

Stock Code : 2430



Tsannkuen Enterprise Co., Ltd.
2023 Annual Shareholders' Meeting

Meeting Handbook

May 26 2023

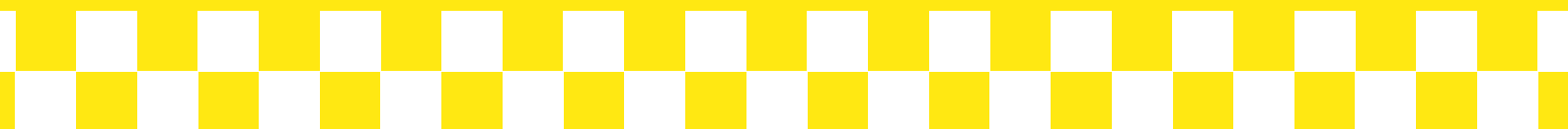


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Tsann Kuen Enterprise Co., Ltd.

Procedure for the 2023 General Shareholders' Meeting

One. Call Meeting to Order

Two. Chairperson's Remarks

Three. Report Items

Four. Ratification Items

Five. Discussion Items

Six. Extempore Motions

Seven. Adjournment

Tsann Kuen Enterprise Co., Ltd.

Agenda of the 2023 General Shareholders' Meeting

Time: 9:00 a.m. on May 26, 2023 (Friday)

Venue: 6F , No. 331, Sec. 1, Tiding Blvd., Neihu District, Taipei (the Company's conference room)

Method of convening: Physical shareholders' meeting

One. Call Meeting to Order

Two. Chairperson's Remarks

Three. Report Items

- I. 2022 business operation status.
- II. Audit committee's review of the 2022 final accounts and books.
- III. 2022 earnings distribution scheme.
- IV. Remuneration of employees for 2022.

Four. Ratification Items

- I. Ratification of the 2022 final accounts and books.

Five. Discussion Items

- I. Amendments to the Company's "Rules of Procedure for Shareholders' Meetings".

Six. Extempore Motions

Seven. Adjournment

One. Call Meeting to Order

Two. Chairperson's Remarks

Three. Report Items

I. 2022 business operation status; please review.

[**Explanation**] Please refer to Attachment I on pages 5~6 for the business report.

II. Audit committee's review of the 2022 final accounts and books; please review.

[**Explanation**] Please refer to Attachment II on page 7 for the audit committee's review report.

III. 2022 earnings distribution scheme; please review.

[**Explanation**]

I. The Company's 2022 cash dividends amounted to NT\$467,200,000, with April 1, 2023 set as the ex-dividend date, and April 26 of the same year as the distribution date.

IV. Remuneration of employees for 2022; please review.

[**Explanation**]

I. The Company's 2022 profit (before-tax profit excluding employees' remuneration) audited by CPAs was NT\$750,803,559. In accordance with Article 19 of the Articles of Association, 2.5% of the profit was allocated as employees' remuneration, totaling NT\$18,770,089, and it is to be fully distributed in cash.

II. Employees' remuneration shall be paid to employees of the Company and its subsidiaries only. The seniority, rank, job performance, overall contribution or special merits shall be referred to for the amount of payment, and the chairperson of the board shall be authorized to handle relevant matters such as employee qualification recognition.

Four. Ratification Items

<Item 1>

[**Subject**] Ratification of the 2022 final accounts and books. [Proposed by the board of directors]

[**Explanation**]

I. The Company's 2022 individual financial statements and consolidated financial statements have been audited and signed off by CPAs Chang, Shu-Chiung and Yi-Fan Lin of PwC Taiwan.

II. The above-mentioned accounts and books reviewed by the audit committee, together with the business report and the earnings distribution scheme (please refer to Attachment I and Attachment IV on pages 5~6 and 31) are submitted to the shareholders' meeting for ratification.

III. Please refer to Attachment III on pages 8~30 for the 2022 individual financial statements and consolidated financial statements as well as the independent auditor's report.

IV. Please ratify.

[**Resolution**]

Five. Discussion Items

<Item 1>

[**Subject**] Proposed amendments to the Company's
"Rules of Procedure for Shareholders' Meetings".

[Proposed by the board of directors]

[Explanation]

- I. In response to the amendment of the regulations, it is proposed to repeal the "Rules of Procedures of the Shareholders' Meeting" originally amended on May 16, 2022 and to establish new rules of procedures.
- II. Please refer to Attachment V on pages 32~37 for the contents of the clauses.

[Resolution]

Six. Extempore Motions

Seven. Adjournment

Eight. Attachments

<Attachment I>

Tsann Kuen Enterprise Co., Ltd.

2022 Business Report

In 2022, global inflation was triggered by the war between Russia and Ukraine, the continued pandemic, and the rise in global energy and raw material prices. In order to curb inflation, countries raised interest rates rapidly, and people's willingness to spend was affected by the decrease in real income. Sales channels launched promotional events combined with stimulus vouchers issued by the government and holidays, in order to stimulate purchases and boost domestic retail channel sales.

In the face of a business environment full of changes, the Company's management team adheres to the corporate culture of "3 As and 4 Hearts" – Tsann Kuen offers an awesome shopping trip beyond expectation anytime and for anyone, while managing the business wholeheartedly and providing a reassuring shopping environment and considerate services to meet consumers' various needs in life at any time. Tsann Kuen provides its services with innovation, professionalism and enthusiasm, in order to continue its profit momentum. The operating conditions of the Company in the past year are reported as follows:

I. 2022 Business Results

The consolidated revenue of the Company in 2022 was NT\$22.291 billion, 1.84% lower than the consolidated revenue in 2021 of NT\$22.71 billion; the net profit attributable to the owners of the parent company in 2022 was NT\$593 million, a decrease of 9.26% over the net profit of NT\$654 million in 2021; the basic earnings per share after tax was NT\$4.29.

The consolidated operating results of the Company in 2022 were as follows:

1. Results of business plan implementation:

Unit: NT\$ thousand

Item	2022		2021		Increase (decrease) amount	
	Amount	%	Amount	%	Difference	Percentage (%) of increase (decrease)
Operating revenue	22,291,231	100.00	22,710,150	100.00	(418,919)	(1.84)
Gross operating profit	3,445,749	15.46	3,609,958	15.90	(164,209)	(4.55)
Operating income	733,452	3.29	812,597	3.58	(79,145)	(9.74)
Net profit after tax	593,134	2.66	653,692	2.88	(60,558)	(9.26)
Profit attributable to owners of the parent company	593,134	2.66	653,692	2.88	(60,558)	(9.26)
After-tax earnings per share (NT\$)	4.29		3.93		0.36	

2. Budget implementation: The consolidated operating income in 2022 was NT\$22.291 billion, and the budget was NT\$23.028 billion, with a completion rate of 96.8%.

3. Analysis of financial revenue and expenditure and profitability:

Item		2022	2021
Financial structure	Debt to assets ratio (%)		
	Inventory turnover rate (times)		
	Inventory turnover days	68.41	67.29
	Return on equity (%)		
	Long-term capital to property, plant and equipment ratio (%)	290.77	300.78
Solvency	Current ratio (%)	88.18	96.76
	Quick ratio (%)	38.43	54.56
Operating capacity	Inventory turnover rate (times)	7.24	7.98
	Total assets turnover rate (times)	1.45	1.52
Profitability	Return on assets (%)	3.85	4.38
	Return on equity (%)	11.97	13.11
	Net profit ratio (%)	2.66	2.88

II. Overview of the 2023 Business Plan

Looking ahead to 2023, the U.S. Federal Reserve is expected to slow down interest rate hikes, and coexistence with the pandemic will become new normal. The rise in raw materials will push up costs, and the rise in prices will affect consumer momentum and boost purchases. Single-store revenue and detailed management of costs will be the main focus of this year's operations. Although the overall environment is still full of challenges and uncertainties, the Company operates with a professional management team and a corporate culture of 3 As and 4 hearts through the improvement of operational efficiency, systematic management and cross-industry innovative and integrated services to meet the needs of consumers, enhance the members' happiness in life, and provide more thoughtful and caring services, with a view to accelerating growth and achieving higher performance.

The key business points of this year are as follows:

1. Deepening memberships: Develop top-tier customers and enhance the sense of honor and belonging of members.
2. All-channel integrated store upgrade: Continue to open new stores, renovate stores and build top-notch stores, constructing the "WanDau" smart living demonstration house business model and expanding online/offline integrated all-channel services.
3. Integration of diversified business models: Cross-sectoral cooperation to provide members with a comprehensive shopping experience.
4. Strengthening the logistics and maintenance mechanism: Strengthen logistics, distribution, installation and after-sales service to provide consumers with a shopping experience with fast, effective and high-end service quality.
5. Expansion of service products: Enhance home appliance cleaning, extended warranty, mobile device insurance and other related products and services.
6. Fulfillment of corporate social responsibility: Care for people in remote areas and provide volunteer medical services with touring cars, as well as promoting the use of energy-saving home appliances to reduce carbon emissions.
7. Cost control: Adopt low cost, low marketing strategy, and pursue operating efficiency beyond the market standards.

Chairman: Lin, Chi-Tien

Manager: Li, Jung-Sen

Accounting Officer: Yang, Yung-Chuan

<Attachment II>

Tsann Kuen Enterprise Co., Ltd.

Audit Committee's Review Report

The board of directors has prepared the Company's business report, individual financial statements and consolidated financial statements and earnings distribution proposal for 2022; the individual financial statements and consolidated financial statements have been audited by CPAs Chang, Shu-Chiung and Yi-Fan Lin of PwC Taiwan, and an audit report has been issued accordingly. The above mentioned business report, individual financial statements and consolidated financial statements, and earnings distribution proposal have been reviewed by the audit committee, and no inconsistencies have been found. Therefore, a report has been filed as above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your review and verification.

To

2023 Annual Shareholders' Meeting of Tsann Kuen Enterprise Co., Ltd.

Independent
Directors:

Hung, Chiu-Chen

Huang, Li-Sung

Kao, Hsiu-Chi

February 24, 2023

<Attachment III>

Independent Auditor's Report

(2023) Cai-Shen-Bao-Zi No. 22003484

To the Board of Directors of Tsann Kuen Enterprise Co., Ltd.:

Opinion

We have audited the accompanying consolidated balance sheet of Tsann Kuen Enterprise Co., Ltd. and its subsidiaries (hereinafter referred to as "Tsann Kuen Group") as of December 31, 2022 and 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to the consolidated financial statements (including significant accounting policies) for the years then ended.

