Stock Code : 2430

燦坤

2023 ANNUAL REPORT

TSANN KUEN ENTERPRISE CO., LTD.

Company Website :

TSANN KUEN ENTERPRISE CO., LTD.
http://www.tk3c.com.tw/

Declaration Website :
http://mops.twse.com.tw/mops/web/index

Printing Date: March 25,2024

1. **Spokesperson**
   Name:Yu-Liang Wang
   Title:Chief Finance Officer / Assistant VP of the Finance Department
   Tel:+886 2795-3988
   Email: investors@tk3c.com
   Deputy Spokesperson:Vacancy

2. **Address and Phone Number of Head Office, Branches and Plants**
   Taipei Head Office:3F, No. 331, Sec. 1, Tiding Avenue, Neihu Dist., Taipei
   Tel: +886 2795-3988
   Fax:+886 8791-0868

3. **Stock Transfer Agent**
   Name:Yuanta Securities Co., Ltd. Stock Affairs Agency Department
   Add:B1, No. 210, Sec. 3, Chengde Road, Taipei
   Tel: +886 2586-5859
   Website:http://www.yuanta.com.tw/

4. **Independent Auditors**
   Company: PricewaterhouseCoopers Taiwan
   Auditors: Yi-Fan,Lin and Sung-Tse,Wang
   Add: 27F, No. 333, Sec. 1, Keelung Road, Taipei
   Tel: +886 2729-6666
   Website: https://www.pwc.tw/

5. **Overseas Securities Exchange:None.**

6. **Corporate Website http://www.tk3c.com.tw/**

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One. Letter to shareholders

Dear Shareholders,

Looking back at 2023, the Russo-Ukrainian War, global currency inflation, and central banks raising interest rates to curb inflation had a significant impact worldwide. Domestically, we also experienced rising prices due to these global factors. The central bank implemented interest rate hike measures. Mid-year, domestic epidemic restrictions were officially lifted, leading to the reconfiguration of household income budgets. There was a surge in retaliatory outbound travel among locals, coupled with the absence of stimulus voucher policies this period, guiding consumption. Additionally, during the epidemic, there was a significant amount of purchasing in categories such as information technology, communication, and household appliances. As a result, the retail market reverted to basic demand, impacting the performance of domestic retail channels.

In the face of an ever-changing business environment, 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 improving its profit momentum. The operating conditions of the Company in the past year are reported as follows:

I. 2023 Business Results

The consolidated revenue of the Company in 2023 was NT$19.985 billion, 10.35% lower than the consolidated revenue in 2022 of NT$22.291 billion; the net profit attributable to the owners of the parent company in 2023 was NT$279 million, a decrease of 53.01% over the net profit of NT$593 million in 2022; the basic earnings per share after tax was NT$2.39.

The consolidated operating results of the Company in 2023 were as follows:

1. Results of business plan implementation:

Unit: NT$ thousand

Item	2023		2022		Increase (decrease) amoun	
	Amount	%	Amount	%	Difference	Percentage (%) of increase (decrease)
Operating revenue	19,984,883	100.00	22,291,231	100.00	(2,306,348)	(10.35)
Gross operating profit	2,980,484	14.91	3,445,749	15.46	(465,265)	(13.50)
Operating income	356,775	1.79	733,452	3.29	(376,677)	(51.36)
Net profit after tax	278,736	1.39	593,134	2.66	(314,398)	(53.01)
Profit attributable to owners of the parent company	278,736	1.39	593,134	2.66	(314,398)	(53.01)
After-tax earnings per share (NT$)	2.39		4.29		(1.90)	

2. Budget implementation: The consolidated operating income in 2023 was NT$19.985 billion, and the budget was NT$20.821 billion, with a completion rate of 96.0%.
3. Analysis of financial revenue and expenditure and profitability:

Item		2023	2022
Financial structure	Debt to assets ratio (%)	67.84	68.43
	Long-term capital to property, plant and equipment ratio (%)	301.62	291.01
Solvency	Current ratio (%)	85.35	88.18
	Quick ratio (%)	33.69	38.43
Operating	Inventory turnover rate (times)	6.62	7.24

capacity	Total assets turnover rate (times)	1.37	1.45
Profitability	Return on assets (%)	1.91	3.85
	Return on equity (%)	6.12	11.97
	Net profit ratio (%)	1.39	2.66

II. Overview of the 2024 Business Plan

Looking forward to 2024, despite the ongoing international and regional disputes, the overall global trade has rebounded, and the major economies have continued to expand, boosting economic growth momentum. According to the forecast of the Central Bank and other main research institutions, the domestic economic growth rate in 2024 will be about 3%, which will grow somewhat compared to the 1.40% in 2023.With the increase in minimum wage and adjustments to military and civil servant salaries, it is expected that consumer willingness to spend will increase in the private sector.

The company is committed to building an efficient and professional management team, implementing the corporate culture of "3A and 4 Hearts". Through improving operational efficiency, systematic enhancements, and innovative integration of services across industries, we aim to enhance our membership mechanism and service quality. This is to meet various consumer needs, improve member satisfaction, and provide more meticulous and thoughtful services. We strive to make consumers feel at ease in entrusting their needs to the company.

The key business points of this year are as follows:

1. Implement corporate social responsibility: Promote the use of energy-saving home appliances to reduce carbon emissions, provide solutions for exchanging old information products for new ones to mitigate environmental impacts, and continue to care for rural residents by conducting outreach medical consultations.
2. Integrate diversified business models: Expand cross-industry collaborations to provide members with a comprehensive shopping experience.
3. Enhance integrated services across all channels: Continuously open new stores and renovate existing ones, popularize the "WanDau" smart living demonstration house commercial model, and expand integrated omnichannel services online and offline.
4. Deepening memberships: Develop top-tier customers and enhance the sense of honor and belonging of members.
5. Strengthening the logistics and maintenance mechanism: Strengthen logistics, distribution, installation and after-sales service to provide consumers with a shopping experience with fast, convenient and high-end service quality.
6. Expand services: Diversify the service content of related products such as appliance cleaning, extended warranties, and mobile device insurance, and expand service network on dual platforms.
7. Cost control: Adopt a low cost, low marketing operation strategy, and pursue operating efficiency beyond the market standards.

III. Future development strategies of the Company

The Company will uphold its 3 As and 4 Hearts operating strategy, providing consumers with brand-new shopping experiences, optimizing membership mechanisms, fulfilling customer needs, enhancing the professionalism and service capacity of store staff and logistics, expanding cross-industry collaboration, integrating online and offline channel resources, nurturing talents at all levels, improving per capita output efficiency, strengthening detailed control of various costs and management expenses, enhancing operational efficiency of the enterprise, aiming to become the most capable channel operator in Taiwan to meet the needs of members for 3C products, and to become true partners with various brand manufacturers and distributors.

IV. Impact from External Competition, Rules and Regulations, and the Overall Macro Environment

The external macroeconomic environment is gradually recovering, while geopolitical risks continue to escalate, and regional disputes may also escalate, thereby affecting the progress of economic environment improvement. The flourishing development of e-commerce intensifies industry competition, making physical retail operations even more challenging. ESG (Environmental Protection, Social Responsibility, Corporate Governance) has become a key indicator for external evaluation of corporate sustainable development. The Company will implement and promote it in accordance with regulations to ensure that environmental, social responsibility, and obligations are balanced while ensuring operational growth, achieving the goal of sustainable operations. With the continuous innovative development of AI emerging applications, it is expected to bring new content for products and services, creating new growth points for our company's operations. Faced with internal and external operational environments, our company will continue to leverage the advantages of integrated online and offline channels, continuously improve service diversification, focus on consumer experience, implement execution, enhance revenue, cash flow, optimize cost and management expense control, and create higher profits to reward shareholder support, becoming a respected first-class enterprise.

Chairman: Chi-Tien, Lin

Two. Company Profile

I. Company profile

(I) Date of establishment

The Company was incorporated on November 2, 1978.

(II) Company History

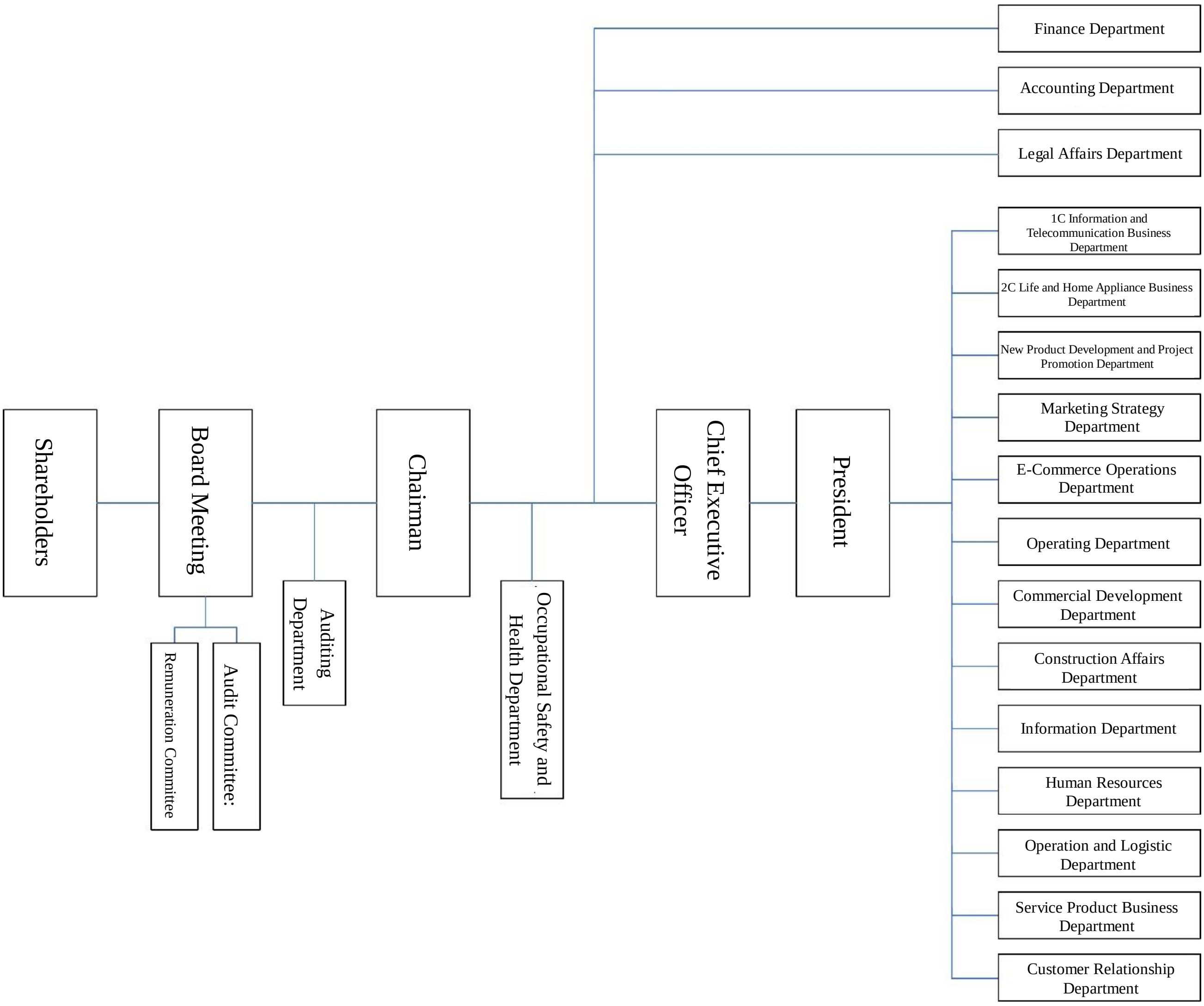
Year / Month	History
May 1997	The Company's stocks were listed on the OTC market.
January 1998	Established the Consumer Electronics Chain Store Department.
March 2000	Conducted cash capital increase of $1,200,000 thousand (including premium), and the Company's shares were transferred from OTC to be listed on the stock exchange on September 11 of the same year.
November 2009	On November 1, 2011, the Company split off the assets, liabilities and operations related to its home appliance segment and long-term equity investment thereof and transferred them to the newly-established Star Comgistic Capital Co., Ltd., as well as reduced its capital by $1,926,000 thousand.
August 2010	In order to expand its overseas business, the Company invested in a subsidiary for the Indonesian market and property management.
November 2010	The Company made a cash capital increase of $1,204,000 thousand (including premium) to expand the scale of operations and renovate existing stores.
July 2013	Tsann Kuen's flagship store at Neihu was awarded the "Energy Saving Label of Taipei City Commercial Tower".
October 2013	The Company was awarded the special prize in the "Summer Months Electricity Saving" service industry energy saving competition of Taipei City.
October 2017	The Company was awarded second place in Next Magazine's 14th "Service First Award" for compound supermarkets.
December 2017	The Company was awarded the 2017 Water Saving Promotion Award by the Water Resource Agency, MOEA.
December 2017	The Company was awarded the "25th Anniversary of the Missing Children's Service" by the Child Welfare League Foundation.
October 2018	The Company was awarded "King of Energy Saving Advancement" in a 2018 event for the promotion of energy-saving products by the Taipei City Government and the Department of Economic Development, Taipei City Government.
November 2018	Neihu flagship store manager Feng-Hsiang Chung received the "Service Innovation" award in the 2018 100 MVP from Manager's Monthly.
July 2019	The Company was awarded "Asia's Best Employer" of 2019 (Taiwan) by the HR Asia magazine.
October 2019	The Company was awarded "Energy Saving Champion" in the 2019

	energy-saving quarterly event by the Taipei City Government and the Department of Economic Development, Taipei City Government.
September 2020	To enhance the new style and image of the stores, the Awesome Taoyuan Nankan store, which focuses on being “spacious, bright and comfortable”, was officially opened.
December 2020	LifeStyle Tainan Wenxian store officially opened, with “3 As and 4 Hearts” as its core of business, where the 3 As represent Anytime, Anyone, and Awesome experiences, and the 4 Hearts represent service with dedication, peace of mind, consideration, and reassurance.
February 2021	The first consumer electronics boutique store in Taiwan, Surpass Taichung Store, officially opened, with the expectation that only Tsann Kuen can surpass Tsann Kuen.
March 2021	The first 3C channel in Taiwan is to be available on Foodpanda, a real-time delivery platform, providing consumers with a wide variety of shopping options.
December 2021	Cooperated with Fortune Electric Value Company Limited to start cross-industry cooperation by installing EV fast-charging stations in suitable selected stores to enhance the customer service experience.
March 2022	The Neihu flagship store demonstrates a smart living house, “WanDau”, which means “my home” in Taiwanese. It is the first home space with an immersive consumer electronics experience for home builders, consignment companies, new home buyers and renovators.
December 2022	Began collaboration with Uber Eats to provide consumers with an alternative way of purchasing, entering the 3C delivery market.
May 2023	The “WanDau New Business Model Project” won the Intel Innovation Breakthrough Award.
July 2023	Joined the Ministry of Environment's “Environmental Protection Points Program,” which allows for the exchange of points for environmentally friendly products, including refrigerators, washing machines, air conditioners, and various types of energy-saving small household appliances, promoting “green consumption cycle.”
October 2023	Store managers Wei-Kai Chen and Sheng-Feng Hong were awarded the highest honor, “Outstanding Store Manager,” at the 26th National Store Excellence and Outstanding Store Manager Selection organized by the Taiwan Chain Stores and Franchise Association.

Three. Corporate Governance Report

I. Organizational system

(I) The organizational structure of Company is as follows



(II) Functions of major departments:

1. Auditing Department: Responsible for the implementation, coordination, and improvement follow-up related to internal control audit.
2. Sustainable Development Department: The Sustainable Development Department formulates and implements sustainable development policies and promotion plans as well as corporate governance matters.
3. Occupational Safety and Health Department: Establishing occupational safety and health plans and promoting health, holding relevant educational trainings and conducting store inspections.
4. Finance Department: Planning and control of bank loan facilities and cash flow, and analyzing and evaluating investment projects.
5. Accounting Department: Establishing accounting policies and promoting various accounts, taxation, cost settlement and performance management.
6. Legal Affairs Department: Responsible for the legal affairs of the Company, including the formulation, review and evaluation of contracts, as well as the review of legal-related risks of the Company's operation.
7. 1C Information and Telecommunication Business Department: Responsible for marketing planning and sourcing strategy for system, digital, peripheral supplies, communication, and gaming software products.
8. 2C Life and Home Appliance Business Department: Responsible for marketing planning and sourcing strategies for large home appliances, small home appliances, audio-visual products, AIoT (Artificial Intelligence Internet of Things) and consumer electronics products.
9. New Product Development and Project Promotion Department: New product developmentWandau business promotion.
10. Marketing Strategy Department: Planning and formulating the marketing strategies, maintaining member relations and the membership app.
11. E-commerce Business Department: Developing and maintaining the online shopping platform to create a new experience and different added value in the online shopping market.
12. Operating Department: Unifying and implementing the store operation management and customer service.
13. Commercial Development Department: Conducting precise consumer surveys on potential consumer demands across the country to grasp the best opportunities for store expansion. Negotiating store rent and recruiting merchants, store renovation and construction, executing innovative displays, planning and designing store displays to meet customer needs.
14. Construction Affairs Department: Contracting for the construction of store decoration, searching for annual vendors and contracting, project negotiation, acceptance, and payment.
15. Information Department: Coordinating the Company's digitalization policy, integrating future network plans, maintaining the normal operation of the online mall database and e-commerce front-end system, and assisting in the development, maintenance, and report

preparation and analysis of information systems for each unit.

16. Human Resources Department: Developing personnel policies and coordinating operations, handling personnel administration matters, and developing and promoting the overall planning of the Group's educational training and talent recruitment.
17. Operation and Logistic Department: Merchandise and logistic transportation planning and management. Responsible for receiving, inspection, processing, store distribution, transportation services in the province, and after-sales repair service for genuine products.
18. Service Product Business Department: Combining physical product sales with high-value-added services to meet customers' needs for a one-stop shopping experience. Assisting in resolving issues related to product sales and after-sales service, providing channels for customer inquiries about products, assisting with after-sales service, and actively achieving a full sales cycle for all staff.

II. Information on directors, supervisors, presidents, vice presidents, assistant vice presidents, and heads of departments and branches

(I) Information on directors and supervisors

1. Name, gender, age, nationality or place of registration, major work (education) experience, date elected (onboarded), date first elected, spouse & minor children shareholding, and professional knowledge of the directors, as well as the diversity and independence of the board of directors

March 24, 2024

Name Job title	Nationality or place of registration	Gender/ age range	Date elected (onboarded)	Term of office	Date first elected	Shareholding while elected		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in the Company and other companies currently held	Spouse or relatives within the second degree of kinship who are managers, directors or supervisors of the Company			Note
						Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job title	Name	Relationship	
Tsann Kuen Investment Co., Ltd.	R.O.C.	-	2021.04.28	3 years	2003.06.17	50,113,533	30.10	35,172,822	30.11	-	-	-	-	-	-	-	-	-	
Representative Chi-Tien, Lin/ Chairman	R.O.C.	Male 50-59	2021.04.28	3 years	2019.12.12	0	0	0	0	0	0	0	0	Graduate School of Business Management, Tatung University	Note 1	None	None	None	
Yuan-Sung, Tsai/ Director	R.O.C.	Male 60-69	2021.04.28	3 years	2018.08.22	788	0	552	0	4	0	0	0	Business Administration Department, Metropolitan State University, Minnesota, USA	Note 2	None	None	None	
Tsung-Hsien, Tsai/ Director	R.O.C.	Male 40-49	2021.04.28	3 years	2020.11.23	98,943	0	69,421	0.06	0	0	0	0	Department of Mechanical Engineering. Tatung University	Note 3	None	None	None	
All Oriented Services Int. Co., Ltd.	R.O.C.	-	2021.04.28	3 years	2015.11.30	2,312,000	1.39	1,622,175	1.39	-	-	-	-	-	-	-	-	-	
Representative Cheng-Feng, Lin/ Director	R.O.C.	Male 40-49	2021.04.28	3 years	2017.03.02	0	0	0	0	6,314	0.01	0	0	International MBA, National Chengchi University	-	None	None	None	
Chiu-Chen, Hung Independent Director	R.O.C.	Male 70-79	2021.04.28	3 years	2009.04.20	0	0	0	0	0	0	0	0	Director, Nexia Trans-Asia Associates	None	None	None	None	
Li-Sung, Huang Independent Director	R.O.C.	Male 70-79	2021.04.28	3 years	2015.11.30	0	0	0	0	0	0	0	0	Department of Industrial Management, National Cheng Kung University	None	None	None	None	
Hsiu-Chi, Kao Independent Director	R.O.C.	Female 60-69	2021.04.28	3 years	2021.04.28	0	0	0	0	0	0	0	0	Department of Law, Nation Taiwan University	None	None	None	None	

(Note 1)
1. Chairman, Dali Investment Trust Company Limited
2. Chairman, Yong Yi Investment Co., Ltd.
3. Director, Proworld International Limited
4. Director, PT.TSANN KUEN PROPERTY DEVELOPMENT INDONESIA
5. Director, New Target Development Co., Ltd
6. Director, Good World Enterprise Ltd.
7. Chairman, Star Comgistic Capital Co., Ltd.
8. Chairman, Jing Kuanq Enterprise Co., Ltd.
9. Director, Wuhuama International Marketing
10. Director, Sino Global Development Ltd.
11. President, Tsann Kuen Japan Electronics
12. Director, Tsann Kuen (China) Enterprise Co.,

	Co., Ltd.		Corporation	Ltd.
	13. Vice Chairman, Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.	14. Director, Tsann Kuen Enterprise (Shanghai) Co., Ltd.	15. Chief Sustainability Officer, Tsann Kuen Enterprise Co., Ltd.	
(Note 2)	1. Director, Tsann Kuen Investment Co., Ltd.	2. Director, Star Comgistic Capital Co., Ltd.	3. Director, Fordchee Development Limited	4. Director, EUPA Industry Co., Ltd.
	5. Director, Fillman Investments Limited	6. Chairman Kuen (China) Enterprise Co., Ltd.	7. President, Tsann Kuen (China) Enterprise Co., Ltd.	8. Chairman, Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.
	9. Director, Tsann Kuen Enterprise (Shanghai) Co., Ltd.	10. Director of PT.STAR COMGISTIC INDONESIA	11. Director, East Sino Development Limited	12. Director, World Kingdom Properties Limited
	13. Director, Orient Star Investments Limited	14. Director, Good World Enterprise Ltd.	15. Chairman, Sekond Creative Design Co., Ltd.	16. Chairman, Tzuyutun Investment Company Limited
(Note 3)	1.Chairman, Jing Kuanq Enterprise Co., Ltd.			

2. Major shareholders of corporate shareholders

March 24, 2024

Name of juridical person shareholder	Major shareholders of corporate shareholders
Tsann Kuen Investment Co., Ltd.	Shu-Hui, Tsai (25%)
	Tsann-Kuen, Wu (25%)
	Chun-Mei, Hsu (15.76%)
	Mei-Hui, Huang (12.9%)
	Yuan-Yuan, Tsai (12.5%)
	Yuan-Sung, Tsai (3%)
	Li-Yu, Yang et al. (5.84%)
All Oriented Services Int. Co., Ltd.	Chengfeng Investment Co., Ltd. (49.69%)
	Huashun Investment Co., Ltd. (50.31%)

3. Major juridical person shareholders of juridical person shareholders:

March 24, 2024

Name of juridical person	Major shareholders of the juridical person
Chengfeng Investment Co., Ltd.	Pao-Yung, Lin (57.67%)
	Yung-Ming, Liu (33.46%)
	Chengkang Investment Co., Ltd. (4.21%)
	Ching-Lang, Chang (4.2%)
	Cheng-Feng, Lin (0.03%)
	Cheng-Kang, Lin (0.03%)
Huashun Investment Co., Ltd.	Pao-Yung, Lin (24%)
	Engenius Technologies Co., Ltd. (18%)
	Yung-Ming, Liu (11%)
	OCEANSTAR MALAYSIA CO., LTD.（47%）

4. Professional qualifications of directors and supervisors and disclosure of information on the independence of independent directors

March 24, 2024

Criteria / Name	Professional qualifications and experience	Status of independence	Number of other public companies of which the independent director concurrently serves as an independent director
Chairman: Tsann Kuen Investment Co., Ltd. Juridical person representative: Chi-Tien, Lin	1. Has work experience in business, legal, finance, accounting, or as required for the Company's business, and has not had any of the circumstances described in Article 30 of the Company Act. 2. Academic/work experience: Graduate School of Business Management, Tatung University, Vice President of Hsin Tung Yang Co., Ltd. (Operational Planning, eCommerce), Vice President of Taipei Financial Center Corp. (Planning and Research, Auditing), Executive Officer of YFY Group (Regional CFO), Chief Auditor, Director and Supervisor	-	None
Director: Tsann Kuen Investment Co., Ltd. Juridical person representative: Yuan-Sung, Tsai	1. Has work experience in business, legal, finance, accounting, or as required for the Company's business, and has not had any of the circumstances described in Article 30 of the Company Act. 2. Academic/work experience: Business Administration Department, Metropolitan State University, Minnesota, USA, Chairman of Sekond Creative Design Co., Ltd., Chairman of Tzuyutun Investment Company Limited	-	None
Director: Tsann Kuen Investment Co., Ltd. Juridical person representative: Tsung-Hsien, Tsai	1. Has work experience in business, legal, finance, accounting, or as required for the Company's business, and has not had any of the circumstances described in Article 30 of the Company Act. 2. Academic/work experience: Department of Mechanical Engineering. Tatung University, Manager of Sekond Creative Design Co., Ltd.	-	None
Director: All Oriented Services Int. Co., Ltd., Juridical person representative: Cheng-Feng, Lin	1. Has work experience in business, legal, finance, accounting, or as required for the Company's business, and has not had any of the circumstances described in Article 30 of the Company Act. 2. Academic/work experience: International MBA, National Chengchi University	-	None
Independent Director: Chiu-Chen, Hung	1. A professional and technician who has passed the national examinations for judges, prosecutors, lawyers, and accountants, or any other examinations required for the Company's business; and has not had any of the circumstances described in Article 30 of the Company Act. 2. Academic/work experience: Taichung College of Education, Director of Nexia Trans-Asia Associates	1. According to the declaration signed by the independent director at the time of their election that the candidate is not involved in the matters described in Article 30 of the Company Act and is professionally qualified and independent and the declaration after they are elected, the independent director meets the qualification requirements set forth in the "Regulations Governing Appointment of Independent Directors	None

		and Compliance Matters for Public Companies" and the relevant provisions of Article 14-2 of the Securities and Exchange Act. 2. The person themselves, their spouse or relatives within the second degree of kinship is not a director, supervisor or employee of the Company or its affiliates. 3. The person themselves, their spouse or relatives within the second degree of kinship (or in the name of others) do not hold the Company's shares. 4. The person themselves has not provided any business, legal, financial, and accounting services to the Company or its affiliates in the most recent two years.	

Criteria / Name	Professional qualifications and experience	Status of independence (Note 1)	Number of other public companies of which the independent director concurrently serves as an independent director
Independent Director: Li-Sung, Huang	1. A professional and technician who has passed the national examinations for judges, prosecutors, lawyers, and accountants, or any other examinations required for the Company's business; and has not had any of the circumstances described in Article 30 of the Company Act. 2. Academic/work experience: Department of Industrial Management, National Cheng Kung University, CPA of Deloitte Taiwan.	1. According to the declaration signed by the independent director at the time of their election that the candidate is not involved in the matters described in Article 30 of the Company Act and is professionally qualified and independent and the declaration after they are elected, the independent director meets the qualification requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the relevant provisions of Article 14-2 of the Securities and Exchange Act. 2. The person themselves, their spouse or relatives within the second degree of kinship is not a director, supervisor or employee of the Company or its affiliates. 3. The person themselves, their spouse or relatives within the second degree of kinship (or in the name of others) do not hold the Company's shares. 4. The person themselves has not provided any business, legal, financial, and accounting services to the Company or its affiliates in the most recent two years.	None
Independent Director: Hsiu-Chi, Kao	1. A professional and technician who has passed the national examinations for judges, prosecutors, lawyers, and accountants, or any other examinations required for the Company's business; and has not had any of the circumstances described in Article 30 of the Company Act. 2. Academic/work experience: Department of Law, Nation Taiwan University, Attorney at Kanglian Law Firm, Great Suits Attorneys-At-Law	1. According to the declaration signed by the independent director at the time of their election that the candidate is not involved in the matters described in Article 30 of the Company Act and is professionally qualified and independent and the declaration after they are elected, the independent director meets the qualification requirements set forth in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and the relevant provisions of Article 14-2 of the Securities and Exchange Act. 2. The person themselves, their spouse or relatives within the second degree of kinship is not a director, supervisor or employee of the Company or its affiliates. 3. The person themselves, their spouse or relatives within the second degree of kinship (or in the name of others) do not hold the Company's shares. 4. The person themselves has not provided any business, legal, financial, and accounting services to the Company or its affiliates in the most recent two years.	None

Implementation status of the Company’s board diversity policy is as follows:

(I) Analysis of the board’s diversity

The Company advocates and respects the board diversity policy. To enhance corporate governance and promote the sound development of the composition and structure of the board, we believe the diversity guideline helps the Company’s overall performance. Members of the board of directors are selected on a meritocratic basis. They must have a diverse and complementary set of skills across industries, including basic composition (e.g., age, gender, nationality, etc.), as well as industry experience and relevant skills (e.g., finance, law, business, paper manufacturing, home appliance manufacturing, and electronic distribution industry, etc.), and skills for operational judgment, management, leadership, and crisis management. To strengthen the functions of the board and to achieve the desired objectives of corporate governance, Article 20 of the Company’s Corporate Governance Principles specifies that the board of directors as a whole shall have the following competencies: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make decisions.

The Company currently has seven directors, of which three are independent directors (43%), two are employees (28%), and one is a female director (14%); members of the board have experience and expertise in operations management, industry knowledge, and finance and strategic management. The implementation status of the board’s diversity is as follows:

Job title	Name	Nationality	Age				Being an employee	Term of office for independent directors			Gender	Professional background (academic/work experience)	Operational judgments ability	Accounting and financial analysis ability	Legal profession	Management administration ability	Crisis management ability	Industry knowledge	Leadership ability	Strategic decision-making
			40-49	50-59	60-69	70-79		0-3 years	7-9 years	>9 years										
Chairman	Representative, Tsann Kuen Investment Co., Ltd.: Chi-Tien, Lin	R.O.C.		V			V				Male	Graduate School of Business Management, Tatung University	V			V	V	V	V	V
Director	Representative, Tsann Kuen Investment Co., Ltd.: Yuan-Sung, Tsai	R.O.C.			V						Male	Business Administration Department, Metropolitan State University, Minnesota, USA	V			V	V	V	V	V
Director	Representative, Tsann Kuen Investment Co., Ltd.: Tsung-Hsian, Tsai	R.O.C.	V				V				Male	Department of Mechanical Engineering. Tatung University Manager, Sekond Creative Design Co., Ltd.						V		
Director	Representative, All Oriented Services Int. Co., Ltd.: Cheng-Feng, Lin	R.O.C.	V								Male	International MBA, National Chengchi University	V			V	V	V		V
Independent Director	Chiu-Chen, Hung	R.O.C.				V				V	Male	Taichung College of Education Qualified for the senior professional and technical examinations for certified public accountants	V	V				V		
Independent Director	Li-Sung, Huang	R.O.C.				V			V		Male	Department of Industrial Management, National Cheng Kung University Qualified for the senior		V						

												professional and technical examinations for certified public accountants								
Independent Director	Hsiu-Chi, Kao	R.O.C.						V			Female	Department of Law, Nation Taiwan University			V					

(1) The Company's seven board members (including three independent directors) are overall considered to have the ability of operational judgment, leadership and decision-making, operational management, and crisis management, as well as have industry experience and professional competence. Among them, Chairman Lin Chi-Tien has experience in the food, shopping mall, Electronic channel and paper manufacturing industries; Director Yuan-Sung, Tsai, Tsung-Hsien, Tsai, and Cheng-Feng, Lin have experience in the home appliance manufacturing and electronic distribution industries; Independent Director Hsiu-Chi, Kao has legal expertise; Independent Director Chiu-Chen, Hung and Director Li-Sung, Huang are qualified as CPAs or have financial expertise and have practical experience in execution and management.

(2) As for the term of office for the Company's directors, the term of office of Independent Director Hsiu-Chi, Kao is less than 3 years and the term of office of Independent Director Li-Sung, Huang is 9 years; neither of the two Independent Directors has served more than 3 consecutive terms. The composition of the board members, all of whom are R.O.C. nationals, is three independent directors accounting for 43% and two directors who are also employees accounting for 28%. The age distribution of the board members is two directors aged 40-49, two directors aged 50-59, one director aged 60-69, and two directors aged 70-79. In addition, the Company also places emphasis on gender equality in the composition of its board of directors. The target for the ratio of female directors is 33% or more. Currently, out of seven board seats (including independent directors), there is one female director (accounting for 14%). It is anticipated that two additional female board seats will be added in the next board meeting to achieve this target.

(3) The diversity and complementarity of directors and the implementation status thereof have met the criteria set out in Article 20 of the "Corporate Governance Best Practices Principles". Going forward, the Company will continue to revise its diversity policy (including but not limited to the standards such as basic conditions and values, and professional knowledge and skills) in accordance with the operation of the board of directors and the business types and development needs of the Company to ensure that the board members generally possess the knowledge, skills, and qualities necessary to perform their duties.

(I) Board Independence: The current board of directors of the Company consists of seven directors, including three independent directors (43%). The three independent directors do not have any of the circumstances listed in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(II) Information on the president, vice presidents, assistant vice presidents, and heads of departments and branches

March 24, 2024

Job title	Nationality	Name	Gender	Date elected (onboarded)	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Major experience (education)	Concurrent positions in other companies now	Managerial officer as spouse or relative within second degree of kinship			Remarks
					Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)			Job title	Name	Relationship	
Chief sustainability officer，CSO	R.O.C.	Chi-Tien, Lin	Male	2020.04.28	0	0	0	0	0	0	Graduate School of Business Management, Tatung University	Note 1	None	None	None	
Chief Development Officer / General Manager of New Product Development and Project Promotion Department	R.O.C.	Ching-Wei, Li	Male	2019.02.25	0	0	0	0	0	0	Department of High Technology Management, University of South Australia	None	None	None	None	
Chief Accounting Officer /Vice President of the Accounting Department	R.O.C.	Yung-Chuan, Yang	Male	2020.01.16	1,893	0	0	0	0	0	Department of Accounting, National Taiwan University	Note 2	None	None	None	
Chief Commercial Development Officer / Assistant VP of the Commercial Development Department	R.O.C.	Lin-Lu, Chen	Male	2005.10.29	0	0	0	0	0	0	Department of Distribution Management, Chin-Yi College of Technology	None	None	None	None	
Chief Procurement Officer / Assistant VP of 2C Life and Home Appliance Business Department	R.O.C.	Jung-Sen, Li	Male	2020.01.16	223	0	0	0	0	0	Department of Plant Industry, National Pingtung Institute of Agriculture	None	None	None	None	
Chief Legal Officer / Assistant VP of the Legal Affairs Department	R.O.C.	Yu-Cheng, Chiu	Male	2018.12.14	0	0	0	0	0	0	Master of Laws, Chinese Culture University	None	None	None	None	
Chief Finance Officer / Assistant VP of the Finance Department	R.O.C.	Yu-Liang, Wang	Male	2019.02.25	4	0	0	0	0	0	Griffith University	Note 3	None	None	None	
Chief Procurement Officer / Assistant Vice President of 1C Information and Telecommunication Business Department	R.O.C.	Po-Tsang, Chen	Male	2020.02.24	0	0	0	0	0	0	EMBA, National Taiwan University MBA, The University of Nottingham Department of Business Administration, National Chengchi University	None	None	None	None	
Chief Information Officer / Assistant VP of the Information Department	R.O.C.	Ming-Ta, Chen	Male	2022.05.06	0	0	0	0	0	0	San Diego State University Entrepreneurship	None	None	None	None	

(Note 1) Please refer to Note 1 of “Information on directors and supervisors” for the concurrent positions currently held in other companies.

(Note 2) 1. Tsann Kuen China Enterprise Co., Ltd. - Chairperson of the supervisory board 2. Star Comgistic Capital Co., Ltd. - Vice President of Administration and Management

(Note 3) 1. Director, An Sheng Insurance Agent Co., Ltd. 2. Supervisor, Wuhuama International Marketing Co., Ltd. 3. Supervisor, Jing Kuanq Enterprise Co., Ltd. 4. Director, Tsann Kuen (China) Enterprise Co., Ltd. 5. Director, PT. TSANN KUEN PROPERTY DEVELOPMENT INDONESIA 6. Chairman, Tsann Kuen (Zhangzhou) Enterprise Co., Ltd.

III. Remuneration paid to the directors (including independent directors), supervisors, the president, and vice presidents in the most recent year

(I) Remuneration of general and independent directors

Unit: NT$ thousand

Job title	Name	Remuneration to directors								A, B, C and D as a percentage of net profit after tax (%)		Remuneration for concurrent position as an employee								Sum of A, B, C, D, E, F and G, and as percentage of net profit after tax		Remuneration from investees outside subsidiaries or from the parent company
		Base remuneration (A)		Severance and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salary, bonus, allowance (E)		Severance and pension (F)		Remuneration to employees (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
																Cash Amount	Stock amount	Cash Amount	Stock amount			
Director	Tsann Kuen Investment Co., Ltd. Representative: Chi-Tien, Lin (Note 1) Tsann Kuen Investment Co., Ltd. Representative: Yuan-Sung, Tsai (Note 2) Tsann Kuen Investment Co., Ltd. Representative: Tsung-Hsian, Tsai All Oriented Services Int. Co., Ltd. Representative: Cheng-Feng, Lin	2,376	2,376	-	-	-	-	-	-	2,376 0.85	2,376 0.85	14,874	14,874	36	36	1,439	-	1,439	-	18,725 6.72	18,725 6.72	None
Independent Director	Chiu-Chen, Hung Li-Sung, Huang Hsiu-Chi, Kao	2,190	2,190	-	-	-	-	-	-	2,190 0.79	2,190 0.79	-	-	-	-	-	-	-	-	2,190 0.79	2,190 0.79	None

1. Please describe the remuneration policy, guidelines, standards, and structure, and the correlation between the remuneration paid and the duty, risk exposure, and time committed for independent directors:
   The Company's remuneration to directors and independent directors is delegated to the board of directors to decide, taking into account each director's and independent director's involvement in the Company's operation and the value of their contribution, as well as referencing to the general payment standards in the industry domestically and overseas.
2. In addition to the disclosed above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the most recent year: None.

Remuneration ranges

Remuneration ranges for directors of the Company	Name of director			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements (H)	The Company	All companies in the financial statements (H)
Less than NT$1,000,000	Chi-Tien, Lin; Yuan-Sung, Tsai; Tsung-Hsien, Tsai; Cheng-Feng, Lin; Chiu-Chen, Hung; Li-Sung, Huang; Hsiu-Chi, Kao	Chi-Tien, Lin; Yuan-Sung, Tsai; Tsung-Hsien, Tsai; Cheng-Feng, Lin; Chiu-Chen, Hung; Li-Sung, Huang; Hsiu-Chi, Kao	Yuan-Sung, Tsai; Tsung-Hsien, Tsai; Cheng-Feng, Lin; Chiu-Chen, Hung; Li-Sung, Huang; Hsiu-Chi, Kao	Yuan-Sung, Tsai; Tsung-Hsien, Tsai; Cheng-Feng, Lin; Chiu-Chen, Hung; Li-Sung, Huang; Hsiu-Chi, Kao
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	-	-	-	-
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	-	-	Chi-Tien, Lin	Chi-Tien, Lin
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	-	-	-	-
More than NT$100,000,000	-	-	-	-
Total	7 people	7 people	7 people	7 people

Note 1: Please refer to Note 1 of the "Information on directors and supervisors".
Note 2: Please refer to Note 2 of the "Information on directors and supervisors".

(II) Remuneration to supervisors: The Company has established the Audit Committee on January 1, 2007, therefore no remuneration was paid to supervisors.

(III) Remuneration for the president and vice presidents

Unit: NT$ thousand

Job title	Name	Salary (A)		Severance and pension (B)		Bonus and allowance (C)		Remuneration for employees (D)				A, B, C and D as percentage of net profit after tax (%)		Remuneration from investees outside subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief sustainability officer，CSO	Chi-Tien, Lin	9,960	9,960	216	216	10,332	10,332	1,695	-	1,695	-	22,203 7.97	22,203 7.97	None
Chief Development Officer / General Manager of New Product Development and Project Promotion Department	Ching-Wei, Li													
Chief Accounting Officer/Vice President	Yung-Chuan, Yang													

Remuneration ranges

Remuneration ranges for each president and vice president of the Company	Name of President and VP	
	The Company	All companies in the financial statements (E)
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive) - NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive) - NT$3,500,000 (exclusive)	Yung-Chuan, Yang	Yung-Chuan, Yang
NT$3,500,000 (inclusive) - NT$5,000,000 (exclusive)	Ching-Wei, Li	Ching-Wei, Li
NT$5,000,000 (inclusive) - NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) - NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) - NT$30,000,000 (exclusive)	Chi-Tien, Lin	Chi-Tien, Lin
NT$30,000,000 (inclusive) - NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive) - NT$100,000,000 (exclusive)	-	-
More than NT$100,000,000	-	-
Total	3 people	3 people

(IV) Name and distribution status of employee remuneration for managerial officers in the most recent year:

March 24, 2024

	Job title	Name	Stock amount ($1,000)	Cash amount ($1,000)	Total ($1,000)	Sum as a percentage of net profit after tax (%)
Managerial Officer	Chief sustainability officer，CSO	Chi-Tien, Lin	-	2,411	2,411	0.86
	Chief Development Officer / General Manager of New Product Development and Project Promotion Department	Ching-Wei, Li				
	Chief Accounting Officer / Vice President of the Accounting Department	Yung-Chuan, Yang				
	Chief Commercial Development Officer / Assistant VP of the Commercial Development Department	Lin-Lu, Chen				
	Chief Legal Officer / Assistant VP of the Legal Affairs Department	Yu-Cheng, Chiu				
	Chief Finance Officer / Assistant VP of the Finance Department	Yu-Liang, Wang				
	Chief Procurement Officer / Assistant VP of 2C Life and Home Appliance Business Department	Jung-Sen, Li				
	Chief Procurement Officer / Assistant Vice President of 1C Information and Telecommunication Business Department	Po-Tsang, Chen				
	Chief Information Officer / Assistant VP of the Information Department	Ming-Ta, Chen				

(V) Compare and describe the remuneration paid to directors, supervisors, the president, and vice presidents by the Company in the most recent 2 years and all companies in the consolidated financial statements as a percentage of the net profit after tax in the parent company only financial statements, and explain the policy, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks

Year	Sum of remuneration paid to the directors, supervisors, president, and vice presidents as percentage of net profit after tax (%)	
	The Company	All companies in the consolidated financial statements
2022	5.63	5.63
2023	9.90	9.90

1. Policy, criteria, and combination of remuneration of the Company

   The remuneration of the directors of the Company consists of two major items, namely, directors' compensation and business execution expenses, which are governed by the

Articles of Incorporation and related regulations. The remuneration of the President and Vice President consists of salary, bonus and employee compensation, and is determined in accordance with the Company's Articles of Incorporation and the approval authority.

