted)

The 2nd amendments were made on June 6, 2008

The 3rd amendments were made on June 17, 2020

## Scan-D Corporation

### Shareholding of Directors

(Information as of the closing date of share transfer on April 24, 2021)

Title	Name	Representative	Number of Shares Held	Share Holding %
Chairman	NOBLE LINK MANAGEMENT LTD.	Lim, Pok-Chin	15,049,125	30.78%
Director	Neo, Khay-Pin		0	0.00%
Director	Lim, Jie-Ren		0	0.00%
Director	Wang, I-Yao		233,118	0.48%
Independent Director	Chen, Chung-Cheng (Note2)		0	0.00%
Independent Director	Wang, Chia-Cheng		83,525	0.17%
Independent Director	Hung, Da-Feng		0	0.00%
	Total		15,365,768	31.43%

1. The current paid-in capital of the Company is NT\$488,876,580, and the number of issued shares is 48,887,658 shares.
2. According to Article 26 of the Securities and Exchange Act, the minimum shareholding of all directors and supervisors is 3,911,012 shares. (Note)
3. As of the closing date of the share transfer at the general shareholders meeting in 2021, shareholding if individual and all directors recorded in the shareholder's register is the same as described above.

Note1: According to Article 2 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, if two or more independent directors are to be elected, the shareholding of all directors and supervisors other than the independent directors calculated at the rates set forth in the preceding paragraph shall be decreased to 80%.

Note2: Mr. Chen, Chung-Cheng has resigned as an independent director of the Company on January 28, 2021.

## Scan-D Corporation

### The effect of dividend distributions on the Company's operating performance, earnings per share, and return on equity

Unit: Except for earnings per share expressed in dollar, the remainings are NT\$ and %

Item	Year	2021 (estimate)
Paid-in capital at the beginning of the period		NT\$467,311,200
Distribution of dividends for the year (Note 1)	Cash dividends per share (dollar)	4.0 dollar
	Surplus to capital increase share dividend per share	0 share
	Capital increase by capital reserve to share dividend per share	0 share
Change in operating performance	Operating Profit	Not applicable, as the Company did not disclose financial forecast information in 2021.
	Increase and decrease ratio of net operating profit compared to the same period of last year	
	Net profit before tax	
	Increase and decrease ratio of net profit compared to the same period of last year	
	Earnings per share	
	Increase and decrease ratio of earnings per share compared to the same period of last year	
Pro forma earnings per share and P/E ratio	If capital increase by earnings is replaced by cash dividend distribution	Pro forma earnings per share
		Pro forma average annual rate of return
	If capital reserve is not used for capital increase	Pro forma earnings per share
		Pro forma average annual rate of return
	If capital increase by capital reserve has not yet been undertaken and capital increase by earnings is replaced by cash dividend distribution	Pro forma earnings per share
		Pro forma average annual rate of return

Note 1: Pending resolution at the 2021 general shareholders meeting.



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