In our opinion, based on our audit and the reports of other auditors (please refer to the other matters paragraph), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Tsann Kuen Group as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers and the International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis for opinion

We concluded our audit in accordance with the Regulations governing Governing the Auditing and attestation Attestation of Financial Statements by certified Certified public Public Accountants and the Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Tsann Kuen Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2022 consolidated financial statements of Tsann Kuen Group. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Tsann Kuen Group's key audit matters for the consolidated financial statements of the year ended December 31, 2022, are as follows:

Accounting estimates for inventory valuation

Description

Please refer to Note 4 (13) to the consolidated financial statements for the accounting policies related to inventory valuation; please refer to Note 5 (2) to the consolidated financial statements for the uncertainty of accounting estimates and assumption for inventory valuation; please refer Note 6 (5) to the consolidated financial statements for the description of the account titles related to inventories; the inventory cost and the allowance for inventory write-down as of December 31, 2022, were NT\$2,717,192 thousand and NT\$13,931 thousand, respectively.

Tsann Kuen Group's main business is selling consumer electronics. Due to fierce competition in the industry and the constant introduction of new products which may lead to fluctuations in product prices or lower-than-expected sales, there is a higher risk of inventory write-down or obsolescence. The Company values inventory normally sold at the lower of cost or net realizable value; for inventory over a certain age and for obsolete and damaged inventories, the Company recognizes losses based on its valuation policy and the net realizable value of each identified inventory. Due to the significant amount and variety of items of inventory, and also because the identification of obsolete or damaged inventory usually involves human estimation, which is also one of the areas that need to be evaluated in this audit, we consider the estimation of allowance for inventory write-down of Tsann Kuen Group as one of the most important matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

- We evaluated the provisioning policy adopted for the allowance for inventory write-down according to our understanding of Tsann Kuen Group's operations and the nature of its industry.
- We validated the logic of the preparation of Tsann Kuen Group's Inventory Aging Schedule for valuing its inventory to confirm that the schedule information was consistent with its policies.
- We randomly checked the evidence underlying the market value of the net realizable value and recalculated it.

We randomly selected inventory items to verify the historical information of their discounts and made comparisons with the previous period's provision for inventory write-down to evaluate Tsann Kuen Group's closing allowance for inventory write-down.

Accuracy of purchase reward recognition and calculation

Description

Tsann Kuen Group enters into procurement contracts with suppliers and negotiates purchase rewards that are to be collected according to different trading terms. Due to the large number of suppliers and trading terms and the significant amounts involved, we consider the accuracy of the recognition and calculation of purchase rewards to be one of the most important matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

- We looked into the internal control procedures for purchase rewards.
- We sampled and reviewed the suppliers' procurement contracts and purchase reward agreements to confirm that the contents were consistent with the purchase reward items, trading terms and pricing ratios listed in the purchases reward calculation form.
- We sampled and verified that the purchase amounts in the purchase reward calculation form were consistent with the accounting system amounts and re-performed the relevant calculations.
- We sampled the purchase rewards for the period and verified the relevant certificates.
- We issued confirmation requests to suppliers with significant amounts of closing purchases and relevant purchase rewards.

Other matters - other accountants' audits

The financial statements of certain subsidiaries in Tsann Kuen Group's consolidated financial statements have not been audited by us, but by other accountants. Therefore, the amounts listed in such subsidiaries' financial statements included in our opinion on the consolidated financial statements referred to above are based on other accountants' audit reports. The total assets of these subsidiaries as of December 31, 2022 and 2021, amounted to NT\$104,539 thousand and NT\$107,751 thousand and accounted for 0.70% and 0.68% of the consolidated assets, respectively. Operating income in the period of January 1 to December 31, 2022 and 2021, was NT\$7,388 thousand and NT\$5,565 thousand and accounted for 0.03% and 0.02% of the consolidated net operating revenue, respectively.

Other matters - parent company only financial statements

We have also audited the parent company only financial statements of Tsann Kuen Enterprise Co., Ltd. for the years 2022 and 2021 on which we have issued an unqualified opinion with other matters for reference.

Responsibilities of management and those in charge with governance of the consolidated financial statements

The responsibility of management is to prepare fairly presented consolidated financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards interpretations, and announcements of interpretations recognized and published by the Financial Supervisory Commission and maintain necessary internal control related to the preparation of consolidated financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

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

Those in charge of governance (including the audit committee) are responsible for overseeing the reporting process of the financial statements of Tsann Kuen Group.

Auditor's 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 auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards of the Republic of China will always detect a material misstatement in the consolidated financial statements when it exists. Misstatements can arise from fraud or error. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

1. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Tsann Kuen Group.
2. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
3. Draw a conclusion on the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tsann Kuen Group's ability to continue its business. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Tsann Kuen Group to cease as a going concern.
4. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including related notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
5. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and for forming an audit opinion 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 that we identify during our audit).

We also provide those in charge of governance with a statement that we have complied with the Code of Professional Ethics for Certified Public Accountants in the Republic of China regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect our independence, and other matters (including related protective measures).

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

PwC Taiwan

Chang, Shu-Chiung

Certified Public Accountant

Lin, Yi-Fan

Former Financial Supervisory Commission of the Executive Yuan

Official approval letter No.: Jin-Guan-Zheng-Zi
No.0990042602

Financial Supervisory Commission
Official approval letter No.: Jin-Guan-Zheng-Zi
No.1030048544

February 24, 2023

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousand

Assets		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,768,415	12	\$ 2,102,777	13
1110	Financial assets at fair value through profit or loss - current	6 (2)	-	-	838,000	5
1136	Financial assets at amortized cost - current	6 (3) and 8	158,950	1	148,850	1
1150	Net notes receivable	6 (4)	3,903	-	-	-
1170	Net accounts receivable	6 (4) and 7	133,552	1	124,282	1
1200	Other receivables		37,187	-	47,860	-
130X	Inventories	6 (5)	2,703,261	18	2,504,347	16
1410	Prepayments		17,701	-	18,804	-
11XX	Total current assets		4,822,969	32	5,784,920	36
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6 (2)	31,229	-	36,586	-
1535	Financial assets measured at amortized cost - non-current	6 (3) and 8	200	-	200	-
1550	Investments accounted for using the equity method	6 (6)	27,276	-	26,838	-
1600	Property, plant and equipment	6 (7) and 8	3,266,036	22	3,282,393	21
1755	Right-of-use assets	6 (8) and 7	4,604,547	31	4,526,649	29
1760	Net Investment property	6 (9) and 8	1,828,906	12	1,855,238	12
1780	Intangible assets	6 (10)	22,577	-	16,495	-
1840	Deferred income tax assets	6 (22)	73,194	1	75,305	1
1920	Refundable deposits		201,162	1	196,689	1
1930	Long-term notes and accounts receivable		17,251	-	21,007	-
1975	Net defined benefit assets - non-current	6 (12)	56,065	1	12,218	-
1980	Other financial assets - non-current	8	13,736	-	13,736	-
1990	Other non-current assets - others		1,239	-	2,893	-
15XX	Total non-current assets		10,143,418	68	10,066,247	64
1XXX	Total assets		\$ 14,966,387	100	\$ 15,851,167	100

(Continued on next page)

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

December 31, 2022 and 2021					Unit: NT\$ thousand	
Liabilities and equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2130	Contract liabilities - current	6 (17)	\$ 760,219	5	\$ 798,017	5
2150	Notes payable		6,211	-	4,143	-
2170	Accounts payable		3,021,113	20	3,349,275	21
2180	Accounts payable - related parties	7	39,679	-	27,849	-
2200	Other payables		568,277	4	667,578	5
2230	Current income tax liabilities		62,472	-	151,420	1
2280	Lease liabilities - current	6 (25) and 7	993,428	7	966,702	6
2399	Other current liabilities - others		18,342	-	13,392	-
21XX	Total current liabilities		5,469,741	36	5,978,376	38
Non-current liabilities						
2527	Contract liabilities - non-current	6 (17)	170,145	1	123,274	1
2550	Provision for liabilities - current	6 (13)	139,302	1	113,670	1
2570	Deferred income tax liabilities	6 (22)	15,087	-	6,645	-
2580	Lease liabilities - non-current	6 (25) and 7	4,358,635	29	4,346,981	27
2640	Net defined benefit liabilities - non-current	6 (12)	930	-	1,020	-
2645	Deposits received	6 (25)	84,892	1	96,951	-
25XX	Total non-current liabilities		4,768,991	32	4,688,541	29
2XXX	Total liabilities		10,238,732	68	10,666,917	67
Equity attributable to owners of the parent company						
	Share Capital	6 (14)				
3110	Common share		1,168,000	8	1,664,688	10
	Capital surplus	6 (15)				
3200	Capital surplus		1,250,840	8	1,250,840	8
	Retained earnings	6 (16)				
3310	Legal reserve		946,311	6	880,760	6
3320	Special reserve		69,382	1	69,196	-
3350	Unappropriated retained earnings		1,361,628	9	1,388,148	9
	Other equity					
3400	Other equity		(68,506)	-	(69,382)	-
3XXX	Total equity		4,727,655	32	5,184,250	33
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	Total liabilities and equity		\$ 14,966,387	100	\$ 15,851,167	100

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Lin, Chi-Tien

Manager: Li, Jung-Sen

Accounting Officer: Yang, Yung-Chuan

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand
(Except for earnings per share which is denominated in NT\$)