2. Procedures for determining remuneration:
   In accordance with the Company's Articles of Incorporation, the Company shall set aside 1% to 7% of the Company's annual profits as employee compensation, which shall be distributed in shares or cash by resolution of the Board of Directors, and the targets of such distribution shall include employees of the subordinate companies who meet certain criteria. The distribution of employees' remuneration shall be reported to the shareholders' meeting. However, if the Company still has accumulated losses, it shall retain the loss covering amount in advance before allocating employees' remuneration in accordance with the aforementioned ratio.
   The procedures for determining the remuneration of directors are based on the Company's Board of Directors' performance evaluation method, and reasonable compensation is given considering the degree of participation and contribution to the Company's operations. The remuneration to the President and Vice President of the Company is based on the operating performance quota of the annual budget approved by the Board of Directors each year and is paid in accordance with the Company's "Regulations Governing Salaries and Allowances". The Company also established a Compensation Committee at the end of 2011. The Committee shall regularly review the policies, systems, standards and structures for performance evaluation and compensation of directors and managers and submit them to the Board of Directors for discussion.

3. The correlation to operating performances and future risks:
   The performance evaluation and compensation of the directors and managers of the Company are not only based on the industry standard, but also take into consideration the operational results, the degree of participation (including the attendance rate of directors, frequency of communication, the advice provided, etc.) and their contribution to the Company's performance (including financial indicators such as revenue and profitability, as well as non-financial indicators such as compliance with laws and regulations and internal control, or special achievements, etc.), as well as the amount of compensation, payment method and future risks of the Company, and are highly correlated with the individual’s responsibility for the Company's operations and overall performance.

IV. Implementation of corporate governance

(I) Operation of the board of directors

1. There were six board meetings (A) in the most recent year; directors' and supervisors' attendance was as follows:

Job title	Name (Note 1)	Number of in-person attendances (B)	Number of attendances by proxy	Percentage of in-person attendances (%) [B/A] (Note 2)	Remarks
Chairman	Tsann Kuen Investment Co., Ltd. Juridical person representative: Chi-Tien, Lin	6	-	100%	
Director	Tsann Kuen Investment Co., Ltd. Juridical person representative: Yuan-Sung, Tsai	5	1	83%	
Director	Tsann Kuen Investment Co., Ltd. Juridical person representative: Tsung-Hsien, Tsai	5	1	83%	
Director	All Oriented Services Int. Co., Ltd. Juridical person representative: Cheng-Feng, Lin	5	-	83%	
Independent Director	Chiu-Chen, Hung	6	-	100%	
Independent Director	Li-Sung, Huang	6	-	100%	
Independent Director	Hsiu-Chi, Kao	6	-	100%	

Note 1: Where a director or supervisor is a juridical person, the name of the juridical person shareholder and its representative shall be disclosed.

Note 2: (1) Where any director or supervisor has resigned before the end of the year, the resignation date shall be shown in the remarks column. The percentage of in-person attendances (%) shall be calculated based on the number of board meetings and the number of in-person attendances during their term of office.

(2) Where any director or supervisor is reelected before the end of the year, both of the newly-elected and retired director/supervisor shall be listed. Indicate in the remarks column whether the director/supervisor is retired, newly-elected, or reelected, and the date of reelection. The percentage of in-person attendances (%) is calculated based on the number of board meetings and the number of in-person attendances during their term of office.

2. Other matters required to be recorded.

I. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described

(I) Matters listed in Article 14-3 of the Securities and Exchange Act.

Date (session) of meeting	Motion content	Opinions of independent directors and the Company's handling of the opinions
2023/1/16 (1st board meeting in 2023)	1. Approved the proposal for the Company's remuneration for directors.	Approved by all independent directors
2023/2/24 (2nd board meeting in 2023)	1. Approved the Company's 2022 Statement of Internal Control System. 2. Approved the PwC Taiwan audit fee proposal for 2023.	Approved by all independent directors

(II) Aside from the aforementioned matters, the resolutions reached by the board of directors with the objections or reservations of the independent directors documented or declared in writing: None.

II. Recusals of directors due to conflicts of interests:

1. On January 16, 2023, Chairman Chi-Tien, Lin, being a concerned party of the Company's year-end bonus proposal for managerial officers, recused himself from the voting; Chairman Chi-Tien, Lin and Director Cheng-Feng, Lin, being concerned parties of the Company's remuneration proposal for Directors, recused themselves from the voting; Independent Directors Chiu-Chen, Hung, Li-Sung, Huang, and Hsiu-Chi, Kao, being concerned parties of the Company's remuneration proposal for Independent Directors, recused themselves from the voting.

III. Self-evaluation by the board of directors of the Company:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1 to December 31, 2023	Board Meeting	Internal self-evaluation by the board of directors	1. Participation in the operation of the Company. 2. Improvement of the quality of the board of directors' decision-making. 3. Composition and structure of the board of directors. 4. Election and continuing education of the directors. 5. Internal control.
Once a year	January 1 to December 31, 2023	Members of the board	Self-evaluation by board members	1. Alignment of the goals and mission of the Company. 2. Awareness of the duties of a director. 3. Participation in the operation of the Company. 4. Management of internal relationships and communication. 5. The director's professionalism and continuing education. 6. Internal control.
Once a year	January 1 to December 31, 2023	Functional committees	Internal self-evaluation by committee members	1. Participation in the operation of the Company. 2. Perception of functional committees' responsibilities. 3. Improvement in the quality of the functional committee's decision-making. 4. Functional committee composition and member selection. 5. Internal control.

IV. Evaluation of the objective for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and its implementation in the current year and the most recent year:

1. Actively communication with stakeholders: The Company has a spokesperson who is a channel of communication for stakeholders. The Company accepts proposals for shareholders' meetings every year in accordance with the schedule. Shareholders who have the right to make proposals may submit applications to the Company during the acceptance period, and the Company will convene a board of directors' meeting to review the proposals in accordance with the relevant regulations.
2. Enhancing the efficiency and decision-making ability of the board of directors:
   A. The Company has established the "Rules for the Procedure of the Board Meeting" to enhance the implementation of the functions of the board of directors and promote the healthy development of the board's participation in decision-making.
   B. The Company has established the "Rules for the Scope of Duties of Independent Directors" to enhance the scientific nature of the board's decisions and strengthen the board's control mechanism.
   C. The Company has established the "Board of Directors' Performance Evaluation Measures" to implement corporate governance and enhance the functions of the Company's board of directors, and to strengthen the operating efficiency of the board of directors.
3. Enhancing professional knowledge: The directors of the Company are required to meet the requirements of the competent authority for the number of hours of continuing education each year. The Company also encourages the board members to attend various professional courses to continuously enrich their knowledge in order to maintain their professional strengths and abilities. The Company also conducts awareness-raising on relevant laws and regulations to comply with laws and regulations.
4. Implementation status: The 2023 Board of directors' performance evaluation has been self-evaluated by Directors and reported to the board meeting on January 31, 2024.

(II) Operation of the Audit Committee:

1. The Company has set up the Audit Committee since January 1, 2007, which is responsible for performing the supervisor's duties required by relevant laws and regulations. The Audit Committee is to assist the board in the performance of its oversight of the Company's quality and integrity in the execution of accounting, auditing, financial reporting processes and financial control.

   The main items reviewed by the Audit Committee include:

   (1). Financial statements.
   (2). Internal control system and related policies and procedures.
   (3). Assessment of the effectiveness of the internal control system.
   (4). Procedures for financial or operational activities of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or providing endorsements or guarantees for others.
   (5). Transactions involving material assets or derivatives.
   (6). Material monetary loans, endorsements, or provisions of guarantees.
   (7). Whether the managerial officers and directors have related party transactions and possible conflicts of interests.
   (8). The offering, issuance, or private placement of any equity-type securities.
   (9). The appointment, dismissal or reward of attesting CPAs.
   (10). The independence and appropriateness of attesting CPAs.
   (11). The appointment or dismissal of a financial, accounting, or internal auditing officer.
   (12). Compliance.
   (13). Audit Committee performance evaluation.
   (14). Any other material matters so determined by the Company or the competent authority.

2. There were five Audit Committee meetings (A) in the most recent year; independent directors' attendance was as follows:

Job title	Name	Attendance in person Number of times (B)	Number of attendance by proxy	Attendance in person (%) [B/A] (Note)	Remarks
Independent Director	Chiu-Chen, Hung	5	-	100%	
Independent Director	Li-Sung, Huang	5	-	100%	
Independent Director	Hsiu-Chi, Kao	5	-	100%	

Notes:

* Where any independent director has resigned before the end of the year, the resignation date shall be shown in the remarks column. The percentage of in-person attendances (%) shall be calculated based on the number of Audit Committee meetings and the number of in-person attendances during their term of office.

* Where any independent director is reelected before the end of the year, both of the newly-elected and retired independent director shall be listed. Indicate in the remarks column whether the independent director is retired, newly-elected, or reelected, and the date of reelection. The percentage of in-person attendances (%) should be calculated based on the number of Audit Committee meetings and the number of in-person attendances during their term of office.

3. Other matters required to be recorded.

   I. If the operation of the Audit Committee has any of the following circumstances, the date, period, proposal content, the resolution of the Audit Committee and the Company's handling of the opinions of the Audit Committee shall be described:

      (I) Matters listed in Article 14-5 of the Securities and Exchange Act: Details are as follows.

Date (session) of meeting	Motion content	Resolution of the Audit Committee and the Company's handling of the Audit Committee's opinions	Matters listed in Article 14-5 of the Securities and Exchange Act
2023/2/24 (1st Audit Committee meeting in 2023)	1. The assessment of the effectiveness of the Company's internal control system for 2022 and the proposal for the Statement of Internal Control System. 2. The proposal of the Company's 2022 Annual Business Report and final account closure. 3. The proposal of the Company's 2022 earnings distribution. 4. The evaluation of independence and appropriateness of the attesting CPA for 2023. 5. PwC Taiwan audit fee proposal for 2023.	1. Approved by all Audit Committee members. 2. Submitted to the board meeting and approved by all directors present.	V
May 5, 2023 (2nd Audit Committee meeting in 2023)	Discussion on the Company's consolidated financial statements for the 1st quarter of 2023.	1. Approved by all Audit Committee members. 2. Submitted to the board meeting and approved by all directors present.	V
August 4, 2023 (3rd Audit Committee meeting in 2023)	Discussion on the Company's consolidated financial statements for the 2nd quarter of 2023.	3. Approved by all Audit Committee members. 4. Submitted to the board meeting and approved by all directors present.	V
November 3, 2023 (4th Audit Committee meeting in 2023)	Discussion on the Company's consolidated financial statements for the 3rd quarter of 2023.	5. Approved by all Audit Committee members. 6. Submitted to the board meeting and approved by all directors present.	V

(II) In addition to the previous matters, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None.

II. Recusals of independent directors due to conflicts of interests: None.

III. Communication between independent directors, internal audit officer and CPAs (including the material matters, manner and results of communication regarding the Company's financial and business status)

(I) Communication between Independent directors and internal auditor officer:

1. Independent directors review the monthly internal audit operations and quarterly audit issue tracking report.
2. The chief internal auditor attends every Audit Committee meeting, provides business reports to the independent directors, communicates fully on the implementation and effectiveness of audit operations, and replies to the issues of concern raised in the

meeting.

3. Summary of communication between independent directors and the chief internal auditor:

Date	Matter communicated with the chief internal auditor
2023/1/16	Report on the implementation status of audit operations during November 2022. 2022 board of directors and functional committee performance evaluation results report.
2023/2/24	Recognition of the 2022 Internal Control Statement.
2023/5/5	Report on the implementation status of audit operations from January to March 2023.
2023/8/4	Report on the implementation status of audit operations from April to June 2023.
2023/11/3	Report on the implementation status of audit operations from July to September 2023.
2023/12/22	Communication between independent directors and the chief internal auditor: 1. Implementation schedule for the 2023 internal control self-evaluation. 2. Implementation schedule for the 2023 board of directors and functional committee performance evaluation. 3. The proposal of other audit business.
2023/12/22	1. Report on the implementation status of audit operations during October 2023. 2. The proposal of the 2024 Audit Plan.

(II) Communication between independent directors and CPAs:

1. The CPAs review financial statements quarterly and, after reviewing, communicate with independent directors on material transactions and other matters to be communicated.
2. The CPAs audit the financial statements yearly and communicate with the independent directors during the audit planning stage and the audit completion stage respectfully on the audit plan, risk assessment and key audit issues, implementation status and results.
3. Summary of communication between independent directors and the CPAs:

Date	Matters communicated with CPAs
2023/2/24	1. The CPAs explained the status of the financial statements' audit for 2022. 2. The CPAs discussed and communicated with independent directors on the issues raised. 3. Key audit matters.
2023/5/5	1. The CPAs explained the status of the review of the financial statements for the first quarter of 2023. 2. The CPAs discussed and communicated with independent directors on the issues raised.
2023/8/4	1. The CPAs explained the status of the review of the financial statements for the second quarter of 2023. 2. The CPAs discussed and communicated with independent directors on the issues raised.
2023/11/3	1. The CPAs explained the status of review of the financial

	statements for the third quarter of 2023. 2. The CPAs discussed and communicated with independent directors on the issues raised.
2023/12/22	1. The CPAs explained the non-certification services and the information of FSC AQIs. 2. The CPAs discussed and communicated with independent directors on the issues raised.

(III) The independent directors of the Company had no opinion on the communication with the chief internal auditor and the CPAs.

(III) The state of operation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor:

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established the Corporate Governance Best Practice Principles and has disclosed these Principles on the Market Observation Post System (MOPS).	No significant difference
II. The Company's equity structure and shareholders' interests (I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	V		(I) The Company has established relevant departments such as Spokespersons, Investor Relations, Public Relations, Legal, and Stock Affairs to handle matters of shareholder proposals, disputes, etc.	No significant difference
(II) Does the Company have a list of the major shareholders who actually control the Company and those who	V		(II) The Company has established relevant departments keep track of the shareholdings of directors, managerial officers and major shareholders who hold more than 10% of the shares.	No significant difference

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
ultimately have control over the major shareholders?				
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	V		(III) The Company has established relevant mechanisms under the internal control system in compliance with laws and regulations.	No significant difference
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		(IV) In addition to complying with the provisions of the Securities and Exchange Act, the Company's employees, managerial officers and Directors are required to comply with the "Code of Conduct for Employees", "Procedures for Handling Material Internal Information" and "Ethical Corporate Management Best Practice Principles", which strictly prohibit insider trading or the use of inside information to obtain improper benefits.	No significant difference
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated and implemented a diversity policy on its composition?	 V		(I) Board diversity 1. Since the seven members of the Company's board of directors include one female director, the percentage of female director reaches 14%. In addition to gender equality and diversity, when selecting the members of the board of directors, the Company also evaluates the management and leadership abilities of the Board members in order to implement the Company's policy of diversifying the composition of the board of directors. 2. Professional knowledge and skills of board members: (1) General directors: The board consists of members with professional backgrounds such as the Graduate School of	No significant difference

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
			Business Management, Tatung University; Business Administration Department, Metropolitan State University, Minnesota, USA; Department of Mechanical Engineering, Tatung University; International MBA, National Chengchi University; professional skills (management/banking/marketing/strategic management/laws); and related industry experience. (2) Independent directors: The independent directors are composed of members with professional backgrounds such as CPAs and attorneys who have passed the Senior Professional and Technical Examinations for Certified Public Accountants qualification; Taichung College of Education; Department of Industrial Management, National Cheng Kung University; Department of Law, Nation Taiwan University. 3. Specific management objectives of the Company's board diversity policy: (1) The Company considers the diversity of the composition of the board of directors and operates on the basis of the following two categories of criteria. It takes into account basic conditions and values including but not limited to gender, age, nationality and culture. Professional knowledge and skills: Professional background (such as legal, accounting, industry, finance), professional skills, industry experience,	

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
			etc. (2) The achievement status of the Company's specific management objectives for board diversity in 2023 are as follows: The Company values the independence and diversity of the board members. For independence, the objective is that the number of directors who are also employees of the Company shall not be greater than 1/3 of the number of directors. There are only two directors who are also employees the Company at present. In summary, the independence objective has been achieved. In terms of basic conditions and values, the Company emphasizes gender equality in the composition of the board of directors. The target ratio for female directors is 33% or more. Currently, out of seven board seats (including independent directors), there is one female director. It is anticipated that two additional female board seats will be added in the next board meeting to achieve this target. As for professional knowledge and skills, the Company's objective is that board members should possess a variety of knowledge and skills such as finance, accounting, and management. The board of directors possesses all the required professionalism at present.	
(II) In addition to the Remuneration Committee		V	(II) In addition to the Remuneration Committee and Audit Committee, the Company established a Risk Management	No significant difference

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?			Committee in 3rd November 2023, to strengthen the corporate governance structure and the Risk Management Policy and Procedures.	
(III) Has the Company established measures for evaluating the performance of the Board of Directors and its evaluation method, and conducts performance evaluation annually and regularly, and submits the results of performance evaluation to the Board of Directors for reference of individual director's salary, remuneration and nomination for reappointment?	V		(III) The Company has established the Board of Directors' Performance Evaluation Measures. The 2023 performance evaluation of the board was completed by the directors themselves and reported to the board of directors on January 31, 2024.	No significant difference
(IV) Does the Company regularly evaluate the independence of the attesting CPAs?	V		(IV) In accordance with Article 29, Paragraph 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies", the Company shall evaluate the independence and suitability of the CPA engaged by the company regularly (at least once a year) with reference to the audit quality indicators (AQIs). The Company has established criteria for the evaluation of the independence of CPAs in accordance with the relevant provisions of The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the	No significant difference

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
			Republic of China No.10 "Integrity, Objectivity and Independence", and regularly evaluates the independence of the attesting CPAs on an annual basis. After obtaining the independence statement and audit quality indicators AQIs issued by the certified public accountants and evaluating the 13 components to be disclosed in accordance with the above-mentioned independence standards and AQIs, we confirmed that the audit experience and quality control reviews of the certified public accountants and the firm were above the average standards in the industry. Based on the results of the evaluation, Both Yi-Fan, Lin and Wang, Sung-Tze, the CPAs, met the independence and suitability evaluation criteria of the Company and are qualified to serve as the Company's attesting CPAs. The results have been submitted to and approved in the Audit Committee meeting and board meeting on February 29, 2024.	

Evaluation item	Evaluation Result	Status of independence
1. Has the CPA provided attestation service to the Company for more than 7 consecutive years?	No	Yes
2. Does the CPA have a direct or material indirect financial interest in the Company?	No	Yes
3. Does the CPA engage in any financing or guarantee activities with the Company or the Company's directors?	No	Yes
4. Does the CPA have a significant close business relationship or potential employment negotiations with the Company?	No	Yes
5. Is the CPA or any member of the assurance team currently, or has been within the last two years, a director or managerial officer of the Company, or employed by the Company	No	Yes

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Implementation status</th><th rowspan="2">The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><td>in a position to exert significant influence over the subject matter of the engagement?</td><td></td><td></td></tr>
<tr><td>6. Does the CPA provide any non-assurance services which would affect directly the assurance engagement?</td><td>No</td><td>Yes</td></tr>
<tr><td>7. Has the CPA ever promoted or brokered shares in the Company or other securities issued by the Company?</td><td>No</td><td>Yes</td></tr>
<tr><td>8. Has the CPA ever acted as an advocate of the Company or, on behalf of the Company, negotiated disputes with third parties?</td><td>No</td><td>Yes</td></tr>
<tr><td>9. Does the CPA have a close or immediate family member who is a director or managerial officers of the Company, or an employee of the Company who is in a position to exert significant influence over the subject matter of the assurance engagement?</td><td>No</td><td>Yes</td></tr>
</table>
</td><td></td></tr>
<tr><td>IV. Does the Company, as a listed company, have a suitable and appropriate number of corporate governance personnel and appointed a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their duties, assisting directors and supervisors in</td><td></td><td>V</td><td>To implement corporate governance and strengthen the functions of the board of directors, the Company appointed You-Liang Wang as the Chief Corporate Governance Officer, effective May 5, 2023, following approval by the board of directors. He has over three years of experience in financial management in public companies. The main responsibilities of the Chief Corporate Governance Officer include providing directors with the necessary information for executing business, assisting directors in compliance with laws and regulations, assisting directors in their appointment and ongoing education, organizing meetings of the board of directors, functional committees, and shareholders' meetings, and preparing meeting minutes, among other related matters. The implementation of corporate governance affairs in 2023 is as follows: 1.Drafting and planning relevant regulations for corporate governance and ensuring compliance with laws and regulations. 2.Providing the directors with</td><td>No significant difference</td></tr>
</table>

Evaluation item		Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
		Yes	No	Summary description	
	complying with laws and regulations, conducting board meeting and shareholders' meeting related matters in accordance with the law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholders' meetings, etc.)?			the necessary information for executing business and assisting the directors in complying with laws and regulations. 3.The planning of board meetings and notification of all directors to attend at least 7 days before the meeting, providing sufficient meeting materials, and sending out board meeting minutes within 20 days after the meeting. 4.Conducting registration for the shareholder meeting in accordance with the law, preparing meeting notices, agendas, and minutes within the statutory deadline, and handling amendment registration matters after revising the Company's articles of incorporation or director re-election. 5.Organizing training courses for directors and taking out liability insurance for directors and key staff members. 6. Maintaining investor relations, organizing corporate briefings, and establishing diversified communication channels with investors. The Chief Corporate Governance Officer, in their first tenure, shall complete at least 18 hours of training courses. The training status has been reported to the competent authority's website.	
V.	V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		The Company has different departments establish communication channels with different audiences (including stakeholders). There is also a Stakeholder section on the Company's website.	No significant difference

Evaluation item		Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
		Yes	No	Summary description	
VI.	VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholders' meetings?	V		The Company has appointed Yuanta Securities Co., Ltd. as its stock agent to handle the affairs related to shareholders' meetings.	No significant difference
VII. (I)	VII. Information Disclosure Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		(I) The Company has set up a website to disclose the Company's profile, basic information, and financial information, and has dedicated staff to maintain and update such information. URL: (http://www.tk3c.com.tw)	No significant difference
(II)	Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's	V		(II) The company has set up an English website and designated a dedicated person to be responsible for collecting and disclosing company information. The spokesperson system has been implemented in accordance with regulations and individual dedicated personnel are responsible for disclosing the company's major information according to different business categories, and inputting announcements into the company website and public information observatory on a timely basis.	No significant difference No significant difference

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
investor conferences on its website, etc.)? (III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?	V		(III) In 2023, the Company publicly announced and filed the quarterly financial statements and monthly operating status before the prescribed deadline, within two months after the end of the fiscal year.	
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's	V		1. Supplier relations: The Company has set up an online supply chain management system as a platform for timely communication with suppliers. 2. Directors and supervisors' continuing education: Has been disclosed in the "Corporate Governance" section of the MOPS (http://mops.twse.com.tw/mops/web/index). 3. The Company purchases duty insurance for directors, independent directors, and key managerial officers to strengthen the protection of shareholders' equity.	No significant difference

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	
purchase of liability insurance for directors and supervisors, etc.)?				

IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved. (Companies not required to be evaluated do not need to fill this in):

In the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation on April 27, 2023, the Company scored 57.78 for the year 2022.In the reevaluation results released on March 27, 2024, the score increased significantly to 76.01, showing significant progress compared to the previous year. In the future, the Company will continue to enhance corporate governance.

The matters that have been improved this year, matters that can be improved in the future, and the functions and powers of the Risk Management Committee are explained as follows:

(I) Improvements Made

1. Amendments to the “Measures for Board of Directors' Performance Evaluation,” stipulating that at least one evaluation shall be conducted by an external evaluation institution or team of external experts and scholars every three years.
2. Establishment of the "Whistleblowing System Management Regulations," setting up a whistleblowing system and establishing a whistleblowing mailbox, allowing stakeholders to report any illegal or dishonest activities to the Company at any time.
3. To strengthen risk management mechanisms, the Company established a Risk Management Committee in November 2023, and in December 2023, formulated the "Risk Management Policy and Procedures."

(II) Areas for Potential Improvement in the Future

1. Increase the number of female directors.
2. Plan to prepare a sustainability report in 2024 and complete its compilation in 2025.

(III) Risk Management Committee

1. For the purpose of strengthening corporate governance and risk management, the Risk Management Committee was established under the Board of Directors. The Committee is composed of three members, including two independent directors and one director. Director Mr. Chi-Dian Lin served as the convener and chairman. The Risk Management Committee met once (A) in the most recent year. Committee members' expertise and attendance are as follows:

Job title	Name of Committee Member	Expertise	Number of actual attendances (B)	Number of attendances by proxy	Percentage of in-person attendances (%) [B/A]

Evaluation item	Implementation status			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor.
	Yes	No	Summary description	

Director	Lin, Chi-Tien	Operational judgment, management, and industry knowledge	1	-	100
Independent Director	Hung, Chiu-Chen	Operational judgment, accounting and financial ability, and industry knowledge	1	-	100
Independent Director	Kao, Hsiu-Chi	Legal profession	1	-	100

2. The Risk Management Committee shall perform the following duties with the due care of a good administrator, and submit its recommendations to the Board of Directors for discussion:
   A.Review of risk management policies.
   B.Review of the adequacy of the risk management framework.
   C.Review of material risk management strategies, including risk appetite or tolerance.
   D.Review of the management report on material risk issues and supervision of the improvement mechanism.
   E.Regular reporting of the status of risk management to the Board of Directors.

(IV) If the Company has a Remuneration Committee or a Nomination Committee, it shall disclose its composition and operation:

1. Composition of the Remuneration Committee
   The composition of committee members should include the Company's independent directors. The remaining members are appointed according to the board's resolution. The total seats should be no less than three and an independent director should be elected as the convener. The Committee is all composed of independent directors.

2. Scope of authorities of the Remuneration Committee
   (I) The Committee shall exercise the care of a good administrator in faithfully performing following duties, and shall submit its recommendations to the board of directors for deliberation:
      1. Regularly review and propose modifications to the Remuneration Committee Charter.
      2. Regularly review the performance evaluation and policy, system, standards, and structure of remuneration for directors and managers. The managerial officers include the president (or equivalent), vice president level, assistant manager level, and finance and accounting officers.
      3. Regularly evaluate the remuneration of directors and managerial officers.
   (II) The Committee shall perform the aforementioned duties in accordance with the following principles:
      1. With respect to the performance assessment and remuneration of directors and managerial officers of the Company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the Company's business performance, and future risk exposure.
      2. It shall not produce incentives for the directors or managerial officers to engage in activities to pursue remuneration exceeding the risks that the Company may tolerate.
      3. It shall take into consideration the characteristics of the industry and the nature of the Company's business when determining the ratio of bonus payout based on the short-term performance of its directors and managerial officers and the time for payment of the variable part of remuneration.
   (III) The remuneration as described in the preceding two items includes cash compensation, share subscription warrants, profit sharing, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures.

3. Information on the members of the Remuneration Committee

March 25, 2024

Position	Criteria / Name	Professional qualifications and experience	Status of independence	Number of other public companies of which the independent director concurrently serves as an independent director
Independent Director (Convener)	Chiu-Chen, Hung	Please refer to pages 10 - 11 for information related to directors and independent directors.	Please refer to pages 10 - 11 for information related to directors and independent directors.	None
Independent Director	Li-Sung, Huang	Please refer to pages 10 - 11 for information related to directors and independent directors.	Please refer to pages 10 - 11 for information related to directors and independent directors.	None
Independent Director	Hsiu-Chi, Kao	Please refer to pages 10 - 11 for information related to directors and independent directors.	Please refer to pages 10 - 11 for information related to directors and independent directors.	None

4. Information on the operation of the Remuneration Committee

(1)The Remuneration Committee of the Company has three members.

(2)The term of office of the current members: May 6, 2021, to April 27, 2024; in the most recent year, the Remuneration Committee met 4 times (A), and the qualifications and attendance of the members were as follows:

Job title	Name	Attendance in person Number of times (B)	Number of attendances by proxy	Attendance in person (%) [B/A] (Note)	Remarks
Convener	Chiu-Chen, Hung	4	-	100%	
Member	Li-Sung, Huang	4	-	100%	
Member	Hsiu-Chi, Kao	4	-	100%	

Notes:

(1) Where any Remuneration Committee member has resigned before the end of the year, the resignation date shall be shown in the remarks column. The percentage of in-person attendances (%) shall be calculated based on the number of Remuneration Committee Meetings and the number of in-person attendances during their term of office.

(2) Where any Remuneration Committee member is reelected before the end of the year, both of the newly-elected and retired member shall be listed. Indicate in the remarks column whether the member is retired, newly-elected, or reelected, and the date of reelection. The percentage of in-person attendances (%) should be calculated based on the number of Remuneration Committee meetings and the number of in-person attendances during their term of office.

Other matters required to be recorded.

I. Proposals and resolutions of Remuneration Committee meetings:

Date (session) of meeting	Motion content	Resolution	The Company's handling of the opinions of the Remuneration Committee
2023/1/16 (First meeting in 2023)	1. The proposal for the 2023 year-end bonus distribution for managerial officers. 2. The proposal for the Company's remuneration for independent directors. 3. The proposal for the Company's remuneration for directors.	Approved by all members present	Submitted to the board meeting and approved by all directors present
2023/2/24 (Second meeting in 2023)	1. The proposal of the distribution of employee remuneration for 2023. 2. Discuss the proposed amendments to certain articles of the Company's "Year-End Performance Standards."	Approved by all members present	Submitted to the board meeting and approved by all directors present
2023/5/5 (Third meeting in 2023)	1. Discussion on the establishment of a chief corporate governance officer. 2. Discussion on the bonus distribution for the Company's managerial officers. 3. Discussion on the salary adjustment for the Company's managerial officers.	Approved by all members present	Submitted to the board meeting and approved by all directors present
2023/8/4 (Fourth meeting in 2023)	The proposal for the mid-year bonus distribution for managerial officers.	Approved by all members present	Submitted to the board meeting and approved by all directors present

II. Any recommendation of the Remuneration Committee that has not been adopted or that has been amended by the board of directors, the board meeting date, session, motion content, resolution and the Company’s handling of such recommendation shall be stated (for example, if the remuneration approved by the board meeting is better than the recommendation of the Remuneration Committee, the difference and the reason shall be stated): None.

III. For the proposals by the Remuneration Committee, if any members have objections or reservations with records or written statements, the meeting date, period, proposal content, the opinions of all members, its handling of the members’ opinions shall be stated: None.

(V) The implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEx listed Companies and the reasons therefor:

Evaluation item	Implementation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (concurrent) unit to promote sustainable development, and is the senior management authorized by the board of directors to handle matters, and what is the status of supervision by the board of directors?		V	The Company has a Sustainable Development Department, led by Chairman Lin Chi-Tien, who serves as the Chief Sustainability Officer, overseeing the implementation of sustainability initiatives across various departments.	It is proposed to regularly report the progress of sustainability initiatives to the board of directors.
II. Does the Company conduct risk assessment on environmental, social, and corporate governance issues related to the Company's operations and establish related risk management policies or strategies?	V		As a retail distributor, the Company has established various internal rules and regulations to address the environmental, social and corporate governance risks faced in its operations, taking into account the characteristics of the industry and the principle of materiality, and conducts material risk assessment and control according to the risk type.	No significant difference
III. Environmental Issues (I) Does the Company establish proper environmental management system based on the characteristics of its industry?	V		As a retail distributor, the Company has established the following management system by taking into account the characteristics of its industry to deal with environmental issues: (I) Supplier management:	No significant difference

<table>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>The purchase agreements between the Company and suppliers specify that suppliers may not use illegal raw materials; the removal or recycling of waste must comply with local environmental protection laws and regulations; and suppliers shall use energy-efficient production equipment and plants that meet industrial safety requirements. To ensure the implementation of the above requirements, the Company has to check the environmental terms and implement the supply chain audit system to urge the suppliers to pay attention to the goal of environmental sustainability together.
(II) Store and work environment management:
The Company has established the “Occupational Safety and Health Management Plan” and “Occupational Safety and Health Automatic Inspection Plan” to manage and monitor the work environment, machinery, equipment or tools, construction procurement and contracting, hazardous chemicals, etc. It also takes the initiative to inspect safety and health matters on a regular basis to grasp the unsafe and unhygienic factors arising from the operating activities in order to implement the Company’s safety and health management.</td><td></td></tr>
<tr><td>(II) Does the Company endeavor to utilize energy use efficiency and use renewable materials which have low impact on the environment?</td><td>V</td><td></td><td>To improve the utilization efficiency of each resource, the Company promotes the following policies:
(I) Establishment of the home appliance doctor mechanism:</td><td>No significant difference</td></tr>
</table>

Evaluation item	Implementation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
			The Company has a home appliance doctor service that helps consumers value what they own; enabling broken information and home appliances to continue to be used through repair. In addition to reducing the waste of resources, it can also reduce the amount of pollutants and waste that cannot be recycled. (II) Promotion of recycling and resource cycle: The Company provides a Green Channel as a convenient recycling channel to help consumers recycle waste such as waste cell phones, waste batteries and waste home appliances, in order to reduce the pollution of the environment by information and home appliances. (III) Implementing an online electronic signature and approval system: This year, the usage of A4 paper decreased by approximately 340,000 sheets compared to the previous year, resulting in a carbon reduction benefit of 6,120 kilograms, which is equivalent to saving about 85 trees per year. (IV) Increasing energy utilization efficiency: The Company collaborates with IMA-EMS to establish smart management systems and cloud-based intelligent systems, utilizing data monitoring to enhance electricity usage efficiency. The total annual electricity savings amount to 580,000 kilowatt-hours, resulting in a carbon reduction benefit of 287 metric tons, equivalent to the	

Evaluation item	Implementation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
			carbon sequestration of approximately 0.74 Daan Forest Park in one year.	
(III) Does the Company evaluate the potential risks and opportunities of climate change for the Company now and in the future, and adopt countermeasures on climate related issues?	V		The Company has evaluated the potential risks and opportunities of climate change for businesses now and in the future, formulated an energy-saving policy, sells energy-saving products. In 2023, in line with the government's energy-saving subsidy policy, the Company launched the "Any wine bottle to sell" program: providing discounts for trading in old information and communication products and pioneering in-store recycling stations. The Company was the first to implement a recycling service for old household appliances, and customers who trade in for designated products enjoyed an "exclusive trade-in price." This year, over 7,626 small household appliances were recycled, totaling approximately 3,631 kilograms.	No significant difference
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?	V		In order to achieve the sustainable development goals in response to the international greenhouse gas CO2 reduction and energy saving promotion, the Company has established the “Energy and Cost Saving Standards” and compiles annual statistics on the amount of energy saved in the previous year.	The Company is researching the addition of statistics for greenhouse gas emissions, water consumption, and total weight of waste.
IV. Social issues	V		The Company uses the Labor Standards Act, the Act of	No significant difference

Evaluation item	Implementation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
(I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?			Gender Equality in Employment, the Sexual Harassment Prevention Act, and other relevant government laws and regulations as the standards for the Company's internal rules and regulations to ensure the rights and interests of the employees.	
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and does it appropriately reflect operating performance or results in employee remuneration?	V		The Company has an Employee Welfare Committee and a Remuneration Committee to formulate reasonable benefit measures and performance system.	No significant difference
(III) Does the Company provide a healthy and safe work environment and organize training on health and safety for its employees on a regular basis?	V		To provide employees with a safe and healthy work environment, the Company promotes the following policies: (I) To prevent the occurrence of occupational disasters, protect employee safety and health, and comply with the "Occupational Safety and Health Act" and other relevant laws and regulations, the Company has set up the Occupational Safety and Health Committee which holds monthly meetings and is responsible for studying and reviewing all occupational safety and health policies and measures. (II) To protect the physical and mental health of employees in the workplace and the maternal health of female employees, prevent unlawful abuse of employees in the	No significant difference

Evaluation item	Implementation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
			performance of their duties and human-caused musculoskeletal injuries during operations, the Company has formulated four major occupational safety and health protection plans, which have been announced and implemented to ensure a safe and healthy work environment for employees. (III)To take care of employees' health, the Company provides on-site health consultation services by contracted specialized doctors every three months; appoints one full-time nurses in accordance with law to take care of all employees in the Company; holds health checkups every two years for employees, and actively tracks employees with abnormal health checkup results; adopts health promotion measures to remind employees to manage their own health; CPR and AED education and training are arranged every two years, and health experts and scholars are invited to give health lectures. (IV)There was no fire incidents in 2023. All stores in the province assign personnel to attend the "Fire Protection Manager Training" and obtain the license, as well as arranged retraining every three years to maintain the safety of employees and customers in the stores. One AED education training session is arranged every year, and health experts and scholars are invited to give health lectures.	

Evaluation item	Implementation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
(IV) Has the Company established an effective career development training program for employees?	V		In 2023, the Company conducted internal training for 30 physical courses, with 2,100 participants and over 120,000 training hours. The courses focused on a full range of marketing human resources development plans, including store channel management and service, merchandise procurement, and logistical and maintenance technical services, to build a strategic human resources system that will concretely drive the Company to achieve the goals and strategic development. The Company applied for the training subsidy of 2024 under the Ministry of Labor’s Corporate Workforce Enhancement Program in December 2023.	No significant difference
(V) Do the Company’s products and services adhere to relevant laws, regulations and international standards for customer health and safety, customer privacy, marketing and labeling, and has the Company established relevant policies and appeal procedures to protect consumer or customer interests?	V		For the marketing and labeling of products and services, the Company has formulated internal rules and systems in accordance with the Consumer Protection Act, Personal Data Protection Act and relevant laws and regulations.	No significant difference
(VI) Has the Company established a supplier management policy that requires suppliers to follow and implement related issues on environmental protection,	V		The Company has stipulated these requirements in its merchandise procurement policy, including labor conditions, environment protection, and social welfare related issues.	No significant difference

Evaluation item	Implementation status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
occupational safety and health or labor rights?				
V. Does the Company follow the international standards or guidelines for preparing sustainability reports or non-finance related reports? Does the Company obtain assurance or guarantee opinions from a third-party certification institute on such reports?		V	The Company has set up a website to disclose the Company's sustainable development status and has dedicated staff to maintain and update such information. URL: (http://www.tk3c.com.tw)	Preparation of the sustainability report
VI. If the Company has established Sustainable Development Best Practice Principles based on the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between these principles and the implementation: The Company has not established Sustainable Development Best Practice Principles, and therefore not applicable.				

VII. Other important information to facilitate a better understanding of the promotion of sustainable development:

(I) Protective measures for employees' personal safety and the work environment, and the implementation status:

1. Occupational safety and health management system:
   In accordance with the Occupational Safety and Health Act and relevant regulations, the Company currently contracts an external consulting firm to provide guidance on establishing the CNS45001:2018 Occupational Safety and Health Management System.
2. Occupational safety management personnel with professional licenses:
   The Company has deployed relevant certified employees, such as an occupational safety administrator, occupational safety and health specialist, class-1 manager of occupational safety and health affairs, class-2 manager of occupational safety and health affairs, class-3 manager of occupational safety and health affairs, occupational health nurse, emergency medical technician-1 (EMT1), basic life support instructor (BLS-I), emergency medical personnel, fire prevention manager, etc. according to business needs and government laws and regulations.
3. Occupational safety and health results:
   (1) Monitoring of the labor operation environment
   In order to understand the actual state of the labor environment and assess the exposure of workers, the Company takes planning, sampling, testing and analysis actions. In order to protect workers from the hazards of harmful substances in the workplace and provide them with a healthy and comfortable working environment, the Company commissions an environmental testing company every six months to conduct testing of the working environment and issue a testing report, and cooperates with the Occupational Safety and Health Department to visit the actual situation on site, so as to effectively understand the actual state of employee exposure and ensure that employees in the store can work in a safe and secure environment.
   (2) Implementation status
   The Occupational Safety and Health Department of the Company arranges monthly visits to each store and logistics center to carry out on-site safety and health counseling and audit inspection operations, and compiles the deficiencies and suggested improvements observed during the inspections into an occupational safety inspection report, which is sent to each unit along with photos of the deficiencies for each unit to carry out the suggested improvements. The Company also convenes quarterly occupational safety committee meetings to review the situation and ensure that all the defects in the stores and logistics centers have been improved and the safety status of the stores and logistics centers is maintained.
   (3) Healthy Workplace Certification
   The Company has obtained the healthy workplace certification.
4. Occupational safety and health training and promotion status:
   (1) On-site visits for labor health protection
   To promote employee health, the Company has set up a health center at its headquarters, hiring professional nurses and arranging on-site visits by occupational medicine specialists from time to time to provide employee health consultation and individual health education guidance services.
   (2) The Company's offices are equipped with automated external defibrillators (AEDs), and the Company provides training with external instructors and purchases teaching equipment. In 2023, the Company appointed instructors to conduct five CPR and AED training courses for its employees. The CPR and AED training courses are conducted for all new employees at the headquarters. The Company provides one training session per two year for current employees. From time to time, CPR and AED training courses are held at each logistics center to promote first-aid knowledge

and introduce the latest first-aid concepts and methods. The Company also sends monthly emails on safety, hygiene and healthcare to all employees, providing good knowledge on safety and health. The Company is committed to creating a healthy and safe working environment for its employees by regularly applying for renewal of "Safe Workplace Certification", "Breastfeeding Room Certification" and "Healthy Workplace Certification".

(3) To ensure the work environment safety for the personnel of outsourcing contractors and to carry out the commitment to safety and health, the Company asks contractors to comply with the laws and regulations related to safety and health management. Contractors shall also comply with the Company’s management measures regarding the qualifications of construction personnel, construction and safety protection equipment, and a series of management measures such as pre-contract hazard notification, pre-construction hazard notification, in-construction operation management and post-construction verification and review, in order to achieve the goal of safe working environment for contractors. In addition, the safety and health management staff held 15 "Contractor Hazard Communication Training" sessions in 2023, established occasional on-site audit mechanisms, and cooperated with the government's labor inspection agency to conduct on-site audits and rectify any irregularities immediately, so as to effectively reduce the incidence of disasters caused by contractors.

(4) Occupational safety and health education and training:
The Company conducts 3 hours of “Safety and Health Education Training” for new employees upon on-boarding, one hour of “Safety and Health Education Training” for in-service employees every year; holders of various types of occupational safety licenses, operation management personnel, equipment operators and emergency medical and rescue personnel shall receive initial training and retraining for various types of licenses each year, and the course hours shall be in line with the “Occupational Safety and Health Education and Training Rules”.

(5) Health promotion lectures: Conducting seminars and promoting health education courses.

Health promotion lectures		
	Number of attendance of the lectures	Number of people attending the lectures
Metabolic Syndrome	100 (people)	100 (hours)
Cancer Prevention	13 (people)	13 (hours)

(II) Upholding the philosophy of energy saving, carbon reduction, and love for the earth, Tsann Kuen strives to provide members with high-quality IT products/home appliances which have low carbon emissions and are energy saving, and labels the related energy saving data on the merchandise and in the IT systems. Sales staff also contribute to the environment while selling (carbon reduction and tree planting). The Company also implements energy-saving programs through education and training as well as hardware improvements (complete replacement of LED lamps at headquarters and stores, enhanced replacement of capacitors at stores, installing timers on the signboards and sensors on the lights).

(III) The EPA has expanded its restriction on the use of plastic bags in 2018. In line with the plastic restriction policy and in response to environmental protection, Tsann Kuen no longer provides free plastic bags for shopping in all of its stores and offers the Haoli Tape as an alternative. We encourage people to bring their own shopping bags or reuse plastic bags for shopping to reduce the use of disposable plastic products and reduce the damage and impact on the environment.

(IV) The Company works with Fortune Electric Co. Ltd. to invest in electric vehicle charging stations, investing NT$2.39 million, resulting in a carbon reduction benefit of 56.51 metric tons in 2023, equivalent to the carbon sequestration of approximately 0.15 Daan Forest Park in one year.

(V) Since 2009, Tsann Kuen has been cooperating with the Child Welfare League by posting more than 300 posters for the League every quarter in all the stores across Taiwan. This not only continuously exposes the search information for the missing children's families but also allows the consumers who walk into the stores of Tsann Kuen to be concerned about the issue of missing children and children's personal safety through the search posters. The Company's long-lasting help in posting the posters has greatly helped the Child Welfare League's efforts in the searches. In addition, through government subsidies for energy-saving home appliances, Tsann Kuen donated the repaired IT products and home appliances to the Taiwan Foundation for Children and Families (TFCF) and sponsored home appliances for the year-end winter charity sales at the end-of-year winter garden parties at various TFCF Centers.

In 2023, the Company donated 15 14-inch stand fans and 75 electronic cookers to the Taiwan Fund for Children and Families Center in Northern Kaohsiung. Additionally, the Company donated ceremonial supplies worth approximately NT$31,907 and offerings for the Zhongyuan Festival worth approximately NT$39,722 to the Taiwan Fund for Children and Families Center in Nangang.

(VI) Blood donation: In 2023, the headquarters and store managers led their colleagues to donate blood for the public good.

(VII) In 2020, the Company started a mobile e-buying car tour service. Through cooperation with TFCF, we provide home appliance repair, delivery, and installation services in remote areas of Northern Taiwan, and subsequently allowed consumers to place orders for consumer electronics products and home appliances directly. This allows consumers to get repair, delivery, and installation services quickly at any time and anywhere with just one phone call. In 2023, we went to Taichung Family Support Center, Keelung Anle Family Support Center, Tainan City Sunshine True Love Youth Care Association and Chiayi Xinchuan Secondhand Bookstore to provide public welfare health examinations for small household appliances, deepening the connection with neighbors and spreading warm and positive influence to every corner of society.

(VIII) Donation of change for the public good: Set up donation boxes of TFCF or Eden Foundation in 175 stores across the province to help more vulnerable people through the power of accumulating small amounts of money.

(IX) In 2023, Tsann Kuen worked with Hsin Shun Construction Company, a training organization commissioned by the Taiwan Occupational Safety and Health Card of the Occupational Safety and Health Administration, Ministry of Labor, to provide more rebates to laborers who have obtained the Taiwan Occupational Safety and Health Card issued by Hsin Shun and encourage more laborers to participate in the Taiwan Occupational Safety and Health Card education and training courses to protect their workplace safety.

Climate-related implementation status

Item	Implementation status
1. Describe the supervision and governance of climate-related risks and opportunities by the board of directors and management.	The Company's Board of Directors and management attach great importance to climate-related risks and opportunities. We are currently actively considering integrating climate factors into corporate governance and business strategies to establish corresponding supervision and governance mechanisms, ensuring timely awareness of the challenges and opportunities brought about by climate change.
2. Describe how identified climate risks and opportunities affect the business, strategy, and finances of the enterprise (short-term, medium-term, long-term).	The climate change identified by the Company may pose risks or opportunities for the industry it operates in, including 1. increased frequency of unexpected uncertainties due to abnormal weather, which may affect in-store power supply and inventory damage, leading to business interruptions and increased operating costs. 2. As global awareness of climate change grows, consumers' green consumption concepts are on the rise, leading to increased demand for related energy-efficient household appliances. It is necessary to actively collaborate with suppliers to enhance the diversity of green energy products. Additionally, aligning with government subsidies for energy-efficient household appliances will contribute to boosting business performance. 3. In response to the trend of energy conservation and carbon reduction, the Company will continue to enhance the efficiency of resource utilization, which will help reduce operational costs and increase

Item	Implementation status
	profits.
3. Describe the financial impact of extreme weather events and transformational actions.	Extreme weather events such as typhoons, floods, or extreme heat may result in damage to the company's physical assets, including operational facilities, supply chain logistics, and inventory. Such losses may lead to increased insurance claims and facility repair costs, thereby affecting the Company's operational performance. Therefore, financial management and precision need to be more accurate. As extreme weather becomes increasingly evident year by year, adjustments in operations and strategies are inevitable. The Company, as a retail platform, needs to strengthen the introduction of transformational green products and low-carbon economy-related products, actively follow up with brand manufacturers, and develop more environmentally friendly products. Therefore, the Company is assessing the specific financial implications of extreme weather events and transformational actions and devising response strategies to ensure that the Company can adapt to these changes while maintaining financial stability during the transition process.
4. Describe how the identification, assessment, and management process of climate risks are integrated into the overall risk management system.	The Company has established a Risk Management Committee and formulated "Risk Management Policy and Procedures," which clearly delineates the execution process of risk management. This includes identifying and managing various types of risks, such as the assessment of climate risks. The Company will operate in accordance with the policy and procedures.

Item	Implementation status
5. If conducting a scenario analysis to assess resilience to climate change risks, the context, parameters, assumptions, analysis factors, and key financial impacts should be explained.	As of the publication date of the annual report, the Company has not yet utilized scenario analysis to assess resilience to climate change risks. However, the Company is actively considering adopting this approach.
6. If there is a transformation plan to manage climate-related risks, specify the content of the plan and the indicators and goals used to identify and manage physical risks and transformation risks.	As of the publication date of the annual report, the Company was still in the process of drafting a transformation plan for climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be explained.	As of the publication date of the annual report, the Company has not adopted internal carbon pricing as a planning tool.
8. If there are climate-related goals set, explain the activities covered, scope of greenhouse gas emissions, planning timeline, progress achieved each year, etc. If carbon offsets or renewable energy certificates (RECs) are used to meet these goals, explain the sources and quantities of carbon offsets exchanged or the number of RECs obtained.	As of the date of publication of the annual report, the Company has not yet set climate-related goals.
9. Greenhouse gas inventory and assurance situation, reduction goals, strategies, and specific action plans (filled in separately in 1-1 and 1-2).	The Company has initiated greenhouse gas inventory and verification operations and will report the latest progress to the board of directors quarterly. The standalone company is projected to complete the inventory in 2026 and verification in 2027, while the subsidiaries included in the consolidated financial statements are projected to finish the inventory in 2027 and verification in 2029.

1-1-1 Greenhouse Gas Inventory Information

Describe the recent two years' emissions of greenhouse gases (in metric tons CO2e), intensity (in metric tons CO2e per million dollars), and the scope of data coverage.
There is currently no relevant statistics on the Company's greenhouse gas emissions.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance in the last 2 years up to the date of publication of the annual report, including the scope of assurance, institutions of assurance, criteria of assurance, and opinions of assurance.
There is currently no relevant statistics on the Company's greenhouse gas emissions.

1-2 Reduction Targets, Strategies and Concrete Action Plans

Describe the greenhouse gas reduction base year and data, reduction goals, strategies, and concrete action plans and achievement status of the reduction goals.
The Company has not yet set greenhouse gas reduction targets and strategies.

(VI)The practice of ethical corporate management and discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx-listed Companies and the reasons therefor:

Evaluation item	Implementation status			Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
I. Establishment of Ethical Corporate Management Policies and Programs (I) Has the Company formulated an ethical corporate management policy approved by the board of directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the board of directors and the senior management to actively implement the policy?	V		The Company has established the "Ethical Corporate Management Best Practice Principles", and has formulated the "Ethical Corporate Management Procedures and Code of Conduct" in November 2020 with the approval of the board meeting which specifically regulates the matters that the staff shall pay attention to when performing duties, and it has been announced to all employees to implement the policy and actively prevent unethical behavior. The board of directors and the management both actively carry out the commitment of the ethical corporate management policy and implement the ethical corporate management policy in internal management and business activities.	No significant difference
(II) Does the Company established assessment mechanism against risks from unethical conduct, periodically analyze and assess operational activities with high potential for unethical conduct, and use these to establish solutions for prevention of unethical behaviors that at least encompass the preventive measures stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best	V		The Company's employment contracts, "Work Rules" and procurement contracts with suppliers specify the business activities that have a higher risk of unethical behavior within the Company's business scope and stipulate the related preventive measures.	No significant difference

Evaluation item		Implementation status			Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
		Yes	No	Summary description	
	Practice Principles for TWSE/TPEx Listed Companies?				
(III)	Has the Company established policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and does it implement the policies and periodically assess and amend them?	V		The Company has established internal rules such as the "Code of Conduct for Employees" and the "Complaint Management Rules for Employees" which stipulate the internal reporting procedures and the disciplinary system for violations of the Code of Conduct for Employees (including bribery and bribery acceptance, offering or accepting unreasonable gifts, hospitality or other improper benefits, violation of business secrets, and other unethical acts).	No significant difference
II. (I)	Ethical management practices Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		The procurement contracts between the Company and suppliers contain "Merchandise Procurement Policy" terms which stipulate that suppliers shall ensure their independence and shall not have improper relations with Tsann Kuen and that they shall conduct business activities in a fair and transparent manner. All the general external contracts contain an "Ethical Clause" which stipulates high punitive liquidated damages in case of violation with the counterparty to deter unethical behavior.	No significant difference
(II)	Does the Company establish an exclusively (or concurrently) dedicated unit in charge of corporate integrity and to be supervised by the		V	(I) The Company's Human Development Department concurrently serves as the unit responsible for promoting ethical management and anti-bribery measures, among other corporate governance matters. It conducts annual	The Company intends to establish a dedicated unit for ethical corporate

Evaluation item	Implementation status			Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
Board of Directors, which regularly (at least once a year) reports implementation status to the Board?			compliance-related advocacy, education, and training, handles statement matters, and regularly reports its implementation to the Board of Directors. The 2023 implementation has been reported to the Board of Directors on December 22, 2023, and the relevant implementation is as follows: Education and training: On July 19 and December 6, 2023, the "Education on Sexual Harassment and Control Risks of Sexual Harassment" and "Education on Ethical Management and Compliance - Headquarters, Vendor Interaction and Corporate Anti-Corrosion" were held, with approximately 400 participants, and a total of 400 participation hours. Annual quiz: Approximately 2,170 employees participated in the "Employee Code of Conduct Quiz," for a total of 723 hours. Legal compliance: The Company has established the "Ethical Behavior Guidelines," "Business Integrity Code of Conduct," and "Procedures for Ethical Corporate Management and Behavior Guidelines" for compliance. To prevent unethical conduct, the Company established the "Whistleblowing System Management Regulations" in December 2023.If any stakeholders discover any unlawful or dishonest activities, they can report them through the whistleblowing mailbox. If the reported matter involves directors or senior executives, it will be	management.

Evaluation item	Implementation status			Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			reported to the independent directors. Additionally, a whistleblower protection system is established to ensure the confidentiality of the whistleblower's identity and the reported content. We are committed to protecting whistleblowers from any improper treatment resulting from their reports.	
(III) Does the Company establish and implement policies to prevent conflicts of interest and provide appropriate communication channels?	V		When someone is a concerned party in the business, they must inform the manager in advance and recuse themselves to prevent from conflict of interest. In the event that a director has a conflict of interest with any of the motions, the director related to the motions shall leave the meeting in accordance with the principle of recusal and shall not participate in the discussion and voting.	No significant difference
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and does the internal audit unit draw up relevant audit plans based on the evaluation results of the risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	V		The Company’s accounting system is established with reference to relevant laws and regulations, such as the Securities and Exchange Act, the Company Act, the Business Entity Accounting Act, the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, IFRS and IAS recognized by FSC, interpretations, and interpretation announcements, and formulated based on the actual situation of the Company’s business; the internal control system is formulated with reference to the “Regulations Governing	No significant difference

Evaluation item	Implementation status			Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
			Establishment of Internal Control Systems by Public Companies" and other related regulations, and everything is implemented. The Auditing Department of directors regularly reviews the compliance situation of the accounting and internal control systems and reports to the board.	
(V) Does the Company provide internal and external ethical conduct educational trainings on regular basis?	V		The Company conducts education, training, and promotion for employees, letting them fully understand the Company's determination, policies, prevention measures and consequences of violations. It has also formulated the "Complaint Management Rules for Employees" to ensure the communication between employees and the Company, establish harmonious labor relations, and build consensus. In 2023, the Company organized online internal education and training sessions related to ethical management, with a total of 2,170 participants. The sessions lasted for approximately 20 minutes. Additionally, there were physical seminars on anti-corruption with interactions involving vendors, attended by approximately 200 individuals. Sessions totaled about 1 hour.	No significant difference
III. Operation of the reporting system (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate	V		(I), (II), and (III) 1. The Company has stipulated whistleblowing and disciplinary systems and announced them to all employees, and also conducts education, training, and promotion regularly.	No significant difference No significant difference

Evaluation item	Implementation status			Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
personnel to deal with the reported matters? (II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms? (III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	V V		2. The Company has formulated the "Complaint Management Rules for Employees" to establish the whistleblowing channel, and has set standard handling procedures and time limits Anyone who learns about unethical behavior may report the case through the Company's complaint system in accordance with the "Complaint Management Rules for Employees". The Company keeps the identity of the whistleblower and the content of the report strictly confidential and actively investigates and handles the matter. Any violation of the ethical corporate management regulations is punished according to the severity of the case.	No significant difference
IV. Information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and the Market Observation Post System (MOPS)?	V		The Company has established the "Ethical Corporate Management Best Practice Principles" and disclosed them in the Shareholders' Meeting section on the Company's website and on the MOPS.	No significant difference
V. If the Company has established ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: No significant difference.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. review and amendment of the Company's Ethical Corporate Management Best Practice Principles): None.				

(VII)If the Company has formulated corporate governance principles and related articles, it shall disclose the way of inquiry:

The Company has established the "Corporate Governance Best Practice Principles" and relevant regulations, which are disclosed on the Company's website and the MOPS. For details, please refer to the Shareholders' Meeting Information on the Company's website (http://www.tk3c.com.tw) or the "Corporate Governance section of the MOPS" (http://mops.twse.com.tw/mops/web/index).

(VIII)Other important information for understanding of the operations of corporate governance may be disclosed:

1. The succession plan of the board members and critical management and its implementation:
   (1). Developing board member competencies
   The board members shall generally possess the knowledge, skills and qualities necessary to carry out their duties. To achieve the ideal goals of corporate governance, the board of directors shall, as a whole, possesses the necessary competencies as follows:
   I. Ability to make operational judgments.
   II. Ability to perform accounting and financial analysis.
   III. Ability to conduct management administration.
   IV. Ability to conduct crisis management.
   V. Knowledge of the industry.
   VI. An international market perspective.
   VII. Ability to lead.
   VIII. Ability to make decisions.
   The Company's board members are required to attend courses covering topics related to corporate governance, such as finance, risk management, business, commerce, accounting, legal, or corporate social responsibility, at the time of their new appointment or during their term of office, at the institutions designated by the "Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEx Listed Companies". The Company's board of directors shall urge employees at all levels to enhance their professional and legal knowledge.

   (2). Succession plan for critical management
   Establish a succession plan for management and set up a project team to facilitate the planning process. Define the functional modules of key departments and key positions within the Company to serve as the basis for the development of the Company and the planning of related positions; after determining the main internal management functions, the Company would start the subsequent education, training, and the various succession systems for the selected personnel and departments, and perform follow-up regularly.

2. For other information, please refer to "IV.Operation of Corporate Governance (3) The state of operation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor - VIII"

(IX)Status of implementation of internal control system

1. Statement of Internal Control

Tsann Kuen Enterprise Co., Ltd.

Statement of Internal Control System

Date: February 29, 2024

The Company states the following for its internal control system for 2023, based on the results of self-evaluation:

I. The Company's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each key component consists of several parts. Please refer to the "Regulations" for more information.

IV. The Company has evaluated the design and operational effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it maintained, in all material respects, an effective internal control system (including the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness and transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was passed by the board of directors in their meeting held on February 29, 2024, with none of the seven attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Tsann Kuen Enterprise Co., Ltd.

Chairman: Chi-Tien, Lin (Signature)

Manager: Jung-Sen, Li (Signature)

2. Where a CPA was entrusted to review the internal control system, the review report shall be disclosed: None.

(X) In the most recent year and the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, the major deficiencies and improvements shall be listed: None.

(XI) Important resolutions of the shareholders' meeting and board meeting in the most recent year and the current year up to the date of publication of the annual report

1. Important resolutions of the Board of Directors

Meeting type	Meeting date	Important resolution
Board Meeting	2023/1/16	1. Approved the proposal to change the Company's branch addresses. 2. Approved the proposal for applying for credit facilities from financial institutions. 3. Approved the proposal for the 2022 year-end bonus distribution for managerial officers. 4. Approved the proposal for the Company's remuneration for independent directors. 5. Approved the proposal for the Company's remuneration for directors.
Board Meeting	2023/2/24	1. Approved the Company's 2022 Statement of Internal Control System. 2. Approved the proposal for the Company's 2022 Annual Business Report and final account closure. 3. Approved the proposal for the distribution of employee remuneration for 2022. 4. Approved the proposal for the Company's 2022 earnings distribution. 5. Approved the evaluation of the independence and appropriateness of the attesting CPAs for 2023. 6. Approved the PwC Taiwan audit fee proposal for 2023. 7. Approved the proposal for applying for credit facilities from financial institutions. 8. Approved the proposal for the partial amendments to the Company's "Rules of Procedure for Shareholders' Meetings". 9. Approved the proposal for convening the 2023 Annual Shareholders' Meeting of the Company.
Board Meeting	2023/5/5	1. Approved the proposal for the Company's branch closure. 2. Approved the Company's consolidated financial statements for the 1st quarter of 2023. 3. Approved the proposal for applying for credit facilities from financial institutions. 4. Approved the establishment of a chief corporate governance officer. 5. Approved the bonus distribution for the Company's managerial officers. 6. Approved the salary adjustment for the Company's managerial officers.

Meeting type	Meeting date	Important resolution
Board Meeting	2023/8/4	1. Approved the Company’s consolidated financial statements for the 2nd quarter of 2023. 2. Approved the proposal for applying for credit facilities from financial institutions. 3. Approved the proposal for the mid-year bonus distribution for managerial officers.
Board Meeting	2023/11/3	1. Approved the Company’s consolidated financial statements for the 3rd quarter of 2023. 2. Approved the proposal for applying for credit facilities from financial institutions. 3. Approved the proposal for the amendment to the Company’s “Procedures for Handling Material Internal Information”. 4. Approved the establishment of the Company’s Risk Management Committee.
Board Meeting	2023/12/22	1. Approved the proposal for the Company’s store expansion plan and authorizing branch managers in 2024. 2. Approved the proposal for the Company’s 2024 audit plan. 3. Approved the proposal for applying for credit facilities from financial institutions. 4. Approved the establishment of the "Regulations Governing Whistleblowing System". 5. Approved the establishment of the Company's "Procedures for Reporting Material Incidents". 6. Approved the discussed proposal for the Company's "Risk Management Policy and Procedures".
Board Meeting	2024/1/31	1. Approved the proposal for the Company’s branch closure. 2. Approved the proposal for applying for credit facilities from financial institutions. 3. Approved the proposal for the partial amendments to the Company’s “Rules of Procedure for Board of Directors’ Meetings”. 4. Approved the proposal for the partial amendments to the Company’s “Audit Committee Organizational Rules”. 5. Approved the proposal for the partial amendment to the Company’s “Articles of Incorporation” and submitted to the shareholders’ meeting for resolution. 6. Approved the proposal to amend the Company’s "Director and Independent Director Nomination Procedure" and presented for resolution at the shareholders' meeting. 7. Approved the comprehensive re-election of directors and submitted to the shareholders' meeting for election. 8. Approved the proposal for relieving the noncompetition restrictions for new-elected directors and submitted to the shareholders' meeting for resolution. 9. Approved the proposal for convening the 2024 Annual Shareholders’ Meeting of the Company. 10. Approved the proposal for the 2023 year-end bonus distribution for managerial officers. 11. Approved the proposal for the Company’s remuneration

Meeting type	Meeting date	Important resolution
		for directors. 12. Approved the proposal for the Company’s remuneration for independent directors.
Board Meeting	2024/2/29	1. Approved the Company’s 2023 Statement of Internal Control System. 2. Approved the proposal for the Company’s 2023 Annual Business Report and final account closure. 3. Approved the proposal for the distribution of employee remuneration for 2023. 4. Approved the proposal for the Company’s 2023 earnings distribution. 5. Approved the evaluation of the independence and appropriateness of the attesting CPAs for 2024. 6. Approved the PwC Taiwan audit fee proposal for 2024. 7. Approved the proposal for applying for credit facilities from financial institutions. 8. Approved the nomination and qualification of candidates for reelection of directors (including independent directors) of the Company and submitted to the annual shareholders' meeting for election. 9. Approved the proposed partial amendments to the Company’s "Year-End Performance Standards."

2. Important resolutions of the Shareholders’ Meeting

Meeting type	Meeting date	Important resolution
Annual Shareholders’ Meeting	2023/5/26	1. Approved the ratification of the 2022 final accounts and books. 2. Approved the proposal for the partial amendments to the Company’s “Rules of Procedure for Shareholders’ Meetings”.

3. Review of the implementation of the resolutions of the shareholders’ meeting held in 2023

Resolution	Implementation status
1. Approved the ratification of the 2023 final accounts and books.	It was made public on the MOPS in accordance with regulations after being resolved by the Annual Shareholders’ Meeting.
2. Approved the proposal for the partial amendments to the Company’s “Rules of Procedure for Shareholders’ Meetings”.	It was made public on the MOPS in accordance with regulations on the same day after being resolved by the Annual Shareholders’ Meeting.

(XII)In the most recent year and the current year up to the date of publication of the annual report, directors or supervisors having different opinions on important resolutions approved by the board of directors with records or written statements: None.

(XIII)For the most recent year and for the current year up to the date of publication of the annual report, summary of the resignation and dismissal of the Company’s Chairman, president, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer: None.

V. Information on attesting CPAs' audit fee

(I) The amount of audit and non-audit fees paid to the attesting CPAs, their firm and its affiliates, and the content of non-audit fees shall be disclosed:

Unit: NT$ thousand

CPA firm	CPA name	CPA audit period	Audit fees	Non-audit fee	Total	Remarks
PwC Taiwan	Yi-Fan, Lin Sung-Tse, Wang	2023	2,995	640	3,635	The non-audit fees of the year were mainly about tax compliance.

(II) Whether the audit fees paid in the year of a change of CPA firm are less than the audit fees in the year before the change: None.

(III) Where the audit fees decreased by 10% or more from the previous year, the amount, percentage and reasons therefor shall be disclosed: None.

VI. Information on changes of CPAs

Changes of CPAs in the last two years and the subsequent period: None.

(I) Reply letter from the former CPA regarding sub-paragraphs 1 and 2-3 of paragraph 6 of Article 10 of these Guidelines: None.

VII. Any of the Company's Chairman, president, or managerial officers involved in financial or accounting affairs being employed by the CPA firm or any of its affiliated companies within the most recent year: None.

VIII. Changes in transfer and pledge of shares by directors, supervisors, managerial officers and shareholders with more than 10% shareholding in the most recent year and the current year up to the date of publication of the annual report

(I) Changes in shareholdings of directors, supervisors, managerial officers and major shareholders

Job title	Name	2023		Up to March 24, 2024	
		Shareholding Amount of increase (decrease)	Number of shares pledged Amount of increase (decrease)	Shareholding Amount of increase (decrease)	Number of shares pledged Amount of increase (decrease)
Chairman	Tsann Kuen Investment Co., Ltd.	-	-	-	-
	Representative: Chi-Tien, Lin	-	-	-	-
Director	Tsann Kuen Investment Co., Ltd.	-	-	-	-
	Representative: Yuan-Sung, Tsai	-	-	-	-
Director	Tsann Kuen Investment Co., Ltd.	-	-	-	-
	Representative: Tsung-Hsian, Tsai	-	-	-	-
Director	All Oriented Services Int. Co., Ltd.	-	-	-	-
	Representative: Cheng-Feng, Lin	-	-	-	-
Independent Director	Chiu-Chen, Hung	-	-	-	-
Independent Director	Li-Sung, Huang	-	-	-	-
Independent Director	Hsiu-Chi, Kao	-	-	-	-
Chief Development Officer / General Manager of New Product Development and Project Promotion Department	Ching-Wei, Li	-	-	-	-
Chief Accounting Officer / Vice President of the Accounting Department	Yung-Chuan, Yang	-	-	-	-
Chief Commercial Development Officer / Assistant VP of the Commercial Development Department	Lin-Lu, Chen	-	-	-	-
Chief Legal Officer / Assistant VP of the Legal Affairs Department	Yu-Cheng, Chiu	-	-	-	-
Chief Finance Officer / Assistant VP of the Finance Department	Yu-Liang, Wang	-	-	-	-
Chief Procurement Officer / Assistant Vice President of 1C Information and Telecommunication Business Department	Po-Tsang, Chen	-	-	-	-
Chief Procurement Officer / Assistant VP of 2C Life and Home Appliance Business Department	Jung-Sen, Li	-	-	-	-
Chief Information Officer / Assistant VP of the Information Department	Ming-Ta, Chen	-	-	-	-
Major shareholder	Tsann Kuen Investment Co., Ltd.	-	-	-	-

(II) Transfer of shares: None of the counterparties of the transfers of shares made by directors, managerial officers, and major shareholders was a related party, therefore this is not applicable.

(III) Pledge of shares: None of the counterparties of the pledges of shares made by directors, managerial officers, and major shareholders was a related party, therefore this is not applicable.

IX. Information on the top ten shareholders who are related to each other or are spouses or relatives within the second degree of kinship

March 24, 2024

Name	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Name and relationship between top 10 major shareholders who are related to each other or are spouses or relatives within the second degree of kinship		Remarks
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding percentage	Name	Relationship	
Tsann Kuen Investment Co., Ltd.	35,172,822	30.11%	-	-	-	-	Shu-Hui, Tsai	Responsible person of this company	-
Representative: Shu-Hui, Tsai	6,027,888	5.16%	-	-	-	-	-	-	-
Shu-Hui, Tsai	6,027,888	5.16%	-	-	-	-	-	-	-
Chengfeng Investment Co., Ltd.	4,490,450	3.84%	-	-	-	-	-	-	-
Representative: Pao-Yung, Lin	-	-	-	-	-	-	Cheng-Feng, Lin	Father-Son	-
Tsann-Kuen, Wu	4,359,618	3.73%	-	-	-	-	-	-	-
Chengkang Investment Co., Ltd.	4,352,228	3.73%	-	-	-	-	-	-	-
Representative: Cheng-Feng, Lin	-	-	6,314	-	-	-	Pao-Yung, Lin	Father-Son	-
Wu Tsann Kuen Investment , Ltd. Representative: Tsann-Kuen, Wu	3,548,551	3.04%	-	-	-	-	Tsann-Kuen, Wu	Responsible person of this company	-
	4,359,618	3.73%	-	-	-	-			-
Yuyou Investment Co., Ltd.	2,853,394	2.44%	-	-	-	-	-	-	-
Representative: Cheng-Feng, Lin	-	-	-	-	-	-	Pao-Yung, Lin	Father-Son	-
Engenius Technologies Co., Ltd.	2,596,743	2.22%	-	-	-	-	-	-	-
Representative: Pao-Yung, Lin	-	-	6,314	-	-	-	Cheng-Feng, Lin	Father-Son	-
All Oriented Services Int. Co., Ltd.	1,622,175	1.39%	-	-	-	-	Pao-Yung, Lin	Father-Son	-
Representative: Cheng-Feng, Lin	-	-	6,314	-	-	-	-	-	-
New York City Group Trust Investment Account by Custody of Deutsche Bank AG Taipei Branch	1,014,693	0.87%	-	-	-	-	-	-	-

X. Total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company

December 31, 2023 / Unit: Shares; %

Investee	Investment by the Company		Investment by directors, supervisors, managerial officers and those directly or indirectly controlled enterprises		Total investment	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
Investments accounted for using the equity method						
Da Li Investment Co., Ltd.	3,000,000	100.00	-	-	3,000,000	100.00
Yong Yi Investment Co., Ltd.	500,000	100.00	-	-	500,000	100.00
An Sheng Insurance Agent Co., Ltd.	500,000	100.00	-	-	500,000	100.00
PROWORLD INTERNATIONAL LIMITED	7,250,000	100.00	-	-	7,250,000	100.00
Jing Kuanq Enterprise Co., Ltd.	1,408,022	48.55	-	-	1,408,022	48.55
Wuhuama International Marketing Co., Ltd. (Note 1)	894,240	16.56	-	-	894,240	16.56
New Target Development Co., Ltd	-	-	65,313,300	100.00	65,313,300	100.00
Good world Enterprise Ltd.	-	-	655,200	100.00	655,200	100.00
PT. TSANN KUEN PROPERTY DEVELOPMENT INDONESIA	-	-	-	100.00	-	100.00

Note 1: The Company holds two seats in the board of directors of Wuhuama. Although the Company's shareholding is less than 20%, it still has significant influence. Therefore, it is evaluated using the equity method.

Four. Capital Raising

I. Source of capital stock

(I) Process of capital formation

Year and month	Issue price	Authorized capital		Paid-in capital		Remarks			
		Number of shares (thousand shares)	Amount (NT$1,000)	Number of shares (thousand shares)	Amount (NT$1,000)	Source of capital stock	Using property other than cash as payment of shares	Others	Approval Letter No.
November 1978	1,000	1	1,000	1	1,000	Incorporated	None	None	-
February 1982	1,000	5	5,000	5	5,000	Cash capital increase of NT$4 million	None	None	-
October 1982	1,000	10	10,000	10	10,000	Cash capital increase of NT$5 million	None	None	-
January 1984	1,000	40	40,000	40	40,000	Cash capital increase of $30 million	None	None	-
October 1988	1,000	80	80,000	80	80,000	Cash capital increase of $40 million	None	None	-
November 1989	10	8,000	80,000	8,000	80,000	Change in par value	None	None	-
November 1989	10	8,800	88,000	8,800	88,000	Capitalization of retained earnings of NT$8 million	None	None	-
February 1990	10	19,600	196,000	19,600	196,000	Cash capital increase of NT$108 million	None	None	-
July 1995	10	34,888	348,880	34,888	348,880	Capitalization of retained earnings of NT$117.60 million; Capitalization of capital surplus of 35.28 million	None	None	Letter (1995)-Tai-Cai-Zheng-(I) No. 38880 on 1995.7.3; Letter Jing-(1995)-Shang-Zi No. 112400 on 1995.9.5
June 1996	10	43,610	436,100	43,610	436,100	Capitalization of retained earnings of NT$87.22 million	None	None	Letter (1996) Tai-Cai-Zheng-(I) No. 39299 on 1996.6.22; Letter Jing-(1996)-Shang-Zi No. 112565 on 1996.8.16
June 1997	10	54,713	547,130	54,713	547,130	Capitalization of retained earnings of NT$109.025 million; employee bonus of 2.005 million	None	None	Letter (1997)-Tai-Cai-Zheng-(I) No. 49034 on 1997.6.18; Letter Jing-(1997)-Shang-Zi No. 115131 on 1997.9.2

Year and month	Issue price	Authorized capital		Paid-in capital		Remarks			
		Number of shares (thousand shares)	Amount (NT$1,000)	Number of shares (thousand shares)	Amount (NT$1,000)	Source of capital stock	Using property other than cash as payment of shares	Others	Approval Letter No.
July 1998	10	150,000	1,500,000	90,582	905,815	Capitalization of retained earnings of NT$333.749 million, employee bonus of NT$3.05 million, capitalization of capital reserve of NT$21.8852 million	None	None	Letter (1998)-Tai-Cai-Zheng-(I) No. 57334 on 1998.7.8; Letter Jing-(1998)-Shang-Zi No. 131895 on 1998.9.22
September 1999	10	150,000	1,500,000	120,833	1,208,333	Capitalization of retained earnings of NT$217.3955 million, employee bonus of NT$3.60 million, capitalization of capital reserve of NT$81.5233 million	None	None	Letter (1999)-Tai-Cai-Zheng-(I) No. 62038 on 1999.9.6; Letter Jing-(1999)-Shang-Zi No. 139798 on 1999.11.2
March 2000	10	150,000	1,500,000	140,833	1,408,333	Cash capital increase of NT$200 million	None	None	Letter (2000)-Tai-Cai-Zheng-(I) No. 1008856 on 2000.3.31; Letter Jing-(2000)-Shang-Zi No. 115272 on 2000.5.16
July 2000	10	250,000	2,500,000	176,700	1,767,000	Capitalization of retained earnings of NT$355.067 million; Employee bonus of NT$3.6 million	None	None	Letter (2000)-Tai-Cai-Zheng-(I) No. 58920 on 2000.7.7; Letter Jing-(2000)-Shang-Zi No. 089131812 on 2000.9.6
July 2001	10	250,000	2,500,000	212,290	2,122,900	Capitalization of retained earnings of NT$176.70 million, employee bonus of NT$2.5 million, capitalization of capital reserve of NT$176.7 million	None	None	Letter (2001)-Tai-Cai-Zheng-(I) No. 149626 on 2001.8.2; Letter Jing-(2001)-Shang-Zi No. 09001398700 on 2001.10.11
June 2003	10	300,000	3,000,000	214,990	2,149,900	Capitalization of employee bonus of NT$27 million	None	None	Letter (2003)-Tai-Cai-Zheng-(I) No. 124248 on 2003.6.3; Letter Jing-(2003)-Shang-Zi No. 127781 on 2003.9.24
July 2004	10	300,000	3,000,000	221,215	2,212,150	Capitalization of retained earnings of NT$32.25 million; Capitalization of employee bonus of NT$30 million	None	None	Letter Zheng-Qi-(I) Zi No. 0930129280 on 2004.7.6; Letter Jing-(2004)-Shang-Zi No. 09301165740 on 2004.9.1
September 2005	10	300,000	3,000,000	242,212	2,422,122	Capitalization of retained earnings of NT$176.972 million Capitalization of employee bonus of NT$33 million	None	None	Letter Jin-Guan-Zheng-(I) Zi No. 0940127525 on 2005.7.7; Letter Jing-(2005)-Shang-Zi No. 09401166330 on 2005.9.2
September	10	300,000	3,000,000	246,634	2,466,343	Capitalization of retained earnings of	None	None	Letter Jin-Guan-Zheng-(I) Zi No.

Year and month	Issue price	Authorized capital		Paid-in capital		Remarks			
		Number of shares (thousand shares)	Amount (NT$1,000)	Number of shares (thousand shares)	Amount (NT$1,000)	Source of capital stock	Using property other than cash as payment of shares	Others	Approval Letter No.
2006						NT$24.221 million Capitalization of employee bonus of NT$20 million			0950132836 on 2006.7.26; Letter Jing-Shou-Shang-Zi No. 09501209520 on 2006.9.18
August 2008	10	500,000	5,000,000	320,998	3,209,978	Capitalization of retained earnings of NT$723.635 million Capitalization of employee bonus of NT$20 million	None	None	Letter Jin-Guan-Zheng-I-Zi No. 0970030989, Letter Jing-Shou-Shang-Zi No. 09701196150 on 2008.6.20
August 2009	10	500,000	5,000,000	128,398	1,283,978	Demerger and capital reduction of NT$1,926 million	None	None	Letter Jin-Guan-Zheng-Zi No. 0980041108, Letter Jing-Shou-Shang-Zi No. 09801262490 on 2009.8.24
August 2010	10	500,000	5,000,000	146,763	1,467,631	Capitalization of retained earnings of NT$189.343 million Treasury stock cancellation of NT$5.69 million	None	None	Letter Jin-Guan-Zheng-Fa-Zi No. 0990021192, Letter Jing-Shou-Shang-Zi No. 09901191400 on 2010.5.10
November 2010	10	500,000	5,000,000	169,063	1,690,631	Cash capital increase of NT$223 million	None	None	Letter Jin-Guan-Zheng-Fa-Zi No. 0990045514, Letter Jing-Shou-Shang-Zi No. 09901248510 on 2010.9.15
April 2011	10	500,000	5,000,000	167,463	1,674,631	Treasury stock cancellation of NT$16 million	None	None	Letter Jing-Shou-Shang-Zi No. 10001081980 dated April 25, 2011
April 2019	10	500,000	5,000,000	166,469	1,664,688	Treasury stock cancellation of NT$9.943 million	None	None	Letter Jing-Shou-Shang-Zi No. 10801041930 dated April 25, 2019
June 2022	10	500,000	5,000,000	116,800	1,168,000	Cash capital reduction of NT$496.7 million	None	None	Letter Tai-Zheng-Shang-Yi-Zi No. 1111802273 dated June 2, 2022, Letter Jing-Shou-Shang-Zi No. 11101103760 on June 16, 2022

(II) Type of shares issued

Type of shares	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common stock	116,800,000	383,200,000	500,000,000	-

Note: Refers to stocks of listed companies.

(III) Shelf registration related information: None.

II. Shareholder structure

March 24, 2024

Shareholder structure / Quantity	Government agencies	Financial institutions	Other juridical persons	Individuals	Foreign institutions and foreigners	Total
Number of shareholders	3	0	204	32,259	86	32,552
Shareholding	12,602	0	59,045,246	53,234,429	4,507,723	116,800,000
Shareholding percentage (%)	0.01	-	50.55	45.59	3.85	100

III. Dispersion of shareholding

Par value per share is NT$10 March 24, 2024

Class of shareholding	Number of shareholders	Shareholding	Shareholding percentage (%)
1 to 999	25,280	2,108,669	1.81
1,000 to 5,000	5,850	11,642,386	9.97
5,001 to 10,000	720	5,502,555	4.71
10,001 to 15,000	234	2,900,152	2.48
15,001 to 20,000	108	1,940,179	1.66
20,001 to 30,000	137	3,321,720	2.84
30,001 to 40,000	52	1,797,588	1.54
40,001 to 50,000	32	1,435,294	1.23
50,001 to 100,000	62	4,368,014	3.74
100,001 to 200,000	40	5,462,989	4.68
200,001 to 400,000	17	4,744,203	4.06
400,001 to 600,000	7	3,290,204	2.82
600,001 to 800,000	1	601,031	0.51
800,001 to 1,000,000	2	1,646,454	1.41
1,000,001 or more	10	66,038,562	56.54
Total	32,552	116,800,000	100.00

IV. List of major shareholders

March 24, 2024

Name of major shareholders	Shareholding	Shareholding percentage
Tsann Kuen Investment Co., Ltd.	35,172,822	30.11%
Shu-Hui, Tsai	6,027,888	5.16%
Chengfeng Investment Co., Ltd.	4,490,450	3.84%
Tsann-Kuen, Wu	4,359,618	3.73%
Chengkang Investment Co., Ltd.	4,352,228	3.73%
Wu Tsann Kuen Investment , Ltd.	3,548,551	3.04%
Yuyou Investment Co., Ltd.	2,853,394	2.44%
Engenius Technologies Co., Ltd.	2,596,743	2.22%
All Oriented Services Int. Co., Ltd.	1,622,175	1.39%
New York City Group Trust Investment Account by Custody of Deutsche Bank AG Taipei Branch	1,014,693	0.87%

V. Stock price, net worth, earnings, dividends per share and related information for the last two years

Item			2022	2023	The current year up to March 25, 2024 (Note 8)
Market price per share (Note 1)	Highest		47.90	51.50	41.00
	Lowest		30.10	38.20	37.50
	Average		39.30	42.10	39.46
Net worth per share (Note 2)	Before distribution		40.48	38.99	-
	After distribution (Note 9)		36.48	36.79	-
Earnings per share	Weighted average number of shares (thousand shares)		138,300	116,800	-
	Earnings per share (Note 3)	Before adjustment	4.29	2.39	-
		After adjustment	4.29	2.39	-
Dividends per share	Cash dividends		4.00	2.20	-
	Stock dividends	Stock dividends from earnings	-	-	-
		Stock dividends from capital surplus	-	-	-
	Accumulated unpaid dividends (Note 4)		-	-	-
Return on investment	Price to earnings ratio (Note 5)		9.16	17.62	-
	Price to dividends ratio (Note 6)		9.83	19.14	-
	Cash dividend yield (Note 7)		10.18%	5.23%	-

* In the event of stock dividends from earnings or capital surplus, information on the market price and cash dividends retroactively adjusted for the number of shares issued shall be disclosed.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate each year's average market price based on the trading value and volume of each year.