	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6 (9) (17) and 7	\$ 22,291,231	100	\$ 22,710,150	100
5000	Operating costs	6 (5)(21) and 7	(18,845,482)	(85)	(19,100,192)	(84)
5900	Gross operating profit		3,445,749	15	3,609,958	16
	Operating expenses	6 (21) and 7				
6100	Promotional expenses		(2,297,908)	(10)	(2,349,457)	(10)
6200	General and administrative expenses		(416,396)	(2)	(446,382)	(2)
6450	Expected credit impairment gains (losses)		2,007	-	(1,522)	-
6000	Total operating expenses		(2,712,297)	(12)	(2,797,361)	(12)
6900	Operating income		733,452	3	812,597	4
	Non-operating income and expenses					
7100	Interest income	6 (3) (18)	14,189	-	6,006	-
7010	Other income	6 (2) (19)	55,431	-	44,304	-
7020	Other gains and losses	6 (2) (11) (20)	(1,297)	-	16,789	-
7050	Finance costs	6 (8) and 7	(70,253)	-	(69,939)	-
7060	Share of profits and losses of affiliates and joint ventures accounted for using the equity method	6 (6)	1,744	-	2,522	-
7000	Total non-operating income and expenses		(186)	-	(318)	-
7900	Net profit before tax		733,266	3	812,279	4
7950	Income tax expense	6 (22)	(140,132)	-	(158,587)	(1)
8200	Profit for the period		<u>\$ 593,134</u>	<u>3</u>	<u>\$ 653,692</u>	<u>3</u>

(Continued)

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand
(Except for earnings per share which is denominated in NT\$)

Item	Note	2022		2021		
		Amount	%	Amount	%	
Other comprehensive income						
Items that will not be reclassified to profit or loss						
8311	Remeasurement of defined benefit plans	6 (12)	\$ 44,179	-	\$ 2,242	-
8349	Income tax related to items that will not be reclassified to profit or loss	6 (22)	(8,796)	-	(428)	-
8310	Sum of items that will not be reclassified to profit or loss		35,383	-	1,814	-
Items that may subsequently be reclassified to profits or loss						
8361	Exchange differences on translation of financial statements of foreign operations		1,095	-	(1,812)	-
8370	Share of profits or losses of affiliates and joint ventures accounted for using the equity method - items that may be reclassified to profit or loss	6 (6)	-	-	1,264	-
8399	Income tax related to items that may be reclassified to profit or loss	6 (22)	(219)	-	362	-
8360	Sum of items that may subsequently be reclassified to profit or loss		876	-	(186)	-
8300	Other comprehensive income (net)		\$ 36,259	-	\$ 1,628	-
8500	Total comprehensive income for the period		\$ 629,393	3	\$ 655,320	3
Net profit attributable to:						
8610	Owners of the parent company		\$ 593,134	3	\$ 653,692	3
Total comprehensive income attributable to:						
8710	Owners of the parent company		\$ 629,393	3	\$ 655,320	3
Basic earnings per share						
9750	Basic earnings per share	6 (23)	\$ 4.29		\$ 3.93	
Diluted earnings per share						
9850	Diluted earnings per share	6 (23)	\$ 4.27		\$ 3.91	

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Lin, Chi-Tien

Manager: Li, Jung-Sen

Accounting Officer: Yang, Yung-Chuan

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	Equity attributable to owners of the parent company					Exchange differences on translation of financial statements of foreign operations	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings		
<u>2021</u>								
Balance on January 1, 2021		\$ 1,664,688	\$ 1,250,840	\$ 851,136	\$ 61,053	\$ 1,028,436	(\$ 69,196)	\$ 4,786,957
Profit for the period		-	-	-	-	653,692	-	653,692
Other comprehensive income for the period		-	-	-	-	1,814	(186)	1,628
Total comprehensive income for the period		-	-	-	-	655,506	(186)	655,320
2020 earnings appropriation and distribution:	6 (16)							
Provision for legal reserve		-	-	29,624	-	(29,624)	-	-
Reversal of special reserve		-	-	-	8,143	(8,143)	-	-
Cash dividends		-	-	-	-	(258,027)	-	(258,027)
Balance on December 31, 2021		<u>\$ 1,664,688</u>	<u>\$ 1,250,840</u>	<u>\$ 880,760</u>	<u>\$ 69,196</u>	<u>\$ 1,388,148</u>	<u>(\$ 69,382)</u>	<u>\$ 5,184,250</u>
<u>2022</u>								
Balance on January 1, 2022		\$ 1,664,688	\$ 1,250,840	\$ 851,136	\$ 69,196	\$ 1,388,418	(\$ 69,382)	\$ 5,184,250
Profit for the period		-	-	-	-	593,134	-	593,134
Other comprehensive income for the period		-	-	-	-	35,383	876	36,259
Total comprehensive income for the period		-	-	-	-	628,517	876	629,393
2021 earnings appropriation and distribution:	6 (16)							
Provision for legal reserve		-	-	65,551	-	(65,551)	-	-
Provision for special reserve		-	-	-	186	(186)	-	-
Cash dividends		-	-	-	-	(589,300)	-	(589,300)
Cash Capital increase	6 (14)	(496,688)	-	-	-	-	-	(496,688)
Balance on December 31, 2022		<u>\$ 1,168,000</u>	<u>\$ 1,250,840</u>	<u>\$ 946,311</u>	<u>\$ 69,382</u>	<u>\$ 1,361,628</u>	<u>(\$ 68,506)</u>	<u>\$ 4,727,655</u>

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Lin, Chi-Tien

Manager: Lee, Rong-Sen

Accounting Officer: Yang, Yung-Chuan

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Profit before tax for the period		\$ 733,266	\$ 812,279
Adjustments			
Income and expense items			
Depreciation expenses	6 (21)	1,179,008	1,092,930
Amortization expenses	6 (21)	13,061	14,285
Expected credit impairment (gains) losses		(2,007)	1,522
Net (profit) loss on financial assets at fair value through profit or loss	6 (2) (20)	5,244	(7,355)
Interest expenses		70,253	69,939
Interest income	6 (18)	(14,189)	(6,006)
Dividend income	6 (2) (19)	(5,885)	(2,086)
Share of profits and losses of affiliates and joint ventures accounted for using the equity method	6 (6)	(1,744)	(2,522)
Loss on disposal and scrapping of property, plant and equipment	6 (20)	5,479	2,456
Lease modification gains	6 (20)	(5,238)	(6,703)
Reversal of impairment loss on non-financial assets	6 (11) (20)	-	(10,117)
Changes in operating assets/liabilities			
Net change in operating assets			
Financial assets mandatorily at fair value through profit or loss		838,113	516,609
Net notes receivable		(3,903)	619
Net accounts receivable		(8,998)	(57,523)
Other receivables		13,634	(16,612)
Inventories		(198,914)	(223,331)
Prepayments		1,109	(5,488)
Long-term notes and accounts receivable		3,756	(2,353)
Net defined benefit assets - non-current		230	(669)
Net change in operating liabilities			
Contract liabilities		9,073	232,327
Notes payable		2,068	(6,631)
Accounts payable		(328,162)	467,227
Accounts payable - related parties		11,830	(15,724)
Other payables		(54,001)	(35,928)
Other current liabilities - others		4,932	(6,057)
Provision for liabilities - non-current		(1,127)	(3,946)
Cash inflows from operations		2,266,888	2,801,142
Interest received		12,942	4,847
Dividends received		7,191	2,750
Interest paid		(69,430)	(69,895)
Income tax paid		(227,521)	(12,021)
Net cash inflows from operating activities		1,990,070	2,726,823

(Continued on next page)

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	2022	2021
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		(\$ 59,900)	(\$ 45,800)
Repayment of financial assets measured at amortized cost at maturity		49,800	-
Acquisition of property, plant and equipment	6 (24)	(215,767)	(249,262)
Disposal of property, plant and equipment		344	112
Acquisition of intangible assets	6 (24)	(11,641)	(20,081)
Increase in refundable deposits		(4,469)	(2,150)
Other non-current assets - other decreases (increases)		1,654	(1,913)
Net cash outflows from investing activities		(239,979)	(319,094)
<u>Cash flows from financing activities</u>			
Decrease in deposits received	6 (25)	(12,066)	(11,362)
Repayment of lease principal	6 (25)	(986,627)	(908,053)
Distribution of cash dividends	6 (16)	(589,300)	(258,027)
Cash capital reduction	6 (14)	(496,688)	-
Net cash outflow from financing activities		(2,084,681)	(1,177,442)
Effect of exchange rate changes		228	(206)
(Decrease) Increase in cash and cash equivalents for the period		(334,362)	1,230,081
Opening cash and cash equivalents		2,102,777	872,696
Closing cash and cash equivalents		\$ 1,768,415	\$ 2,102,777

The attached notes to the consolidated financial statements are part of the consolidated financial statements and should be read in conjunction.

Chairman: Lin, Chi-Tien

Manager: Lin, Chi-Tien

Accounting Officer: Yang, Yung-Chuan

Independent Auditor's Report

(2023) Cai-Shen-Bao-Zi No. 22003199

To the Board of Directors of Tsann Kuen Enterprise Co., Ltd.:

Opinion

We have audited the accompanying parent company only balance sheet of Tsann Kuen Enterprise Co., Ltd. (hereinafter referred to as "Tsann Kuen") as of December 31, 2022 and 2021, and the parent company only statement of comprehensive income, of changes in equity, of cash flows, and notes to the parent company only financial statements (including significant accounting policies) for the years then ended.

In our opinion, based on our audit and the reports of other auditors (please refer to the other matters paragraph), the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of Tsann Kuen as of December 31, 2022 and 2021, and its parent company only financial performance and cash flows for the years then ended.

Basis for opinion

We concluded our audit in accordance with the Regulations governing Governing the Auditing and attestation Attestation of Financial Statements by certified Certified public Public Accountants and the Auditing Standards of the Republic of China. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the parent company only financial statements. We are independent of Tsann Kuen in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audit and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2022 financial statements of Tsann Kuen. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Tsann Kuen's key audit matters for the parent company only financial statements of the year ended December 31, 2022, are as follows:

Accounting estimates for inventory valuation

Description

Please refer to Note 4 (12) to the parent company only financial statements for the accounting policies related to inventory valuation; please refer to Note 5 (2) to the parent company only financial statements for the uncertainty of accounting estimates and assumption for inventory valuation; please refer Note 6 (5) to the parent company only financial statements for the description of the account titles related to inventories; the inventory cost and the allowance for inventory write-down as of December 31, 2022, were NT\$2,717,184 thousand and NT\$13,931 thousand, respectively.