Note 2: The calculation of net value per share is based on the number of shares outstanding at the end of the year, and is based on the distribution resolved by the board of directors or the shareholders' meeting in the following year.

Note 3: Where there is a retroactive adjustment due to stock dividends, the earnings per share before and after the adjustment shall be listed.

Note 4: If the issuance conditions of equity securities allow for unpaid dividends for the year to be accumulated and paid in the year of earnings, the unpaid dividends shall be disclosed separately as of the current year.

Note 5: Price to earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price to dividends ratio = average closing price per share for the year / cash dividends per share.

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

Note 8: As of the date of the publication of the annual report, the net worth per share and earnings per share calculated based on audited financial data of the first quarter of 2024 are not available;

Note 9: Earnings distribution of 2023 has been resolved in the board meeting on February 29, 2024, to distribute cash dividends of NT$2.2 per share, which is scheduled to be paid on April 24, 2024.

VI. The Company’s dividend policy and execution

(I) The Company’s dividend policy

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.

The Company intends to amend the Articles of Incorporation in the annual shareholders' meeting on May 22, 2024 by changing the wording of Paragraph 3 as follows:

The dividend and reserve distribution policy of the Company takes into account financial, business, and operational factors. It may be distributed through the issuance of new shares or in cash. The annual dividend amount shall not be less than fifty percent of the net profit after tax for the year, with cash dividends accounting for no less than fifty percent of the total distribution for the year.

(II) Dividend distribution resolved for the year

Cash dividend:

On February 29, 2024, the board of directors resolved to appropriate NT$256,960,000 from the undistributed earnings of the Company in 2023 for cash dividends of NT$2.2 per share.

VII. The effect of the proposed stock dividends by this shareholders’ meeting on the Company’s business results and earnings per share:

No distribution of stock dividend was proposed to this shareholders’ meeting, therefore this is not applicable.

VIII. Remuneration for employees, directors, and supervisors

(I) Percentages or ranges of employee bonus and remuneration to directors and supervisors under the “Articles of Incorporation”

1. Remuneration to employees: 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 targets for distribution of employees’ remuneration may include employees of subordinate companies who meet certain criteria.
2. Remuneration for directors and supervisors: None.

(II) The basis for estimating the amount of employee bonus and remuneration to directors and supervisors, the basis for calculating the number of shares to be distributed in stock, and the accounting treatment of discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

Any difference between the Company's estimated distribution for 2023 and the actual distribution amount is recognized as profit or loss in 2024.

(III) Distribution of remuneration approved by the board of directors

1. The remuneration to employees distributed in cash was NT$8,994,595, which was not different from the estimated amount in the year of expense recognition.
2. The amount of employee remuneration distributed in stock and its proportion to the sum of net profit after tax and total employee remuneration in the parent company only financial statements for the period: None.
3. Remuneration for directors and supervisors: None.

(IV) Distribution of remuneration for employees, directors, and supervisors of the previous year

1. Remuneration to employees: The remuneration to employees distributed in cash in 2022 was NT$18,770,08, which was not different from the estimated amount in the year of expense recognition, and was fully paid.
2. Remuneration for directors and supervisors: None.

IX. Repurchase of the Company's shares: None.

X. Corporate bonds, preference shares, overseas depositary receipts, employee stock warrants, new restricted employee shares, and mergers or acquisitions, or issuance of new shares in connection with the acquisition of shares of another company: None.

XI. Capital utilization plan and its implementation: None.

Five. Operation Overview

I. Business content

(I) Business scope

1. Main content

   Sale of IT products/home appliances.

2. Products and services of 2023 and operating shares thereof

   (1). IT products/home appliances accounted for 98.25%.

   (2). Merchandise other than IT products/home appliances accounted for 1.75%.

3. Current products (services) of the Company

   (1). End products of IT/home appliances and related accessories.

   (2). Delivery, installation and repair of home appliances and other services.

   (3). Home appliance related service products.

4. New products (services) planned to be developed

   Integrated sales of smart home devices, business development projects for new and renovated stores, and cross-industry cooperation, etc.

(II) Industry overview

1. Current status and development of the industry

   (1). Information and telecommunication industry

   Looking back at the domestic retail market for 3C information and communication products in 2023, adverse effects such as persistent inflation, cost increases driven by a strong US dollar, and a lack of stability in the overall economic environment resulted in weakened sales momentum in the overall 3C information and communication market with a year-on-year decline.

   Looking ahead to the development of the domestic 3C information and communication market in 2024, based on the estimates of enterprises across the ICT supply chain, there is a cautious optimism. With the emergence of generative AI topics, there will be an opportunity for growth of AI-related information and communication products in the 3C market.

   (2). Home appliance industry

   With the rapid development of science and technology, [AIoT (Internet of Intelligence)] home appliances continue to develop. In addition to basic functions, product convenience and value, fashion and fashion, health and interaction have become the main motivations for consumption. In particular, the use of AI products in smart homes, conference systems, and teaching aids is one of the main factors that customers consider when making purchases. In addition to providing home appliances with smart connectivity, consumers can also integrate and control all home appliances through various platforms, bringing a new user experience and convenience to their lives. With the gradual development of the AI industry in 2023, smart home appliance product sales innovations can create better life application products. Health-oriented small appliances (such as air purifiers and kitchen appliances, water machinery products), energy- and water-saving large home appliances (such as air conditioners, refrigerators, washing machines, etc.), and high-quality audio and video products (such as 8K, OLED, QLED, MiniLED TV or Hi-Res audio) can enhance the quality of home life. Especially in the post-epidemic period, whether home appliances can provide health, energy saving, antibacterial protection and entertainment while pursuing a smart home life that enhances lifestyle is a niche for the continued growth of home appliances.

Additionally, as the trends of aging population, declining birth rates, and increasing single-person households become more apparent, products that cater to health care, personalization, and uniqueness, along with smart home appliances driven by AI development, will become blue ocean opportunities in the era of companion economy.

2. Correlation among upstream, midstream and downstream industries

   Retail channel: Upstream companies are manufacturers of products, midstream companies are agents or distributors of products, and downstream refers to the end retail channels.

   The Company seeks more than two manufacturers and agents for each product to ensure quality and price stability, in order to provide consumers with affordable products.

3. Various development trends of products and the competition thereof

   Please refer to “Five. Operation Overview, II. Market and production and sales overview, (I) Market analysis”.

(III) Technology and R&D overview:

The Company’s operations include both online and offline IT product/home appliance full channel sales. Customer experience is more than important to us. Since 2020, the Company has established the following types and style of stores, as well as met the needs of different consumer groups through its own online platform and external platform cross-industry integration of offline resources:

1. Lifestyle store: Conveying the lifestyle orientation of customers, thinking from the consumer’s point of view, providing the best life proposals for customers, and leaving the best consumer experience. It particularly expresses that Tsann Kuen, starting from our “heart”, is the warmest company that can always surprise the consumers.
2. Awesome store: High-quality light box feature areas, professional staff service, and a specialized meeting and lounge area, focusing on a "spacious, bright, and comfortable" shopping experience.
3. Surpass store: Innovative top consumer electronics boutique stores. In addition to defining the service staff as consumer electronics butlers and selecting top personnel in terms of demeanor and social interaction, the Company also provides the best consumer electronics shopping environment for top consumers with its boutique, unique, exclusive, and cutting-edge displays, coupled with its simple, sophisticated, spacious, and comfortable stores.

I. Long-term and short-term business development plans

1. Short-term plans

   (1). Retail channels

   As a professional channel brand, Tsann Kuen has continued to develop and introduce the newest, most popular, and most complete product lines; built the capacity of staff to provide professional exhibition and sales; and keep market leadership in home appliances and IT products and services. We keep upgrading the brand image by using existing and newly developed service products to add value. Optimize the stores by classifying and zoning existing stores. Display suitable products according to the space and area and plan spaces and aisles broad enough where consumers can easily find and make purchases, and that are spacious, bright, and comfortable. All products can perfectly present their functional characteristics.

   Digital media such as social media, social networking, push technology, and browsing are widely used by consumers. As consumers rely more on the convenience provided by the Internet, promotional messages have shifted to online advertising and mobile devices in addition to posters, fliers, and newspapers. We use digital media to inform customers quickly and at any time, and then use physical stores for display, experience, and service to meet the different needs of a wide range of people and to achieve channel sales services.

In the brand new year, it is expected that generative AI will flourish, with practical demonstrations of AI PCs and AI mobile phones introduced in flagship stores across the province, passionate experiences of e-Sport e-sports games and home game consoles, and 5G and Wifi smart security control AIOT demonstrations. Let consumers better understand AI PCs and AI mobile phones to improve work efficiency, express unlimited personal creativity, and enjoy immersive audio-visual entertainment; through personal handheld devices, smart TVs, smart phones, smart speakers, etc., they can be connected to home air conditioners, Refrigerators, washing machines, sweepers, and various lighting fixtures are intelligently managed to achieve safety, energy saving, and efficiency, and an interactive entertainment communication platform is established to provide parent-child fun, health guidance and other activities to demonstrate experiential marketing.

Starting from customer demand orientation, we seek to create value that exceeds our customers' expectations to optimize our membership mechanism, strengthen our logistics and distribution, increase our market share, and expand our revenue. In addition, we will also strive to improve the operating model of our existing stores and enhance operational efficiency. Furthermore, we will continue to strengthen various energy-saving measures, such as installing automatic temperature control systems, upgrading LED lighting, installing energy-saving equipment, and focusing on selling energy-saving products. In this way, we can not only save costs but also contribute to energy saving and carbon reduction for the Earth.

(2). Product development

We will continue to expand the market share of products that are popular with our customers, including innovative products from other world-class brands, the three flat panels (digital TV, tablet PC, smartphone) and the three inverters (inverter air conditioner, inverter refrigerator, inverter washing machine), and smart home appliances. In addition, we will also significantly expand the number of small home appliances, cleaning, sweeping, and purifying products that satisfy customers' needs for leisure, health, and taste in order to increase sales.

With the publicity and promotions on brand 72-hour flash sale, brand days, brand weeks, and brand months, the promotional power of brand manufacturers can actually promote customers' willingness to buy. Taking into account customer's needs, Tsann Kuen has planned various kinds of daily/weekly events for products, with the aim of allowing consumers to choose the most suitable products to meet the needs of different ages, groups, genders, or occupations, instead of having only one brand to choose from.

Tsann Kuen is committed to meeting customers' needs for IT products/home appliances, creating new retail services in both physical and online shopping areas, and further engaging in the home and living areas to provide customers with more comprehensive services and shopping venues. Moreover, amit at sustainability issues, Proposal of an environmentally friendly consumption model: "Any wine bottle to sell" trade-in program, in addition to insisting on the spirit of "Energy Saving, Carbon Reduction, I Take Action", Tsann Kuen will actively participate in various environmental protection and public welfare activities, and also provide channels for the public to recycle waste home appliances, in order to promote the sustainable development of the environment.

2. Long-term plans

Combining the resources of physical stores, the online store, the mobile app, and operations and logistics, starting from customer needs, to build a close-to-customer consumer service and consumer experience in physical stores. We use digital tools to enhance the in-store shopping experience for consumers, continuing to increase the value of our retail channels and our goal of fast and convenient online shopping.

In business model innovation, the Company is expanding from B2C to B2B: providing small and medium-sized enterprises across Taiwan with a one-stop solution for their information and communication technology needs through "Tsann Kuen 3C Bestie"; and entering into alliances with developers, distributors, and designers at the top of the supply chain to create "Wandau," which aims to build homes of happiness for consumers.

II. Market and production and sales overview

(I) Market analysis

1. Regions of sales and market share of main products

The Company is mainly engaged in the domestic sale of home appliances and IT products. Through joint sales in online and offline physical stores, as well as through brands and distributors.

Future market supply and demand and growth

(1). IT products

The advent of generative AI and next-generation operating systems is expected to gradually increase the iterative replacement of information products, and information products will also diversify towards creators, business people, and e-sports players; the advent of 5G, WIFI 6E and even WIFI 7 , will highlight low latency, wide coverage, and high speed, and hybrid applications that combine cloud and ground will become mainstream.

(2). Home appliances

In recent years, the government has started to promote a subsidy for replacing old appliances with energy-saving appliances and to reduce the commodity tax on energy-saving appliances (until June 2025), driving the sales growth of related appliances. It is expected that the demand for inverter energy-saving products such as refrigerators, washing machines, and air conditioners will continue to increase. The new generation of 4K, 8K, OLED, QLED, Mini LED, Micro LED and other ultra-high definition smart TVs above 65 inches are among the most popular products in many households, and can be used with high quality home theater audio to play all kinds of shows or games. Environmental health and beauty care appliances (such as air purifiers, handheld vacuum cleaners, robotic vacuums, electric toothbrushes, blood pressure monitors, salon-level hair dryers, etc.) are gaining in popularity, and water quality issues continue to drive demand for water purification appliances. For the generation that values the home environment and food safety, high-end smart kitchen appliances are the star products that have been growing rapidly in recent years. All of the above is the momentum for the future growth of Tsann Kuen.

(3). Telecommunication products

AI mobile phones will drive the demand for replacement. Major brands will launch AI mobile phones one after another, and it is expected that there will be a certain degree of growth momentum during the year.

2. Market competitive niches, favorable and unfavorable factors for development prospects, and

countermeasures

(1). Competitive niches:

The competitive niches of Tsann Kuen are professional and warm services, dense store locations, and the bargaining power of the consumer electronics leader in purchasing. ◦ With the innovative advantages of online and offline such as stores in all counties, cities and outlying islands in Taiwan and Tsann Kuen online shopping, as well as the cooperation with suppliers to provide diversified brands and the latest fashionable products, Tsann Kuen has launched a series of innovative consumer experiences to create the most popular shopping channels for customers. Moreover, by making good use of the power of data analysis, Tsann Kuen has been able to provide more diversified member services and satisfy the needs of members and potential consumers with more dedication in order to increase customer loyalty, continue to widen the gap with competitors, and create more profit growth.

(2). Favorable and unfavorable factors for development prospects:

(1) Favorable factors

A. Tsann Kuen has established itself in consumer electronics channels and is leading product trends, so it is widely recognized and accepted by consumers.
B. Professional after-sale repair services and efficiency.
C. Abundant merchandise that satisfies customers with online/offline one-stop shopping.
D. Tsann Kuen purchases merchandise directly from the original manufacturers. Therefore, it can reduce the cost of goods to provide customers with cheaper prices.
E. Tsann Kuen makes good use of its advantage of having stores in all counties and outlying islands in Taiwan to actively deploy online sales and expand the market niche.
F. Most of the manufacturers are willing to provide “exclusively sell” products or cross-industry alliances to the retail channels of Tsann Kuen, which not only widens the product difference from competitors, but also creates more profit opportunities.

Unfavorable factors:

A. The turnover rate of the service staff is high and the professionalism is not easily passed on.
B. The global economy remains uncertain, and consumers still tend to be conservative.
C. Online shopping companies, without the burden of physical stores, demand convenience, speed, and abundance, which will divide the physical retail market.
D. The original manufacturer’s channel strategy, physical direct stores, online direct stores, and direct competition with the channel.

(3). Countermeasures:

By taking advantage of its accumulated strengths, Tsann Kuen can actively grasp the environmental opportunities and strive to lead the market and make breakthroughs to improve the disadvantages and eliminate the threats. With the continuous innovation of marketing models, Tsann Kuen has been able to expand its market share and widen the gap with its competitors. It has also been making use of the economy of scale effect to formulate the development direction by different layers and groups according to different market demands and plan effective management strategies, product differentiation, and store deployment. By understanding and analyzing the competitive environment and continuously reviewing our own weaknesses, we will digitize our processes, develop risk control mechanisms to improve management performance and create opportunities, in order to effectively prevent and improve threats, turn them into opportunities, and achieve the goal of sustainable management and sustainable profitability.

(II) Important applications and production processes of major products

1. Important applications of the main products:
   Among IT products and home appliances, a single mobile phone per person is no longer enough, computers are essential for study and work, and home appliances are inseparable from every household's life. These products, combining AI generative applications, AIoT, AI smart appliances, high-quality audio-visual, health needs, and energy saving, will continue to develop and become a driving force closely related to the lives of all consumers.
2. Production processes:
   The Company's main business is selling IT products/home appliances, so there are no production processes.

(III) Supply of main products

The Company sources more than two original manufacturers or agents for every merchandise to ensure control over the supply, price, and quality of merchandise. Currently, major suppliers of Tsann Kuen's IT products/home appliances are first-tier manufacturers and original agents, so we have a considerable advantage in the cost of goods. After-sales service will be more prompt to provide more protection to customers.

(IV) A list of any suppliers and clients accounting for 10% or more of the Company's total procurement (sales) amount in either of the most recent two years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

1. Main suppliers in the most recent two years

Unit: NT$ thousand

	2022				2023			
Item	Name	Amount	As a percentage of net procurement for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net procurement for the year (%)	Relationship with the issuer
1	Company A	4,207,198	22.24	None	Company A	3,532,991	21.30	None
2	Company B	2,406,642	12.72	None	Company B	2,254,392	13.59	None
	Others	12,300,829	65.03		Others	10,797,911	65.11	
	Net procurement	18,914,669	100.00		Net procurement	16,585,294	100.00	

Note 1: List the name, procurement amount and percentage of suppliers which accounted for 10% or more of the total procurement in the most recent two years. Where there is a non-disclosure agreement in the contract regarding the name of the supplier, or the counterparty is an individual who is not a related party, the supplier may be listed under a code.

Note 2: The changes in these two years were mainly due to changes in consumer market trends and changes in new product launch cycles.

2. None of the sales amounts to any of the Company's major customers in 2022 and 2023 ever exceeded 10% of the total sales.

(V) Production in the most recent two years: The Company's main business is selling IT products/home appliances, so this is not applicable.

(VI) Sales for the most recent two years

Unit: sales volume (thousand items)/sales amount (NT$ thousand)

Sales volume / Main products	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Sales volume	Sales amount	Sales volume	Sales amount	Sales volume	Sales amount	Sales volume	Sales amount
Home appliances	3,286	12,848,749	-	-	2,790	11,889,355	-	-
Information technology products	4,182	9,106,215	-	-	3,637	7,745,439	-	-
Others	1,659	336,267	-	-	1,387	350,089	-	-
Total	9,127	22,291,231	-	-	7,814	19,984,883	-	-

III. Information on employees in the last two years and the current year up to the date of publication of the annual report

March 25, 2024

Year		2022	2023	The current year up to March 25, 2024
Number of employees	Number of regular employees	2,061	1,983	1,948
	Number of part-time employees	334	203	191
	Total	2,395	2,186	2,139
Average years of age		36.08	37.69	37.76
Average Years of service		8.83	10.08	10.16
Education	Doctoral Degree	0%	0%	0%
	Master's degree	2.05%	2.28%	2.29%
	College and university	67.18%	68.80%	69.24%
	Senior high school	29.31%	27.22%	26.88%
	Below high school	1.46%	1.70%	1.59%

IV. Information on environmental protection expenditures

For the most recent year and the current year up to the date of publication of the annual report, the amount of loss due to environmental pollution (including compensation and environmental protection audit results of violations of environmental protection laws and regulations, the penalty date, the penalty number, the provisions of the regulations violated, the content of the regulations violated, and the penalty content shall be stated) and the estimated amount of current and potential future losses and countermeasures shall be disclosed; if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated:
There were no losses and penalties for environmental pollution in the most recent year and the current year up to the date of publication of the annual report.

V. Labor/management relations

(I) Employee benefit programs

The Company values employee benefit and has established the Employee Welfare Committee per regulations. The Company and the employees contribute to the employee welfare fund for the purpose of handling employee welfare matters, and the employees are entitled to welfare programs. Main policies and programs are as follows:

1. Special payment for three festivals, birthday presents, marriage presents, monetary condolences,

and maternity and hospitalization subsidies.
2. Regular health checkups, and labor, health and group insurance.
3. Regular domestic and overseas employee trips every year.
4. Assistance in the establishment of clubs to promote proper entertainment for employees.
5. Holding ball matches, hiking, and other activities from time to time.
6. Providing dormitories to facilitate the accommodation of non-local employees.
7. Providing shuttle buses for the transportation of employees to and from work.

(II) Employee salaries and bonuses

1. Employee salaries: The Company pays monthly salaries and bonuses to employees and annual bonuses according to the results of their performance review. The employee's salary is negotiated with employees in accordance with the Employee Compensation Regulations and may not be lower than the basic salary. In addition, the Company sets the annual salary adjustment rate and conducts annual salary adjustment according to its operation status and employees' performance review.
2. Remuneration to employees: If there is a profit in a year, the Company shall set aside 1% to 7% of the income before income tax for that year (net of accumulated losses) as the employee bonus. The aforementioned employee bonus may be paid in cash or in shares, as resolved by the board of directors and reported at the annual shareholders' meeting.

(III) Employee continuing education and training

The Company holds regular educational trainings for employees to improve their professionalism. The trainings include:

1. "New Hire Orientation" and "Department Trainings" of which the main focus is on sales, customer relationships and new product knowledge.
2. "Appliances Doctor Trainings" aim to enhance the repair ability of staff and assist in obtaining professional certification and customer service training.
3. "Assistant Manager Trainings" and "Store Managers Trainings" are for improving the store managers' management ability and performance through professional training.
4. "Consultative Sales" aims to enhance the sales force of the store staff, using a clear structure and systematic practical sales techniques to meet the needs of customers and increase the probability of closing.
5. "Product Boot Camp" ensures that store personnel are up-to-date with the latest industry trends and product knowledge through field operations, hands-on exercises, and guidance from professional instructors representing manufacturers.
6. "Logistics Professional Skills Courses" conduct internal certification through professional technicians to strengthen the professional knowledge and service standards of the service personnel in assembly and installation to enhance the overall customer experience.
7. [Functional Courses] Through competency assessment, we provide common and managerial competency training courses to enhance employees' core abilities, helping the organization to improve.

Other occasional external training allows employees to enrich their knowledge and improve their professionalism and efficiency besides working.

(IV) Retirement system

The Company contributes an amount equal to 2% of salaries paid each month to the employees' pension funds, which is deposited in the Bank of Taiwan, and pays employees' pension in accordance with the Labor Standards Act. The Company estimates the balance of the labor pension fund account before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees who are expected to meet the retirement requirements in the following year, the Company will make a lump-sum contribution of the difference no later than the end of March of the following year. The balance of the Company's labor pension fund is sufficient to pay the amount of pension benefits. Therefore, the Company obtained the approval of the Bureau of Labor Affairs of the Taipei City Government. In August 2023, the Company was approved by the Taipei City Government's Department of Labor to suspend the allocation of labor retirement reserve from August 2023 to July 2024. Since from July 1, 2005, for employees who chose to be covered by the Labor Pension Act, the Company sets aside 6% of their monthly salaries to their personal pension account at the Bureau of Labor Insurance.

According to the Company's working rules and the provisions of the Labor Pension Act, the retirement rules are specified as follows:

1. Voluntary retirement:
   Employees who meet any of the following conditions may apply for retirement.
   (1). Those who have served for at least 15 years and are at least 55 years old.
   (2). Those who have served for at least 25 years.
   (3). Those who have served for at least 10 years and are at least 60 years old.
2. Mandatory retirement:
   Employees who meet any one of the following conditions are subject to mandatory retirement.
   (1). Those who have reached the age of 65. The age specified in this paragraph may be adjusted to no less than 55 years old by the Company with the approval of the central competent authority for employees who perform work of a special nature such as work that is dangerous or requires strong physical strength.
   (2). Those with physical or mental challenges to the point of being unable to perform their job.
3. Pension scheme:
   (1). Employees under the Labor Standards Act:
      A. Based on their years of service, two units are accrued for each year of service for the first 15 years and one-half unit for each additional year thereafter, subject to a maximum of 35 units, before the enforcement of the Labor Standards Act; after the enforcement of the Labor Standards Act, one unit is accrued for each year of service and, combined with the units before the Labor Standards Act, subject to a maximum of 45 units. Those who have served for less than six months will be counted as six months, and those who have served for six months will be counted as one year.
      B. In accordance with the Labor Standards Act and the Company's work rules, employees subject to mandatory retirement shall be paid an additional 20% of the amount stipulated in the preceding paragraph if they have physical or mental challenges as a result of performing their duties.
   (2). For employees covered by the Labor Pension Act, the Company sets aside 6% of their monthly salaries to their personal pension account of the Bureau of Labor Insurance.

(V) Labor-management agreements and disputes:

The losses suffered by the Company due to labor disputes in the most recent year and the current year up to the date of publication of the annual report (including labor inspection results of violations of the Labor Standards Act, the penalty date, the penalty number, the provisions of the regulations violated, the content of the regulations violated, and the penalty content shall be stated), and the estimated amount of current and potential future losses and countermeasures: N/A.

VI. Cyber security management:

(I) Description of the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. Information security risk management framework:
   To promote the Company's cybersecurity management, ensure the security of data, systems, facilities, and networks, and protect consumers' interests, the Company has set up a Cybersecurity Management Review Committee and a Cybersecurity Management Taskforce.

2. Cybersecurity policy:
   The cybersecurity policy aims to protect the sensitivity, integrity, and availability of the Company's business information and other sensitive data from all kinds of threats and damages, whether intentional or accidental, from internal or external sources. The Company shall achieve the following goals through the joint efforts of all employees, internal/external information service users, and outsourced service providers.
   (1). Ensuring the accuracy of business information:
   Make sure to comply with the Company's strategies, risks, laws, regulations and contractual requirements.
   (2). Ensuring the continuation of information systems and services:
   Implement management by quantitative indicators to ensure proper response, control, and handling of incidents, and regular drills.
   (3). Enhance the cybersecurity awareness of employees and reduce the risk of using information:
   Establishing the Company's educational training plan, conducting regular or occasional trainings for employees, announcing the importance of information security and personal data protection, and promoting the rights, responsibilities, and obligations of the ISMS management system.
   (4). Ensuring the compliance with related laws and regulations and the requirements of competent authorities related to cybersecurity and personal data protection:
   The "Cybersecurity Management Review Committee" shall conduct the management review at least once per year to review the execution and implementation of the policy, so as to ensure the effectiveness and appropriateness of the policy and its measures.
   (5). Promoting the importance of cybersecurity and personal data protection:
   Establish an educational training plan to provide regular or occasional training to employees so that they can follow the cybersecurity policy, and its management rules and standard procedures. In 2023, the Company held in-house training on information security with 149 participants for approximately one hour.

3. Concrete management programs and investments in resources for cybersecurity management:
   (1). Enhancing the protection against cybersecurity threats:
   Cybersecurity training and drills for email social engineering.
   (2). Enhancing cybersecurity incidents/accidents management:
   Improve the information security alarm management capability, establish a host platform to integrate monitoring, and proactively report abnormal alarms.
   (3). Enhancing cybersecurity awareness for employees to reduce cybersecurity incidents: Establishing a new-hire orientation program to ensure that new employees understand the business-related cybersecurity relevant regulations.
   (4). Strengthen the authorization management of software:
   Install an information asset software authorization management system to prohibit the use of unauthorized software.
   (5). Cybersecurity audit:
   Regularly obtain professional assessment reports on system vulnerabilities.
   (6). Enhancing the availability of systems and services:
   Establish a file and data backup restoration system for the Company's host.

(7). Management of information assets:
Periodically inventory information assets to update and ensure the correctness and integrity of the information assets list.

(8). Access management:
Regularly review the issuance of special privileges for system access to prevent special accesses without formal authorization procedures.

(9). Personnel management:
All of the Company's employees and suppliers have to sign confidentiality-related management agreements with the Company.

(II) List any losses suffered by the Company in the most recent year and the current year up to the date of publication of the annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken; if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

In 2023 and as of the publication date of the annual report, the Company did not encounter any significant cybersecurity incidents, nor were there any relevant losses and impacts.

VII. Important contracts: None.

(VI) Financial Position

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

(I) Tsann Kuen Group

1. Consolidated condensed balance sheet

Unit: NT$ thousand

Item \ Year		Financial information for the most recent 5 years (Note 1)					Financial information of the current year up to March 25, 2024
		2019	2020	2021	2022	2023	
Current assets		3,744,699	4,718,283	5,784,920	4,822,969	4,044,455	Not available (Note 3)
Property, plant and equipment (Note 2)		3,164,858	3,200,994	3,282,393	3,266,036	3,123,968	
Right-of-use assets		3,840,057	3,802,285	4,526,649	4,604,547	4,595,254	
Intangible assets		21,716	16,741	16,495	22,577	11,918	
Other assets (Note 2)		2,413,390	2,235,725	2,240,710	2,258,259	2,385,899	
Total assets		13,184,720	13,974,028	15,851,167	14,974,388	14,161,494	
Current liabilities	Before distribution	4,464,455	5,203,166	5,978,376	5,469,741	4,738,945	
	After distribution	4,630,924	5,461,193	6,567,676	5,936,941	4,995,905	
Non-current liabilities		4,054,945	3,983,905	4,688,541	4,776,992	4,868,455	
Total liabilities	Before distribution	8,519,400	9,187,071	10,666,917	10,246,733	9,607,400	
	After distribution	8,685,869	9,445,098	11,256,217	10,713,933	9,864,360	
Equity attributable to owners of the parent company		4,665,320	4,786,957	5,184,250	4,727,655	4,554,094	
Share Capital		1,664,688	1,664,688	1,664,688	1,168,000	1,168,000	
Capital surplus		1,250,832	1,250,840	1,250,840	1,250,840	1,250,840	
Retained earnings	Before distribution	1,810,853	1,940,625	2,338,104	2,377,321	2,202,312	
	After distribution	1,644,384	1,682,598	1,748,804	1,910,121	1,945,352	
Other equity		(61,053)	(69,196)	(69,382)	(68,506)	(67,058)	
Treasury stock		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Equity Total amount	Before distribution	4,665,320	4,786,957	5,184,250	4,727,655	4,554,094	
	After distribution	4,498,851	4,528,930	4,594,950	4,260,455	4,297,134	

Note 1: The consolidated financial statements for each year are all attested by CPAs.
Note 2: No asset revaluation was performed in any of the years.
Note 3: As of the publication date of the annual report, there is no reviewed financial information for the first quarter of 2024.

2. Consolidated condensed statement of comprehensive income

Unit: NT$ thousand

Item \ Year	Financial information for the most recent 5 years (Note 1)					Financial information of the current year up to March 25, 2024
	2019	2020	2021	2022	2023	
Operating revenue	18,916,966	19,542,720	22,710,150	22,291,231	19,984,883	Not available (Note 2)
Gross operating profit	3,005,295	3,046,851	3,609,958	3,445,749	2,980,484	
Operating profit or loss	359,729	423,745	812,597	733,452	356,775	
Non-operating income and expenses	(100,670)	(31,739)	(318)	(186)	(4,760)	
Net profit before tax	259,059	392,006	812,279	733,266	352,015	
Net income Profit for the period	211,770	308,372	653,692	593,134	278,736	
Loss from discontinued operations	-	-	-	-	-	
Net profit (loss) for the period	211,770	308,372	653,692	593,134	278,736	
Other comprehensive income for the period (net after tax)	12,122	(20,274)	1,628	36,259	14,903	
Total comprehensive income for the period	223,892	288,098	655,320	629,393	293,639	
Net profits attributable to shareholders of the Company Owners of the parent company	211,826	308,372	653,692	593,134	278,736	
Net profits attributable to shareholders of the Company Non-controlling interests	(56)	-	-	-	-	
Total comprehensive income attributable to owners of the parent company	223,914	288,098	655,320	629,393	293,639	
Total comprehensive income attributable to non-controlling interests	(22)	-	-	-	-	
Earnings per share	1.27	1.85	3.93	4.29	2.39	

Note 1: The consolidated financial statements for each year are all attested by CPAs.

Note 2: As of the publication date of the annual report, there is no reviewed financial information for the first quarter of 2024.

(II) Tsann Kuen

1. Condensed balance sheet

Unit: NT$ thousand

Item \ Year		Financial information for the most recent 5 years (Note 1) 2019	2020	2021	2022	2023	Financial information of the current year up to March 25, 2024
Current assets		3,700,918	4,671,854	5,734,490	4,773,665	3,986,997	Not available (Note 3)
Property, plant and equipment (Note 2)		3,056,903	3,161,722	3,245,033	3,229,343	3,093,601	
Right-of-use assets		3,840,057	3,802,285	4,526,649	4,604,547	4,595,254	
Intangible assets		21,716	16,112	15,866	21,948	11,289	
Other assets (Note 2)		2,559,790	2,317,965	2,324,604	2,340,798	2,469,846	
Total assets		13,179,384	13,969,938	15,846,642	14,970,301	14,156,987	
Current liabilities	Before distribution	4,460,640	5,200,842	5,975,432	5,467,044	4,735,914	
	After distribution	4,627,109	5,458,869	6,564,732	5,934,244	4,992,874	
Non-current liabilities		4,053,424	3,982,139	4,686,960	4,775,602	4,866,979	
Total liabilities	Before distribution	8,514,064	9,182,981	10,662,392	10,242,646	9,602,893	
	After distribution	8,680,533	9,441,008	11,251,692	10,709,846	9,859,853	
Share Capital		1,664,688	1,664,688	1,664,688	1,168,000	1,168,000	
Capital surplus		1,250,832	1,250,840	1,250,840	1,250,840	1,250,840	
Retained earnings	Before distribution	1,810,853	1,940,625	2,338,104	2,377,321	2,202,312	
	After distribution	1,644,384	1,682,598	1,748,804	1,910,121	1,945,352	
Other equity		(61,053)	(69,196)	(69,382)	(68,506)	(67,058)	
Treasury stock		-	-	-	-	-	
Equity Total amount	Before distribution	4,665,320	4,786,957	5,184,250	4,727,655	4,554,094	
	After distribution	4,498,851	4,528,930	4,594,950	4,260,455	4,297,134	

Note 1: The parent company only financial statements for each year are all attested by CPAs.
Note 2: No asset revaluation was performed in any of the years.
Note 3: As of the publication date of the annual report, there is no reviewed financial information for the first quarter of 2024.

2. Condensed statement of comprehensive income

Unit: NT$ thousand

Item \ Year	Financial Information of the Past Five Years (Note 1)					Financial information of the current year up to March 25, 2024
	2019	2020	2021	2022	2023	
Operating revenue	18,908,106	19,534,141	22,692,660	22,268,031	19,963,902	Not available (Note 2)
Gross operating profit	3,005,091	3,045,970	3,599,869	3,430,428	2,967,667	
Operating profit or loss	363,274	426,938	806,753	722,674	348,527	
Non-operating income and expenses	(105,026)	(35,642)	4,390	9,360	2,262	
Net profit before tax	258,248	391,296	811,143	732,034	350,789	
Net profit (loss) for the period	211,826	308,372	653,692	593,134	278,736	
Other comprehensive income for the period (net after tax)	12,088	(20,274)	1,628	36,259	14,903	
Total comprehensive income for the period	223,914	288,098	655,320	629,393	293,639	
Earnings per share	1.27	1.85	3.93	4.29	2.39	

Note 1: The parent company only financial statements for each year are all attested by CPAs.

Note 2: As of the publication date of the annual report, there is no reviewed financial information for the first quarter of 2024.

(III) Names of attesting CPAs for the most recent 5 years and the audit opinions

Year	Attesting firm	Name of attesting CPA	Opinion
2020	PwC Taiwan	Chun-Yao, Lin Yi-Fan, Lin	Unqualified opinion and other matters
2020	PwC Taiwan	Chun-Yao, Lin Yi-Fan, Lin	Unqualified opinion and other matters
2021	PwC Taiwan	Chun-Yao, Lin Yi-Fan, Lin	Unqualified opinion and other matters
2022	PwC Taiwan	Shu-Chiung, Chang Yi-Fan, Lin	Unqualified opinion and other matters
2023	PwC Taiwan	Yi-Fan, Lin Sung-Tse, Wang	Unqualified opinion and other matters

II. Financial analysis for the most recent 5 years

(I) Tsann Kuen Group

Analysis item (Note 5) \ Year		Financial analysis for the most recent 5 years (Note 1)					Current year up to March 24, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	64.62	65.74	67.29	68.43	67.84	Not available (Note 2)
	Long-term capital to property, plant and equipment ratio	275.53	274.00	300.78	291.01	301.62	
Solvency (%)	Current ratio	83.88	90.68	96.76	88.18	85.35	
	Quick ratio	29.42	44.68	54.56	38.43	33.69	
	Interest coverage multiplier	3.38	5.61	12.61	11.44	5.81	
Operating capacity	Accounts receivable turnover rate (times)	153.38	294.39	235.11	170.33	133.76	
	Average collection days	2	1	2	2	3	
	Inventory turnover rate (times)	6.57	7.36	7.98	7.24	6.62	
	Accounts payable turnover rate (times)	6.25	6.19	6.05	5.85	6.20	
	Average sales days	56	50	46	50	55	
	Property, plant and equipment turnover rate (times)	5.47	6.14	7.01	6.81	6.26	
	Total assets turnover rate (times)	1.69	1.44	1.52	1.45	1.37	
Profitability	Return on assets (%)	2.66	2.77	4.38	3.85	1.91	
	Return on equity (%)	4.51	6.52	13.11	11.97	6.01	
	Pre-tax income to paid-up capital (%)	15.56	23.55	48.79	62.78	30.55	
	Net profit ratio (%)	1.12	1.58	2.88	2.66	1.39	
	Earnings per share (NT$)	1.27	1.85	3.93	4.29	2.39	
Cash flow	Cash flow ratio (%)	31.54	12.86	45.61	36.38	22.29	
	Cash flow adequacy ratio (%)	120.01	141.59	210.49	232.97	245.99	
	Cash reinvestment ratio (%)	13.55	5.40	23.60	13.76	5.79	
Leverage	Operating leverage	2.32	1.98	1.55	1.56	2.08	
	Financial leverage	1.43	1.25	1.09	1.11	1.26	

Explain the reasons for the changes in each financial ratio for the most recent two years. (Changes less than 20% are exempted from analysis)

(I) Solvency
Lower interest coverage multiplier is primarily due to lower operating income.

(II) Operating performance
The decrease in the turnover rate of accounts receivable and the increase in the average collection days are mainly due to the holiday occurring at the end of this period, resulting in deferred cashing of credit card receivables.

(III) Profitability
Decreases in return on assets, return on equities, pre-tax income to paid-in capital ratio, net profit ratio and earnings per share were mainly due to the decrease in operating revenue of the current period.

(IV) Cash flow
The decrease in the cash flow ratio and cash reinvestment ratio was mainly due to the decrease in net cash from operating activities during the period.

(V) Leverage
The increase in operating leverage was mainly due to the decrease in operating income of the current period.

Note 1: The consolidated financial statements for each year are all attested by CPAs.
Note 2: As of the publication date of the annual report, there is no analysis of the reviewed financial information for the first quarter of 2024.

(II) Tsann Kuen

Analysis item (Note 5) \ Year		Financial analysis for the most recent 5 years (Note 3)					Current year up to March 24, 2024
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to assets ratio	64.60	65.73	67.28	68.40	67.83	Not available (Note 4)
	Long-term capital to property, plant and equipment ratio	285.21	277.35	304.19	294.03	304.50	
Solvency (%)	Current ratio	82.97	89.83	95.97	87.32	84.19	
	Quick ratio	28.49	43.82	53.75	37.55	32.52	
	Interest coverage multiplier	3.37	5.60	12.60	11.42	4.79	
Operating capacity	Accounts receivable turnover rate (times)	153.48	296.34	239.47	174.35	136.28	
	Average collection days	2	1	2	2	3	
	Inventory turnover rate (times)	6.57	7.36	7.98	7.23	6.62	
	Accounts payable turnover rate (times)	6.25	6.18	6.04	5.84	6.20	
	Average sales days	56	50	46	50	55	
	Property, plant and equipment turnover rate (times)	5.64	6.28	7.08	6.88	6.31	
	Total assets turnover rate (times)	1.69	1.44	1.52	1.45	1.37	
Profitability	Return on assets (%)	2.67	2.77	4.38	3.85	1.91	
	Return on equity (%)	4.51	6.52	13.11	11.97	6.01	
	Pre-tax income to paid-up capital (%)	15.51	23.51	48.73	62.67	30.55	
	Net profit ratio (%)	1.12	1.58	2.88	2.66	1.39	
	Earnings per share (NT$)	1.27	1.85	3.93	4.29	2.39	
Cash flow	Cash flow ratio (%)	31.58	12.89	45.58	36.41	22.03	
	Cash flow adequacy ratio (%)	118.20	140.02	209.77	232.37	268.22	
	Cash reinvestment ratio (%)	13.62	5.42	23.62	13.80	5.67	
Leverage	Operating leverage	2.30	1.96	1.55	1.57	2.18	
	Financial leverage	1.43	1.25	1.09	1.11	1.27	

Explain the reasons for the changes in each financial ratio for the most recent two years. (Changes less than 20% are exempted from analysis)

(I) Solvency
Lower interest coverage multiplier is primarily due to lower operating income.

(II) Operating performance
The decrease in the turnover rate of accounts receivable and the increase in the average collection days are mainly due to the holiday occurring at the end of this period, resulting in deferred cashing of credit card receivables.

(III) Profitability
Decreases in return on assets, return on equities, pre-tax income to paid-in capital ratio, net profit ratio and earnings per share were mainly due to the decrease in operating revenue of the current period.

(IV) Cash flow
The decrease in the cash flow ratio and cash reinvestment ratio was mainly due to the decrease in net cash from operating activities during the period.

(V) Leverage
The increase in operating leverage was mainly due to the decrease in operating income of the current period.

Note 3: The parent company only financial statements for each year are all attested by CPAs.

Note 4: As of the publication date of the annual report, there is no analysis of the reviewed financial information for the first quarter of 2024.

Note 6: The calculation formulae for financial analysis:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities) / net property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interests coverage multiplier = net profit before tax and interest expense / interest expense for the period.
3. Operating capacity
   (1) Accounts receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for each period (including accounts receivable and notes receivable from business operations).
   (2) Average collection days = 365 / accounts receivable turnover rate.
   (3) Inventory turnover rate = costs of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for each period (including accounts payable and notes payable from business operations).
   (5) Average sales days = 365 / inventory turnover rate.
   (6) Property, plant, and equipment turnover rate = net sales / average property, plant, and equipment.
   (7) Total assets turnover rate = net sales / average total assets.
4. Profitability
   (1) Return on assets = [net profit after tax + interest expense x (1 - tax rate)] / average total assets.
   (2) Return on equity = net profit after tax / average total equity.
   (3) Pre-tax income to paid-up capital = pre-tax income / paid-up capital.
   (4) Net profit ratio = net profit after tax / net sales.
   (5) Earnings per share = (net profit attributable to owners of the parent - preferred stock dividend) / weighted average number of shares outstanding.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / (capital expenditures + inventory additions + cash dividend) for the most recent 5 years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital).
6. Leverage:
   (1) Operating leverage = (net operating revenue - variable operating costs and expenses) / operating income.
   (2) Financial leverage = operating income / (operating income - interest expense).

III. Review report of the Audit Committee on the financial statements for the most recent year

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 2023; the individual financial statements and consolidated financial statements have been audited by CPAs Yi-Fan, Lin and Sung-Tse, Wang 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
2024 Annual Shareholders' Meeting of Tsann Kuen Enterprise Co., Ltd.

Independent Directors: Chiu-Chen, Hung
Li-Sung, Huang
Hsiu-Chi, Kao

February 29, 2024

IV. The consolidated financial statements for the most recent year audited and attested by CPAs: Please refer to Appendix A.

V. The parent company only financial statements for the most recent year audited and attested by CPAs: Please refer to Appendix B.

VI. The Company shall disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in the most recent year and as of the date of this annual report: None.

Seven. Review and Analysis of the Financial Position and Financial Performance and Risks

I. Comparative analysis of the financial position

1. Tsann Kuen Group

Unit: NT$ thousand

Item	2023	2022	Increase (decrease) amount	Percentage (%) of increase (decrease)
Current assets	4,044,455	4,822,969	(778,514)	(16.14)
Property, plant and equipment	3,123,968	3,266,036	(142,068)	(4.35)
Right-of-use assets	4,595,254	4,604,547	(9,293)	(0.20)
Intangible assets	11,918	22,577	(10,659)	(47.21)
Other assets	2,385,899	2,258,259	127,640	5.65
Total assets	14,161,494	14,974,388	(812,894)	(5.43)
Current liabilities	4,738,945	5,469,741	(730,796)	(13.36)
Non-current liabilities	4,868,455	4,776,992	91,463	1.91
Total liabilities	9,607,400	10,246,733	(639,333)	(6.24)
Share Capital	1,168,000	1,168,000	-	-
Capital surplus	1,250,840	1,250,840	-	-
Retained earnings (Note)	2,202,312	2,377,321	(175,009)	(7.36)
Other equity	(67,058)	(68,506)	1,448	2.11
Total equity	4,554,094	4,727,655	(173,561)	(3.67)

Note: Retained earnings include legal reserve and special reserve.

Explanation:

(I) Reasons and the impact of deviation over 20% from the previous and following period:
Intangible assets decreased compared to the previous period, mainly due to the periodic amortization of system software.

(II) Future plans: The Company aims to implement a professional operating model, improve overall operating efficiency, enhance market share and competitiveness, maintain continuous growth in operations, and continue to strengthen the financial structure of the enterprise as the direction of future efforts.

2. Tsann Kuen

Unit: NT$ thousand

Item	2023	2022	Increase (decrease) amount	Percentage (%) of increase (decrease)
Current assets	3,986,997	4,773,665	(786,668)	(16.48)
Property, plant and equipment	3,093,601	3,229,343	(135,742)	(4.20)
Right-of-use assets	4,595,254	4,604,547	(9,293)	(0.20)
Intangible assets	11,289	21,948	(10,659)	(48.56)
Other assets	2,469,846	2,340,798	129,048	5.51
Total assets	14,156,987	14,970,301	(813,314)	(5.43)
Current liabilities	4,735,914	5,467,044	(731,130)	(13.37)
Non-current liabilities	4,866,979	4,775,602	91,377	1.91
Total liabilities	9,602,893	10,242,646	(639,753)	(6.25)
Share Capital	1,168,000	1,168,000	-	-
Capital surplus	1,250,840	1,250,840	-	-
Retained earnings (Note 1)	2,202,312	2,377,321	(175,009)	(7.36)
Other equity	(67,058)	(68,506)	1,448	2.11
Total equity	4,554,094	4,727,655	(173,561)	(3.67)

Note 1: Retained earnings include legal reserve and special reserve.

Explanation:

(I) Reasons and the impact of deviation over 20% from the previous and following period:
Intangible assets decreased compared to the previous period, mainly due to the periodic amortization of system software.

(II) Future plans: The Company aims to implement a professional operating model, improve overall operating efficiency, enhance market share and competitiveness, maintain continuous growth in operations, and continue to strengthen the financial structure of the enterprise as the direction of future efforts.

II. Analysis of the financial performance

1. Tsann Kuen Group

Unit: NT$ thousand

Item \ Year	2023	2022	Increase (decrease) amount	Percentage (%) of increase (decrease)
Net operating revenue	19,984,883	22,291,231	(2,306,348)	(10.35)
Operating costs	17,004,399	18,845,482	(1,841,083)	(9.77)
Gross operating profit	2,980,484	3,445,749	(465,265)	(13.50)
Operating expenses	2,623,709	2,712,297	(88,588)	(3.27)
Operating income	356,775	733,452	(376,677)	(51.36)
Non-operating income and expenses	(4,760)	(186)	(4,574)	(2,459.14)
Net profit before tax	352,015	733,266	(381,251)	(51.99)
Income tax expense	73,279	140,132	(66,853)	(47.71)
Net profit (loss) for the period	278,736	593,134	(314,398)	(53.01)
Other comprehensive income for the period (net after tax)	14,903	36,259	(21,356)	(58.90)
Total comprehensive income for the period	293,639	629,393	(335,754)	(53.35)
Profit attributable to owners of the parent company	278,736	593,134	(314,398)	(53.01)
Total comprehensive income attributable to owners of the parent company	293,639	629,393	(335,754)	(53.35)

(I) Reasons and the impact of deviation over 20% from the previous and following period:

1. The decreases in the sum of operating income, income before income tax, net income for the period, total comprehensive income for the period, profit attributable to owners of the parent company, and total comprehensive loss attributable to shareholders of the parent company were mainly due to the decrease in operating revenue.
2. Increases in the loss of non-operating income and expenditure: mainly due to the effect of exchange rate, resulting from the increase in exchange loss.
3. Decrease in income tax expenses: mainly due to a decrease in profit before tax for the period.
4. Decrease in other comprehensive income gain for the period: mainly due to a decrease in the remeasurement gain of defined benefit pension plans resulting from a decrease in discount rates and expected returns on plan assets.

(II) Future plan: The Group will continue to strengthen the integrated marketing of online and offline retail channels to accelerate resource integration, reduce operating costs and improve operating efficiency. We will also continue to improve the profitability of reinvestment companies, focus on professional operating models, and improve the overall operating efficiency and industry competitiveness.

2. Tsann Kuen

Unit: NT$ thousand

Item \ Year	2023	2022	Increase (decrease) amount	Percentage (%) of increase (decrease)
Net operating revenue	19,963,902	22,268,031	(2,304,129)	(10.35)
Operating costs	16,996,235	18,837,603	(1,841,368)	(9.77)
Gross operating profit	2,967,667	3,430,428	(462,761)	(13.49)
Operating expenses	2,619,140	2,707,754	(88,614)	(3.27)
Operating income	348,527	722,674	(374,147)	(51.77)
Non-operating income and expenses	2,262	9,360	(7,098)	(75.83)
Net profit before tax	350,789	732,034	(381,245)	(52.08)
Income tax expense	72,053	138,900	(66,847)	(48.13)
Net profit (loss) for the period	278,736	593,134	(314,398)	(53.01)
Other comprehensive income for the period (net after tax)	14,903	36,259	(21,356)	(58.90)
Total comprehensive income for the period	293,639	629,393	(335,754)	(53.35)

(I) Reasons and the impact of deviation over 20% from the previous and following period:

1. Decrease in operating income, net profit before tax, net profit for the period and total comprehensive loss: mainly due to the decrease in operating revenue.
2. Decreases in the gains of non-operating income and expenditure: mainly due to the effect of exchange rate, resulting from the increase in exchange loss.
3. Decrease in income tax expenses: mainly due to a decrease in profit before tax for the period.
4. Decrease in other comprehensive income gain for the period: mainly due to a decrease in the remeasurement gain of defined benefit pension plans resulting from a decrease in discount rates and expected returns on plan assets.

(II) Future plan: The Company will continue to strengthen the integrated marketing of online and offline retail channels to accelerate resource integration, reduce operating costs and improve operating efficiency.

III. Analysis and review of cash flows

(I) Analysis of changes in cash flows in the most recent year

1. Tsann Kuen Group

Unit: NT$ thousand

Opening cash balance	Net cash from operating activities	Net cash from investing and financing activities	Effect of exchange rate changes	Cash balance (shortfall)	Remedy for cash shortfall	
					Investment plan	Financing plan
1,768,415	1,056,414	(1,524,263)	799	1,301,365	None	

Analysis of changes in cash flow for the current year:

(1). The net cash inflow from operating activities was $1,056,414 thousand, mainly due to profit, depreciation and amortization, and disposal of inventories.

(2). The cash outflow from investment and financing activities of the year was NT$1,524,263 thousand, of which the investment cash outflow of NT$56,920 thousand was mainly due to opening and renovating stores and purchasing information software and hardware; the financing cash outflow of NT$1,467,343 thousand was mainly due to cash dividend and the payment of lease liabilities of the period.

2. Tsann Kuen

Unit: NT$ thousand

Opening cash balance (Note)	Net cash from operating activities	Net cash from investing and financing activities	Cash balance (shortfall)	Remedy for cash shortfall	
				Investment plan	Financing plan
1,721,840	1,043,323	(1,518,581)	1,246,582	None	

Analysis of changes in cash flow for the current year:

(1). The net cash inflow from operating activities was $1,043,323 thousand, mainly due to profit, depreciation and amortization, and disposal of inventories.

(2). The cash outflow from investment and financing activities of the year was NT$1,518,581 thousand, of which the investment cash outflow of NT$51,143 thousand was mainly due to opening and renovating stores and purchasing information software and hardware; the financing cash outflow of NT$1,467,438 thousand was mainly due to cash dividend and the payment of lease liabilities of the period.

(II) Improvement plan for lack of liquidity: Not applicable.

(III) Cash liquidity analysis for the coming year

1. Tsann Kuen Group

Unit: NT$ thousand

Opening cash balance	Forecast for net cash from operating activities	Forecast for net cash from investing and financing activities	Forecast for cash balance (shortfall)	Remedy for cash shortfall	
				Investment plan	Financing plan
1,301,365	1,451,255	(1,346,019)	1,406,601	None	

Explanation:

1. Analysis of changes in cash flow for the coming year
   (1). Operating activities: The Company strengthened the momentum of operating revenue and the control over costs and expenses, and enhanced the inventory turnover rate to increase the cash inflow from operating activities.
   (2). Investment activities: Capital expenditures on opening and renovating stores and for IT software and facilities, etc.
   (3). Financing activities: Cash dividends distribution and payment of lease liabilities.
2. Remedy for expected cash shortfall and liquidity analysis: None.

2. Tsann Kuen

Unit: NT$ thousand

Opening cash balance	Forecast for net cash from operating activities	Forecast for net cash from investing and financing activities	Forecast for cash balance (shortfall)	Remedy for cash shortfall	
				Investment plan	Financing plan
1,246,582	1,442,072	(1,346,019)	1,342,635	None	

Explanation:

1. Analysis of changes in cash flow for the coming year
   (1). Operating activities: The Company strengthened the momentum of operating revenue and the control over costs and expenses, and enhanced the inventory turnover rate to increase the cash inflow from operating activities.
   (2). Investment activities: Capital expenditures on opening and renovating stores and for IT software and facilities, etc.
   (3). Financing activities: Cash dividends distribution and payment of lease liabilities.
2. Remedy for expected cash shortfall and liquidity analysis: None.

IV. Significant capital expenditures in the most recent year and the impact on finance and business matters

(I) Utilization and source of capital for major capital expenditures

Unit: NT$ thousand

Plan item	Actual or planned source of capital	Actual or planned completion date	Total amount required	Actual or planned utilization of capital				
				2023	2024	2025	2026	2027
Expenditures for opening and renovating stores and for IT software and facilities, etc.	Own fund	2024.12	184,023	103,455	80,568	-	-	-

(II) Impact of significant capital expenditures on finance and business: None.

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year

(I) Reinvestments and reasons for profit or loss, and future countermeasures

The total investment income from investees for the year was NT$3.13 million (see table below). The main reason for the profit is the recovery of Wuhuama's business performance from the pandemic. For future countermeasures, please refer to the following explanation (2).

Name of investee	Business nature	2023		
		Shareholding percentage (%)	Share of profit (loss) of affiliates and joint ventures under the equity method in the current period (Thousand NTD)	Percentage (%)
Wuhuama International Marketing Co., Ltd.	Food and beverage	16.56	2,622	83.80
Jing Kuanq Enterprise Co., Ltd.	Catering services	48.55	507	16.20
Total			3,129	100.00

(II) Improvement plan and investment plan for the coming year

1. To focus on the professional operation model, to increase the variety of products, and to improve the management of cost and management/sales expenses, in order to improve the overall operating efficiency and competitiveness in the industry.
2. Investment plan for the coming year: None.

VI. The following risks shall be analyzed and assessed for the most recent year and the current year up to the date of publication of the annual report

(I) The impact of changes in interest rate and exchange rate, and inflation on the Company’s profit and loss and future countermeasures:
Most of the Company’s revenue and expenditures are from domestic retail, rather than in foreign currencies. Therefore, there is no significant impact from the fluctuation of exchange rates.

(II) Policies on high-risk, high-leverage investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future countermeasures:

1. None of the Company and its subordinate companies are involved in high-risk, high-leverage investments and derivatives in the most recent fiscal year from 2023 and up to the annual report publication date.
2. The endorsement guarantee is the endorsement guarantee by the subsidiary company for the company's operational needs, and has been processed in accordance with the "Endorsement Guarantee Operation Procedure"

(III) Future research and development plans and estimated research and development expenses:
The Company will continue to invest in the expansion project of the new type of brick-and-mortar stores. The expenditure on the project in 2024 is expected to be about NTD 47 million.
In addition, the Company will invest $18 million in 2024 for the research and development of e-commerce platforms, POS system renewal and membership mechanism big data management.

(IV) The impact of important domestic and foreign policy and legal changes on the Company’s finance and business and countermeasures: None.

(V) The impact of important changes in technology (including cybersecurity risks) or industry on the Company’s finance and business and countermeasures:
Please refer to “Five. Operation Overview, II. Market and production and sales overview”.

(VI) The impact of changes in corporate image on corporate crisis management and countermeasures: None.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures: None.

(VIII)Expected benefits and possible risks of plant expansion and countermeasures: None.

(IX) Risks of concentrations of purchases or sales and countermeasures: None.

(X) The impact on the Company and risks of massive transfers or changes of shares by directors, supervisors or major shareholders with 10% stake or more and countermeasures: None.

(XI) The impact on the Company and risks of changes in management rights and countermeasures: None.

(XII) If the Company, its directors, supervisors, president, persons in charge of the Company, substantial shareholders holding more than 10% of the shares, and affiliated companies have been convicted with final and binding judgments or are still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices:

1. The Company was sued by Hua Nan Enterprise Co., Ltd. (Hua Nan Enterprise) for relocating the leased premises. Although the Company lost the second trial, it terminated the lease and returned the leased premises on June 6, 2015, after negotiating with the other party before the third trial of the appeal. The case has been concluded. In addition, Hua Nan Enterprise sued the Company for the preferential lease right in the former lease of the premises, requesting rental damages of NT$2,400 thousand in equivalent monthly from February 2013 onwards. The difference between the monthly rent damage claim offsetting the monthly rent as of the date of return of the leased premises is approximately NT$37,666 thousand. In order to protect its rights and interests, the Company filed a countersuit, seeking NT$23,497 thousand in damages for the infringing acts committed by Hua Nan Enterprise, which was then reduced to NT$16,926 thousand in the lawsuit. Decisions made in each trial after the indictment are described as follows.

    (1). In August 2016, the Taipei District Court ruled in the first trial to dismiss the original claim from Hua Nan Enterprise, and for the countersuit that Hua Nan Enterprise should pay $2,167 thousand to the Company. After both parties filed appeals with the Taiwan High Court, Hua Nan Enterprise adjusted the amount in the demand of the appeal to $46,134 thousand in the second trial, and the appeal amount of the Company was $14,758 thousand. In the second trial, the Taiwan High Court ruled in April 2018 that the Company should pay $25,519 thousand to Hua Nan Enterprise for the original claim and the additional part of the second trial; the counterclaim filed by the Company was dismissed. The Company filed a third appeal to the judgment of the second trial on the defeated part of $42,445 thousand of the original claim and the counterclaim. In addition, Hua Nan Enterprise filed a third appeal against the defeated part of the original claim of $14,214 thousand. The remaining $4,232 thousand of the defeated part of the original claim has been determined as no appeal has been filed. In July 2019, the Supreme Court ruled in the third trial to reverse the original judgment of the second trial and overruled the Taiwan High Court regarding (1) the dismissal of the appeal of the portion of $14,214 thousand filed by Hua Nan Enterprise; (2) the order requiring the Company to pay $25,519 thousand and the dismissal of the Company's counterclaim requiring the payment of $2,167 thousand from Hua Nan Enterprise; and the Company's other appeals of the portion of the counterclaim other than the $2,167 thousand were dismissed. The portion of the Supreme Court's judgment dismissed above is final. In addition, for the above portion of the original second trial judgment that was reversed and remanded to the Taiwan High Court, the amount of the demand of the appeal of Hua Nan Enterprise was adjusted to $41,901 thousand by the Court of First Instance reviewed the case. On April 21, 2020, the Taiwan High Court ruled in the first repeated trial that the Company should pay $10,836 thousand to Hua Nan Enterprise for the original claim and the additional part of the second trial, and the rest of the appeals and additional claims were dismissed; the portion of $2,167 thousand of the Company's counterclaim in the first trial was dismissed. In short, for the portion of $41,901 thousand that Hua Nan claimed the Company should pay, the verdict was that the Company only had to pay $10,836 thousand.

    (2). Both parties appealed to the third trial court against the decision of the remanded first trial. On April 29, 2021, the Supreme Court of Taiwan, in the third trial, reversed the judgment of the first trial and remanded the case to the Taiwan High Court. On February 22, 2023, the Taiwan High Court entered a judgment of $22,906 thousand against the Company and dismissed all other appeals and appeals in the remanded second trial. The remaining appeals and additional appeals were dismissed. The portion of the Company's counterclaims filed in the first trial in the amount of $2,167 thousand was dismissed.

(3). The Company has appealed to the third trial against the decision of the remanded second trial. After the final ruling by the Supreme Court in the third instance on July 5, 2023, which dismissed the appeals of both parties, the entire case was finalized to uphold the judgment of the second instance. An amount of $32,725 thousand was paid to Hua Nan on July 21, 2023, including related delayed interest. The litigation guarantee deposit of $22,907 thousand was refunded on October 25, 2023.

(XIII) Other important risks and countermeasures: None.

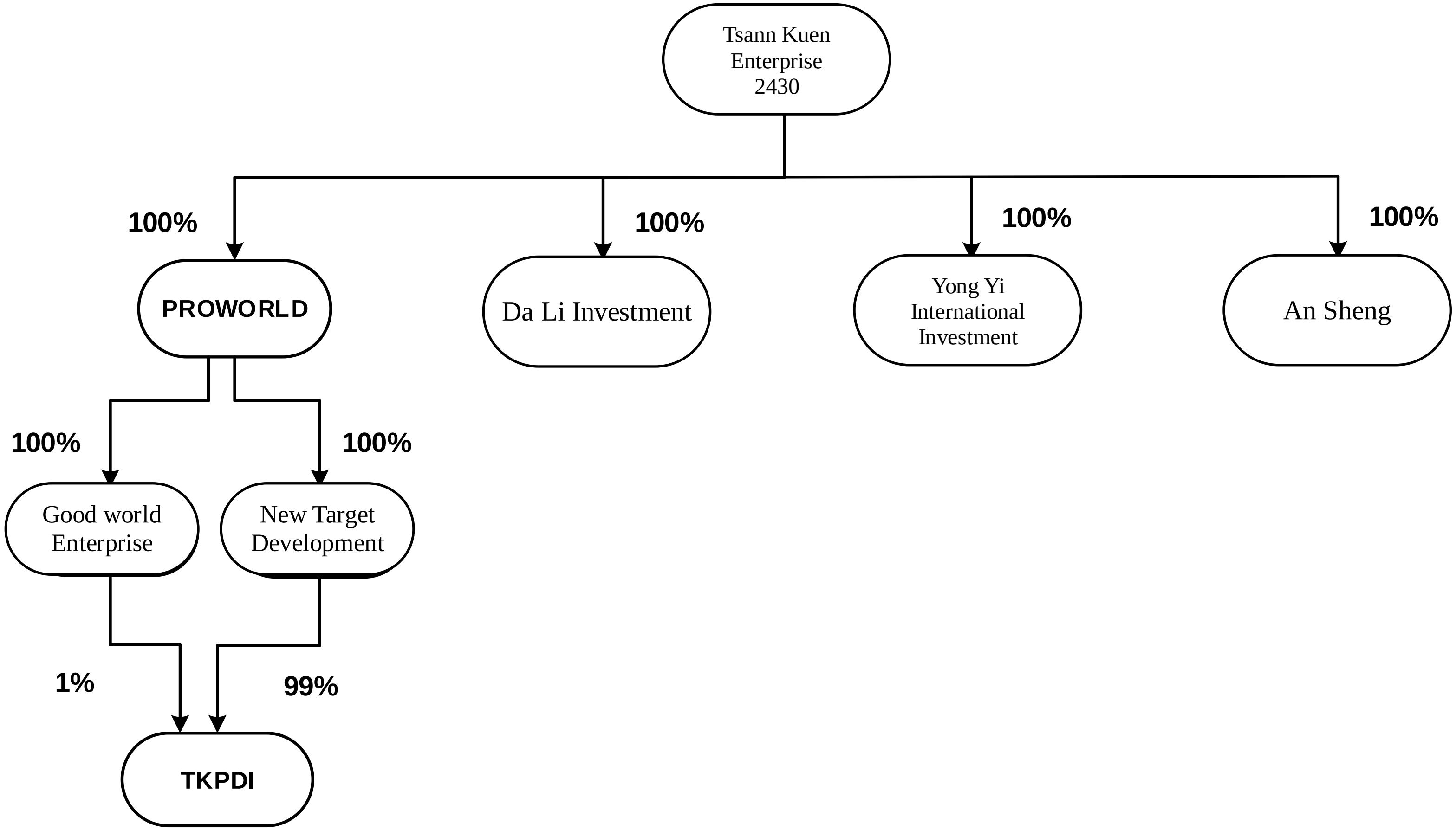
VII. Other important matters: None.

Eight. Special Matters

I. Information on the Company’s affiliated enterprises

(I) Consolidated business report of affiliated enterprises

1. Organizational chart of affiliated enterprises



A. Controlling and subordinate companies

Relationship	Alias	Company name
Controlling company	Tsann Kuen Enterprise	Tsann Kuen Enterprise Co., Ltd.
Subordinate company	Da Li Investment	Da Li Investment Co., Ltd.
Subordinate company	Yong Yi International Investment	Yong Yi Investment Co., Ltd.
Subordinate company	An Sheng	An Sheng Insurance Agent Co., Ltd.
Subordinate company	PROWORLD	PROWORLD INTERNATIONAL LIMITED
Subordinate company	Good world Enterprise	Good world Enterprise Ltd.
Subordinate company	New Target Development	New Target Development Co., Ltd
Subordinate company	TKPDI	PT.TSANNKUEN PROPERTY DEVELOPMENT INDONESIA

B. Exchange rate table

Currency	Exchange rate on December 31, 2023 (FCY/TWD)	Average exchange rate in 2023 (FCY/TWD)
USD	30.709	31.15793
HKD	3.92975	3.98077
IDR	0.00199	0.00205

2. Basic information on affiliated enterprises

Unit: NT$ thousand

Enterprise name	Date of establishment	Address	Paid-in capital	Principal business or production items.
Da Li Investment	2010.08.26	6F, No. 331, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City	30,000	General investment
Yong Yi International Investment	2019.01.31	3F, No. 331, Sec.1, Tiding Blvd., Neihu Dist., Taipei City	5,000	General investment
An Sheng	2013.06.05	6F, No. 333, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City	5,000	Insurance agent
PROWORLD	2010.07.29	OMC Chambers, P.O.Box3152,Road Town,Tortola,British VirginIslands	222,640	Holding
Good world Enterprise	2010.03.17	FlatA,17/F.,Hollywood Centre,77-91Queen'sRoad West,Sheung Wan,Hong Kong	2,458	Holding
New Target Development	2010.04.29	FlatA,17/F.,Hollywood Centre,77-91Queen'sRoad West,Sheung Wan,Hong Kong	255,043	Holding
TKPDI	2010.08.24	Jababeka Center,PlazaJB,JL.Niaga Utara BlokBBNo.1,Mekarmukti,Cikarang Utara,Bekasi,JawaBarat	255,920	Real estate management

3. Shareholders in common of companies deemed controlling and subordinate: None.
4. Industries covered by the businesses of all affiliated enterprises
   A. The businesses of the Company and its affiliates include IT products/home appliances trading, general investment, insurance agent, holding company, and property development and management.
   B. For details of the main businesses or production items of the affiliates, please refer to the aforementioned "2. Basic information on affiliated enterprises".

5. Information on directors, supervisors, presidents of affiliated enterprises

December 31, 2023

Unit: NT$ thousand; shares; %

Enterprise name	Job title	Name or representative	Shareholding: Number of shares (Note 1)	Shareholding: Shareholding percentage (Note 1)
Da Li Investment	Chairman	Tsann Kuen Enterprise (Juridical person representative: Chi-Tien, Lin)	3,000,000	100.00
Yong Yi International Investment	Chairman	Tsann Kuen Enterprise (Juridical person representative: Chi-Tien, Lin)	500,000	100.00
An Sheng	Chairman	Tsann Kuen Enterprise (Juridical person representative: Ting-Chun, Chen)	500,000	100.00
	Director	Tsann Kuen Enterprise (Juridical person representative: Yu-Liang, Wang)	500,000	100.00
	Director	Tsann Kuen Enterprise (Juridical person representative: Ya-Chueh, Huang)	500,000	100.00
	Supervisor	Tsann Kuen Enterprise (Juridical person representative: Kuan-Chun, Chang)	500,000	100.00
PROWORLD	Chairman	Tsann Kuen Enterprise (Juridical person representative: Shu-Hui, Tsai)	7,250,000	100.00
	Director	Tsann Kuen Enterprise (Juridical person representative: Chi-Tien, Lin)	7,250,000	100.00
Good world Enterprise	Director	Yuan-Sung, Tsai	-	-
	Director	Chi-Tien, Lin	-	-
			PROWORLD holds 655,200 shares	100.00
New Target Development	Director	Shu-Hui, Tsai	-	-
	Director	Chi-Tien, Lin	-	-
			PROWORLD holds 65,313,300 shares	100.00
TKPDI	Chairman	Shu-Hui, Tsai	255,920(Note 2)	100.00
	Director	Chi-Tien, Lin	255,920(Note 2)	100.00
	Supervisor	Yu-Liang, Wang	255,920(Note 2)	100.00
			New Target Development holds 253,361(Note 2) Good World Enterprise holds 2,559(Note 2)	99% 1%

Note 1: Represents the number and proportion of shares held by the company.

Note 2: Refers to investment amount.

(II) Operating status of affiliated enterprises

Unit: NT$ thousand

Enterprise name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating income	Current profit or loss (net of income tax)	Earnings per share (NT$) (net of income tax)
Tsann Kuen Enterprise	1,168,000	14,156,987	9,602,893	4,554,094	19,963,902	348,527	278,736	2.39
Da Li Investment	30,000	31,684	20	31,664	-	(80)	(321)	(0.11)
Yong Yi International Investment	5,000	4,980	10	4,970	-	31	31	0.06
An Sheng	5,000	7,923	960	6,963	12,645	1,732	1,427	2.86
PROWORLD	222,640	99,446	-	99,446	-	-	(3,920)	-
Good world Enterprise	2,458	1,398	-	1,398	-	-	(115)	-
New Target Development	255,043	98,048	-	98,048	-	-	(3,805)	-
TKPDI	255,920	103,094	4,158	98,936	8,370	(3,261)	(3,753)	-

(III) Consolidated financial statements of affiliated enterprises

The entities to be included in the consolidated financial statements of affiliated enterprises in 2023 (from January 1, 2023, to December 31, 2023) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to IAS 10. Further, the related information to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the said consolidated financial statements of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated enterprises separately (please refer to Appendix A of this annual report).

(IV) Affiliation report: Not applicable.

II. Private placement of marketable securities in the most recent year and the current year up to the date of publication of the annual report: None.

III. The disposal of the Company's shares by its subsidiaries in the most recent year and the current year up to the date of publication of the annual report: None.

IV. Other supplementary information: None.

V. Occurrences of events defined under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and the current year up to the date of publication of the annual report that significantly impacted shareholders' equity or securities prices:

(I) The dishonoring of negotiable instruments due to insufficient deposit, the refusal to transact by banking services, or other events that result in the loss of good credit standing: None.

(II) Litigation, non-litigious proceeding, administrative disposition, administrative dispute, security procedure, or compulsory execution, which has had a significant impact on the financial status or business of the Company: Please refer to "Seven. Review and Analysis of the Financial Position and Financial Performance and Risks, VI. The following risks shall be analyzed and assessed for the most recent year and the current year up to the date of publication of the annual report".

(III) Serious drop in production output, complete or partial suspension of work, lease of the Company's factories or main facilities, or complete or partial pledge of the material assets which has had a significant impact on the Company's business: None.

(IV) Any event specified under Article 185, Paragraph 1 of the Company Act: None.

(V) Judgment by the competent court to prohibit the transfer of the Company's shares under Article 287, Paragraph 1, Subparagraph 5 of the Company Act: None.

(VI) For changes in the chairman, president or more than one-third of the directors: None.

(VII) Changes in the attesting CPAs, apart from changes due to internal adjustments in the CPA firm: None.

(VIII) Execution, amendment, termination, and rescindment of important memoranda, strategic alliances or other cooperative business plans, or important contracts, changes in the material contents of business plans, completion of new product development, successful development of trial products, and formal entrance into mass production, or acquisition of other enterprises, acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions, which have a major effect on the finances or business of the Company: None.

(IX) Other important events that have had significant impact on the continuation of the Company's operation: None.

Appendix A

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries

Consolidated Financial Statements For the Years Ended December 31, 2021 and 2020 and Independent Auditor's Report

Years Ended December 31, 2023 and 2022

(Stock Code: 2430)

Address: 3F, No. 331, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City

Tel.: (02) 2795-3988

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries

Consolidated Financial Statements For The Years Ended December 31, 2023 and 2022 and Independent Auditor's Report

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Tsann Kuen Enterprise Co., Ltd.

Statement of the Consolidated Financial Statements of Affiliates

The entities to be included in the consolidated financial statements of affiliated enterprises in 2023 (from January 1, 2023, to December 31, 2023) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements of the parent company and subsidiaries pursuant to IAS 10. Further, the related information to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the said consolidated financial statements of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial statements of affiliated enterprises separately.

Declared by

Company name: Tsann Kuen Enterprise Co., Ltd.

Person in charge: Lin, Chi-Tien

February 29, 2024

Independent Auditor’s Report

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, 2023 and 2022, 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, 2023 and 2022, 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 Auditing and Attestation of Financial Statements by Certified 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 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 2023 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, 2023, 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, 2023, were NT$2,447,708 thousand and NT$13,760 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 inventory, 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, 2023 and 2022, amounted to NT$102,647 thousand and NT$104,539 thousand and accounted for 0.72% and 0.70% of the consolidated assets, respectively. Operating income in the period of January 1 to December 31, 2023 and 2022, was NT$8,370 thousand and NT$7,388 thousand and accounted for 0.04% and

0.03% 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 2023 and 2022 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 if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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:

1. Identify and assess the risks of material misstatement in 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.
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 Group.
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 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.
5. 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.
6. 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 2023 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 could reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Lin, Yi-Fan
Certified Public Accountant
Wang, Sung-Tse

Financial Supervisory Commission
Official approval letter No.: Jin-Guan-Zheng-Shen-Zi No. 1030048544
Jin-Guan-Zheng-Shen-Zi No. 1110349013

February 29, 2024

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and December 31, January 1, 2022

Unit: NT$ thousand

	Assets	Note	December 31, 2023		(After adjustment) December 31, 2022		(After adjustment) January 1, 2022	
			Amount	%	Amount	%	Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 1,301,365	10	$ 1,768,415	12	$ 2,102,777	13
1110	Financial assets at fair value through profit or loss - current		-	-	-	-	838,000	5
1136	Financial assets at amortized cost - current	6 (3) and 8	119,467	1	158,950	1	148,850	1
1150	Net notes receivable	6 (4)	-	-	3,903	-	-	-
1170	Net accounts receivable	6 (4) and 7	161,360	1	133,552	1	124,282	1
1200	Other receivables		14,313	-	37,187	-	47,860	-
130X	Inventories	6 (5)	2,433,948	17	2,703,261	18	2,504,347	16
1410	Prepayments		14,002	-	17,701	-	18,804	-
11XX	**Total current assets**		4,044,455	29	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) and 12 (3)	21,150	-	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)	29,131	-	27,276	-	26,838	-
1600	Property, plant and equipment	6 (7) and 8	3,123,968	22	3,266,036	22	3,282,393	21
1755	Right-of-use assets	6 (8) and 7	4,595,254	32	4,604,547	31	4,526,649	29
1760	Net Investment property	6 (9) (11) and 8	1,967,263	14	1,828,906	12	1,855,238	12
1780	Intangible assets	6 (10)	11,918	-	22,577	-	16,495	-
1840	Deferred income tax assets	6 (22)	71,130	1	81,195	1	78,536	1
1920	Refundable deposits		207,922	1	201,162	1	196,689	1
1930	Long-term notes and accounts receivable		14,562	-	17,251	-	21,007	-
1975	Net defined benefit assets - non-current	6 (12)	73,369	1	56,065	1	12,218	-
1980	Other financial assets - non-current	8 and 9	-	-	13,736	-	13,736	-
1990	Other non-current assets - others		1,372	-	1,239	-	2,893	-
15XX	**Total non-current assets**		10,117,039	71	10,151,419	68	10,069,478	64
1XXX	**Total assets**		$ 14,161,494	100	$ 14,974,388	100	$ 15,854,398	100

(Continued on next page)

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and December 31, January 1, 2022

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2023 Amount	%	(After adjustment) December 31, 2022 Amount	%	(After adjustment) January 1, 2022 Amount	%
	Current liabilities							
2130	Contract liabilities - current	6 (17)	$ 760,090	6	$ 760,219	5	$ 798,017	5
2150	Notes payable		1,409	-	6,211	-	4,143	-
2170	Accounts payable		2,395,454	17	3,021,113	20	3,349,275	21
2180	Accounts payable - related parties	7	20,152	-	39,679	-	27,849	-
2200	Other payables		463,758	3	568,277	4	667,578	5
2230	Current income tax liabilities		62,961	1	62,472	-	151,420	1
2280	Lease liabilities - current	6 (25) and 7	1,017,098	7	993,428	7	966,702	6
2399	Other current liabilities - others		18,023	-	18,342	-	13,392	-
21XX	**Total current liabilities**		4,738,945	34	5,469,741	36	5,978,376	38
	Non-current liabilities							
2527	Contract liabilities - non-current	6 (17)	205,320	1	170,145	1	123,274	1
2550	Provision for liabilities - current	6 (13)	114,326	1	139,302	1	113,670	1
2570	Deferred income tax liabilities	6 (22)	24,437	-	23,088	-	9,876	-
2580	Lease liabilities - non-current	6 (25) and 7	4,453,388	31	4,358,635	29	4,346,981	27
2640	Net defined benefit liabilities - non-current	6 (12)	914	-	930	-	1,020	-
2645	Deposits received	6 (25)	70,070	1	84,892	1	96,951	-
25XX	**Total non-current liabilities**		4,868,455	34	4,776,992	32	4,691,772	29
2XXX	**Total liabilities**		9,607,400	68	10,246,733	68	10,670,148	67
	Equity attributable to owners of the parent company							
	Share Capital	6 (14)						
3110	Common share		1,168,000	8	1,168,000	8	1,664,688	10
	Capital surplus	6 (15)						
3200	Capital surplus		1,250,840	9	1,250,840	8	1,250,840	8
	Retained earnings	6 (16)						
3310	Legal reserve		1,009,163	7	946,311	6	880,760	6
3320	Special reserve		68,506	-	69,382	1	69,196	-
3350	Unappropriated retained earnings		1,124,643	8	1,361,628	9	1,388,148	9
	Other equity							
3400	Other equity		(67,058)	-	(68,506)	-	(69,382)	-
3XXX	**Total equity**		4,554,094	32	4,727,655	32	5,184,250	33
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant subsequent events	11						
3X2X	**Total liabilities and equity**		$ 14,161,494	100	$ 14,974,388	100	$ 15,854,398	100

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

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

			2023		(After adjustment) 2022	
	Item	Note	Amount	%	Amount	%
4000	Operating revenue	6 (9) (17) and 7	$ 19,984,883	100	$ 22,291,231	100
5000	Operating costs	6 (5) (21) and 7	(17,004,399)	(85)	(18,845,482)	(85)
5900	Gross operating profit		2,980,484	15	3,445,749	15
	Operating expenses	6 (8) (21) and 7				
6100	Selling expenses		(2,238,713)	(11)	(2,297,908)	(10)
6200	General and administrative expenses		(387,596)	(2)	(416,396)	(2)
6450	Expected credit impairment gains		2,600	-	2,007	-
6000	Total operating expenses		(2,623,709)	(13)	(2,712,297)	(12)
6900	Operating income		356,775	2	733,452	3
	Non-operating income and expenses					
7100	Interest income	6 (3) (18)	19,669	-	14,189	-
7010	Other income	6 (2) (19)	35,206	-	55,431	-
7020	Other gains and losses	6(2)(8)(20) and 12(3)	10,475	-	(1,297)	-
7050	Finance costs	6 (8) and 7	(73,239)	-	(70,253)	-
7060	Share of profits and losses of affiliates and joint ventures accounted for using the equity method	6 (6)	3,129	-	1,744	-
7000	Total non-operating income and expenses		(4,760)	-	(186)	-
7900	**Profit before tax**		352,015	2	733,266	3
7950	Income tax expense	6 (22)	(73,279)	(1)	(140,132)	-
8200	**Profit for the period**		$ 278,736	1	$ 593,134	3
	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6 (12)	$ 16,796	-	$ 44,179	-
8349	Income tax related to items that will not be reclassified to profit or loss	6 (22)	(3,341)	-	(8,796)	-
8310	Sum of items that will not be reclassified to profit or loss		13,455	-	35,383	-
	Items that may subsequently be reclassified to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		1,810	-	1,095	-
8399	Income tax related to items that may be reclassified to profit or loss	6 (22)	(362)	-	(219)	-
8360	Sum of items that may subsequently be reclassified to profit or loss		1,448	-	876	-
8300	**Other comprehensive income (net)**		$ 14,903	-	$ 36,259	-
8500	**Total comprehensive income for the period**		$ 293,639	1	$ 629,393	3
	Net profit attributable to:					
8610	Owners of the parent company		$ 278,736	1	$ 593,134	3
	Total comprehensive income attributable to:					
8710	Owners of the parent company		$ 293,639	1	$ 629,393	3
	Basic earnings per share	6 (23)				
9750	Basic earnings per share		$	2.39	$	4.29
	Diluted earnings per share	6 (23)				
9850	Diluted earnings per share		$	2.38	$	4.27

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	Equity attributable to owners of the parent company						Total equity
				Retained earnings				
		Common share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of financial statements of foreign operations	
2022								
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
2023								
Balance on January 1, 2023		$ 1,168,000	$ 1,250,840	$ 946,311	$ 69,382	$ 1,361,628	($ 68,506)	$ 4,727,655
Profit for the period		-	-	-	-	278,736	-	278,736
Other comprehensive income for the period		-	-	-	-	13,455	1,448	14,903
Total comprehensive income for the period		-	-	-	-	292,191	1,448	293,639
2022 earnings appropriation and distribution:	6 (16)							
Provision for legal reserve		-	-	62,852	-	(62,852)	-	-
Reversal of special reserve		-	-	-	(876)	876	-	-
Cash dividends		-	-	-	-	(467,200)	-	(467,200)
Balance on December 31, 2023		$ 1,168,000	$ 1,250,840	$ 1,009,163	$ 68,506	$ 1,124,643	($ 67,058)	$ 4,554,094

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flows from operating activities			
Profit before tax for the period		$ 352,015	$ 733,266
Adjustments			
Income and expense items			
Depreciation expenses	6 (7) (8) (9) (21)	1,194,498	1,179,008
Amortization expenses	6 (10) (21)	12,729	13,061
Expected credit impairment gains		(2,600)	(2,007)
Net (profit) loss on financial assets at fair value through profit or loss	6(2)(20) and 12(3)	(2,026)	5,244
Interest expense		73,239	70,253
Interest income	6 (18)	(19,669)	(14,189)
Dividend income	6 (2) (19)	(527)	(5,885)
Share of profits and losses of affiliates and joint ventures accounted for using the equity method	6 (6)	(3,129)	(1,744)
Loss on disposal and scrapping of property, plant and equipment	6 (20)	387	5,479
Loss from disposal of intangible assets	6 (20)	640	-
Lease modification gains	6 (8) (20)	(4,289)	(5,238)
Losses from litigation	6 (20)	7,206	-
Reversal of impairment loss on non-financial assets	6 (11) (20)	(16,643)	-
Changes in operating assets/liabilities			
Net change in operating assets			
Financial assets mandatorily at fair value through profit or loss	12 (3)	12,105	838,113
Net notes receivable		3,903	(3,903)
Net accounts receivable		(28,081)	(8,998)
Other receivables		26,845	13,634
Inventories		269,313	(198,914)
Prepayments		7,077	1,109
Long-term notes and accounts receivable		2,689	3,756
Net defined benefit assets - non-current		(541)	230
Net change in operating liabilities			
Contract liabilities		35,046	9,073
Notes payable		(4,802)	2,068
Accounts payable		(625,659)	(328,162)
Accounts payable - related parties		(19,527)	11,830
Other payables		(62,519)	(54,001)
Other current liabilities - others		(347)	4,932
Provision for liabilities - non-current	6 (13)	(33,394)	(1,127)
Cash inflow from operations		1,173,939	2,266,888
Interest received		18,613	12,942
Dividends received		1,801	7,191
Interest paid		(72,860)	(69,430)
Income tax paid		(65,079)	(227,521)
Net cash inflow from operating activities		1,056,414	1,990,070

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Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		($ 117)	($ 59,900)
Repayment of financial assets measured at amortized cost at maturity		39,800	49,800
Acquisition of property, plant and equipment	6 (24)	(96,994)	(215,767)
Disposal of property, plant and equipment		-	344
Acquisition of intangible assets	6 (24)	(6,461)	(11,641)
Increase in refundable deposits		(6,751)	(4,469)
Decrease in other financial assets		13,736	-
Other non-current assets - other (increases) decreases		(133)	1,654
Net cash outflows from investing activities		(56,920)	(239,979)
Cash flows from financing activities			
Decrease in deposits received	6 (25)	(14,829)	(12,066)
Repayment of lease principal	6 (25)	(985,314)	(986,627)
Distribution of cash dividends	6 (16)	(467,200)	(589,300)
Cash capital reduction	6 (14)	-	(496,688)
Net cash outflow from financing activities		(1,467,343)	(2,084,681)
Effect of exchange rate changes		799	228
Decrease in cash and cash equivalents for the period		(467,050)	(334,362)
Opening cash and cash equivalents		1,768,415	2,102,777
Closing cash and cash equivalents		$ 1,301,365	$ 1,768,415

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

Unit: NT$ thousand
(Unless otherwise specified)

I. Company History

Tsann Kuen Enterprise Co., Ltd. ("the Company") was incorporated as a company and the main business of the Company and its subsidiaries (hereinafter collectively referred to as "the Group") is the trading of various consumer electronics products. The Company's shares have been listed and traded on the Taipei Exchange (TPEx) since May 1997 and were transferred to the Taiwan Stock Exchange (TWSE) in September 2000.