Tsann Kuen's main business is selling consumer electronics. Due to fierce competition in the industry and the constant introduction of new products which may lead to fluctuations in product prices or lower-than-expected sales, there is a higher risk of inventory write-down or obsolescence. The Company values inventory normally sold at the lower of cost or net realizable value; for inventory over a certain age and for obsolete and damaged inventories, the Company recognizes losses based on its valuation policy and the net realizable value of each identified inventory. Due to the significant amount and variety of items of inventories, and also because the identification of obsolete or damaged inventories usually involves human estimation, which is also one of the areas that need to be evaluated in this audit, we consider the estimation of allowance for inventory write-down of Tsann Kuen as one of the most important matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

- We evaluated the provisioning policy adopted for the allowance for inventory write-down according to our understanding of Tsann Kuen's operations and the nature of its industry.
- We validated the logic of the preparation of Tsann Kuen's Inventory Aging Schedule for valuing its inventory to confirm that the schedule information was consistent with its policies.
- We randomly checked the evidence underlying the market value of the net realizable value and recalculated it.

- We randomly selected inventory items to verify the historical information of their discounts and made comparisons with the previous period's provision for inventory write-down to evaluate Tsann Kuen's closing allowance for inventory write-down.

Accuracy of purchase reward recognition and calculation

Description

Tsann Kuen enters into procurement contracts with suppliers and negotiates purchase rewards that are to be collected according to different trading terms. Due to the large number of suppliers and trading terms and the significant amounts involved, we consider the accuracy of the recognition and calculation of purchase rewards to be one of the most important matters in our audit.

How our audit addressed the matter

We performed the following audit procedures on the key audit matter mentioned above:

- We looked into the internal control procedures for purchase rewards.
- We sampled and reviewed the suppliers' procurement contracts and purchase reward agreements to confirm that the contents were consistent with the purchase reward items, trading terms and pricing ratios listed in the purchases reward calculation form.
- We sampled and verified that the purchase amounts in the purchase reward calculation form were consistent with the accounting system amounts and re-performed the relevant calculations.
- We sampled the purchase rewards for the period and verified the relevant certificates.
- We issued confirmation requests to suppliers with significant amounts of closing purchases and relevant purchase rewards.

Other matters - other accountants' audits

The financial statements of certain investees accounted for under the equity method in Tsann Kuen's parent company only financial statements have not been audited by us, but by other accountants. Therefore, the amounts listed in such investees' financial statements included in our opinion on the parent company only financial statements referred to above are based on other accountants' audit reports. The investments accounted for using equity method in the aforementioned investees as of December 31, 2022 and 2021, amounted to NT\$100,788 thousand and NT\$103,870 thousand and accounted for 0.67% and 0.66% of the total assets, respectively. The comprehensive loss recognized for the aforementioned companies during the period of January 1 to December 31, 2022 and 2021, amounted to NT\$4,110 thousand and NT\$5,194 thousand and accounted for 0.65% and 0.79% of the comprehensive income, respectively.

Responsibilities of management and those in charge with governance of the parent company only financial statements

The responsibility of management is to prepare fairly presented parent company only financial statements in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control related to the preparation of the parent company only financial statements in order to ensure there is no material misstatement caused by fraud or error in the parent company only financial statements.

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of Tsann Kuen as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting, unless the management either intends to liquidate Tsann Kuen or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the audit committee) are responsible for overseeing the reporting process of the financial statements of Tsann Kuen.

Auditor's responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement in the parent company only financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in Tsann Kuen.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Draw a conclusion on the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tsann Kuen's ability to continue its business. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Tsann Kuen to cease as a going concern.

5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including related notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of Tsann Kuen to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit and for forming an audit opinion on the parent company only financial statements.

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

We also provide those in charge of governance with a statement that we have complied with the Code of Professional Ethics for Certified Public Accountants in the Republic of China regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2022 parent company only financial statements of Tsann Kuen and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Chang, Shu-Chiung
Certified Public Accountant
Lin, Yi-Fan

Former Financial Supervisory Commission of the Executive Yuan

Approval Certification No.: Jin-Guan-Cheng-Shen-Zi No.
0990042602
Financial Supervisory Commission

Approval Certification No.: Jin-Guan-Cheng-Shen-Zi No.
1030048544

February 24, 2023

Tsann Kuen Enterprise Co., Ltd.
Standalone Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousand

Assets		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 1,721,840	12	\$ 2,074,839	13
1110	Financial assets at fair value through profit or loss - current	6 (2)	-	-	838,000	5
1136	Financial assets at amortized cost - current	6 (3) and 8	158,950	1	128,950	1
1150	Net notes receivable	6 (4)	3,903	-	-	-
1170	Net accounts receivable	6 (4) and 7	130,165	1	121,366	1
1200	Other receivables		38,282	-	48,698	-
130X	Inventories	6 (5)	2,703,253	18	2,504,342	16
1410	Prepayments		17,272	-	18,295	-
11XX	Total current assets		4,773,665	32	5,734,490	36
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6 (2)	18,651	-	17,910	-
1550	Investments accounted for using the equity method	6 (6)	173,596	1	182,555	1
1600	Property, plant and equipment	6 (7) and 8	3,229,343	22	3,245,033	21
1755	Right-of-use assets	6 (8) and 7	4,604,547	31	4,526,649	29
1760	Net Investment property	6 (9) and 8	1,778,633	12	1,802,839	11
1780	Intangible assets	6 (10)	21,948	-	15,866	-
1840	Deferred income tax assets	6 (22)	73,104	1	75,193	1
1920	Refundable deposits		200,522	1	196,253	1
1930	Long-term notes and accounts receivable		17,251	-	21,007	-
1975	Net defined benefit assets - non-current	6 (12)	56,065	-	12,218	-
1980	Other financial assets - non-current	8	13,736	-	13,736	-
1990	Other non-current assets - others		1,239	-	2,893	-
15XX	Total non-current assets		10,188,635	68	10,112,152	64
1XXX	Total assets		\$ 14,962,300	100	\$ 15,846,642	100

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Tsann Kuen Enterprise Co., Ltd.
Standalone Balance Sheets
December 31, 2022 and 2021

Unit: NT\$ thousand

Liabilities and equity		Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
Current liabilities						
2130	Contract liabilities - current	6 (17)	\$ 760,219	5	\$ 798,017	5
2150	Notes payable		6,211	-	4,143	-
2170	Accounts payable		3,021,113	20	3,349,275	21
2180	Accounts payable - related parties	7	39,679	-	27,849	
2200	Other payables		567,675	4	667,108	5
2230	Current income tax liabilities		62,272	-	150,868	1
2280	Lease liabilities - current	6 (25) and 7	993,428	7	966,702	6
2399	Other current liabilities - others		16,447	-	11,470	-
21XX	Total current liabilities		5,467,044	36	5,975,432	38
Non-current liabilities						
2527	Contract liabilities - non-current	6 (17)	170,145	1	123,274	1
2550	Provision for liabilities - current	6 (13)	139,302	1	113,670	1
2570	Deferred income tax liabilities	6 (22)	15,087	-	6,645	-
2580	Lease liabilities - non-current	6 (25) and 7	4,358,635	29	4,346,981	27
2645	Deposits received	6 (25)	84,432	1	96,390	-
25XX	Total non-current liabilities		4,767,601	32	4,686,960	29
2XXX	Total liabilities		10,234,645	68	10,662,392	67
Equity						
	Share Capital	6 (14)				
3110	Common share		1,168,000	8	1,664,688	10
	Capital surplus	6 (15)				
3200	Capital surplus		1,250,840	8	1,250,840	8
	Retained earnings	6 (16)				
3310	Legal reserve		946,311	6	880,760	6
3320	Special reserve		69,382	1	69,196	-
3350	Unappropriated retained earnings		1,361,628	9	1,388,148	9
	Other equity					
3400	Other equity		(68,506)	-	(69,382)	-
3XXX	Total equity		4,727,655	32	5,184,250	33
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	Total liabilities and equity		\$ 14,962,300	100	\$ 15,846,642	100

The attached notes to the parent company only financial statements are part of the parent company only financial statements and should be read in conjunction.

Chairman: Lin, Chi-Tien

Manager: Lee, Rong-Sen

Accounting Officer: Yang, Yung-Chuan

Tsann Kuen Enterprise Co., Ltd.
Standalone Statements of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand
(Except for earnings per share which is denominated in NT\$)

	Item	Note	2022		2021	
			Amount	%	Amount	%
4000	Operating revenue	6 (9) (17) and 7	\$ 22,268,031	100	\$ 22,692,660	100
5000	Operating costs	6 (5) (21) and 7	(18,837,603)	(85)	(19,092,791)	(84)
5900	Gross operating profit		3,430,428	15	3,599,869	16
	Operating expenses	6 (21) and 7				
6100	Promotional expenses		(2,297,403)	(10)	(2,348,942)	(10)
6200	General and administrative expenses		(412,362)	(2)	(442,685)	(2)
6450	Expected credit impairment gains (losses)		2,011	-	(1,489)	-
6000	Total operating expenses		(2,707,754)	(12)	(2,793,116)	(12)
6900	Operating income		722,674	3	806,753	4
	Non-operating income and expenses					
7100	Interest income	6 (3) (18)	13,647	-	5,419	-
7010	Other income	6 (2) (19) and 7	62,306	-	51,425	-
7020	Other gains and losses	6 (2) (11) (20)	4,798	-	11,835	-
7050	Finance costs	6 (8) and 7	(70,253)	-	(69,939)	-
7070	Share of profits or losses of subsidiaries, affiliates and joint ventures accounted for using the equity method	6 (6)	(1,138)	-	5,650	-
7000	Total non-operating income and expenses		9,360	-	4,390	-
7900	Net profit before tax		732,034	3	811,143	4
7950	Income tax expense	6 (22)	(138,900)	-	(157,451)	(1)
8200	Profit for the period		<u>\$ 593,134</u>	<u>3</u>	<u>\$ 653,692</u>	<u>3</u>
	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6 (12)	\$ 43,982	-	\$ 2,138	-
8330	Share of profits or losses of subsidiaries, affiliates and joint ventures accounted for using the equity method - items that will not be reclassified to profit or loss		197	-	104	-
8349	Income tax related to items that will not be reclassified to profit or loss	6 (22)	(8,796)	-	(428)	-
8310	Sum of items that will not be reclassified to profit or loss		35,383	-	1,814	-
	Items that may subsequently be reclassified to profits or loss					
8361	Exchange differences on translation of financial statements of foreign operations		1,095	-	(1,812)	-
8380	Share of profits or losses of subsidiaries, affiliates and joint ventures accounted for using the equity method - items that may be reclassified to profit or loss	6 (6)	-	-	1,264	-
8399	Income tax related to items that may be reclassified to profit or loss	6 (22)	(219)	-	362	-
8360	Sum of items that may subsequently be reclassified to profit or loss		876	-	(186)	-
8300	Other comprehensive income (net)		<u>\$ 36,259</u>	<u>-</u>	<u>\$ 1,628</u>	<u>-</u>
8500	Total comprehensive income for the period		<u>\$ 629,393</u>	<u>3</u>	<u>\$ 655,320</u>	<u>3</u>
	Basic earnings per share	6 (23)				
9750	Basic earnings per share		<u>\$ 4.29</u>		<u>\$ 3.93</u>	
	Diluted earnings per share	6 (23)				
9850	Diluted earnings per share		<u>\$ 4.27</u>		<u>\$ 3.91</u>	

The attached notes to the parent company only financial statements are part of the parent company only financial statements and should be read in conjunction.