II. Date and Procedure for Approval of the Financial Statements

The consolidated financial statements were authorised for issuance by the Board of Directors on February 29, 2024.

III. Application of New Standards, Amemdments and Interpretations

(I) Effect of adopting newly issued or amended International Financial Reporting Standards ("IFRS") accounting standards endorsed and issued into effect by the Financial Supervisory Commission ("FSC")

IFRS new accounting standards, interpretations and amendments endorsed and issued into effect by the FSC effective from 2023 are as follows:

New standards, interpretations and amendments	Effective Date Announced by the International Accounting Standards Board ("IASB")
Amendments to IAS 1 "Disclosure of accounting policies"	January 1, 2023
Amendments to IAS 8 "Definition of accounting estimates"	January 1, 2023
Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment, except for the following:

Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction"

This amendments require an entity to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Group recognized deferred tax assets and liabilities for all deductible temporary differences related to the decommissioning liabilities and the corresponding recognition of right-of-use assets as of January 1, 2022, and December 31, 2023. As of December 31, 2023, and January 1 and December 31, 2022, the deferred tax assets were increased by $6,446, $3,231 and $8,001, respectively, and the deferred tax liabilities were increased by $6,446, $3,231 and $8,001, respectively.

(II) Effect of not yet adopting the new and revised IFRSs recognized by the FSC

The following table summarizes the new standards, interpretations and amendments of the IFRSs applicable in 2024 as approved by the FSC:

New standards, interpretations and amendments	Effective Date Announced by the International Accounting Standards Board ("IASB")
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

The Group has assessed that the above standards and interpretations do not have a significant impact on the Group's financial condition and financial performance.

(III) Effects of IFRSs issued by the IASB but not yet endorsed by the FSC

New standards, interpretations and amendments and revised IFRS accounting standards issued by the IASB but not yet endorsed by the FSC are as follows:

New standards, interpretations and amendments	Effective Date Announced by the International Accounting Standards Board ("IASB")
Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by the IASB
IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of exchangeability"	January 1, 2025

The Group has assessed that the above standards and interpretations do not have a significant impact on the Group's financial condition and financial performance.

IV. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent in the consolidated financial statements are set out below. Such policies have been consistently applied to all the periods presented in the financial statements, unless otherwise stated.

(I) Statement of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, and interpretations and interpretation announcements thereof (hereinafter referred to as "IFRSs") endorsed and issued into effect by the FSC.

(II) Basis of Preparation

1. The consolidated financial statements have been prepared on a historical cost basis, except for the following significant accounts:
   (1) Financial assets at fair value through profit or loss.
   (2) Defined benefit liabilities (or assets) recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of Consolidation

1. Principles governing the preparation of the consolidated financial statements
   (1) The Group includes all of its subsidiaries as entities in the preparation of the consolidated financial statements. A subsidiary refers to an entity controlled by the Group (including structured entities). When the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, the Group controls the entity. Subsidiaries are included in the consolidated financial statements the day the Group obtains control over them and are deconsolidated from the date control is lost.
   (2) The balances of intra-group transactions and unrealized gains and losses have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
   (3) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent company and to non-controlling interests; total comprehensive income is attributed to the owners of the parent company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.
   (4) Changes in ownership interest in a subsidiary that do not result in losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.
   (5) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value, and recognizes it as the fair value of the originally recognized financial asset or the cost of the originally recognized investment in an affiliate or joint venture. Any difference between fair value and book value is recognized in profit or loss. All amounts previously recognized in other comprehensive income related to such subsidiary are accounted for on the same basis as if the Group had directly disposed of the related assets or liabilities. That is, if a gain or loss previously

recognized as other comprehensive income is reclassified to profit or loss upon disposal of the related asset or liability, the gain or loss is also reclassified from equity to profit or loss when losing control over the subsidiary.

2. Subsidiaries included in consolidated financial statements:

			Shareholding percentage		
Name of investor	Name of subsidiary	Nature of business	December 31, 2023	December 31, 2022	Explanation
Tsann Kuen	Da Li Investment Co., Ltd. (Da Li Investment)	General investment	100.00	100.00	
Tsann Kuen	PROWORLD INTERNATIONAL LIMITED (PROWORLD)	Holding company	100.00	100.00	
Tsann Kuen	Yong Yi International Investment Co., Ltd (Yong Yi International Investment)	General investment	100.00	100.00	
Tsann Kuen	An Sheng Insurance Agent Co., Ltd. (An Sheng)	Insurance agent	100.00	100.00	
PROWORLD	New Target Development Co., Ltd. (New Target Development)	Holding company	100.00	100.00	
PROWORLD	Good world Enterprise Ltd. (Good world Enterprise)	Holding company	100.00	100.00	
New Target Development	PT. TSANN KUEN PROPERTY DEVELOPMENT INDONESIA (TKPDI)	Property development and management	99.00	99.00	Note
Good world Enterprise	PT. TSANN KUEN PROPERTY DEVELOPMENT INDONESIA (TKPDI)	Property development and management	1.00	1.00	Note

Note: In 2023 and 2022, these subsidiaries were evaluated by the reports of other auditors.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different balance sheet dates: None.
5. Significant restrictions: None.
6. Non-controlling interest subsidiaries that are significant to the Group: None.

(IV) Foreign currency translation

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The consolidated financial statements are presented in New Taiwan dollars, which is the functional currency of the Company.

1. Foreign currency transactions and balances

(1) The transactions denominated in foreign currencies are translated into a functional currency at the spot exchange rate on the date of the transaction or valuation. Exchange differences arising from translating such transactions are reported in profit or loss in the period.
(2) The balances of monetary assets and liabilities denominated in foreign currencies are valued and adjusted at the exchange rates prevailing on the balance sheet date. Exchange differences arising from such adjustments are reported in profit or loss.
(3) The balances of non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, and the exchange differences arising from the adjustments are reported in profit or loss; those that are measured at fair value through other comprehensive income are adjusted at the exchange rates prevailing on the balance sheet date, and the exchange differences arising from the adjustments are reported in other comprehensive income; those that are not measured at fair value are measured at the exchange rates prevailing on the initial transaction date.
(4) All exchange profits and losses are reported in "Other gains and losses" in the statement of comprehensive income.

2. Translation of foreign operations

The operating results and financial condition of all the entities and affiliates of the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) Assets and liabilities presented in the balance sheet are translated at the closing exchange rate at the date of that balance sheet;
(2) The profit and loss presented in the statement of comprehensive income are translated at the average exchange rate in the period; and
(3) All resulting exchange differences are recognized in other comprehensive income.

(V) <u>Classification of current and non-current assets and liabilities</u>

1. Assets are classified as current assets if any of the following criteria is met:

(1) Those expected to be realized or intended to be sold or consumed during a normal business cycle.
(2) Those held primarily for trading purposes.
(3) Those expected to be realized within twelve months after the reporting period.
(4) Cash or cash equivalents, excluding those restricted to be exchanged or used to pay off liabilities at least twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above criteria as non-current assets.

2. Liabilities are classified as current liabilities if any of the following criteria is met:

(1) Those expected to be paid off during a normal business cycle.
(2) Those held primarily for trading purposes.
(3) Those that are to be settled within twelve months after the reporting period.
(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all assets that do not meet the above criteria as non-current liabilities.

(VI) Cash equivalents

Cash equivalents refers to short-term and highly liquid investments which can be readily converted into a fixed amount of cash with minimal risk of value variation. Time deposits that meet the above definition and are held as a short-term cash commitment for the operating purpose are classified as cash equivalents.

(VII) Financial assets at fair value through profit or loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial assets at fair value ,and recognize the gain or lossin profit or loss.
4. The Group recognizes dividends income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(VIII) Financial assets at amortized cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
   (1) The assets are held under a business model that is based on collecting contractual cash flows.
   (2) The financial assets' contractual cash flows on specified dates represent solely payments of principal and interest for the outstanding principal.
2. The Group recognizes a regular way purchase or sale of financial assets at amortized cost using trade date accounting.
3. Time deposits held by the Group that do not qualify as cash equivalents are measured at the investment amount because of the short holding period and the insignificant effect of discounting.

(IX) Accounts and notes receivable

1. Accounts and notes that have the unconditional right to receive the consideration for the transfer of goods or services in accordance with the contract.
2. The Group's short-term accounts and notes receivable with no stated interest rate are measured at the original invoice amount since the effect of discounting is immaterial.

(X) Impairment of financial assets

For financial assets at amortized cost and accounts receivable that contain a significant financing component, at each reporting date, the Group recognizes the impairment provision for twelve month expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forward-looking information); for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime expected credit losses.

(XI) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

1. The contractual rights to receive cash flows from the financial asset expire.
2. The Company has transferred the contractual rights to receive cash flows from the financial assets and has transferred substantially all risks and rewards of ownership of the financial asset.
3. The Company has transferred the contractual rights to receive cash flows from the financial assets but has not retained control of the financial assets.

(XII) Operating lease (lessor)

Lease income from an operating lease net of any incentives given to the lessee is recognized in profit or loss on a straight-line basis over the lease term.

(XIII) Inventories

Inventories are valued by adopting the perpetual inventory system and the cost carryforward is calculated using the weighted-average method. When comparing the lower of cost or net realizable value, the itemized comparison method is adopted. Net realizable value is the expected selling price of the inventory in the ordinary course of business, net of estimated costs required to complete the sale.

(XIV) Investments accounted for using the equity method - affiliates

1. Affiliates refers to entities on which the Group has significant influence but which it does not control, generally directly or indirectly holding 20% or more of its voting shares. The Group's investments in affiliates are accounted for under the equity method and are recognized at cost upon acquisition.
2. The Group's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an affiliate equals or exceeds its interest in the affiliate (including any other unsecured receivables), the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
3. When changes in an affiliate's equity that is not recognized in profit or loss or other comprehensive income of the affiliate occurs and such changes do not affect the Group's shareholding of the affiliate, the Group recognizes all changes in equity of the affiliate in "capital surplus" in proportion to its shareholding.
4. Unrealized gains on transactions between the Group and its affiliates have been eliminated to the extent of the Group's interest in the affiliate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
5. When the Group disposes of its investment in an affiliate, if it loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(XV) Property, plant and equipment

1. Property, plant, and equipment are accounted for at acquisition cost and the relevant interest is capitalized during the period of purchase and construction.
2. Subsequent expenses may be included in the book value of the asset or be individually recognized as an asset only if the future economic benefit related to them is very likely to flow to the Group and can be measured reliably. The book value of the replaced part is derecognized. All other maintenance expenses are recognized in profit or loss as incurred.
3. Property, plant, and equipment is subsequently measured using the cost model. Except for land not being depreciated, depreciation is provided on a straight-line basis over the estimated useful lives. Each component of property, plant and equipment that is significant shall be depreciated separately.
4. The Group reviews its assets' residual values, useful lives and depreciation methods at the closing date of each fiscal year. If the expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. Useful lives of each asset: 3-50 years for building and construction, 5-8 years for transportation equipment, 3-15 years for office equipment, 3-15 years for leasehold improvements, and 5 years for other equipment.

(XVI) Leasing arrangements as a lessee - right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
2. Lease liabilities are accounted for at the present value of the outstanding lease payments discounted at the Group's incremental borrowing rate at the lease commencement date. Lease payments are comprised of the following:

   (1) Fixed benefits, net of any lease incentives that may be earned;
   (2) Variable lease payments that depend on an index or a rate;

   Lease liabilities are subsequently measured at amortized cost using the interest method and recognized as interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications
3. Right-of-use assets are accounted for at the costs on the lease commencement date, the costs include:

   (1) The amount of the initial measurement of the lease liability;
   (2) Any lease payments made at or before the commencement date;
   (3) An estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

4. For lease modifications that decrease the scope of the lease, the lessee shall decrease the book value of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between the book value and the remeasured lease liability in profit or loss.

(XVII) Investment property

Investment property is accounted for at the acquisition cost and subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis over the estimated useful life, which ranges from 1 to 50 years.

(XVIII) Intangible assets

1. Computer software

   Computer software is recognized at the acquisition cost and amortized on a straight-line basis over its estimated useful lives of 3 years.

2. Goodwill

   Goodwill arises from business combinations by way of acquisition.

(XIX) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. Where an asset's recoverable amount is lower than its book value, the difference is recognized as an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The amount due to reversal shall not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XX) Accounts and notes payable

1. Refers to liabilities incurred for the purchase of materials or supplies, goods, or services on credit and notes payable arising from operating activities or non-operating activities.
2. The Group's short-term accounts and notes payable with no stated interest rate are measured at the original invoice amount since the effect of discounting is immaterial.

(XXI) Derecognition of financial liabilities

The Group derecognizes financial liabilities when the contractual obligation has been fulfilled, canceled, or expired.

(XXII) Provision for liabilities

A provision for liabilities (mainly are decommissioning liabilities and litigation provision) is recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The measurement of provisions for liabilities is based on the best estimation of the present value of an expense for settling the obligation, using a pre-tax discount rate that reflects the current market assessments on the time value of money and the evaluation of risks specific to the obligation. The amortization of discounted value is recognized as interest expense. Provisions for liabilities for future operating losses are not recognized.

(XXIII) Employee welfare

1. Short-term employee benefits

   Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as an expense when the related services are rendered

2. Pension

   (1) Defined benefit plan

      A. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service net of the fair value of plan assets as of the balance sheet date. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The discounting rate is determined by using market yields at the balance sheet date on government bonds with a currency and term consistent with the currency and term of the related defined benefit plan.

      B. The remeasurements of the defined benefit plan are recognized in other comprehensive income in the period in which they occur and are expressed in retained earnings.

   (2) Defined contribution plan

      The contributions are recognized as pension expenses for the period when they are due on an accrual basis. Prepaid pension assets are recognized to the extent of a cash refund or a reduction in the future payments.

3. Remuneration to employees and remuneration to directors and supervisors

   Remuneration to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. In addition, when employees are paid in shares, the calculation of the number of shares is based on the closing price on the day prior to the date of the board of directors' resolution.

(XXIV) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except for items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax expense is accounted for by using the tax rate based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions for income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. The additional tax levied on the undistributed earnings is recognized as income tax expense based on the actual earnings appropriation after the resolution of the shareholders' meeting on the earnings appropriation proposal in the year following the year in which the earnings are generated.

3. The deferred income tax is recognized based on the temporary differences between the tax basis of assets and liabilities and their book values in the consolidated balance sheets

using the balance sheet liability method. Any deferred income tax liabilities arising from initially recognized goodwill is not recognized. Any deferred income tax liabilities arising from the initially recognized asset or liability of a transaction (except for mergers and acquisitions) that do not affect accounting profit or taxable income (tax loss) at the time of the transaction, nor do they give rise to equivalent taxable and deductible temporary differences, are also not recognized. All temporary differences generated from the investment in subsidiaries and affiliates of which the Group can control the time point of reversal and which are not likely to be reversed in the foreseeable future are not recognized. The deferred income tax assets and liabilities are measured at the tax rate based on the tax laws enacted or substantively enacted at the balance sheet date and of the anticipated period that the future assets realization or the liabilities settlement requires.

4. Deferred income tax assets are recognized within the scope that the temporary difference is probable to offset taxable income, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.

(XXV) Share Capital

1. Common share is classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options net of income tax are recognized as price deductions in equity.
2. When the Company repurchases outstanding shares, the net after-tax amount of the consideration paid and any directly attributable incremental costs are recognized as a deduction from shareholders' equity. Upon subsequent reissuance of repurchased shares, the difference between the consideration received net of any directly attributable incremental costs and income tax effects and the book value of the repurchased shares is recognized as an adjustment to stockholders' equity.

(XXVI) Distribution of dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's board of directors resolves to distribute the dividends. Cash dividends are recorded as liabilities.

(XXVII) Recognition of revenue

1. Sale of merchandises - retail
   (1) The Group sells products related to consumer electronics, and the sales revenue is recognized when the products are sold to customers.
   (2) The Group offers a customer loyalty program for retail customers. Reward points are given to customers at the time of transaction and customers are entitled to receive additional products at discounted prices or free redemption when redeeming reward points. Reward points provide customers with important rights that would not have been available if the original transaction had not occurred, so providing customers with reward points is a separate performance obligation. Transaction prices are allocated to products and reward points on the basis of relative individual selling prices. The individual selling price of the reward points is estimated on the basis of the discounts received by customers and the possibility of redemption based on previous experiences. The individual selling price of products is estimated on the basis of retail price. The transaction price allocated to reward points is recognized as contract liability and is transferred to revenue when customers redeem the points or

when the points expire.

2. Service revenue

Service revenue is recognized when services are provided.

Revenue generated from services provided under a contract is recognized based on the completed proportion of the contract.

3. Lease income

Rental income generated from investment properties and leased properties is recognized over the lease term using the straight-line method and recorded under “Other Operating Income” within operating revenue.

(XXVIII) Operating segments

The reporting method of the Group’s operating segment information is consistent with its internal management report provided to chief operating decision-makers. Chief operating decision-makers are responsible for allocating resources to operating segments and evaluating their performance. The chief operating decision-makers of the Group are identified as the board of directors.

V. Critical accounting judgements, estimates and key sources of assumption uncertainty

In preparing the consolidated financial statements, the management has exercised its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions based on current conditions and reasonable expectations of future events at the balance sheet date. The significant accounting estimates and assumptions made may differ from actual results and would be continually evaluated and adjusted, taking into account historical experience and other factors. Such estimates and assumptions have a significant risk of causing a material adjustment to the book values of assets and liabilities in the next financial year. Please refer to the description of critical accounting judgments, estimations, and assumption uncertainty:

(I) Critical judgments for adopting accounting policies

No such situation.

(II) Critical accounting estimates and assumptions

Inventory evaluation

Since inventory must be measured based on the lower of cost or net realizable value, the Group has to use its judgments and estimates to determine the net realizable value of inventory at the balance sheet date. Due to the highly competitive market, the Group evaluates the amount of inventory that is obsolete or has no marketable value at the balance sheet date to write down the cost of inventory to its net realizable value. Such inventory evaluation is based on the estimate of product demand in specific future periods and is therefore subject to significant change.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 71,638	$ 73,603
Check deposits	1,961	3,015
Demand deposits	857,745	898,183
Time deposits	333,725	769,745
Bonds with repurchase agreement	36,296	23,869
	$ 1,301,365	$ 1,768,415

1. The bonds with repurchase agreement held by the Group with a current interest rate of 1.27% per annum are highly liquid cash equivalents with maturities of three months or less.
2. The Group deals with a number of financial institutions to diversify credit risk, and the credit quality of such financial institutions is good, so the possibility of default is expected to be low.
3. Please refer to Note 8 for the Group's restricted and pledged cash, cash equivalents, and time deposits as of December 31, 2023 and 2022.

(II) Financial assets at fair value through profit or loss

Item	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily at fair value through profit or loss		
Unlisted stocks	$ 21,150	$ 31,229

1. Details of financial assets at fair value through profit or loss recognized in profit or loss:

	2023	2022
Financial assets mandatorily at fair value through profit or loss		
Beneficiary certificates	$ -	$ 113
Equity instruments		
Valuation adjustment	$ 2,026	($ 5,357)
Dividend income	527	5,885
	$ 2,553	$ 528

2. The Group has not pledged any financial assets at fair value through profit or loss.
3. The Group sold its financial assets measured at fair value through profit or loss - Grand Fortune Venture Capital. Please refer to Note 12(3) for details of the related changes.

(III) Financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
Current items:		
Reserve account - time deposits	$ 119,467	$ 158,950
Non-current items:		
Government bonds	$ -	$ 200

1. Details of financial assets at amortized cost recognized in profit or loss:

	2023	2022
Interest income	$ 2,120	$ 1,136

2. Without regard to collateral held or other credit enhancements, the maximum exposure to credit risk on December 31, 2023 and 2022, that best represents the financial assets measured at amortized cost held by the Group are $119,467 and $159,150, respectively.
3. Please refer to Note 8 for the pledge of financial assets measured at amortized cost of the Group.
4. Please refer to Note 12 (2) for information on the credit risk related to financial assets measured at amortized cost. The Group invests in time certificates of deposit with counter-parties that are financial institutions of good credit quality, with low expected possibility of default.

(IV) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 3,903
Accounts receivable	$ 161,955	$ 133,865
Less: Allowance for uncollectible accounts	(595)	(313)
	$ 161,360	$ 133,552

1. The aging analysis of notes and accounts receivable is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Within 30 days	$ -	$ 157,164	$ 3,903	$ 132,560
31-90 days	-	4,767	-	1,301
91-180 days	-	24	-	4
	$ -	$ 161,955	$ 3,903	$ 133,865

The above is an aging analysis based on the posting date.

2. As of December 31, 2023, December 31 and January 1, 2022, the balances of receivables (including notes receivable) contracted with customers were $160,711, $136,958 and

$123,805, respectively.

3. Without regard to collateral held or other credit enhancements, the maximum exposure to credit risk on December 31, 2023 and 2022, that best represents the notes receivable held by the Group are $0 and $3,903, respectively; the maximum exposure to credit risk on December 31, 2023 and 2022 that best represents the accounts receivable held by the Group are $161,360 and $133,552, respectively.
4. The Group does not hold any collateral for notes and accounts receivable and has not provided any notes receivable and accounts receivable as collateral.
5. Please refer to Note 12 (2) for the credit risk information related to notes and accounts receivable.

(V) Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 2,447,708	$ 2,717,192
Less: Allowance for inventory write-down	(13,760)	(13,931)
	$ 2,433,948	$ 2,703,261

The loss (profit) on inventory recognized as operating costs in the current period was as follows:

	2023	2022
Cost of inventory sold	$ 16,849,880	$ 18,675,144
Other operating costs	154,336	174,028
Gain from price recovery of inventory (Note)	(171)	(5,930)
Inventory scrapping loss	393	1,234
Inventory (gain) loss	(39)	1,006
	$ 17,004,399	$ 18,845,482

Note: The Group recognized a decrease in cost of goods sold due to the increase in net realizable value of inventory as a result of selling inventory for which a write-down loss was previously recognized in prior years.

(VI) Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Wuhuama International Marketing Co., Ltd. (Wuhuama) (Note)	$ 14,966	$ 13,618
Jing Kuanq Enterprise Co., Ltd. (Jing Kuanq)	14,165	13,658
	$ 29,131	$ 27,276

Note: The Group holds two seats in the board of directors of Wuhuama. Although the Group’s shareholding is less than 20%, it still has significant influence; therefore, it is evaluated by using equity method.

1. The Group’s share in the operating results of insignificant affiliates is summarized as follows:

	2023	2022
Total comprehensive income for the period	$ 3,129	$ 1,744

2. The investments accounted for under the equity method above are evaluated based on the accountant-audited financial statements of each investee company.

3. The shares of profit (loss) of affiliates and joint ventures recognized under the equity method are as follows:

Investees	2023	2022
Wuhuama	$ 2,622	$ 2,386
Jin Kuanq	507	(642)
	$ 3,129	$ 1,744

(VII) Property, plant and equipment

	Land	Building and construction	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1, 2023								
Cost	$ 2,005,472	$ 1,095,553	$ 3,582	$ 215,667	$ 617,887	$ 2,956	$ 3,417	$ 3,944,534
Accumulated depreciation and impairment loss	-	(333,181)	(2,542)	(95,839)	(245,791)	(1,145)	-	(678,498)
	$ 2,005,472	$ 762,372	$ 1,040	$ 119,828	$ 372,096	$ 1,811	$ 3,417	$ 3,266,036
2023								
January 1	$ 2,005,472	$ 762,372	$ 1,040	$ 119,828	$ 372,096	$ 1,811	$ 3,417	$ 3,266,036
Addition	-	1,511	-	7,923	38,201	154	10,801	58,590
Disposal	-	-	-	(180)	(207)	-	-	(387)
Reclassification	101	(6,476)	-	(11)	(6)	-	(8,187)	(14,579)
Depreciation expenses	-	(40,962)	(520)	(38,936)	(105,788)	(219)	-	(186,425)
Net exchange differences	425	265	-	-	12	33	(2)	733
December 31	$ 2,005,998	$ 716,710	$ 520	$ 88,624	$ 304,308	$ 1,779	$ 6,029	$ 3,123,968
December 31, 2023								
Cost	$ 2,005,998	$ 1,078,903	$ 3,590	$ 200,446	$ 576,144	$ 3,077	$ 6,029	$ 3,874,187
Accumulated depreciation and impairment loss	-	(362,193)	(3,070)	(111,822)	(271,836)	(1,298)	-	(750,219)
	$ 2,005,998	$ 716,710	$ 520	$ 88,624	$ 304,308	$ 1,779	$ 6,029	$ 3,123,968

	Land	Building and construction	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1, 2022								
Cost	$ 2,005,255	$ 1,094,861	$ 3,578	$ 210,251	$ 549,973	$ 2,918	$ 2,377	$ 3,869,213
Accumulated depreciation and impairment loss	-	(296,367)	(2,018)	(82,871)	(204,640)	(924)	-	(586,820)
	$ 2,005,255	$ 798,494	$ 1,560	$ 127,380	$ 345,333	$ 1,994	$ 2,377	$ 3,282,393
2022								
January 1	$ 2,005,255	$ 798,494	$ 1,560	$ 127,380	$ 345,333	$ 1,994	$ 2,377	$ 3,282,393
Addition	-	5,025	-	31,817	127,382	13	1,511	165,748
Disposal	-	-	-	(1,036)	(4,787)	-	-	(5,823)
Reclassification		(565)	-	-	(1,948)	-	(473)	(2,986)
Depreciation expenses	-	(40,707)	(520)	(38,333)	(93,878)	(219)	-	(173,657)

Net exchange differences	217	125	-	-	(6)	23	2	361
December 31	$ 2,005,472	$ 762,372	$ 1,040	$ 119,828	$ 372,096	$ 1,811	$ 3,417	$ 3,266,036
December 31, 2022								
Cost	$ 2,005,472	$ 1,095,553	$ 3,582	$ 215,667	$ 617,887	$ 2,956	$ 3,417	$ 3,944,534
Accumulated depreciation and impairment loss	-	(333,181)	(2,542)	(95,839)	(245,791)	(1,145)	-	(678,498)
	$ 2,005,472	$ 762,372	$ 1,040	$ 119,828	$ 372,096	$ 1,811	$ 3,417	$ 3,266,036

1. For information on the provision of property, plant and equipment as collateral, please refer to Note 8.
2. The above mentioned property, plant and equipment are assets held for own use.

(VIII) Leasing arrangements - lessee

1. The subject assets leased by the Group include land, buildings, logistics vehicles and photocopiers. Leases are usually for periods of more than 1 year to 30 years. Lease agreements are individually negotiated and include various terms and conditions without any other restrictions.
2. Information on the book value of the right-of-use assets and the depreciation expense recognized is as follows:

	December 31, 2023 Book value	December 31, 2022 Book value
Land	$ 70,380	$ 79,733
Building and construction	4,496,980	4,480,702
Transportation equipment	25,672	40,667
Office equipment	1,044	1,871
Other equipment	1,178	1,574
	$ 4,595,254	$ 4,604,547

	2023 Depreciation expenses	2022 Depreciation expenses
Land	$ 9,391	$ 9,309
Building and construction	848,449	832,359
Transportation equipment	23,243	23,419
Office equipment	827	827
Other equipment	396	396
	$ 882,306	$ 866,310

3. The increase in the Group's right-of-use assets in 2023 and 2022 was $1,195,059 and $1,185,031, respectively, of which $1,212 and $26,759 was attributable to additions to decommissioning costs, respectively.
4. Profit and loss information related to lease agreements is as follows:

	2023	2022
Items affecting current profit or loss		
Interest expense on lease liabilities (accounted as financial cost)	$ 72,860	$ 69,065
Expenses under short-term lease agreements	38,087	5,634
Lease expenses for low-value assets	-	28
Variable lease payments	3,941	5,103
Lease modification gains	(4,289)	(5,238)

5. The Group had total lease cash outflows of $1,100,202 and $1,066,457 in 2023 and 2022, respectively.
6. Impact of variable lease payments on lease liabilities
   (1) The subjects of the Group's Lease contracts with variable lease payment terms are linked to the sales amount generated by the stores. For the afore-mentioned lease subject, approximately 0.4% and 0.5% respectively in 2023 and 2022 was based on variable lease payment terms and was primarily related to sales amounts. Variable payment terms are used for a variety of reasons, primarily to link lease payments to the cash flow of each store. The variable lease payments linked to sales amounts are recognized as expenses in the period in which these payment terms are triggered.
   (2) Every 1% increase in sales at all of the Group's stores of the variable lease payments mentioned above would increase total lease payments by approximately $39 and $51 in 2023 and 2022, respectively.
7. The Group's leases not yet commenced to which the Group is already committed are leases of the business premises of the stores. The undiscounted lease liabilities on December 31, 2023 and 2022 were $398,988 and $565,915, respectively.

(IX) Investment property

	Land	Building and construction	Right-of-use assets	Total
January 1, 2023				
Cost	$ 994,703	$ 443,038	$ 1,279,998	$ 2,717,739
Accumulated depreciation and impairment loss	(18,324)	(123,399)	(747,110)	(888,833)
	$ 976,379	$ 319,639	$ 532,888	$ 1,828,906
2023				
January 1	$ 976,379	$ 319,639	$ 532,888	$ 1,828,906
Lease modification	-	-	(21,320)	(21,320)
Reclassification	(101)	10,792	257,330	268,021
Depreciation expenses	-	(12,810)	(112,957)	(125,767)
Impairment loss reversal	8,057	8,586	-	16,643
Net exchange differences	521	259	-	780
December 31	$ 984,856	$ 326,466	$ 655,941	$ 1,967,263
December 31, 2023				
Cost	$ 995,123	$ 460,144	$ 1,210,188	$ 2,665,455
Accumulated depreciation and impairment loss	(10,267)	(133,678)	(554,247)	(698,192)
	$ 984,856	$ 326,466	$ 655,941	$ 1,967,263

	Land		Building and construction		Right-of-use assets		Total	
January 1, 2022								
Cost	$	994,438	$	442,575	$	1,326,344	$	2,763,357
Accumulated depreciation and impairment loss	(	18,324)	(	110,434)	(	779,361)	(	908,119)
	$	976,114	$	332,141	$	546,983	$	1,855,238
2022								
January 1	$	976,114	$	332,141	$	546,983	$	1,855,238
Reclassification		-		-		112,177		112,177
Depreciation expenses		-	(	12,769)	(	126,272)	(	139,041)
Net exchange differences		265		267		-		532
December 31	$	976,379	$	319,639	$	532,888	$	1,828,906
December 31, 2022								
Cost	$	994,703	$	443,038	$	1,279,998	$	2,717,739
Accumulated depreciation and impairment loss	(	18,324)	(	123,399)	(	747,110)	(	888,833)
	$	976,379	$	319,639	$	532,888	$	1,828,906

1. Rental income and expense of investment property:

	2023		2022	
Rental income of investment property	$	163,621	$	158,873
Direct operating expenses generated by investment property in the period	$	125,767	$	139,041

2. The fair values of investment property held by the Group as of December 31, 2023 and 2022, are $3,320,486 and $3,085,881, respectively. The fair values of investment property is evaluated by independent valuation experts using discounted future cash flows, which are based on the income method, land development analysis method, comparative method, and cost method, and are classified as Level 3 fair value. The main assumptions are:

	2023	2022
Annual rate	1.575%	0.77%
Income capitalization rate	1.07% ~ 2.08%	0.35% ~ 2.19%
Built-up property income capitalization rate	1.37% ~ 1.87%	0.50% ~ 1.87%
Discount rate - Right-of-use assets	0.690% ~ 2.751%	0.690% ~ 2.751%

3. For information on the provision of investment property as collateral, please refer to Note 8.

(X) Intangible assets

	Computer software	Goodwill	Total
January 1, 2023			
Cost	$ 39,473	$ 629	$ 40,102
Accumulated depreciations	(17,525)	-	(17,525)
	$ 21,948	$ 629	$ 22,577
2023			
January 1	$ 21,948	$ 629	$ 22,577
Increase - from separate acquisition	2,710	-	2,710
Disposal	(640)	-	(640)
Amortization expenses	(12,729)	-	(12,729)
December 31	$ 11,289	$ 629	$ 11,918
December 31, 2023			
Cost	$ 30,132	$ 629	$ 30,761
Accumulated depreciations	(18,843)	-	(18,843)
	$ 11,289	$ 629	$ 11,918

	Computer software	Goodwill	Total
January 1, 2022			
Cost	$ 27,754	$ 629	$ 28,383
Accumulated depreciations	(11,888)	-	(11,888)
	$ 15,866	$ 629	$ 16,495
2022			
January 1	$ 15,866	$ 629	$ 16,495
Increase - from separate acquisition	19,143	-	19,143
Amortization expenses	(13,061)	-	(13,061)
December 31	$ 21,948	$ 629	$ 22,577
December 31, 2022			
Cost	$ 39,473	$ 629	$ 40,102
Accumulated depreciations	(17,525)	-	(17,525)
	$ 21,948	$ 629	$ 22,577

(XI) Impairment of non-financial assets

The Company recognized reversal of impairment losses of $16,643 and $0 in 2023 and 2022, respectively, mainly due to changes in the fair value of certain land and buildings, which resulted in a difference between their recoverable amounts and book values. The breakdown is as follows:

	2023	2022
	Recognized as profit or loss for the period	Recognized as profit or loss for the period
Reversal of impairment loss - land	$ 8,057	$ -
Reversal of impairment loss - building and construction	8,586	-
	$ 16,643	$ -

(XII) Pension

1. Defined benefit plan

(1) The Company, pursuant to the “Labor Standards Act”, has established defined benefit pension regulations that apply to the years of service prior to the implementation of the “Labor Pension Act” on July 1, 2005, of all regular employees and to the following years of service of the employees who chose to continue to be subject to the Labor Standards Act after the implementation of the “Labor Pension Act”. The Company contributes an amount of 2% of the employees’ salaries and wages every month to the labor pension fund deposited with the Bank of Taiwan under the name of the Retirement Fund Supervisory Committee. In addition, the Company estimates the balance of the labor pension fund account before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees who are expected to meet the retirement requirements in the following year, the Company will make a lump-sum contribution of the difference no later than the end of March of the following year. TKPDI operates its pension plan in accordance with the laws and regulations of the local government of Indonesia.

(2) Amounts recognized in the balance sheet:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 128,840	$ 144,190
Fair value of plan assets	(201,295)	(199,325)
Net defined benefit assets	($ 72,455)	($ 55,135)

The consolidated balance sheet accounts for the above net defined benefit liabilities (assets) as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Net defined benefit liabilities	$ 914	$ 930
Less: Net defined benefit assets	(73,369)	(56,065)
	($ 72,455)	($ 55,135)

(3) Changes in net defined benefit assets (liabilities):

2023	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liabilities)
Balance on January 1	($ 144,190)	$ 199,325	$ 55,135
Service costs for the period	(219)	-	(219)
Interest income (expenses)	(2,077)	2,791	714
Service costs for the previous period	46	-	46
	(146,440)	202,116	55,676
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expenses)	-	1,440	1,440
Effect of changes in financial assumptions	(2,569)	-	(2,569)
Experience adjustments	17,925	-	17,925
	15,356	1,440	16,796
Pension paid	2,261	(2,261)	-
Effect of exchange rate changes	(17)	-	(17)
Balance on December 31	($ 128,840)	$ 201,295	$ 72,455

2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liabilities)
Balance on January 1	($ 172,686)	$ 183,884	$ 11,198
Service costs for the period	(257)	-	(257)
Interest income (expenses)	(1,260)	1,287	27
	(174,203)	185,171	10,968
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expenses)	-	14,348	14,348
Effect of changes in financial assumptions	12,056	-	12,056
Experience adjustments	17,775	-	17,775
	29,831	14,348	44,179
Pension paid	194	(194)	-
Effect of exchange rate changes	(12)	-	(12)
Balance on December 31	($ 144,190)	$ 199,325	$ 55,135

(4) The asset of the Company's defined benefit pension plan fund is entrusted to the Bank of Taiwan for operation in accordance with the proportion and amount of the entrusted items as set forth in the annual investment plan of the fund and in accordance with the items listed in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. depositing in domestic or foreign financial institutions, investing in domestic or foreign listed, over-the-counter, or private placement equity securities, investing in domestic or foreign real estate and its securitization products, etc.). The minimum return generated from the utilization of employees' pension contributed may not be less than the interest rate of a two-year time deposit of local banks; in the event of any deficiency, the Treasury shall make up the shortfall upon authorization of the competent authority. Because the Company has no right to participate in the operation and management of the fund, it cannot disclose the classification of the fair value of plan assets as per IAS 19, Sec. 142. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the utilization report of the Labor Pension Fund announced by the government for each year.

(5) Actuarial assumptions regarding the Group's pension are as follows:

	2023	2022
Discount rate	1.2%~6.8%	1.4%~7.4%
Future salary increase rate	1.5%~8.0%	1.5%~8.0%

The assumptions of mortality rate in the future are estimated based on the public statistics of each country and experiences.

An analysis of the effect of changes in key actuarial assumptions used on the present value of the defined benefit obligation:

	Discount rate		Future salary increase rate	
	Increase by 0.1% and 1%	Decrease by 0.1 and 1%	Increase by 0.1% and 1%	Decrease by 0.1 and 1%
December 31, 2023				
Effect on the present value of defined benefit obligations	($ 1,429)	$ 1,463	$ 1,357	($ 1,324)

	Discount rate		Future salary increase rate	
	Increase by 0.1% and 1%	Decrease by 0.1 and 1%	Increase by 0.1% and 1%	Decrease by 0.1 and 1%
December 31, 2022				
Effect on the present value of defined benefit obligations	($ 1,716)	$ 1,757	$ 1,640	($ 1,584)

Note: The 0.1% and 1% increase and decrease in the discount rate and future salary increase rate are the assumptions of the sensitivity analyses of the Company and TKPDI.

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, many changes in assumptions might be linked. The method of analyzing sensitivity and the method of calculating net defined benefit liabilities (assets) in the balance sheet are the same. The method and assumption adopted for the sensitivity analysis of the period are the same as those used in the previous period.

(6) The amount expected to be contributed for the pension plan in 2024 is $0.

(7) The balance of the Company’s labor pension fund is sufficient to pay the amount of pension benefits. Therefore, the Company obtained the approval of the Bureau of Labor Affairs of the Taipei City Government, in June 2023, to suspend contributions to the labor pension fund from August 2023 to July 2024.

(8) As of December 31, 2023, the weighted average duration of the pension plan is 10.3-16.79 years.

2. Defined contribution plan

(1) Effective July 1, 2005, the Company has established defined contribution pension regulations in accordance with the “Labor Pension Act”, which is applicable to employees with Taiwanese nationality. The Company makes monthly contributions of not less than 6% of each employee’s salary to the employee’s personal account at the Labor Insurance Bureau in accordance with the “Labor Pension Act”. The payment of pension benefits is based on the employee’s individual pension fund account and the cumulative profit in such account, and the employee can choose to receive such

pension benefits monthly or in a lump sum.

(2) The pension costs recognized by the Group in 2023 and 2022 under the defined contribution plan were $60,335 and $66,256, respectively.

(XIII) Provision for liabilities

	2023		
	Litigation provision	Decommissioning liabilities	Total
Balance on January 1	$ 25,519	$ 113,783	$ 139,302
New in current period	7,206	1,212	8,418
Used in current period	(32,725)	(669)	(33,394)
Balance on December 31	$ -	$ 114,326	$ 114,326

Analysis of liability provision:

	December 31, 2023	December 31, 2022
Non-current	$ 114,326	$ 139,302

1. According to applicable contractual or regulatory requirements, the Group has the obligation to dismantle and remove the leasehold improvements in some of the stores, or to restore the site on which it is located. Therefore, the Group recognizes the present value of costs expected to be incurred at the site of disassembly, removal or restoration as provisions for liabilities. The Group expects that the provision for such liabilities will be incurred in the future when the stores are relocated.
2. Please refer to Note 9 (1) for the litigation provision.

(XIV) Share Capital

1. As of December 31, 2023, the Company's authorized capital was $5,000,000 (including 6,000 thousand shares for employee share subscription warrants, preferred shares with warrants or equity warrant bonds), and the paid-in capital was $1,168,000, with a par value of NT$10 per share, divided into 116,800 thousand shares. All shares issued by the Company have been fully paid up.
2. A reconciliation of the number of outstanding shares of the Company's common stock at the beginning of the period to the end of the period is as follows:

	2023 (thousand shares)	2022 (thousand shares)
January 1	116,800	166,469
Refund of share price for capital reduction	-	(49,669)
December 31	116,800	116,800

3. On May 16, 2022, the Company's shareholders' meeting resolved to reduce the capital by 49,669 thousand shares with a capital reduction amount of $496,688 and paid-in capital of $1,168,000. The capital reduction was effective on June 2, 2022, as reported

by the competent authorities, and the base date of the capital reduction is June 8, 2022.

(XV) Capital surplus

In accordance with the Company Act, capital surplus of the income derived from the issuance of new shares at a premium and the income from endowments received may be used to offset losses, or be distributed to shareholders by issuing new shares or in cash in proportion to their original shareholdings when the Company has no accumulated losses. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, the capitalization of the above capital surplus shall be limited to an annual aggregate amount not exceeding 10% of the paid-in capital. The Company may not use the capital surplus to make up its capital loss, unless the surplus reserve is insufficient to make up such loss.

	Issuance premium	Others	Total
January 1, 2023 (i.e. balance on December 31)	$ 1,245,671	$ 5,169	$ 1,250,840

	Issuance premium	Others	Total
January 1, 2022 (i.e. balance on December 31)	$ 1,245,671	$ 5,169	$ 1,250,840

(XVI) Retained earnings

1. According to the Company's Articles of Association, 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. In accordance with laws or regulations, or directives from regulatory authorities, appropriations or reversals of special surplus reserves may be made. The remaining amount, along with the undistributed earnings from the beginning of the period and adjustments to undistributed earnings for the current year, may be retained, subject to business needs. The Board of Directors shall propose a distribution resolution and seek approval at the shareholders' meeting for distributions made through the issuance of new shares.

   When the Company distributes dividends and bonuses in accordance with Article 245, Paragraph 5 of the Company Act, or distributes all or part of the legal reserve and capital reserve 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.

2. The legal reserve may not be used except for covering corporate deficits and being distributed to shareholders by issuing new shares or cash in proportion to their original shareholdings. Where the legal reserve is distributed by issuing new shares or in cash, only the portion of the legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

3. When distributing earnings, the Company is required by law to set aside a special

reserve for the debit balance of other equity items as of the balance sheet date. If the debit balance of other equity items is subsequently reversed, the reversed amount may be included in earnings available for distribution.

4. On February 29, 2024, the Board of Directors resolved to distribute cash dividends of $2.20 per share for 2023, totaling $256,960, and the cash dividends will be reported to the shareholders in the 2024 annual meeting. In addition, the earnings distribution plan will be submitted to the 2024 shareholders' meeting for recognition. The details of the plan are as follows:

	2023		
	Amount	Dividends per share ($)	
Legal reserve	$ 29,219		
Special reserve	(1,448)		
Cash dividends	256,960	$	2.20
	$ 284,731		

5. On February 24, 2023, the Board of Directors resolved to distribute cash dividends of $4.00 per share for 2022, totaling $467,200, and the cash dividends was reported to the shareholders' meeting on May 26, 2023. In addition, the earnings distribution was approved by the shareholders' meeting on May 26, 2023 as follows:

	2022		
	Amount	Dividends per share ($)	
Legal reserve	$ 62,852		
Special reserve	(876)		
Cash dividends	467,200	$	4.00
	$ 529,176		

6. On February 25, 2022, the Board of Directors resolved to distribute cash dividends of $3.54 per share for 2021, totaling $589,300, and the cash dividends was reported to the shareholders' meeting on May 16, 2022. In addition, the earnings distribution was approved by the shareholders' meeting on May 16, 2022 as follows:

	2021		
	Amount	Dividends per share ($)	
Legal reserve	$ 65,551		
Special reserve	186		
Cash dividends	589,300	$	3.54
	$ 655,037		

7. Please refer to Note 6 (21) for information on employee compensation and remuneration to directors and supervisors.

(XVII) Operating revenue

	2023	2022
Revenue from customer contracts	$ 19,817,958	$ 22,108,819
Other operating revenue	166,925	182,412
	$ 19,984,883	$ 22,291,231

1. Breakdown of revenue from customer contracts

   The Group's revenue is derived from the provision of goods and services that are gradually transferred over time and at a point in time and can be subdivided into the following major categories:

2023	Channel segment	Other segments	Total
Revenue from external customer contracts			
Home appliance products	$ 11,889,355	$ -	$ 11,889,355
Information technology products	7,745,439	-	7,745,439
Other products	170,269	12,895	183,164
	$ 19,805,063	$ 12,895	$ 19,817,958
Revenue recognition time point			
Revenue recognized at a point in time	$ 19,785,736	$ 12,895	$ 19,798,631
Revenue gradually recognized over time	19,327	-	19,327
	$ 19,805,063	$ 12,895	$ 19,817,958

2022	Channel segment	Other segments	Total
Revenue from external customer contracts			
Home appliance products	$ 12,848,749	$ -	$ 12,848,749
Information technology products	9,106,215	-	9,106,215
Other products	137,802	16,053	153,855
	$ 22,092,766	$ 16,053	$ 22,108,819
Revenue recognition time point			
Revenue recognized at a point in time	$ 22,076,073	$ 16,053	$ 22,092,126
Revenue gradually	16,693	-	16,693

recognized over time

	$ 22,092,766	$ 16,053	$ 22,108,819

2. Contract liabilities

(1) The Group's contract liabilities related to recognizing customer contract revenue are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current:			
Contract liabilities - sales contracts	$ 719,749	$ 723,877	$ 764,076
Contract liabilities - warranty contracts	29,750	19,327	16,693
Contract liabilities - customer loyalty program	10,591	17,015	17,248
Subtotal	760,090	760,219	798,017
Contract liabilities - non-current:			
Contract liabilities - sales contracts	348	378	1,278
Contract liabilities - warranty contracts	204,972	169,767	121,996
Subtotal	205,320	170,145	123,274
Total	$ 965,410	$ 930,364	$ 921,291

(2) The contract liabilities at the beginning of the period are recognized as income in the current period

	2023	2022
Opening balance of contract liabilities that are recognized as revenue in the current period		
Sales contracts	$ 505,603	$ 577,983
Warranty contracts	19,327	16,693
Customer loyalty program	17,015	17,248
	$ 541,945	$ 611,924

(3) Customer contracts not fully performed (contract liabilities - non-current)
As of December 31, 2023 and 2022, the Group had $205,320 and $170,145, respectively, of outstanding customer contracts apportioned to contract liabilities - non-current. The Group expects to recognize the aforementioned amounts as

revenue in the next three years after December 31, 2023 and 2022, in the amount of $90,728 and $69,297, respectively, with the remainder expected to be recognized in subsequent years.

(XVIII) Interest income

	2023	2022
Interest on bank deposits	$ 17,549	$ 13,053
Interest income of financial assets measured at amortized cost	2,120	1,136
	$ 19,669	$ 14,189

(XIX) Other income

	2023	2022
Dividend income	$ 527	$ 5,885
Write-off of overdue accounts receivable interest	5,997	3,403
Information products and home appliances recycling	1,947	20,588
Services promotion income	4,326	6,925
Other income - others	22,409	18,630
	$ 35,206	$ 55,431

(XX) Other gains and losses

	2023	2022
Reversal of impairment loss on non-financial assets	$ 16,643	$ -
Lease modification gains	4,289	5,238
Net profit (loss) on financial assets at fair value through profit or loss	2,026	(5,244)
Exchange (losses) gains	(199)	7,229
Loss on disposal of property, plant and equipment	(387)	(5,479)
Loss from disposal of intangible assets	(640)	-
Losses from litigation	(7,206)	-
Other gains and losses	(4,051)	(3,041)
	$ 10,475	($ 1,297)

(XXI) Employee benefits, depreciation and amortization expenses

By nature \ By function	2023 As operating cost		2023 As operating expense		2023 Total	
Employee benefit expenses						
Salary expenses	$	135,064	$	884,523	$	1,019,587
Labor and health insurance expenses		15,248		120,238		135,486
Pension expenses		7,554		52,240		59,794
Other employee benefit expenses		7,379		62,278		69,657
Depreciation expenses		205,571		988,927		1,194,498
Amortization expenses		34		12,695		12,729

By nature \ By function	2022 As operating cost		2022 As operating expense		2022 Total	
Employee benefit expenses						
Salary expenses	$	148,383	$	983,272	$	1,131,655
Labor and health insurance expenses		16,327		128,355		144,682
Pension expenses		8,316		58,170		66,486
Other employee benefit expenses		8,232		65,396		73,628
Depreciation expenses		217,708		961,300		1,179,008
Amortization expenses		78		12,983		13,061

1. In accordance with the Company’s Articles of Association, the Company shall set aside 1% to 7% of the balance of the pre-tax benefits not included in employees’ compensation for the year net of accumulated losses as employees’ compensation.
2. The estimated amount of employee remuneration for 2023 and 2022 is $8,995 and $18,770, respectively, and is recorded as salary expense. For 2023, employee remuneration is estimated based on (2.5% of) the profit of the year. Actual appropriated amount resolved by the board of directors is $8,995. The employee remuneration will be paid in cash.

   The amount of employee remuneration resolved by the board of directors for 2022 is consistent with the amount recognized in the 2022 financial statements, which is $18,770. Employees’ remuneration is paid in cash. As of December 31, 2023, the Company has paid $14,002 and the outstanding amount is $4,768.
3. Information on the remuneration to employees approved by the Company’s board of directors can be found on the Market Observation Post System (MOPS).

(XXII) Income tax

1. Income tax expense

(1) Income tax expense comprises:

	2023	2022
Current income tax:		
Income tax incurred in the period	$ 61,487	$ 140,820
Surtax on undistributed earnings	3,448	-
Overseas subsidiaries separate taxation amount	812	719
Income tax overestimation of previous years	(179)	(2,945)
Total current income tax	65,568	138,594
Deferred income tax:		
Originally generated temporary differences and reversals	7,711	1,538
Income tax expense	$ 73,279	$ 140,132

(2) Income tax related to other comprehensive income:

	2023	2022
Remeasurement of defined benefit plans	$ 3,341	$ 8,796
Exchange differences on translation of financial statements of foreign operations	362	219
	$ 3,703	$ 9,015

2. Relationship between income tax expense and accounting profit

	2023	2022
Income tax expense at the statutory tax rate on net profit before tax	$ 70,468	$ 146,794
Items that should be increased according to tax laws	99	62
Income exempted from taxation according to tax laws	(605)	(162)
Expenses exempted from taxation according to tax laws	95	-
Net investment gains and losses excluded from income	(853)	(634)
Realized investment loss due to capital reduction by domestic affiliates to cover losses	-	(3,702)
Changes in assessment of deferred income tax asset realizability	(6)	-
Separate taxation amount	812	719
Surtax on undistributed earnings	3,448	-
Income tax overestimation of previous years	(179)	(2,945)
Income tax expense	$ 73,279	$ 140,132

3. Deferred income tax assets or liabilities generated from temporary differences and tax losses are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized loss on decline in value of inventory	$ 2,786	($ 34)	$ -	$ 2,752
Impairment loss of assets	5,978	(3,329)	-	2,649
Decommissioning liabilities	22,756	109	-	22,865
Compensation for unused annual leave payable	9,445	(94)	-	9,351
Allowance for sales discount	3,403	(1,285)	-	2,118
Excess of allowance for bad debts	665	(656)	-	9
Share of profit or loss of subsidiaries accounted for using the equity method	11,803	784	-	12,587
Exchange differences on translation of financial statements of foreign operations	19,123	-	(362)	18,761
Others	5,146	(5,141)	-	5
Tax loss	90	(57)	-	33
Subtotal	81,195	(9,703)	(362)	71,130
- Deferred income tax liabilities:				
Unrealized exchange gains	(424)	20	-	(404)
Rent recognized using the straight-line method	(3,450)	537	-	(2,913)
Defined benefit plan	(11,213)	(120)	(3,341)	(14,674)
Decommissioning cost	(8,001)	1,555	-	(6,446)
Subtotal	(23,088)	1,992	(3,341)	(24,437)
Total	$ 58,107	($ 7,711)	($ 3,703)	$ 46,693

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized loss on decline in value of inventory	$ 3,972	($ 1,186)	$ -	$ 2,786
Unrealized exchange losses	788	(788)	-	-
Impairment loss of assets	5,978	-	-	5,978
Decommissioning liabilities	17,630	5,126	-	22,756
Compensation for unused annual leave payable	9,406	39	-	9,445
Allowance for sales discount	3,449	(46)	-	3,403
Excess of allowance for bad debts	1,788	(1,123)	-	665
Share of profit or loss of subsidiaries accounted for using the equity method	10,942	861	-	11,803
Exchange differences on translation of financial statements of foreign operations	19,342	-	(219)	19,123
Others	5,129	17	-	5,146
Tax loss	112	(22)	-	90
Subtotal	78,536	2,878	(219)	81,195
- Deferred income tax liabilities:				
Unrealized exchange gains	-	(424)	-	(424)
Rent recognized using the straight-line method	(4,201)	751	-	(3,450)
Defined benefit plan	(2,444)	27	(8,796)	(11,213)
Decommissioning cost	(3,231)	(4,770)	-	(8,001)
Subtotal	(9,876)	(4,416)	(8,796)	(23,088)
Total	$ 68,660	($ 1,538)	($ 9,015)	$ 58,107

4. The expiration of the Group's unused tax losses and the related amount of unrecognized deferred income tax assets are as follows:

December 31, 2023

Year of occurrence	Amount filed/assessed	Amount not yet deducted	Portion unrecognized as deferred income tax assets	Last deductible year
2015	$ 981	$ 166	$ -	2025
2019	91,258	-	-	2029
2020	15	7	7	2030
2021	21	21	21	2031
2022	2	2	2	2032
	$ 92,277	$ 196	$ 30	

December 31, 2022

Year of occurrence	Amount filed/assessed	Amount not yet deducted	Portion unrecognized as deferred income tax assets	Last deductible year
2015	$ 981	$ 452	$ -	2025
2019	91,258	23	23	2029
2020	15	15	15	2030
2021	21	21	21	2031
2022	2	2	2	2032
	$ 92,277	$ 513	$ 61	

5. The Company's profit-seeking enterprise income tax returns have been approved by the National Taxation of Bureau of Taipei, Ministry of Finance, through 2021.

(XXIII) Earnings per share

2023	After-tax amount	Weighted average number of outstanding shares (in thousands)	Earnings per share (NT$)
Basic earnings per share			
Current net income attributable to common shareholders of the parent company	$ 278,736	116,800	$ 2.39
Diluted earnings per share			
Current net income attributable to common shareholders of the parent company	$ 278,736	116,800	
Impact of potential common stock with dilutive effect			
Remuneration to employees	-	290	
Current net income attributable to common shareholders of the parent company plus effect of potential common shares	$ 278,736	117,090	$ 2.38

2022	After-tax amount	Weighted average number of outstanding shares (in thousands)	Earnings per share (NT$)
Basic earnings per share			
Current net income attributable to common shareholders of the parent company	$ 593,134	138,300	$ 4.29
Diluted earnings per share			
Current net income attributable to common shareholders of the parent company	$ 593,134	138,300	
Impact of potential common stock with dilutive effect			
Remuneration to employees	-	512	
Current net income attributable to common shareholders of the parent company plus effect of potential common shares	$ 593,134	138,812	$ 4.27

(XXIV) Supplementary information for cash flow

Investments partially paid in cash only:

	2023	2022
Purchase of property, plant and equipment	$ 58,590	$ 165,748
Add: Equipment payable at the beginning of the period	49,480	99,499
Less: Equipment payable at the end of the period	(11,076)	(49,480)
Cash paid in the period	$ 96,994	$ 215,767

	2023	2022
Purchase of intangible assets	$ 2,710	$ 19,143
Add: Intangible assets payable at the beginning of the period	7,502	-
Less: Intangible assets payable at the end of the period	(3,751)	(7,502)
Cash paid in the period	$ 6,461	$ 11,641

(XXV) Changes in liabilities from financing activities

2023	Deposits received	Lease liabilities	Changes in liabilities from financing activities
January 1	$ 84,892	$ 5,352,063	$ 5,436,955
Changes in cashflow from financing	(14,829)	(985,314)	(1,000,143)
Lease liabilities added in the period	-	1,193,847	1,193,847
Other non-cash changes	-	(90,110)	(90,110)
Effect of exchange rate changes	7	-	7
December 31	$ 70,070	$ 5,470,486	$ 5,540,556

2022	Deposits received	Lease liabilities	Changes in liabilities from financing activities
January 1	$ 96,951	$ 5,313,683	$ 5,410,634
Changes in cashflow from financing	(12,066)	(986,627)	(998,693)
Lease liabilities added in the period	-	1,158,272	1,158,272

Other non-cash changes	-	(133,265)	(133,265)
Effect of exchange rate changes	7	-	7
December 31	$ 84,892	$ 5,352,063	$ 5,436,955

VII. Related party transactions

(I) Name of related party and relationship

Name of related party	Relationship with the Group
Wuhuama International Marketing Co., Ltd. (Wuhuama)	Affiliates
Jing Kuanq Enterprise Co., Ltd. (Jing Kuanq)	“
Star Comgistic Capital Co., Ltd. (Star Comgistic)	Other related parties
Sekond Creative Design Co., Ltd. (Sekond Creative)	“

(II) Significant transactions with related parties

1. Operating revenue

	2023	2022
Merchandise sales:		
Affiliates	$ 43	$ 123
Other related parties	1,651	580
	$ 1,694	$ 703
Other operating revenue:		
Affiliates	$ 6,876	$ 7,564
Other related parties	1,158	1,158
	$ 8,034	$ 8,722

The sales price between the Group and a related party is based on the agreed trading terms and expires 30 days after the month of sale. For key information on other operating revenue, please refer to “5. Lease income” below.

2. Purchases

	2023	2022
Merchandise purchases:		
Affiliates	$ 6,446	$ 11,023
Other related parties	262,083	382,852
	$ 268,529	$ 393,875

The purchase price between the Group and a related party is based on the agreed trading terms and expires 30 days after the month of purchase.

3. Receivables due from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Other related parties	$ 300	$ 42

4. Receivables due from related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
Affiliates	$ 347	$ 1,040
Other related parties	19,805	38,639
	$ 20,152	$ 39,679

5. Lease income

			2023	
Type of related party	Subject	Lease period	Amount	Rent collection method
Affiliates	Baoshan Store etc.	2013.10-2026.12	$ 6,876	Collect remittance monthly
Other related parties	6F, No. 333, Sec.1, Tiding Blvd., Neihu Dist., Taipei City	2021.01-2023.12	$ 1,158	Collect remittance monthly

			2022	
Type of related party	Subject	Lease period	Amount	Rent collection method
Affiliates	Baoshan Store etc.	2013.10-2026.12	$ 7,564	Collect remittance monthly
Other related parties	6F, No. 333, Sec.1, Tiding Blvd., Neihu Dist., Taipei City	2021.01-2023.12	$ 1,158	Collect remittance monthly

The Group leases its business premises to the related party, and the rent is calculated by taking into account the rent of the Group's leased premises or the market rate.

6. Leasing arrangements - lessee

(1) The Group leases a building from the related party for a period of 9-10 years, and the rent is paid monthly.

(2) Acquisition of right-of-use assets.

	2023	2022
Other related parties	$ 15,443	$ 35,855

(3) Lease liabilities

A. Balance at the end of the period:

	December 31, 2023	December 31, 2022
Other related parties	$ 43,494	$ 33,085

B. Interest expense:

	2023	2022
Other related parties	$ 777	$ 491

(III) Information on salary and remuneration to key management

	2023	2022
Salaries and other short-term employee benefits	$ 42,597	$ 48,546
Post-employment benefits	860	970
	$ 43,457	$ 49,516

VIII. Pledged assets

The following is a breakdown of the assets provided as collateral by the Group:

Assets	Book value December 31, 2023	Book value December 31, 2022	Purpose of pledge
Reserve account - time deposits (Accounted as financial assets at amortized cost - current)	$ 119,467	$ 158,950	Reserve account - voucher reimbursement
Pledged cash and bank deposits (Accounted as other financial assets - non-current)	-	10,836	Litigation guarantee deposit
Government bonds (Accounted as financial assets measured at amortized cost - non-current)	-	200	Operating bonds
Land, building and construction (Accounted as property, plant and equipment)	1,058,808	1,062,142	Bank loan facilities
Land, building and construction (Accounted as investment property)	288,139	289,052	Bank loan facilities
	$ 1,466,414	$ 1,521,180	

IX. Significant contingent liabilities and unrecognized contract commitments

(I) Contingencies

1. The Company was sued by Hua Nan Enterprise Co., Ltd. (Hua Nan Enterprise) for relocating the leased premises. Although the Company lost the second trial, it terminated the lease and returned the leased premises on June 6, 2015, after negotiating with the other party before the third trial of the appeal. The case has been concluded. In addition, Hua Nan Enterprise sued the Company for the preferential lease right in the former lease of the premises, requesting rental damages of $2,400 in equivalent monthly from February 2013 onwards. The difference between the monthly rent damage claim offsetting the monthly rent as of the date of return of the leased premises is approximately $37,666. In order to protect its rights and interests, the Company filed a countersuit, seeking $23,497 in damages for the infringing acts committed by Hua Nan Enterprises, which was then reduced to $16,926 in the lawsuit. Decisions made in each trial after the indictment are described as follows.

    (1) In August 2016, the Taipei District Court ruled in the first trial to dismiss the original claim from Hua Nan Enterprise, and for the countersuit that Hua Nan Enterprise should pay $2,167 to the Company. After both parties filed appeals with the Taiwan High Court, Hua Nan Enterprise adjusted the amount in the demand of the appeal to $46,134 in the second trial, and the appeal amount of the Company was $14,758. In the second trial, the Taiwan High Court ruled in April 2018 that the Company should pay $25,519 to Hua Nan Enterprise for the original claim and the additional part of the second trial; the counterclaim filed by the Company was dismissed. The Company filed a third

appeal to the judgment of the second trial on the defeated part of $42,445 of the original claim and the counterclaim. In addition, Hua Nan Enterprise filed a third appeal against the defeated part of the original claim of $14,214. The remaining $4,232 of the defeated part of the original claim has been determined as no appeal has been filed. In July 2019, the Supreme Court ruled in the third trial to reverse the original judgment of the second trial and overruled the Taiwan High Court regarding (1) the dismissal of the appeal of the portion of $14,214 filed by Hua Nan Enterprise; (2) the order requiring the Company to pay $25,519 and the dismissal of the Company's counterclaim requiring the payment of $2,167 from Hua Nan Enterprise; and the Company's other appeals of the portion of the counterclaim other than the $2,167 were dismissed. The portion of the Supreme Court's judgment dismissed above is final. In addition, for the above portion of the original second trial judgment that was reversed and remanded to the Taiwan High Court, the amount of the demand of the appeal of Hua Nan Enterprise was adjusted to $41,901 by the Court of First Instance reviewed the case. On April 21, 2020, the Taiwan High Court ruled in the first repeated trial that the Company should pay $10,836 to Hua Nan Enterprise for the original claim and the additional part of the second trial, and the rest of the appeals and additional claims were dismissed; the portion of $2,167 of the Company's counterclaim in the first trial was dismissed. In short, for the portion of $41,901 that Hua Nan claimed the Company should pay, the verdict was that the Company only had to pay $10,836.

(2) Both parties appealed to the third trial court against the decision of the remanded first trial. On April 29, 2021, the Supreme Court of Taiwan, in the third trial, reversed the judgment of the first trial and remanded the case to the Taiwan High Court. On February 22, 2023, the Taiwan High Court entered a judgment of $22,907 against the Company and dismissed all other appeals and appeals in the remanded second trial. The remaining appeals and additional appeals were dismissed. The portion of the Company's counterclaims filed in the first trial in the amount of $2,167 was dismissed.

(3) The Company has appealed to the third trial against the decision of the remanded second trial. After the final ruling by the Supreme Court in the third instance on July 5, 2023, which dismissed the appeals of both parties, the entire case was finalized to uphold the judgment of the second instance. An amount of $32,725 was paid to Hua Nan on July 21, 2023, including related delayed interest. The litigation guarantee deposit of $22,907 was refunded on October 25, 2023.

2. As for the Company's litigations involving other leased stores (total amount of approximately $38), the Company has not recognized a liability provision because the likelihood of its occurrence is uncertain.

(II) Commitments

1. For the years ended December 31, 2023 and 2022, the Group has issued promissory notes in the amount of $65,206 and $72,683, respectively, for the performance guarantee of the leased stores.

2. As of December 31 of 2023 and 2022, the amount of bank guarantees for the purchase of goods of the Group were $534,000.

X. Significant losses due to disasters

None.

XI. Significant Events after the Balance Sheet Date

Please refer to Note 6 (16) for the 2023 earnings distribution plan resolved by the board of directors.

XII. Others

(I) Capital management

The Group's objectives in managing capital are to ensure that the Group can operate sustainably, maintain an optimal capital structure to reduce the capital cost, and provide returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce the debt. The Group monitors its capital through a debt-to-capital ratio, which is calculated as total debt divided by total capital. Total debt is the sum of short-term loans and long-term loans recognized in the consolidated balance sheet. Total capital is the sum of "total equity" in the consolidated balance sheet and the total debt.

The strategies adopted by the Group in 2023 are the same as those in 2022. All of the strategies are aimed at maintaining a stable debt-to-capital ratio. As of December 31, 2023 and 2022, the Group's debt-to-capital ratios are as follows:

	December 31, 2023	December 31, 2022
Total debt	$ -	$ -
Total equity	4,554,094	4,727,655
Total capital	$ 4,554,094	$ 4,727,655
Debt to capital ratio	-	-

(II) Financial instrument

1. Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss - non-current	$ 21,150	$ 31,229
Financial assets at amortized cost		
Cash and cash equivalents	$ 1,301,365	$ 1,768,415
Financial assets at amortized cost - current	119,467	158,950
Notes receivable	-	3,903
Accounts receivable	161,360	133,552
Other receivables	14,313	37,187
Financial assets measured at amortized cost - non-current	-	200
Refundable deposits	207,922	201,162
Long-term notes and accounts receivable	14,562	17,251
Other financial assets - non-current	-	13,736
	$ 1,818,989	$ 2,334,356
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable	$ 1,409	$ 6,211
Accounts payable (including related parties)	2,415,606	3,060,792
Other payables	463,758	568,277
Deposits received	70,070	84,892
	$ 2,950,843	$ 3,720,172
Lease liabilities	$ 5,470,486	$ 5,352,063

2. Risk management policy

The Group’s risk controls and hedging strategies are mainly aimed to reduce losses to the Group’s assets or liabilities due to fluctuations in exchange rates and interest rates. In order to accomplish the above goals, the Group uses derivatives to build up financial hedging positions. All hedging activities are also conducted according to the following principles to ensure the fulfillment of risk control:

(1) Based on the principle of natural hedging

(2) Based on the principle of not eroding the profitability of the core business

(3) Based on the principle of not engaging in financial instruments denominated in currencies other than the operating currency

(4) Actually implementing stop loss

(5) Actually implementing the workflow

In terms of supervision and management, the top manager of the finance segment is responsible for monitoring and managing the trading positions of derivatives. In addition to the regular evaluation each month, they monitor the transactions and profit and loss situation from time to time, and take necessary countermeasures and report to the board of directors when any irregularities are detected. Moreover, they also evaluate periodically whether derivatives trading performance meets established operational strategies and whether the risk undertaken is within the Company’s permitted scope of tolerance. The Group has established procedures for handling derivative transactions.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. The Group’s management has established policies to manage exchange rate risk against the functional currencies of companies within the Group. Each company shall hedge their overall exchange rate risk via the finance segment of the Group.

B. The Group’s operations involve certain non-functional currencies (the Company and some subsidiaries’ functional currency is New Taiwan dollar, some subsidiaries’ functional currencies are VND, HKD, etc.) and therefore would be affected by exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant effect is as follows:

	December 31, 2023				
	Foreign currency		Book value	Sensitivity analysis	
	($1,000)	Exchange rate	(NT$1,000)	Percentage of change	Impact on profit or loss
(Foreign currency : functional currency)					
Financial assets					
Monetary items					
USD : TWD	$3,204	30.7090	$ 98,392	1%	$ 984

	December 31, 2022			
	Foreign currency		Book value	Sensitivity analysis

	($1,000)	Exchange rate	(NT$1,000)	Percentage of change	Impact on profit or loss
(Foreign currency : functional currency)					
Financial assets					
Monetary items					
USD : TWD	$2,793	30.7175	$ 85,794	1%	$ 858

C. The total amount of exchange (loss) gain recognized in 2023 and 2022 for the Group's monetary items that are materially affected by exchange rate fluctuations is ($199) and $7,229, respectively.

Price risk

A. The Group's exposure to price risk mainly arises from its holding of equity instruments such as stocks and investments in beneficiary certificates of funds. In order to manage the price risk of such investments, the Group diversifies its investment portfolio in a manner consistent with the limits set by the Group.

B. Where the price of such investment instruments rises or falls by 1%, with all other factors held constant, the gain or loss from the investment instruments measured at fair value through profit or loss would increase or decrease the net income after tax by $211 and $312 in 2023 and 2022, respectively.

(2) Credit risk

A. The Group's credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to a financial instrument to perform its contractual obligations. It mainly comes from the contractual cash flow from the accounts receivable and investments in debt instruments that are classified as investments measured at amortized cost which counterparties fail to repay in accordance with the payment terms.

B. The Group has established its credit risk management from the Group's perspective. The banks and financial institutions with which the Company deals must have a certain credit rating or above. Certain credit rating refers to a long-term credit rating of Adequate to meet financial commitments and a rating of twBBB- or higher from Taiwan Ratings or equivalent rating from other domestic or foreign credit rating agencies.

C. The Group adopts the assumptions of IFRS 9, whereby a financial asset is considered to be subject to a significant increase in credit risk since its original recognition when the contractual payment terms are more than 30 days past due; a default is considered to have occurred when the contractual payment terms are more than 90 days past due.

D. The accounts receivable from customers are grouped according to the characteristics of the customer type, and the expected credit losses are estimated based on the loss ratio method in a simplified manner.

E. The Group, after taking the recourse procedures, writes off the financial assets that cannot be reasonably expected to be recovered. However, the Group will continue to pursue legal proceedings to preserve the rights of creditors.

F. (1) Considering the historical information for a specific period of a customer with general credit conditions, and taking into account the impact of Taiwan's economic conditions on future credit risk, the Group assessed that the expected loss rate of $23,359 and $34,844 accounts receivable as of December 31, 2023 and 2022, ranges from 0.5% to 50%, and the allowance for loss is $571 and $313, respectively.

(2) The aggregate book values of accounts receivable on related parties and financial institutions as of December 31, 2023 and 2022 are $138,572 and $99,021, respectively. Since the credit risk is expected to be insignificant, the allowance for loss is both $0.

(3) The Group assesses customers with poor credit standing individually. The total book value of accounts receivable for customers with an individually evaluated poor credit standing and default are $24 and $0 as of December 31, 2023 and 2022, respectively, and the allowance for losses is $24 and $0, respectively, since the expected loss rate is 100%.

G. The table of changes in the allowance for losses on notes and accounts receivable on a simplified basis are as follows:

	2023	2022
January 1	$ 313	$ 1,706
Impairment losses (reversals)	282	(274)
Amount written off as uncollectable	-	(1,119)
December 31	$ 595	$ 313

Impairment losses (reversals) recognized arising from the receivables generated by customer contracts in 2023 and 2022 were $277 and ($248), respectively.

H. For investments in debt instruments measured at amortized cost recognized, their level of credit risks are as follows:

	December 31, 2023			
	By duration			
	By 12 months	Those whose credit risk has increased significantly	Those with impaired credit	Total
Financial assets at amortized cost	$ 119,467	$ -	$ -	$ 119,467

	December 31, 2022			
	By duration			
	By 12 months	Those whose credit risk has increased significantly	Those with impaired credit	Total
Financial assets at amortized cost	$ 159,150	$ -	$ -	$ 159,150

The Group’s financial asset at amortized cost is the reserve account - time deposit and government bonds with no significant abnormal credit risk ratings.

(3) Liquidity risk

A. Cash flow forecasts are performed by each operating entity of the Group and are summarized by the finance segment. The finance segment monitors the Group’s liquidity needs to ensure that the Group has adequate working capital to repay liabilities when due, under both normal and stressed scenarios, and therefore prevent occurrence of intolerable losses and risk of damage to the Group’s reputation.

B. Where any operating entity holds more cash positions than those required for working capital management, it selects instruments with appropriate maturities or sufficient liquidity, such as short-term interest-bearing demand deposits, time deposits, and marketable securities investments, to meet the aforementioned forecasts and to provide sufficient positions for deployment.

C. The table below represents the Group’s non-derivative financial liabilities grouped by the maturity and analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the following table are the undiscounted amounts.

Non-derivative financial liabilities:			
December 31, 2023	Within 3 months	From 3 months to within 1 year	More than 1 year
Notes payable	$ 1,409	$ -	$ -
Accounts payable (including related parties)	2,269,170	146,436	-
Other payables	210,613	253,145	-
Lease liabilities	271,441	752,110	4,750,712
Deposits received	-	-	70,070

Non-derivative financial liabilities:			
December 31, 2022	Within 3 months	From 3 months to within 1 year	More than 1 year

Notes payable	$ 6,211	$ -	$ -
Accounts payable (including related parties)	2,911,945	148,847	-
Other payables	260,091	308,186	-
Lease liabilities	267,235	732,064	4,620,330
Deposits received	-	-	84,892

D. The Group does not expect the occurrence timing for cash flows in the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

(III) Fair value information

1. The definition of levels of valuation technique adopted to measure the fair value of financial and non-financial instrument are as follows:

   Level 1: The quotation of the same asset or liability in an active market as of the evaluation (before adjustment). An active market is one in which a sufficient frequency and volume of asset or liability transactions occur to provide pricing information on an ongoing basis.

   Level 2: Direct or indirect observable inputs of assets or liabilities, except for those included in Level 1.

   Level 3: Unobservable inputs of assets or liabilities. This includes all of the Group's investment in equity instruments without active markets.

2. Please refer to Note 6 (9) for information on the fair value of investment property measured at cost.

3. Financial instruments not measured at fair value

   The book values of the Group's cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets measured at amortized cost - current and non-current, other financial assets - non-current, refundable deposits, long-term notes and accounts receivable, notes payable, accounts payable (including related parties), other payables, lease liabilities, and guarantee deposits received are reasonable approximations of their fair values.

4. For financial and non-financial instruments measured at fair value, the Group classifies them according to their nature, characteristics and risks of the assets and liabilities, and the basis of the fair value levels. The related information is as follows:

(1) Classified by the nature of assets and liabilities:

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 21,150	$ 21,150

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 31,229	$ 31,229

(2) Method and assumption used for measuring fair values:

A. Those for which the Group adopts quoted market prices as their fair value inputs (i.e. Level 1) are classified by the nature as follows:

	Open end fund
Quoted market price	Net worth

B. Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. Fair values obtained by using valuation techniques can reference to other concurrent fair values of financial instruments with practically similar terms and characteristics, discounted cash flow, or other valuation techniques, including calculating based on the market information obtained on the balance sheet date using the model (such as yield curve used in TPEx and Reuters commercial paper average rate).

C. The outputs of valuation models are estimated values. Valuation techniques may not reflect all related factors of the financial and non-financial instruments held by the Group. Therefore, the estimated values of valuation models may be adjusted appropriately according additional parameters, such as model risk or liquidity risk. According to the Group’s management policy for the fair value valuation model and relevant control procedures, the management believes that the valuation adjustments are adequate and necessary in order to fairly present the fair value of financial and non-financial instruments in the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

5. Changes in Level 3 in 2023 and 2022:

	2023	2022
	Equity instruments	Equity instruments
January 1	$ 31,229	$ 36,586
Fair value changes recognized in profit or loss	2,026	(5,357)
Refund of share price for capital reduction	(5,400)	-
Sold in the current period	(6,705)	-
December 31	$ 21,150	$ 31,229

6. There were no transfers between Level 1 and Level 2, and no transfers to or from Level 3 in 2023 and 2022.
7. For the valuation process of Level 3 fair values, the finance segment is responsible for conducting independent fair value verification of financial instruments; using independent sources of information to keep valuation results close to market conditions; verifying that the sources are independent, reliable, consistent with other sources, and representative of exercisable prices to ensure that the valuation results are reasonable.

   In addition, the finance segment jointly formulates the policy and procedures for financial instrument fair value valuation and makes sure that they meet the requirements of the relevant International Financial Reporting Standards.
8. The quantitative information of and sensitivity analysis of changes in significant unobservable inputs of the valuation model used for measuring Level 3 fair value are as follows:

	Fair value as of December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instrument:					
Unlisted company stocks	21,150	Net asset value method	Not applicable	Not applicable	Not applicable

	Fair value as of December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instrument:					
Stocks of venture capital corporations	$ 12,578	Net asset value method	Not applicable	Not applicable	Not applicable
Unlisted company stocks	18,651	Net asset value method	Not applicable	Not applicable	Not applicable

XIII. Additional Disclosure

(I) Information on significant transactions

1. Funds lent to others: No such situation.
2. Endorsement/guarantee provided for others: Please refer to Exhibit 1.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control): Please refer to Exhibit 2.
4. Cumulative amount of buying or selling the same marketable securities amounting to NT$300 million or 20% of the paid-in capital or more: No such situation.
5. Acquisition of individual real estate, at costs or prices of at least NT$300 million or 10% of the issued capital: No such situation.
6. Disposal of individual real estate, at costs or prices of at least NT$300 million or 10% of the issued capital: No such situation.
7. Cumulative amount of purchases or sales from or to related parties amounting to NT$300 million or 20% of the paid-in capital or more: Please refer to Exhibit 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the issued capital: No such situation.
9. Engagement in derivative transactions: No such situation.
10. Business relationships and significant transactions between the parent company and subsidiaries and between subsidiaries and the amounts involved: No such situation.

(II) Information on investees

Information on name and location of the investee (excluding investees in Mainland China): Please refer to Exhibit 4.

(III) Information on investment in Mainland China

1. Basic information: No such situation.
2. Significant transactions with investees in Mainland China directly or indirectly through businesses in a third region: No such situation.

(IV) Information on major shareholders

Information on the names of shareholders holding 5% or more of the shares: Please refer to Exhibit 5.

XIV. Operating segment information

(I) General information

The Group's management has identified the reporting segments according to the report information which the board of directors used for making decisions.

The Group's board of directors operates businesses and evaluates each segment's performance from the product perspective; the Group currently focuses on consumer electronics product retail, and the operating results of the remaining products are consolidated under "other operating segments".

(II) Segment information

Information on reporting segments provided to the main operating decision-makers is as follows:

	2023		
	Channel segment	Others	Total
Revenue from external customers	$ 19,963,868	$ 21,015	$ 19,984,883
Reporting segment profit (loss)	$ 350,443	$ 1,572	$ 352,015
Reporting segment depreciation expenses	$ 1,189,947	$ 4,551	$ 1,194,498
Reporting segment amortization expenses	$ 12,729	$ -	$ 12,729

	2022		
	Channel segment	Others	Total
Revenue from external customers	$ 22,267,996	$ 23,235	$ 22,291,231
Reporting segment profit (loss)	$ 733,172	$ 94	$ 733,266
Reporting segment depreciation expenses	$ 1,174,602	$ 4,406	$ 1,179,008
Reporting segment amortization expenses	$ 13,061	$ -	$ 13,061

(III) Information on adjustment of segment profit or loss

Reporting segments' profit or loss before tax provided to the main operating decision-makers is the same as the segment profit or loss before tax. There is no need for adjustment.

(IV) Information on products and services

Revenue from external customers mainly comes from the sales of consumer electronics products. For details of the revenue, please refer to Note 14 (2) Information on segment revenue.

(V) Information by region

The Group's information by region for 2023 and 2022 is as follows:

	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 19,976,513	$ 9,832,601	$ 22,283,843	$ 9,868,048
Indonesia	8,370	89,658	7,388	87,406
Total	$ 19,984,883	$ 9,922,259	$ 22,291,231	$ 9,955,454

(VI) Information on major customers

In 2023 and 2022, none of the Group's operating revenue from an individual customer has reached 10% of the operating revenue in the consolidated statement of comprehensive income. Therefore, this is not applicable.

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Endorsement and guarantee for others
January 1 to December 31, 2023

Exhibit 1

Unit: NT$ thousand
(Unless otherwise specified)

Number (Note 1)	Name of endorsement/ guarantee provider	Endorsement/guarantee target: Company name	Endorsement/guarantee target: Relationship (Note 2)	Limit of endorsement/ guarantee for a single entity	Highest balance of endorsement/ guarantee in the period	Closing balance of endorsement/ guarantee	Actual amount drawn	Endorsement/ guarantee amount secured by property	Ratio of accumulated endorsement/ guarantee to net worth of the most recent financial statements (Note 3)	Ceiling amount of total endorsement/ guarantee	Endorsement/ guarantee by parent company for subsidiary (Note 7)	Endorsement/ guarantee by subsidiary for parent company (Note 7)	Endorsement/ guarantee to Mainland China	Remarks
1	Da Li Investment Co., Ltd.	Tsann Kuen Enterprise Co., Ltd.	2	$ 31,664	$ 3,947	$ 3,947	$ -	$ -	0.09%	$ 31,664	N	Y	N	Note 5 and Note 6
2	Yong Yi Investment Co., Ltd.	Tsann Kuen Enterprise Co., Ltd.	2	4,970	3,947	3,947	-	-	0.09%	4,970	N	Y	N	Note 5 and Note 6

Note 1: The number column is filled out as follows:
(1) Fill in 0 for the issuer.
(2) Investees are numbered sequentially from Arabic numeral 1 by company

Note 2: There are 7 types of relations between the endorsement/ guarantee provider and the endorsement/ guarantee target. Please mark the type:
(1) A company with which the Company does business.
(2) Subsidiaries with more than 50% common shares held directly.
(3) An investee in which the parent company and its subsidiaries hold more than 50% common stock equity combined.
(4) A parent company in which the Group holds, directly or indirectly through a subsidiary, more than 50% common stock shares.
(5) Contractual obligation of providing mutual endorsements/guarantees for another peer companies for the purpose of undertaking a construction project.
(6) Endorsement/ guarantee made by all capital contributing shareholders for their jointly invested company in proportion to their shareholding percentages.
(7) Joint and several security for a performance guarantee of a sales contract for pre-construction homes made by peer companies among themselves pursuant to the Consumer Protection Act.