Chairman: Lin, Chi-Tien

Manager: Lee, Rong-Sen

Accounting Officer: Yang, Yung-Chuan

Tsann Kuen Enterprise Co., Ltd.
Standalone Statements of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

		Retained earnings					Exchange differences on translation of financial statements of foreign operations	Total equity
	Note	Common share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>2021</u>								
Balance as of January 1, 2021		\$ 1,664,688	\$ 1,250,840	\$ 851,136	\$ 61,053	\$ 1,028,436	(\$ 69,196)	\$ 4,786,957
Profit for the period		-	-	-	-	653,692	-	653,692
Other comprehensive income for the period		-	-	-	-	1,814	(186)	1,628
Total comprehensive income for the period		-	-	-	-	655,506	(186)	655,320
2020 earnings appropriation and distribution:	6 (16)							
Provision for legal reserve		-	-	29,624	-	(29,624)	-	-
Provision for special reserve		-	-	-	8,143	(8,143)	-	-
Cash dividends		-	-	-	-	(258,027)	-	(258,027)
Balance as of December 31, 2021		\$ 1,664,688	\$ 1,250,840	\$ 880,760	\$ 69,196	\$ 1,388,148	(\$ 69,382)	\$ 5,184,250
<u>2022</u>								
Balance on January 1, 2022		\$ 1,664,688	\$ 1,250,840	\$ 880,760	\$ 69,196	\$ 1,388,148	(\$ 69,382)	\$ 5,184,250
Profit for the period		-	-	-	-	593,134	-	593,134
Other comprehensive income for the period		-	-	-	-	35,383	876	36,259
Total comprehensive income for the period		-	-	-	-	628,517	876	629,393
2021 earnings appropriation and distribution:	6 (16)							
Provision for legal reserve		-	-	65,551	-	(65,551)	-	-
Provision for special reserve		-	-	-	186	(186)	-	-
Cash dividends		-	-	-	-	(589,300)	-	(589,300)
Cash capital reduction	6 (14)	(496,688)	-	-	-	-	-	(496,688)
Balance on December 31, 2022		\$ 1,168,000	\$ 1,250,840	\$ 946,311	\$ 69,382	\$ 1,361,628	(\$ 68,506)	\$ 4,727,655

The attached notes to the parent company only financial statements are part of the parent company only financial statements and should be read in conjunction.

Chairman: Lin, Chi-Tien

Manager: Lee, Rong-Sen

Accounting Officer: Yang, Yung-Chuan

Tsann Kuen Enterprise Co., Ltd.
Standalone Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	2022	2021
<u>Cash flows from operating activities</u>			
Profit before tax for the period		732,034	811,143
Adjustments			
Income and expense items			
Depreciation expenses	6 (21)	1,174,602	1,088,612
Amortization expenses	6 (21)	13,061	14,285
Expected credit impairment (gains) losses		2,011	1,489
Net profit on financial assets at fair value through profit or loss	6 (2) (20)	854	2,405
Interest expenses		70,253	69,939
Interest income	6 (18)	13,647	5,419
Dividend income	6 (2) (19)	380	920
Share of profits or losses of subsidiaries, affiliates and joint ventures accounted for using the equity method	6 (6)	1,138	5,650
Loss on disposal and scrapping of property, plant and equipment	6 (20)	5,479	2,456
Lease modification gains	6 (20)	5,238	6,703
Reversal of impairment loss on non-financial assets	6 (11) (20)	-	10,117
Changes in operating assets/liabilities			
Net change in operating assets			
Financial assets mandatorily at fair value through profit or loss		838,113	513,609
Net notes receivable		3,903	619
Net accounts receivable		8,521	55,315
Other receivables		13,426	17,238
Inventories		198,911	223,335
Prepayments		1,023	5,407
Long-term notes and accounts receivable		3,756	2,353
Net defined benefit assets - non-current		135	592
Net change in operating liabilities			
Contract liabilities		9,073	232,327
Notes payable		2,068	6,631
Accounts payable		328,162	467,227
Accounts payable - related parties		11,830	15,724
Other payables		54,135	35,957
Other current liabilities - others		4,977	6,133
Provision for liabilities - non-current		1,127	3,946
Cash inflows from operations		2,264,079	2,797,861
Interest received		12,370	4,267
Dividends received		9,493	2,887
Interest paid		69,430	69,895
Income tax paid		225,979	11,444
Net cash inflows from operating activities		1,990,533	2,723,676

(Continued on next page)

Tsann Kuen Enterprise Co., Ltd.
Standalone Statements of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousand

	Note	2022	2021
<u>Cash flows from investing activities</u>			
Acquisition of financial assets at amortized cost		59,900	29,900
Repayment of financial assets measured at amortized cost at maturity		29,900	-
Acquisition of property, plant and equipment	6 (24)	215,047	248,789
Disposal of property, plant and equipment		344	112
Increase in refundable deposits		4,269	2,150
Acquisition of intangible assets	6 (24)	11,641	20,081
Other non-current assets - other decreases (increases)		1,654	1,913
Net cash outflows from investing activities		258,959	302,721
<u>Cash flows from financing activities</u>			
Decrease in deposits received	6 (25)	11,958	11,274
Repayment of lease principal	6 (25)	986,627	908,053
Distribution of cash dividends	6 (16)	589,300	258,027
Cash capital reduction	6 (14)	496,688	-
Net cash outflow from financing activities		2,084,573	1,177,354
(Decrease) Increase in cash and cash equivalents for the period		352,999	1,243,601
Opening cash and cash equivalents		2,074,839	831,238
Closing cash and cash equivalents		1,721,840	2,074,839

The attached notes to the parent company only financial statements are part of the parent company only financial statements and should be read in conjunction.

Chairman: Lin, Chi-Tien

Manager: Lin, Chi-Tien

Accounting Officer: Yang, Yung-Chuan

<Attachment IV>**Tsann Kuen Enterprise Co., Ltd.
2022 Earnings Distribution Table**

Unit: NT\$

Undistributed retained earnings at the beginning of the period		733,112,644
Add: net profit after tax	593,133,608	
Add: actuarial benefit (after tax) of defined benefit plans to be included in retained earnings	35,382,135	
Amount of the net profit after tax of the current period plus items other than net profit of the current period which is included in the undistributed earnings of the current year		628,515,743
Less: 10% appropriation of legal reserve	62,851,574	
Add: Reversal of special reserve	875,899	
Distributable earnings of the period		1,299,652,712
Less: cash dividends for common shares – NT\$4.00 per share		467,200,000
Unappropriated retained earnings		832,452,712

Notes:

1. April 1, 2023 is set as the ex-date for cash dividend distribution. The cash dividends are calculated to NT\$1 (rounded off if less than NT\$1). The chairperson is authorized to contact specific persons to purchase the odd shares with an amount of less than NT\$1.
2. If the Company later changes its shares issued and outstanding due to orders of the competent authority, or buys back its own shares, or transfers or cancels its treasury shares, thus making it necessary to adjust the dividend distribution ratio, the chairperson will be authorized to handle the matter with full powers.

Chairman: Lin, Chi-Tien

Manager: Li, Jung-Sen

Accounting Officer:
Yang, Yung-Chuan

<Attachment V>

Tsann Kuen Enterprise Co., Ltd.

Rules of Procedure for Shareholders' Meetings (after amendment)

Article 1 In accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Rules are established for compliance and for the purpose of establishing a good governance system for the Company's shareholders' meetings, improving the supervisory function and strengthening the management function.

Article 2 The rules of procedure for shareholders' meetings of the Company shall be in accordance with the Rules unless otherwise provided by law or the Articles of Incorporation.

Article 3 The Company's shareholders' meeting shall, unless otherwise provided for in law, be convened by the board of directors.

Changes to how the Company convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

Before 15 days before the date of the shareholders meeting, the Company shall have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The cause(s) or subject(s) of a shareholders' meeting to be convened shall be indicated in the individual notice to be given to shareholders and public announcement; and the notice may, as an alternative, be given by means of electronic transmission, after obtaining prior consent from the recipient(s) thereof.

Matters pertaining to election or discharge of directors and independent directors and alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act, Article 26-1, Article 43-6 of the Securities and Exchange Act, Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extempore motions.

Article 4 Article 4 A shareholder may appoint a proxy printed and issued by the Company to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy.

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 meeting 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; unless an explicit statement to revoke the previously written proxy is made in the proxy, which comes later.

After the service 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 way of electronic transmission, a proxy rescission notice shall be filed with the Company two days 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.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 The location for a shareholders' meeting should be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Independent directors' opinions on the meeting location and time shall also be fully considered.

The Company shall not be restricted from holding a video shareholders' meeting at the location as described above.

Article 6 The Company shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish a signature book for the attending shareholders to sign in, or the attending shareholders shall submit a sign-in card to sign in on their behalf.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

When a shareholder is a government or a corporation, the number of representatives to attend the shareholders' meeting is not limited to one. When a juristic person is entrusted to attend a shareholders' meeting, only one representative can be appointed to attend.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the meeting date.

In the event of a virtual shareholders meeting, the Company shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 7 To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
 - (1) To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
 - (2) Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
 - (3) In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
 - (4) Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

Article 8 If a shareholders' meeting is convened by the board of directors, the chairperson of the board shall chair the meeting. When the chairperson is on leave or for any reason unable to exercise the powers of office, the appointment of his or her acting person shall be governed by the Company Act.

When a director serves as chair, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a corporate director that serves as chair.

It is advisable that shareholders meetings convened by the board of directors be chaired by the chairperson of the board in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

If a shareholders' meeting is convened by someone with the convening right but other than the board of directors, the convening person shall chair the meeting and if there are more than two such persons, one of them shall be elected as the chair of the meeting.

The Company may appoint lawyers, CPA, or related personnel to attend the shareholders' meeting.

- Article 9 The Company shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting.
- The recorded materials of the preceding paragraph shall be retained for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.
- Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.
- The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.
- Article 10 Attendance in a shareholders' meeting should be calculated based on the number of shares. The number of shares in attendance shall be calculated based on the shares indicated by the signature book or sign-in cards handed in and the video conference platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.
- The chair 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 chair may announce a postponement. No more than two such postponements may be made for a combined total of no more than one hour. When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, the chair shall announce the meeting to be aborted. If the meeting is held by video conference, the Company shall also announce the meeting to be aborted on the video conference platform of the shareholders' meeting.
- When there are still insufficiently attending shareholders representing more than one-third of the total issued shares after two postponements, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act and all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. If the shareholders' meeting is held by video conference, the shareholders who wish to attend the meeting by video conference shall re-register with the Company in accordance with Article 16. Before the conclusion of the meeting, if the attending shareholders represent a majority of the total number of issued shares, the chair may submit a tentative resolution for voting by the shareholders' meeting in accordance with Article 174 of the Company Act.
- Article 11 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.
- If a shareholders' meeting is convened by someone with the convening right but other than the board of directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.
- The chair must not declare the meeting adjourned before the conclusion of the meeting agenda of the preceding two paragraphs (including extempore motions) except by a resolution of the shareholders' meeting. However, if the chair violates the rules of

procedure and adjourns the meeting, a majority of the shareholders present may vote to elect a chair to continue the meeting.

The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 12 When speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the chair.

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 slip, the spoken content shall prevail.

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

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have obtained the consent of the chair and the speaking shareholder; the chair shall stop any violations.

When a corporate 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 chair may respond in person or appoint relevant personnel to respond.

If the shareholders' meeting is convened by video conference, shareholders participating by video conference may ask questions by text on the video conference platform after the meeting chair calls the meeting to order and before the meeting is adjourned, and the number of questions shall not exceed two for each motion, and each time shall be limited to 200 words, and the provisions of Article 1 to Article 5 shall not apply.

Article 13 Voting at a shareholders meeting shall be calculated based the number of shares.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

The number of shares for which voting rights are not allowed to be exercised in the preceding paragraph shall not be included in the voting rights represented by attending shareholders.

Except for trust enterprises or stock agencies approved by the competent authority, when a person acts as the proxy for two or more shareholders, the number of voting power represented by him/her shall not exceed 3% of the total number of voting shares of the Company. Otherwise, the portion of excessive voting power shall not be counted.

Article 14 A shareholder shall have one voting right per share, except when the shares are restricted shares or have no voting rights under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall allow the exercise of voting rights by electronic means or in writing. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders'

meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the meeting in person. However, the shareholder shall be deemed to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals.

In case a shareholder elects to exercise his/her/its voting power in writing or by way of electronic transmission, as mentioned in the preceding paragraph, his/her/its declaration of intention shall be served to the Company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the Company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. In case a shareholder has exercised his/her/its voting power in writing or by way of electronic transmission, and has also authorized a proxy to attend the shareholders' meeting on his/her/its behalf, then the voting power exercised by the authorized proxy for the said shareholder shall prevail.

Unless otherwise required by the Company Act and by the Company's Article of Incorporation, the approval of a proposal shall require an affirmative vote of a majority of the voting rights of the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to voting. When any one among them is approved, the other proposals will then be deemed rejected, and no further voting shall be required.

Monitoring and counting personnel for voting on a proposal shall be appointed by the chair, but all monitoring personnel should be shareholders.

Vote counting for shareholders' meeting proposals or elections should be conducted in a public place during the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistics of the number of rights, shall be announced on the spot in the meeting, and recorded

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the

physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

Article 15 In the event of an election of directors and independent directors in a shareholders' meeting, the election results, including the list of elected directors and independent directors and the number of their elected rights, should be announced on the spot in accordance with the relevant election regulations established by the Company.

The election ballots for the aforementioned election shall be sealed and signed by the vote monitoring personnel and kept in a safe place for at least one year. However, if a lawsuit has been instituted by any shareholder in accordance with the provisions of Article 189 of the Company Act, the minutes of the shareholders' meeting involved shall be kept by the Company until the legal proceedings of the foregoing lawsuit have been concluded.

Article 16 Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairman of the meeting and shall be distributed to all shareholders of the Company within twenty (20) days after the close of the meeting. The preparation and distribution of the minutes of shareholders' meetings may be effected by means of electronic transmission.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

The minutes of meetings should correctly record the year, month, day, venue, name of the chair, voting method, the essentials of the proceedings and the voting results (including the statistical weights). If there is an election of directors and independent directors, the votes received by each nominee shall also be disclosed. The minutes are to be kept permanently during the Company's existence.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 17 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, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 18 The personnel administering the shareholders' meeting should wear identification cards or armbands.

The chair may direct proctors or security personnel to help maintain order in the meeting place. Proctors or security officers, when helping maintain order at the scene, should wear armbands or identification cards with the word "Proctor".

If the meeting place is equipped with sound-amplifying equipment, the chair may stop any shareholders from speaking unless they are using the equipment set up by the Company.

When a shareholder violates the rules of procedure, disobeys the chair's correction, or obstructs the proceedings and refuses to follow the call to stop, the chair may direct proctors or security personnel to escort the shareholder out of the meeting.

Article 19 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting place cannot be further used and not all of the items (including extempore motions) on the meeting agenda have been addressed, the shareholders' meeting may ratify a resolution to resume the meeting at another place.

The shareholders' meeting may, in accordance with the provisions of Article 182 of the Company Act, be resolved to be postponed or resumed within five days.

Article 20 If a shareholders' meeting is held by video conference, the Company shall disclose the voting results of each motion and election results on the video conference platform of the shareholders' meeting immediately after the close of voting in accordance with the regulations, and shall continue to do so for at least fifteen minutes after the chair announces the adjournment of the meeting.

Article 21 When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location.

Article 22 If a shareholders' meeting is convened by video conference, the chair shall, at the time of calling the meeting to order, separately announce, except for the circumstances specified in Article 44-20-4 of the Regulations Governing the Administration of Shareholder Services of Public Companies that do not require the adjournment or resumption of the meeting. If, before the chair announces the adjournment of the meeting, there is an obstacle to participation on the video conference platform or by video means that lasts for more than 30 minutes due to a natural disaster, an event or other force majeure, the meeting shall be adjourned and resumed within five days. The provisions of Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting

and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the first paragraph.

- Article 23 When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.
- Article 24 The Rules shall be effective upon approval by the shareholders' meeting and the same applies to amendments.
- Article 25 These rules are established on May 26, 2023.

Nine. Appendices

<Appendix I>

Articles of Association of Tsann Kuen Enterprise Co., Ltd.

Chapter I General Provisions

Article 1

The Company is organized in accordance with the Company Act and is named Tsann Kuen Enterprise Co., Ltd.

Article 2

The Company's scope of business is as follows:

1. C901010 Ceramic and Ceramic Products Manufacturing.
2. CB01030 Pollution Controlling Equipment Manufacturing.
3. CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
4. CC01060 Wired Communication Mechanical Equipment Manufacturing.
5. CC01070 Wireless Communication Mechanical Equipment Manufacturing.
6. CC01080 Electronics Components Manufacturing.
7. CC01110 Computer and Peripheral Equipment Manufacturing.
8. CE01030 Optical Instruments Manufacturing.
9. CN01010 Furniture and Decorations Manufacturing.
10. CO01010 Tableware Manufacturing.
11. E801010 Indoor Decoration.
12. F105050 Wholesale of Furniture, Bedding, Kitchen Utensils and Fixtures.
13. F106010 Wholesale of Hardware.
14. F108031 Wholesale of Medical Devices.
15. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
16. F112040 Wholesale of Petroleum Products.
17. F113010 Wholesale of Machinery.
18. F113020 Wholesale of Electrical Appliances.
19. F113050 Wholesale of Computers and Clerical Machinery Equipment.
20. F113060 Wholesale of Measuring Instruments.
21. F114010 Wholesale of Motor Vehicles.
22. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
23. F205040 Retail Sale of Furniture, Bedding, Kitchen Utensils and Fixtures.
24. F206010 Retail Sale of Hardware.
25. F208031 Retail Sale of Medical Apparatus
26. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies.
27. F212011 Gas Stations.
28. F212050 Retail Sale of Petroleum Products.
29. F213010 Retail Sale of Electrical Appliances.
30. F213030 Retail Sale of Computers and Clerical Machinery Equipment.
31. F213050 Retail Sale of Measuring Instruments.
32. F213080 Retail Sale of Machinery and Tools.
33. F214010 Retail Sale of Motor Vehicles.
34. F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories.
35. F401010 International Trade.
36. G801010 Warehousing.
37. H703100 Real Estate Leasing.
38. I301010 Information Software Services.

39. I599990 Other Designing.
40. IZ06010 Tally Packaging.
41. F401021 Controlled Telecommunications Radio-Frequency Devices Installation Engineering.
42. F102030 Wholesale of Tobacco and Alcohol.
43. F203020 Retail Sale of Tobacco and Alcohol.
44. CB01010 Mechanical Equipment Manufacturing.
45. CC01010 Manufacture of Power Generation, Transmission and Distribution Machinery.
46. E601020 Electric Appliance Installation.
47. F102170 Wholesale of Foods and Groceries.
48. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
49. F108040 Wholesale of Cosmetics.
50. F113070 Wholesale of Telecommunication Apparatus.
51. F114040 Wholesale of Bicycle and Component Parts Thereof.
52. F114050 Wholesale of Tires.
53. F115010 Wholesale of Jewelry and Precious Metals.
54. F116010 Wholesale of Camera Equipment.
55. F119010 Wholesale of Electronic Materials.
56. F203010 Retail Sale of Food, Grocery and Beverage
57. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories.
58. F206020 Retail Sale of Daily Commodities.
59. F208040 Retail Sale of Cosmetics.
60. F210010 Retail Sale of Watches and Clocks.
61. F213060 Retail Sale of Telecommunication Apparatus.
62. F213110 Retail Sale of Electrical Appliances.
63. F214040 Retail Sale of Bicycle and Component Parts Thereof.
64. F214050 Retail Sale of Tires.
65. F215010 Retail Sale of Jewelry and Precious Metals.
66. F216010 Retail Sale of Camera Equipment.
67. F219010 Retail Sale of Electronic Materials.
68. F301010 Department Stores.
69. F399010 Convenience Stores.
70. F399040 Retail Sale No Storefront.
71. F501060 Restaurants.
72. I501010 Product Designing.
73. IE01010 Telecommunications Service Number Agencies.
74. IG03010 Energy Technical Services.
75. IZ99990 Other Industrial and Commercial Services.
76. JA02010 Electric Appliance and Electronic Products Repair.
77. JA02030 Bicycle Repair.
78. ZZ99999 Business items that are not prohibited or restricted by law, except those that are subject to special approval.

The businesses above shall be operated in accordance with relevant laws and regulations.

Article 2-1

The total amount of the Company's foreign investment is not subject to the restrictions (may not exceed 40% of the Company's paid-in share capital) set forth in Article 13 of the Company Act, and the board of directors is authorized to handle matters related to foreign investment.

Article 3

The Company has its head office in Taipei, and may establish branches domestically and abroad when necessary by resolution of the board of directors.

Article 4

The method of public announcement of the Company shall be in accordance with the relevant provisions of the Company Act and the regulations of the competent authority.

Chapter II Shares

Article 5

The total capital of the Company is NT\$5 billion, divided into 500 million shares at the amount of NT\$10 per share. The board of directors is authorized to issue the shares in installments.

The Company may issue employee stock option certificates and reserve 6 million shares from the total number of shares referred to in the preceding paragraph as the shares for conversion of employee stock option certificates. If the Company intends to issue employee warrants at a subscription price lower than the market price, it may issue employee stock option certificates only after a resolution has been made by the shareholders' meeting in accordance with relevant laws and regulations.

The Company may transfer its treasury shares to its employees at a price lower than the average price of the shares actually repurchased, provided that such transfer is carried out in accordance with relevant laws and regulations and with the consent of the shareholders' meeting.

Article 6 has been deleted.

Article 7

Shares issued by the Company may be exempt from printing physical shares, but shall be registered with a centralized securities depository enterprise.

Article 8

The entries in the shareholders' register shall not be changed within 60 days prior to the general shareholders' meeting, or 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the ex-date set by the Company for distribution of dividends, bonuses or other benefits. The periods specified in the preceding paragraph shall commence from the meeting date or the ex-date.

Article 8-1

The Company's stock affairs shall be handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.

Article 8-2

With the consent of the board of directors, the Company may provide external endorsements and guarantees in accordance with the Procedures for Endorsements and Guarantees of the Company.

Chapter III Shareholders' Meetings

Article 9

There shall be two types of shareholders' meetings: the general shareholders' meeting held once a year within six months after the end of each fiscal year and convened by the board of directors in accordance with the law, and the extraordinary shareholders' meetings convened when necessary in accordance with the law. Unless otherwise stipulated in the Company Act, the Company's shareholders' meetings shall be convened by the board of directors.

Article 10

If a shareholder is unable to attend the shareholders' meeting for any reason, they may appoint a proxy to attend the meeting on their behalf by signing the power of attorney printed by the Company and stating the scope of powers authorized to the proxy. However, except for a trust

enterprise or a stock affairs agency approved by the competent securities authority, when one person is entrusted by two or more shareholders at the same time, the portion of the voting rights represented by the proxy that exceeds three percent of the total voting rights of the issued shares shall not be counted. The power of attorney referred to in the preceding paragraph shall be delivered to the Company 5 days prior to the shareholders' meeting. In the event of a repetition, the power of attorney delivered first shall prevail, unless a statement is made to revoke the previous power of attorney.

Article 11

Each shareholder of the Company has one voting right per share, except for those who are restricted or have no voting rights as stipulated in Article 179 of the Company Act and related laws and regulations. Unless otherwise provided in the Company Act, the shareholders' meeting shall be attended by shareholders representing more than half of the total number of shares issued, and motions shall be approved by more than half of the voting rights of the shareholders present.

Article 12

When the Company holds a shareholders' meeting, it shall allow the exercise of voting rights by electronic means or in writing. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person. But his or her rights shall be considered abstained with respect to the extempore motions and amendments to original proposals of that meeting

When the voting right is exercised in writing or by electronic means, the expression of intention shall be delivered to the Company two days before the shareholders' meeting. If the expression of intention is repeated, the first one that is delivered shall prevail. unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

Article 12-1

The resolutions of the shareholders' meeting shall be recorded in the meeting minutes, and handled in accordance with the provisions of Article 183 of the Company Act.

Chapter IV Directors

Article 13

The Company shall have five to nine seats of directors, and the number of seats shall be determined by resolution of the board of directors. For the election of directors, the candidate nomination system shall be adopted in accordance with Article 192-1 of the Company Act and the directors shall be elected by the shareholders' meeting from the list of director candidates, and the term of office shall be three years. If the term of office of the directors elected by the shareholders' meeting in accordance with the law expires but new directors cannot be re-elected in time, the existing directors' execution of duties shall be extended until the new directors take office.

The acceptance method and announcement of the nomination of director candidates shall be handled in accordance with the Company Act, Securities and Exchange Act, and relevant laws and regulations.

Article 13-1

Among the directors mentioned in the preceding paragraph, the number of independent directors shall not be less than three, and the number shall be determined by the board of directors. The shareholders' meeting shall elect them from the list of independent director candidates.

The Company shall set up an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of all independent directors.

The audit committee and its members shall be responsible for the implementation of the functions and powers prescribed in the Company Act, Securities and Exchange Act, and relevant laws and

regulations.

Article 14

The board of directors is organized by the directors; the chairperson shall be elected in a board meeting attended by more than two-thirds of the directors and approved by more than half of the directors present. The chairperson represents the Company externally. When the chairperson is on leave, the vice chairperson shall act as the proxy. If the vice chairperson is on leave or the position is vacant, the chairperson shall appoint one person to act as the proxy, or the directors shall mutually recommend one person to act as the proxy. The board meeting shall be convened by the chairperson, except that the first meeting of each term shall be convened by the director winning the most voting rights. The directors shall be notified seven days before the meeting, and the meeting may be convened at any time in case of emergency. The convening of the Company's board meeting may be carried out in writing, by e-mail or by fax. Unless otherwise provided by the Company Act, the board meeting shall be attended by a majority of the directors, and motions shall be approved by more than half of the directors present.

If a director is unable to attend the board meeting, they may entrust another director to attend the board meeting on their behalf, provided that a power of attorney shall be issued and the scope of authorization specified for the reasons for convening the meeting. The proxy shall accept the entrustment of only one person. In case a board meeting is proceeded via videoconference, then the directors participating via videoconference shall be deemed to be attending the meeting in person.

Article 15

When the chairperson is on leave or unable to exercise their powers for some reason, their proxy shall be handled in accordance with the provisions of Article 208 of the Company Act.

Article 16

The directors may receive remuneration on a monthly basis, and the Company may pay such remuneration regardless of its profit or loss. The board of directors is authorized to negotiate the remuneration based on their participation in the operation of the Company and the value of their contribution.

Article 16-1

The Company may, by resolution of the board of directors, purchase liability insurance for all directors to protect the rights and interests of all shareholders and reduce the Company's operational risks.

Chapter V Managers

Article 17

The Company may set up positions of managers whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 18

At the end of each fiscal year, the board of directors shall prepare (1) the business report, (2) financial statements, and (3) an earnings distribution or loss compensation proposal, and submit them to the shareholders' meeting for ratification.

Article 19

If the Company has any profit in the year, the employees' remuneration shall be appropriated in the amount of 1% to 7% of the balance of the pretax profit without including the employees' remuneration in the current year after deducting the accumulated loss.

The aforementioned employees' remuneration may be paid in stock or cash. The resolution shall be made by a majority vote at the board meeting attended by two-thirds of all directors, and a report shall be submitted to the shareholders' meeting.

The targets for distribution of employees' remuneration may include employees of subordinate companies who meet certain criteria.

Article 20

If the Company has earnings in the annual final accounts, after paying taxes according to law and making up for the cumulative loss, 10% of the balance shall be allocated as the legal reserve. However, no further allocation is required when the legal reserve reaches the paid-in capital of the Company. After the special reserve is allocated or reversed according to the law or the provisions of the competent authority, the remaining balance together with the undistributed earnings at the beginning of the period and the adjustment amount of undistributed earnings in the current year shall be the distributable earnings. The board of directors shall draw up an earnings distribution proposal after reserving an amount for business needs. When the distribution is made via issuing new shares, it shall be submitted to the shareholders' meeting for a resolution on the distribution.

When the Company distributes dividends and bonuses in accordance with Article 240, Paragraph 5 of the Company Act, or distributes all or part of the legal reserve and capital reserve in accordance with Article 241, Paragraph 1 of the Company Act in the form of cash, it may authorize the board of directors to make the distribution via a resolution by a majority vote with more than two-thirds of the directors present, and then report it to the shareholders' meeting.

The dividend and reserve distribution policy of the Company is based on the consideration of financial, business and operational factors, and may be implemented by issuing new shares or in cash. However, the proportion of cash distribution shall not be less than 5% of the total amount of the current year's earnings and reserves distributed.

Chapter VII Supplementary Provisions

Article 21

Any matters not provided for in the Articles of Association shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 22

These Articles of Incorporation was established on August 30, 1978; the first amendment was made on September 25, 1978; the second amendment was made on October 9, 1978; the third amendment was made on October 25, 1978; the fourth amendment was made on January 29, 1981; the fifth amendment was made on February 18, 1981; the sixth amendment was made on February 4, 1982; the seventh amendment was made on October 21, 1982; the eighth amendment was made on December 18, 1982; the ninth amendment was made on January 14, 1983; the tenth amendment was made on January 15, 1984; the eleventh amendment was made on August 25, 1986; the twelfth amendment was made on September 25, 1986; the thirteenth amendment was made on September 25, 1988; the fourteenth amendment was made on November 20, 1989; the fifteenth amendment was made on January 9, 1990; the sixteenth amendment was made on April 26, 1990; the seventeenth amendment was made on July 3, 1990; the eighteenth amendment was made on October 13, 1990; the nineteenth amendment was made on March 25, 1991; the twentieth amendment was made on July 28, 1991; the twenty-first amendment was made on June 3, 1993; the twenty-second amendment was made on April 23, 1994; the twenty-third amendment was made on July 9, 1994; the twenty-fourth amendment was made on October 1, 1994; the twenty-fifth amendment was made on May 27, 1995; the twenty-sixth amendment was made on August 15, 1995; the twenty-seventh amendment was made on May 24, 1996; the twenty-eighth amendment was made on September 18, 1996; the twenty-ninth amendment was made on June 4, 1997; the thirtieth amendment was made on October 21, 1997; the thirty-first amendment was made on June 2, 1998; the thirty-second amendment was made on June 15, 1999; the thirty-third

amendment was made on June 16, 2000; the thirty-fourth amendment was made on June 28, 2001; the thirty-fifth amendment was made on June 28, 2002; the thirty-sixth amendment was made on May 22, 2003; the thirty-seventh amendment was made on May 11, 2004; the thirty-eighth amendment was made on June 14, 2005; the thirty-ninth amendment was made on June 14, 2006; the fortieth amendment was made on June 13, 2007; the forty-first amendment was made on May 27, 2008; the forty-second amendment was made on July 28, 2009; the forty-third amendment was made on April 16, 2010; the forty-fourth amendment was made on April 14, 2011; the forty-fifth amendment was made on April 13, 2012; the forty-sixth amendment was made on April 19, 2013; the forty-seventh amendment was made on April 18, 2014; the forty-eighth amendment was made on June 30, 2015; the forty-ninth amendment was made on November 30, 2015; the fiftieth amendment was made on April 21, 2017; the fifty-first amendment was made on April 28, 2021; the fifty-second amendment was made on May 16, 2022.

<Appendix II>

Tsann Kuen Enterprise Co., Ltd.

Rules of Procedure for Shareholders' Meetings (before amendment)

Article 1

The Company's shareholders' meeting shall, unless otherwise provided for in laws and regulations, be convened by the board of directors.

Article 1-1

The public announcement, meeting notice, recording of meeting minutes, matters to be signed, and avoidance system of related parties of the Company shall be handled in accordance with the Company Act, Securities and Exchange Act, and relevant laws and regulations.

Article 2

The Company shall furnish an attendance book for the attending shareholders to sign in, or the attending shareholders may submit a sign-in card instead.

Article 3

Attendance and voting at the shareholders' meeting shall be based on the number of shares.

The number of shares in attendance shall be calculated based on the shares indicated by the signature book or sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The shares held by shareholders having no voting right shall not be counted in the total number of issued shares while adopting a resolution at a meeting of shareholders.

A shareholder who has a personal interest in the matter under discussion at a meeting, which may impair the interest of the Company, shall not vote nor exercise the voting right on behalf of another shareholder.

The number of shares for which voting rights are not allowed to be exercised in the preceding paragraph shall not be included in the voting rights represented by attending shareholders.

Article 3-1

The power of attorney used by shareholders of the Company to attend shareholders' meetings, as well as the solicitation of power of attorney and non-solicited proxy shall be handled in accordance with the Company Act and the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies".

Article 4

The location of a shareholders' meeting should be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 4-1

If there is an election proposal at the shareholders' meeting, the acceptance of registration shall stop when the election voting starts, and the registration may resume after the election.

Article 5

The chairperson of the board of directors shall preside over the shareholders' meeting. When the chairperson is on leave or unable to perform their duties for some reason, the situation shall be handled in accordance with the provisions of the Company Act.

If the shareholders' meeting is convened by a person with the power to convene other than a member of the board of directors, the convener shall be the chair of the meeting. If there are two

or more conveners, one of them shall be elected to be the chair.

Article 6

The Company may appoint lawyers, CPAs, or related personnel to attend the shareholders' meeting as nonvoting delegates. The personnel administering the shareholders' meeting should wear identification cards or armbands.

Article 7

The Company shall make audio or video recordings of the whole process of the shareholders' meeting and keep them for at least one year.

Article 8

The chair shall announce the start of the meeting at the scheduled meeting time. If shareholders representing no more than half of the total issued shares are present, the chair may announce the meeting to be postponed; the number of such postponements shall be limited to two times, and the total time of the delay may not exceed one hour. If after the two postponements in the preceding paragraph, the shareholders present still does not meet the quorum, but represent more than one-third of the total number of issued shares, then a tentative resolution may be made in accordance with the Company Act based on the approval of the attending shareholders holding a majority of the voting shares.

Before the end of the meeting, if the number of shares represented by the shareholders present meets the quorum, the chair may reapply for voting on the tentative resolution in accordance with the Company Act.

Article 9

If a shareholders' meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting should proceed in the order set in the agenda, which may not be changed without a resolution of the shareholders' meeting.

If a shareholders' meeting is convened by someone with the convening right but other than the board of directors, the provisions of the preceding paragraph shall apply mutatis mutandis.

The chair may not declare the meeting adjourned prior to completion of the meeting agenda (including extempore motions) of the preceding two paragraphs except by a resolution of the shareholders' meeting.

If the chair declares the meeting adjourned in violation of the rules of procedure, the attending shareholders may elect a new chair based on the approval of a majority of their voting rights, and then continue the meeting.

After the adjournment of the meeting, the shareholders may not elect another chair to continue the meeting at the original venue or another venue.

Article 10

When speaking, an attending shareholder shall specify on a speaker's slip the subject of the speech, shareholder account number (or attendance card number), and account name. The order in which shareholders speak shall be set by the chair. A shareholder in attendance who has submitted the 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. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have obtained the consent of the chair and the speaking shareholder; the chair shall stop any violations.

Article 11

Without the consent of the chair, each shareholder who speaks on the same motion may not speak more than twice, and each speech shall not exceed five minutes. If a shareholder's speech violates the rules above or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 11-1

The shareholders present have the obligation to abide by the rules of the meeting, obey the resolutions and maintain the order of the meeting.

Article 12

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

Article 13

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

Article 14

The chair may immediately announce a vote on a motion of which the discussion has been declared closed or suspended. During voting, if the chair inquires all the attending shareholders and receives no objections, the motion is deemed approved with the equivalent effect as a resolution by vote.

Article 15

Monitoring and counting personnel for voting on a proposal shall be appointed by the chair, but all monitoring personnel should be shareholders. The voting results shall be reported on the spot and recorded.

Article 16

During the meeting, the chair may declare a break at their discretion. In the event of force majeure, the chair may rule to suspend the meeting and, depending on the circumstances, announce the time for the resumption of the meeting, or the shareholders' meeting may make a resolution to resume the meeting within five days with the notice and public announcement of the meeting waived.

Article 17

Each shareholder shall have one voting power for each share held. Unless otherwise stipulated in the Company Act, a proposal shall be approved by a majority of the voting rights of the shareholders present; however, the above does not apply to those who do not have voting rights as stipulated in Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall allow the exercise of voting rights by electronic means or in writing. When voting rights are exercised in writing or by electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means shall be deemed to have attended the meeting in person. But his or her rights shall be considered abstained with respect to the extempore motions and amendments to original proposals of that meeting.

In case a shareholder elects to exercise his/her/its voting power in writing or by way of electronic transmission, as mentioned in the preceding paragraph, his/her/its declaration of intention shall be served to the Company two days prior to the scheduled meeting date of the shareholders' meeting, whereas if two or more declarations of the same intention are served to the Company, the first declaration of such intention received shall prevail; unless an explicit statement to revoke the previous declaration is made in the declaration which comes later.

Article 18

When there is an amendment or an alternative to a motion, the chair shall present the amended or alternative motions together with the original motion, and decide the order in which they will be put to the vote. When any one among them is passed, the other motions will then be deemed

rejected and no further voting shall be required.

Article 19

The chair may direct proctors or security personnel to help maintain order in the meeting venue. The proctors or security personnel, when helping maintain order at the scene, should wear armbands or identification cards with the word “Proctor”.

Article 20

The Rules shall become effective upon the approval of the shareholders’ meeting; the same shall apply when they are amended.

Article 21

The Rules were established on October 13, 1997. The 1st amendment was made on June 28, 2002. The 2nd amendment was made on May 22, 2003. The third amendment was made on April 13, 2012. The 4th amendment was made on May 16, 2022.

<Appendix III>

Tsann Kuen Enterprise Co., Ltd.

Shareholding of all directors

Job title	Name	Current shareholding (Note 1)	
		Number of shares	Percentage
Chairman	Tsann Kuen Investment Co., Ltd. Representative: Lin, Chi-Tien	35,172,822	30.11%
Director	Tsann Kuen Investment Co., Ltd. Representative: Tsai, Yuan-Sung	35,172,822	30.11%
Director	Tsann Kuen Investment Co., Ltd. Representative: Tsai, Tsung-Hsian	35,172,822	30.11%
Director	All Oriented Services Int. Co., Ltd. Representative: Lin, Cheng-Feng	1,622,175	1.39%
Independent Director	Hung, Chiu-Chen	0	0%
Independent Director	Huang, Li-Sung	0	0%
Independent Director	Kao, Hsiu-Chi	0	0%
Total		36,794,997	31.50%

Notes:

- The listed information is the number of shares held by individual and all directors recorded in the shareholders' register as of the book closure date of 2023 (March 28, 2023).
- The legally required shareholdings of the current directors of the Company are as follows:
 - Total shares issued as of March 28, 2023: 116,800,000 common shares.
 - The number of shares legally required to be held by all directors is 8,000,000. As of March 28, 2023, all directors held 36,794,997 shares.
 - The Company has set up an audit committee, so there is no applicable number of shares legally required to be held by supervisors.
 - The shareholding status of all directors of the Company has met the percentage criteria of the "Rules for the Implementation of the Shareholding Ratio and Audit of Directors and Supervisors of Public Companies".

Anyone ***Anytime*** ***Awesome***

用❤️

用心經營

安❤️

安心購物環境

貼❤️

貼心的服務

放❤️

將需求交給燦坤
放心成家