Note 3: Calculated based on the ratio of the endorsement/ guarantee balance of the subsidiary to the net worth of the Company in accordance with Article 25 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 4: The ceiling amount of total endorsement/ guarantee and the limit of endorsement/ guarantee for a single entity are both 70% of the Company’s net worth in the latest financial statements.

Note 5: The ceiling amount of total endorsement/ guarantee and the limit of endorsement/ guarantee for a single entity are both 100% of such company’s net worth in the latest financial statements.

Note 6: The Company separately signed a supermarket investment and operation contract and a supplementary contract with the Taipei City Government in February 2012 and January 2019, respectively. The contracts stipulate that the Company must maintain the property rights and original designated use of the market. In case of violation of the aforementioned agreement, the Taipei City Government has the right to require the Company to rectify within a specified period. If the Company fails to rectify within the specified period, the Taipei City Government may impose a penalty equivalent to 3% of the total project cost, amounting to $3,947, with Da Li Investment and Yong Yi International Investment acting as joint guarantors for the Company.

Note 7: Mark “Y” for the endorsement/ guarantee by the listed parent company for a subsidiary, endorsement/ guarantee by a subsidiary for the listed parent company, endorsement/ guarantee to Mainland China.

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control)
January 1 to December 31, 2023

Exhibit 2

Unit: NT$ thousand
(Unless otherwise specified)

Holding company	Type and name of marketable securities	Relationship with the issuers of the marketable securities	Account	End of the period: Number of shares/units	End of the period: Book value	End of the period: Shareholding percentage	End of the period: Fair value
Tsann Kuen Enterprise Co., Ltd.	Stocks — Sunsino Development Associate Inc.	None	Financial assets at fair value through profit or loss - non-current	1,442,332	$ 21,150	3.04%	$ 21,150

Note 1: The marketable securities in this table refer to the stocks, bonds, and beneficiary certificates within the scope stipulated in IFRS 9 “Financial Instruments” and the marketable securities derived from them.

Note 2: For those measured at fair value, please fill in the adjusted fair value less accumulated impairment loss in the book value column; for those not measured at fair value, please fill in the original acquisition cost or amortized cost less accumulated impairment loss in the book value column.

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries

Cumulative amount of purchases or sales from or to related parties amounting to NT$300 million or 20% of the paid-in capital or more

January 1 to December 31, 2023

Exhibit 3

Unit: NT$ thousand
(Unless otherwise specified)

				Transaction			Circumstances and reasons why trading terms are different from those of ordinary transactions		Notes and accounts receivable (payable)
Company purchasing (selling) goods	Name of counterparty	Relationship	Goods purchased (sold)	Amount	As a percentage of total purchases (sales) of goods	Credit period	Unit price	Credit period	Balance
Tsann Kuen Enterprise Co., Ltd.	Star Comgistic Capital Co., Ltd.	Other related parties	Purchases	$ 262,083	1.58%	Month-end 30 days	Negotiated	By contract	($ 19,805)

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Information on name and location of the investee (excluding investees in Mainland China).
January 1 to December 31, 2023

Exhibit 4

Unit: NT$ thousand
(Unless otherwise specified)

Name of investor	Name of investee	Location	Principal business	Original investment amount: End of the period	Original investment amount: End of the previous year	Holding at the end of the period: Number of shares	Holding at the end of the period: Ratio	Holding at the end of the period: Book value	Profit or loss of the investee for the period	Investment income or loss recognized in the period (Note 1)
Tsann Kuen Enterprise Co., Ltd.	Da Li Investment Co., Ltd.	Taiwan	General investment	$ 30,000	$ 30,000	3,000,000	100.00	$ 31,664	($ 321)	($ 321)
Tsann Kuen Enterprise Co., Ltd.	Yong Yi Investment Co., Ltd.	Taiwan	General investment	5,000	5,000	500,000	100.00	4,970	31	31
Tsann Kuen Enterprise Co., Ltd.	An Sheng Insurance Agent Co., Ltd.	Taiwan	Insurance agent	6,500	6,500	500,000	100.00	7,592	1,427	1,427
Tsann Kuen Enterprise Co., Ltd.	PROWORLD INTERNATIONAL LIMITED	British Virgin Islands	Holding company	408,098	408,098	7,250,000	100.00	99,446	(3,920)	(3,920)
Tsann Kuen Enterprise Co., Ltd.	Wuhuama International Marketing Co., Ltd.	Taiwan	Food and beverage industry	77,259	77,259	480,240	16.56	14,966	15,835	2,622
Tsann Kuen Enterprise Co., Ltd.	Jing Kuanq Enterprise Co., Ltd.	Taiwan	Catering services	399,547	399,547	1,408,022	48.55	14,165	1,043	507
PROWORLD INTERNATIONAL LIMITED	New Target Development Co., Ltd	Hong Kong	Holding company	255,043	255,043	65,313,300	100.00	98,048	(3,805)	-
PROWORLD INTERNATIONAL LIMITED	Good world Enterprise Ltd.	Hong Kong	Holding company	151,980	151,980	655,200	100.00	1,398	(115)	-
New Target Development Co., Ltd	PT.TSANN KUEN PROPERTY DEVELOPMENT INDONESIA	Indonesia	Property development and management	253,361	253,361	-	99.00	97,947	(3,753)	-
Good world Enterprise Ltd.	PT.TSANN KUEN PROPERTY DEVELOPMENT INDONESIA	Indonesia	Property development and management	2,559	2,559	-	1.00	989	(3,753)	-

Note 1: If the amount is zero, the Company does not recognize profit or loss directly.

Tsann Kuen Enterprise Co., Ltd. and Subsidiaries
Information on major shareholders
January 1 to December 31, 2023

Exhibit 5

Name of major shareholder	Share Shareholding	Shareholding percentage
Tsann Kuen Investment Co., Ltd.	35,172,822	30.11%
Tsai, Shu-Hui	6,027,888	5.16%

Note 1: The information on major shareholders in this Exhibit is compiled by the Taiwan Depository & Clearing Corporation based on the last business day of each quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares).
The number of shares recorded in the Company's financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis the calculations of preparation.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee As for the insider shareholding declaration that shareholders with more than 10% of shareholdings conduct in accordance with the Securities and Exchange Act, the shareholdings include their own shares plus the shares that they have delivered to a trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider's equity declaration.

Appendix B

Tsann Kuen Enterprise Co., Ltd.

Parent Company Only Financial Statements and Independent Auditor's Report

Years Ended December 31, 2023 and 2022

(Stock Code: 2430)

Address: 3F, No. 331, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City

Tel.: (02) 2795-3988

Tsann Kuen Enterprise Co., Ltd.

Parent Company Only Financial Statements For The Years Ended December 31, 2023 and 2022 and Independent Auditor's Report

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Independent Auditor’s Report

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, 2023 and 2022, 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, 2023 and 2022, 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 Auditing and Attestation of Financial Statements by Certified 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 2023 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, 2023, 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, 2023, were NT$2,447,685 thousand and NT$13,760 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

<u>Description</u>

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.

<u>How our audit addressed the matter</u>

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, 2023 and 2022, amounted to NT$98,936 thousand and NT$100,788 thousand and accounted for 0.70% and 0.67% of the total assets, respectively. The comprehensive loss recognized for the aforementioned companies during the period of January 1 to December 31, 2023 and 2022, amounted to NT$3,660 thousand and NT$4,110 thousand and accounted for 1.25% and 0.65% 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 2023 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 could reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Lin, Yi-Fan

Certified Public Accountant

Wang, Sung-Tse

Financial Supervisory Commission
Official approval letter No.: Jin-Guan-Zheng-Shen-Zi No. 1030048544
Jin-Guan-Zheng-Shen-Zi No. 1110349013

February 29, 2024

Tsann Kuen Enterprise Co., Ltd.
Balance Sheets
December 31, 2023 and December 31, January 1, 2022

Unit: NT$ thousand

	Assets	Note	December 31, 2023 Amount	%	(After adjustment) December 31, 2022 Amount	%	(After adjustment) January 1, 2022 Amount	%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$ 1,246,582	9	$ 1,721,840	12	$ 2,074,839	13
1110	Financial assets at fair value through profit or loss - current		-	-	-	-	838,000	5
1136	Financial assets at amortized cost - current	6 (3) and 8	119,467	1	158,950	1	128,950	1
1150	Net notes receivable	6 (4)	-	-	3,903	-	-	-
1170	Net accounts receivable	6 (4) and 7	158,920	1	130,165	1	121,366	1
1200	Other receivables	7	14,973	-	38,282	-	48,698	-
130X	Inventories	6 (5)	2,433,925	17	2,703,253	18	2,504,342	16
1410	Prepayments		13,130	-	17,272	-	18,295	-
11XX	**Total current assets**		3,986,997	28	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) and 12(3)	21,150	-	18,651	-	17,910	-
1550	Investments accounted for using the equity method	6 (6)	172,803	1	173,596	1	182,555	1
1600	Property, plant and equipment	6 (7) and 8	3,093,601	22	3,229,343	22	3,245,033	21
1755	Right-of-use assets	6 (8) and 7	4,595,254	32	4,604,547	31	4,526,649	29
1760	Net Investment property	6 (9) (11) and 8	1,908,419	14	1,778,633	12	1,802,839	11
1780	Intangible assets	6 (10)	11,289	-	21,948	-	15,866	-
1840	Deferred income tax assets	6 (22)	71,097	1	81,105	1	78,424	1
1920	Refundable deposits		207,074	1	200,522	1	196,253	1
1930	Long-term notes and accounts receivable		14,562	-	17,251	-	21,007	-
1975	Net defined benefit assets - non-current	6 (12)	73,369	1	56,065	-	12,218	-
1980	Other financial assets - non-current	8 and 9	-	-	13,736	-	13,736	-
1990	Other non-current assets - others		1,372	-	1,239	-	2,893	-
15XX	**Total non-current assets**		10,169,990	72	10,196,636	68	10,115,383	64
1XXX	**Total assets**		$ 14,156,987	100	$ 14,970,301	100	$ 15,849,873	100

(Continued on next page)

Tsann Kuen Enterprise Co., Ltd.
Balance Sheets
December 31, 2023 and December 31, January 1, 2022

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2023 Amount	%	(After adjustment) December 31, 2022 Amount	%	(After adjustment) January 1, 2022 Amount	%
	Current liabilities							
2130	Contract liabilities - current	6 (17)	$ 760,090	6	$ 760,219	5	$ 798,017	5
2150	Notes payable		1,409	-	6,211	-	4,143	-
2170	Accounts payable		2,395,454	17	3,021,113	20	3,349,275	21
2180	Accounts payable - related parties	7	20,152	-	39,679	-	27,849	-
2200	Other payables		463,131	3	567,675	4	667,108	5
2230	Current income tax liabilities		62,850	1	62,272	-	150,868	1
2280	Lease liabilities - current	6 (25) and 7	1,017,098	7	993,428	7	966,702	6
2399	Other current liabilities - others		15,730	-	16,447	-	11,470	-
21XX	**Total current liabilities**		4,735,914	34	5,467,044	36	5,975,432	38
	Non-current liabilities							
2527	Contract liabilities - non-current	6 (17)	205,320	1	170,145	1	123,274	1
2550	Provision for liabilities - current	6 (13)	114,326	1	139,302	1	113,670	1
2570	Deferred income tax liabilities	6 (22)	24,437	-	23,088	-	9,876	-
2580	Lease liabilities - non-current	6 (25) and 7	4,453,388	31	4,358,635	29	4,346,981	27
2645	Deposits received	6 (25)	69,508	1	84,432	1	96,390	-
25XX	**Total non-current liabilities**		4,866,979	34	4,775,602	32	4,690,191	29
2XXX	**Total liabilities**		9,602,893	68	10,242,646	68	10,665,623	67
	Equity							
	Share Capital	6 (14)						
3110	Common share		1,168,000	8	1,168,000	8	1,664,688	10
	Capital surplus	6 (15)						
3200	Capital surplus		1,250,840	9	1,250,840	8	1,250,840	8
	Retained earnings	6 (16)						
3310	Legal reserve		1,009,163	7	946,311	6	880,760	6
3320	Special reserve		68,506	-	69,382	1	69,196	-
3350	Unappropriated retained earnings		1,124,643	8	1,361,628	9	1,388,148	9
	Other equity							
3400	Other equity		(67,058)	-	(68,506)	-	(69,382)	-
3XXX	**Total equity**		4,554,094	32	4,727,655	32	5,184,250	33
	Significant contingent liabilities and unrecognized contract commitments	9						
	Significant subsequent events	11						
3X2X	**Total liabilities and equity**		$ 14,156,987	100	$ 14,970,301	100	$ 15,849,873	100

Tsann Kuen Enterprise Co., Ltd.
Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

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

Code	Item	Note	2023 Amount	2023 %	(After adjustment) 2022 Amount	2022 %
4000	Operating revenue	6 (9) (17) and 7	$ 19,963,902	100	$ 22,268,031	100
5000	Operating costs	6 (5) (21) and 7	(16,996,235)	(85)	(18,837,603)	(85)
5900	Gross operating profit		2,967,667	15	3,430,428	15
	Operating expenses	6 (8) (21) and 7				
6100	Selling expenses		(2,238,404)	(11)	(2,297,403)	(10)
6200	General and administrative expenses		(383,320)	(2)	(412,362)	(2)
6450	Expected credit impairment gains		2,584	-	2,011	-
6000	Total operating expenses		(2,619,140)	(13)	(2,707,754)	(12)
6900	Operating income		348,527	2	722,674	3
	Non-operating income and expenses					
7100	Interest income	6 (3) (18)	18,940	-	13,647	-
7010	Other income	6 (2) (19) and 7	45,269	-	62,306	-
7020	Other gains and losses	6(2)(8)(11)(20) and 12(3)	10,946	-	4,798	-
7050	Finance costs	6 (8) and 7	(73,239)	-	(70,253)	-
7070	Share of profits or losses of subsidiaries, affiliates and joint ventures accounted for using the equity method	6 (6)	346	-	(1,138)	-
7000	Total non-operating income and expenses		2,262	-	9,360	-
7900	**Profit before tax**		350,789	2	732,034	3
7950	Income tax expense	6 (22)	(72,053)	(1)	(138,900)	-
8200	**Profit for the period**		$ 278,736	1	$ 593,134	3
	Other comprehensive income					
	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6 (12)	$ 16,703	-	$ 43,982	-
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		93	-	197	-
8349	Income tax related to items that will not be reclassified to profit or loss	6 (22)	(3,341)	-	(8,796)	-
8310	Sum of items that will not be reclassified to profit or loss		13,455	-	35,383	-
	Items that may subsequently be reclassified to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operations		1,810	-	1,095	-
8399	Income tax related to items that may be reclassified to profit or loss	6 (22)	(362)	-	(219)	-
8360	Sum of items that may subsequently be reclassified to profit or loss		1,448	-	876	-
8300	**Other comprehensive income (net)**		$ 14,903	-	$ 36,259	-
8500	**Total comprehensive income for the period**		$ 293,639	1	$ 629,393	3
	Basic earnings per share	6 (23)				
9750	Basic earnings per share		$ 2.39		$ 4.29	
	Diluted earnings per share	6 (23)				
9850	Diluted earnings per share		$ 2.38		$ 4.27	

Tsann Kuen Enterprise Co., Ltd.
Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	Common share	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Exchange differences on translation of financial statements of foreign operations	Total equity
2022								
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
2023								
Balance on January 1, 2023		$ 1,168,000	$ 1,250,840	$ 946,311	$ 69,382	$ 1,361,628	($ 68,506)	$ 4,727,655
Profit for the period		-	-	-	-	278,736	-	278,736
Other comprehensive income for the period		-	-	-	-	13,455	1,448	14,903
Total comprehensive income for the period		-	-	-	-	292,191	1,448	293,639
2022 earnings appropriation and distribution:	6 (16)							
Provision for legal reserve		-	-	62,852	-	(62,852)	-	-
Reversal of special reserve		-	-	-	(876)	876	-	-
Cash dividends		-	-	-	-	(467,200)	-	(467,200)
Balance on December 31, 2023		$ 1,168,000	$ 1,250,840	$ 1,009,163	$ 68,506	$ 1,124,643	($ 67,058)	$ 4,554,094

Tsann Kuen Enterprise Co., Ltd.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flows from operating activities			
Profit before tax for the period		$ 350,789	$ 732,034
Adjustments			
Income and expense items			
Depreciation expenses	6 (7) (8) (9) (21)	1,189,947	1,174,602
Amortization expenses	6 (10) (21)	12,729	13,061
Expected credit impairment reversal gains		(2,584)	(2,011)
Net profit on financial assets at fair value through profit or loss	6(2)(20) and 12(3)	(2,499)	(854)
Interest expense		73,239	70,253
Interest income	6 (18)	(18,940)	(13,647)
Dividend income	6 (2) (19)	(527)	(380)
Share of profits or losses of subsidiaries, affiliates and joint ventures accounted for using the equity method	6 (6)	(346)	1,138
Loss on disposal and scrapping of property, plant and equipment	6 (20)	387	5,479
Loss from disposal of intangible assets	6 (20)	640	-
Lease modification gains	6 (8) (20)	(4,289)	(5,238)
Losses from litigation	6 (20)	7,206	-
Reversal of impairment loss on non-financial assets	6 (11) (20)	(16,643)	-
Changes in operating assets/liabilities			
Net change in operating assets			
Financial assets mandatorily at fair value through profit or loss		-	838,113
Net notes receivable		3,903	(3,903)
Net accounts receivable		(29,052)	(8,521)
Other receivables		27,266	13,426
Inventories		269,328	(198,911)
Prepayments		7,519	1,023
Long-term notes and accounts receivable		2,689	3,756
Net defined benefit assets - non-current		(601)	135
Net change in operating liabilities			
Contract liabilities		35,046	9,073
Notes payable		(4,802)	2,068
Accounts payable		(625,659)	(328,162)
Accounts payable - related parties		(19,527)	11,830
Other payables		(62,538)	(54,135)
Other current liabilities - others		(717)	4,977
Provision for liabilities - non-current	6 (13)	(33,394)	(1,127)
Cash inflow from operations		1,158,570	2,264,079
Interest received		17,865	12,370
Dividends received		3,569	9,493
Interest paid		(72,860)	(69,430)
Income tax paid		(63,821)	(225,979)
Net cash inflow from operating activities		1,043,323	1,990,533

(Continued on next page)

Tsann Kuen Enterprise Co., Ltd.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NT$ thousand

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flows from investing activities			
Acquisition of financial assets at amortized cost		($ 117)	($ 59,900)
Repayment of financial assets measured at amortized cost at maturity		39,600	29,900
Acquisition of property, plant and equipment	6 (24)	(91,216)	(215,047)
Disposal of property, plant and equipment		-	344
Increase in refundable deposits		(6,552)	(4,269)
Acquisition of intangible assets	6 (24)	(6,461)	(11,641)
Decrease in other financial assets		13,736	-
Other non-current assets - other (increases) decreases		(133)	1,654
Net cash outflows from investing activities		(51,143)	(258,959)
Cash flows from financing activities			
Decrease in deposits received	6 (25)	(14,924)	(11,958)
Repayment of lease principal	6 (25)	(985,314)	(986,627)
Distribution of cash dividends	6 (16)	(467,200)	(589,300)
Cash capital reduction	6 (14)	-	(496,688)
Net cash outflow from financing activities		(1,467,438)	(2,084,573)
Decrease in cash and cash equivalents for the period		(475,258)	(352,999)
Opening cash and cash equivalents		1,721,840	2,074,839
Closing cash and cash equivalents		$ 1,246,582	$ 1,721,840

Tsann Kuen Enterprise Co., Ltd.
Notes to the Parent Company Only Financial Statements
Years Ended December 31, 2023 and 2022

Unit: NT$ thousand
(Unless otherwise specified)

I. Company history

Tsann Kuen Enterprise Co., Ltd. (“the Company”) was incorporated as a company, and the main business of the Company is the trading of various consumer electronics products. The Company’s shares have been listed and traded on the Taipei Exchange (TPEx) since May 1997 and were transferred to the Taiwan Stock Exchange (TWSE) in September 2000.

II. Date and Procedure for Approval of the Financial Statements

The financial statements were authorised for issuance by the Board of Directors on February 29, 2024.

III. Application of New Standards, Amemdments and Interpretations

(I) Effect of adopting newly issued or amended International Financial Reporting Standards (“IFRS”) accounting standards endorsed and issued into effect by the Financial Supervisory Commission (“FSC”)

IFRS new accounting standards, interpretations and amendments endorsed and issued into effect by the FSC effective from 2023 are as follows:

New standards, interpretations and amendments	Effective Date Announced by the International Accounting Standards Board (“IASB”)
Amendments to IAS 1 “Disclosure of accounting policies”	January 1, 2023
Amendments to IAS 8 “Definition of accounting estimates”	January 1, 2023
Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”	January 1, 2023
Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment, except for the following:

Amendments to IAS 12 “Deferred tax related to assets and liabilities arising from a single transaction”

This amendments require an entity to recognize deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Company recognized deferred tax assets and liabilities for all deductible temporary differences related to the decommissioning liabilities and the corresponding recognition of right-of-use assets as of January 1, 2022, and December 31, 2023. As of December 31, 2023, and January 1 and December 31, 2022, the deferred tax assets were increased by $6,446, $3,231 and $8,001, respectively, and the deferred tax liabilities were increased by $6,446, $3,321 and $8,001, respectively.

(II) Effect of not yet adopting the new and revised IFRSs recognized by the FSC

The following table summarizes the new standards, interpretations and amendments of the IFRSs applicable in 2024 as approved by the FSC:

New standards, interpretations and amendments	Effective Date Announced by the International Accounting Standards Board ("IASB")
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(III) Effects of IFRSs issued by the IASB but not yet endorsed by the FSC

New standards, interpretations and amendments and revised IFRS accounting standards issued by the IASB but not yet endorsed by the FSC are as follows:

New standards, interpretations and amendments	Effective Date Announced by the International Accounting Standards Board ("IASB")
Amendments to IFRS 10 and IAS 28 "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by the IASB
IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance contracts"	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of exchangeability"	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

IV. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent in the financial statements are set out below. Such policies have been consistently applied to all the periods presented in the financial statements, unless otherwise stated.

(I) Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of Preparation

1. The financial statements have been prepared on a historical cost basis, except for the following significant accounts:

   (1) Financial assets at fair value through profit or loss.

   (2) Defined benefit liabilities (or assets) recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. The preparation of financial statements in conformity with the IFRS, IAS, and interpretations and interpretation announcements thereof (hereinafter referred to as IFRSs) approved and issued by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(III) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates (i.e., the functional currency). The parent company only financial statements are presented in New Taiwan dollars, which is the functional currency of the Company.

1. Foreign currency transactions and balances

   (1) The transactions denominated in foreign currencies are translated into a functional currency at the spot exchange rate on the date of the transaction or valuation. Exchange differences arising from translating such transactions are reported in profit or loss in the period.

   (2) The balances of monetary assets and liabilities denominated in foreign currencies are valued and adjusted at the exchange rates prevailing on the balance sheet date. Exchange differences arising from such adjustments are reported in profit or loss.

   (3) The balances of non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value through profit or loss are adjusted at the exchange rates prevailing on the balance sheet date, and the exchange differences arising from the adjustments are reported in profit or loss; those that are measured at fair value through other comprehensive income are adjusted at the exchange rates prevailing on the balance sheet date, and the exchange differences arising from the adjustments are reported in other comprehensive income; those that are not measured at fair value are measured at the exchange rates prevailing on the initial transaction date.

   (4) All exchange profits and losses are reported in "Other gains and losses" in the statement of comprehensive income.

2. Translation of foreign operations

The operating results and financial condition of all the entities and affiliates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) Assets and liabilities presented in the balance sheet are translated at the closing exchange rate at the date of that balance sheet;

(2) The profit and loss presented in the statement of comprehensive income are translated at the average exchange rate in the period; and

(3) All resulting exchange differences are recognized in other comprehensive income.

(IV) Classification of current and non-current assets and liabilities

1. Assets are classified as current assets if any of the following criteria is met:

(1) Those expected to be realized or intended to be sold or consumed during a normal business cycle.

(2) Those held primarily for trading purposes.

(3) Those expected to be realized within twelve months after the reporting period.

(4) Cash or cash equivalents, excluding those restricted to be exchanged or used to pay off liabilities at least twelve months after the balance sheet date.

The Company classifies all assets that do not meet the above criteria as non-current assets.

2. Liabilities are classified as current liabilities if any of the following criteria is met:

(1) Those expected to be paid off during a normal business cycle.

(2) Those held primarily for trading purposes.

(3) Those that are to be settled within twelve months after the reporting period.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the above criteria as non-current liabilities.

(V) Cash equivalents

Cash equivalents refers to short-term and highly liquid investments which can be readily converted into a fixed amount of cash with minimal risk of value variation. Time deposits that meet the above definition and are held as a short-term cash commitment for the operating purpose are classified as cash equivalents.

(VI) Financial assets at fair value through profit or loss

1. Financial assets that are not measured at amortized cost or at fair value through other comprehensive income.

2. On a regular way purchase or sale basis, financial assets at fair value through profit or

loss are recognised and derecognised using trade date accounting.

3. At initial recognition, the Company measures the financial assets at fair value. All related transaction costs are recognized in profit or loss. the Company subsequently measures these financial assets at fair value ,and recognize the gain or loss in profit or loss.
4. The Company recognizes dividends income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(VII) Financial assets at amortized cost

1. Financial assets at amortized cost are those that meet all of the following criteria:
   (1) The assets are held under a business model that is based on collecting contractual cash flows.
   (2) The financial assets' contractual cash flows on specified dates represent solely payments of principal and interest for the outstanding principal.
2. The Company recognizes a regular way purchase or sale of financial assets at amortized cost using trade date accounting.
3. Time deposits held by the Company that do not qualify as cash equivalents are measured at the investment amount because of the short holding period and the insignificant effect of discounting.

(VIII) Accounts and notes receivable

1. Accounts and notes that have the unconditional right to receive the consideration for the transfer of goods or services in accordance with the contract.
2. The Company's short-term accounts and notes receivable with no stated interest rate are measured at the original invoice amount since the effect of discounting is immaterial.

(IX) Impairment of financial assets

For financial assets at amortized cost and accounts receivable that contain a significant financing component, at each reporting date, the Company recognizes the impairment provision for twelve month expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information (including forward-looking information); for accounts receivable or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime expected credit losses.

(X) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

1. The contractual rights to receive cash flows from the financial asset expire.
2. The Company has transferred the contractual rights to receive cash flows from the financial assets and has transferred substantially all risks and rewards of ownership of the financial asset.

3. The Company has transferred the contractual rights to receive cash flows from the financial assets but has not retained control of the financial assets.

(XI) Operating lease (lessor)

Lease income from an operating lease net of any incentives given to the lessee is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventories

Inventories are valued by adopting the perpetual inventory system and the cost carryforward is calculated using the weighted-average method. When comparing the lower of cost or net realizable value, the itemized comparison method is adopted. Net realizable value is the expected selling price of the inventory in the ordinary course of business, net of estimated costs required to complete the sale.

(XIII) Investments accounted for using equity method - subsidiaries and affiliates

1. A subsidiary refers to an entity controlled by the Company (including structured entities). When the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity, the Company controls the entity.
2. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses in proportion to its shareholding.
4. Changes in ownership interest in a subsidiary that do not result in losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity.
5. Affiliates refers to entities on which the Company has significant influence but which it does not control, generally directly or indirectly holding 20% or more of its voting shares. The Company's investments in affiliates are accounted for under the equity method and are recognized at cost upon acquisition.
6. The Company's share of its affiliates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an affiliate equals or exceeds its interest in the affiliate (including any other unsecured receivables), the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the affiliate.
7. When changes in an affiliate's equity that is not recognized in profit or loss or other comprehensive income of the affiliate occurs and such changes do not affect the

Company's shareholding of the affiliate, the Company recognizes all changes in equity of the affiliate in "capital surplus" in proportion to its shareholding.

8. Unrealized gains on transactions between the Company and its affiliates have been eliminated to the extent of the Company's interest in the affiliate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of affiliates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
9. When the Company disposes of its investment in an affiliate, if it loses significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this affiliate, the amounts previously recognized in other comprehensive income in relation to the affiliate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
10. Per the provision of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss during the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent company presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent company presented in the financial statements prepared on a consolidated basis.

(XIV) Property, plant and equipment

1. Property, plant, and equipment are accounted for at acquisition cost and the relevant interest is capitalized during the period of purchase and construction.
2. Subsequent expenses may be included in the book value of the asset or be individually recognized as an asset only if the future economic benefit related to them is very likely to flow to the Company and can be measured reliably. The book value of the replaced part is derecognized. All other maintenance expenses are recognized in profit or loss as incurred.
3. Property, plant, and equipment is subsequently measured using the cost model. Except for land not being depreciated, depreciation is provided on a straight-line basis over the estimated useful lives. Each component of property, plant and equipment that is significant shall be depreciated separately.
4. The Company reviews its assets' residual values, useful lives and depreciation methods at the closing date of each fiscal year. If the expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. Useful lives of each asset: 3-50 years for building and construction, 5 years for transportation equipment, 3-15 years for office equipment, and 3-15 years for leasehold improvements.

(XV) Leasing arrangements as a lessee - right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

2. Lease liabilities are accounted for at the present value of the outstanding lease payments discounted at the Company's incremental borrowing rate at the lease commencement date. Lease payments are comprised of the following:

   (1) Fixed benefits, net of any lease incentives that may be earned;
   (2) Variable lease payments that depend on an index or a rate;

   Lease liabilities are subsequently measured at amortized cost using the interest method and recognized as interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications

3. Right-of-use assets are accounted for at the costs on the lease commencement date, the costs include:

   (1) The amount of the initial measurement of the lease liability;
   (2) Any lease payments made at or before the commencement date;
   (3) An estimate of the costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

4. For lease modifications that decrease the scope of the lease, the lessee shall decrease the book value of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between the book value and the remeasured lease liability in profit or loss.

(XVI) Investment property

Investment property is accounted for at the acquisition cost and subsequently measured using the cost model. Except for land, depreciation is provided on a straight-line basis over the estimated useful life, which ranges from 1 to 50 years.

(XVII) Intangible assets

Computer software is recognized at the acquisition cost and amortized on a straight-line basis over its estimated useful lives of 3 years.

(XVIII) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. Where an asset's recoverable amount is lower than its book value, the difference is recognized as an impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The amount due to reversal shall not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(XIX) Accounts and notes payable

1. Refers to liabilities incurred for the purchase of materials or supplies, goods, or services on credit and notes payable arising from operating activities or non-operating activities.
2. The Company's short-term accounts and notes payable with no stated interest rate are measured at the original invoice amount since the effect of discounting is immaterial.

(XX) Derecognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligation has been fulfilled, canceled, or expired.

(XXI) Provision for liabilities

A provision for liabilities (mainly are decommissioning liabilities and litigation provision) is recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. The measurement of provisions for liabilities is based on the best estimation of the present value of an expense for settling the obligation, using a pre-tax discount rate that reflects the current market assessments on the time value of money and the evaluation of risks specific to the obligation. The amortization of discounted value is recognized as interest expense. Provisions for liabilities for future operating losses are not recognized.

(XXII) Employee welfare

1. Short-term employee benefits

   Short-term employee benefits are measured at the non-discounted amount expected to be paid and are recognized as an expense when the related services are rendered

2. Pension

   (1) Defined benefit plan

      A. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service net of the fair value of plan assets as of the balance sheet date. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The discounting rate is determined by using market yields at the balance sheet date on government bonds with a currency and term consistent with the currency and term of the related defined benefit plan.
      B. The remeasurements of the defined benefit plan are recognized in other comprehensive income in the period in which they occur and are expressed in retained earnings.

   (2) Defined contribution plan

The contributions are recognized as pension expenses for the period when they are due on an accrual basis. Prepaid pension assets are recognized to the extent of a cash refund or a reduction in the future payments.

3. Remuneration to employees and remuneration to directors and supervisors

   Remuneration to employees and remuneration to directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. In addition, when employees are paid in shares, the calculation of the number of shares is based on the closing price on the day prior to the date of the board of directors' resolution.

(XXIII) Income tax

1. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except for items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
2. The current income tax expense is accounted for by using the tax rate based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions for income tax liabilities where appropriate based on the amounts expected to be paid to the tax authorities. The additional tax levied on the undistributed earnings is recognized as income tax expense based on the actual earnings appropriation after the resolution of the shareholders' meeting on the earnings appropriation proposal in the year following the year in which the earnings are generated.
3. The deferred income tax is recognized based on the temporary differences between the tax basis of assets and liabilities and their book values in the parent company only balance sheets using the balance sheet liability method. Any deferred income tax liabilities arising from initially recognized goodwill is not recognized. Any deferred income tax liabilities arising from the initially recognized asset or liability of a transaction (except for mergers and acquisitions) that do not affect accounting profit or taxable income (tax loss) at the time of the transaction, nor do they give rise to equivalent taxable and deductible temporary differences, are also not recognized. All temporary differences generated from the investment in subsidiaries and affiliates of which the Company can control the time point of reversal and which are not likely to be reversed in the foreseeable future are not recognized. The deferred income tax assets and liabilities are measured at the tax rate based on the tax laws enacted or substantively enacted at the balance sheet date and of the anticipated period that the future assets realization or the liabilities settlement requires.
4. Deferred income tax assets are recognized within the scope that the temporary difference is probable to offset taxable income, and the unrecognized and recognized deferred income tax assets are reassessed at each balance sheet date.

(XXIV) Share Capital

1. Common share is classified as equity. Incremental costs directly attributable to the issuance of new shares or stock options net of income tax are recognized as price deductions in equity.
2. When the Company repurchases outstanding shares, the net after-tax amount of the consideration paid and any directly attributable incremental costs are recognized as a deduction from shareholders' equity. Upon subsequent reissuance of repurchased shares, the difference between the consideration received net of any directly attributable incremental costs and income tax effects and the book value of the repurchased shares is recognized as an adjustment to stockholders' equity.

(XXV) Distribution of dividends

Dividends distributed to the Company's shareholders are recognized in the financial statements when the Company's board of directors resolves to distribute the dividends. Cash dividends are recorded as liabilities.

(XXVI) Recognition of revenue

1. Sale of merchandises - retail
   (1) The Company sells products related to consumer electronics, and the sales revenue is recognized when the products are sold to customers.
   (2) The Company offers a customer loyalty program for retail customers. Reward points are given to customers at the time of transaction and customers are entitled to receive additional products at discounted prices or free redemption when redeeming reward points. Reward points provide customers with important rights that would not have been available if the original transaction had not occurred, so providing customers with reward points is a separate performance obligation. Transaction prices are allocated to products and reward points on the basis of relative individual selling prices. The individual selling price of the reward points is estimated on the basis of the discounts received by customers and the possibility of redemption based on previous experiences. The individual selling price of products is estimated on the basis of retail price. The transaction price allocated to reward points is recognized as contract liability and is transferred to revenue when customers redeem the points or when the points expire.
2. Service revenue

   Service revenue is recognized when services are provided.

   Revenue generated from services provided under a contract is recognized based on the completed proportion of the contract.
3. Lease income

   Rental income generated from investment properties and leased properties is recognized over the lease term using the straight-line method and recorded under "Other Operating Income" within operating revenue.

V. Critical accounting judgements, estimates and key sources of assumption uncertainty

In preparing the parent company only financial statements, the management has exercised its judgment in determining the accounting policies to be used and has made accounting estimates and assumptions based on current conditions and reasonable expectations of future events at the balance sheet date. The significant accounting estimates and assumptions made may differ from actual results and would be continually evaluated and adjusted, taking into account historical experience and other factors. Such estimates and assumptions have a significant risk of causing a material adjustment to the book values of assets and liabilities in the next financial year. Please refer to the description of critical accounting judgments, estimations, and assumption uncertainty:

(I) Critical judgments for adopting accounting policies

No such situation.

(II) Critical accounting estimates and assumptions

Inventory evaluation

Since inventories must be measured based on the lower of cost or net realizable value, the Company has to use its judgments and estimates to determine the net realizable value of inventory at the balance sheet date. Due to the highly competitive market, the Company evaluates the amount of inventory that is obsolete or has no marketable value at the balance sheet date to write down the cost of inventory to its net realizable value. Such inventory evaluation is based on the estimate of product demand in specific future periods and is therefore subject to significant change.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 71,462	$ 73,532
Check deposits	1,961	3,015
Demand deposits	854,456	895,293
Time deposits	318,703	750,000
Total	$ 1,246,582	$ 1,721,840

1. The Company deals with a number of financial institutions to diversify credit risk, and the credit quality of such financial institutions is good, so the possibility of default is expected to be low.
2. Please refer to Note 8 for the Company's restricted and pledged cash, cash equivalents, and time deposits as of December 31, 2023 and 2022.

(II) Financial assets at fair value through profit or loss

Item	December 31, 2023	December 31, 2022
Non-current items:		
Financial assets mandatorily at fair value through profit or loss		
Unlisted stocks	$ 21,150	$ 18,651

1. Details of financial assets at fair value through profit or loss recognized in profit or loss:

	2023	2022
Financial assets mandatorily at fair value through profit or loss		
Beneficiary certificates	$ -	$ 113
Equity instruments		
Valuation adjustment	$ 2,499	$ 741
Dividend income	527	380
	$ 3,026	$ 1,121

2. The Company has not pledged any financial assets at fair value through profit or loss.

(III) Financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
Current items:		
Reserve account - time deposits	$ 119,467	$ 158,950

1. Details of financial assets at amortized cost recognized in profit or loss:

	2023	2022
Interest income	$ 2,120	$ 1,059

2. Without regard to collateral held or other credit enhancements, the maximum exposure to credit risk on December 31, 2023 and 2022, that best represents the financial assets at amortized cost held by the Company are $119,467 and $158,950, respectively.
3. Please refer to Note 8 for the pledge of financial assets measured at amortized cost.
4. Please refer to Note 12 (2) for information on the credit risk related to financial assets measured at amortized cost. The Company invests in time certificates of deposit with counter-parties that are financial institutions of good credit quality, with low expected possibility of default.

(IV) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 3,903
Accounts receivable	$ 159,490	$ 130,438
Less: Allowance for uncollectible accounts	(570)	(273)
	$ 158,920	$ 130,165

1. The aging analysis of notes and accounts receivable is as follows:

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Within 30 days	$ -	$ 154,824	$ 3,903	$ 129,368
31-90 days	-	4,642	-	1,066
91-180 days	-	24	-	4
	$ -	$ 159,490	$ 3,903	$ 130,438

The above is an aging analysis based on the posting date.

2. As of December 31, 2023, December 31 and January 1, 2022, the balances of receivables (including notes receivable) contracted with customers were $158,625, $134,007 and $121,156, respectively.
3. Without regard to collateral held or other credit enhancements, the maximum exposure to credit risk on December 31, 2023 and 2022, that best represents the notes receivable held by the Company are $0 and $3,903, respectively; the maximum exposure to credit risk on December 31, 2023 and 2022, that best represents the accounts receivable held by the Company are $158,920 and $130,165, respectively
4. The Company does not hold any collateral for notes and accounts receivable and has not provided any notes receivable and accounts receivable as collateral.
5. Please refer to Note 12 (2) for the credit risk information related to notes and accounts receivable.

(V) Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 2,447,685	$ 2,717,184
Less: Allowance for inventory write-down	(13,760)	(13,931)
Total	$ 2,433,925	$ 2,703,253

The loss (profit) on inventory recognized as operating costs in the current period was as follows:

	2023	2022
Cost of inventory sold	$ 16,849,705	$ 18,675,006
Other operating costs	146,347	166,287
Gain from price recovery of inventory (Note)	(171)	(5,930)
Inventory (gain) loss	(39)	1,006
Inventory scrapping loss	393	1,234
	$ 16,996,235	$ 18,837,603

Note: The Company recognized a decrease in cost of goods sold due to the increase in net realizable value of inventory as a result of selling inventory for which a write-down loss was previously recognized in prior years.

(VI) Investments accounted for using the equity method

	December 31, 2023	December 31, 2022
Subsidiaries:		
PROWORLD INTERNATIONAL LIMITED (PROWORLD)	$ 99,446	$ 101,463
Da Li Investment Co., Ltd. (Da Li Investment)	31,664	31,985
Yong Yi International Investment Co., Ltd (Yong Yi International Investment)	4,970	4,939
An Sheng Insurance Agent Co., Ltd. (An Sheng)	7,592	7,933
Affiliates:		
Wuhuama International Marketing Co., Ltd. (Wuhuama) (Note)	14,966	13,618
Jing Kuanq Enterprise Co., Ltd. (Jing Kuanq)	14,165	13,658
	$ 172,803	$ 173,596

Note: The Company holds two seats in the board of directors of Wuhuama. Although the Company's shareholding is less than 20%, it still has significant influence; therefore, it is evaluated by using equity method.

1. Please refer to Note 4 (3) of the Company's 2023 consolidated financial statements for information related to the Company's subsidiaries.
2. The Company's share in the operating results of insignificant affiliates is summarized as follows:

	2023	2022
Total comprehensive income for the period	$ 3,129	$ 1,744

3. The investments accounted for under the equity method above are evaluated based on the accountant-audited financial statements of each investee company.
4. The shares of profit (loss) of subsidiaries, affiliates and joint ventures recognized under the equity method are as follows:

Investees	2023	2022
PROWORLD	($ 3,920)	($ 4,306)
Wuhuama	2,622	2,386
Da Li Investment	(321)	(539)
Yong Yi International Investment	31	(2)
An Sheng	1,427	1,965
Jin Kuanq	507	(642)
	$ 346	($ 1,138)

(VII) Property, plant and equipment

	Land	Building and construction	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1, 2023								
Cost	$ 1,981,099	$ 1,071,263	$ 3,120	$ 215,024	$ 614,429	$ 82	$ 3,376	$ 3,888,393
Accumulated depreciation and impairment loss	-	(318,506)	(2,080)	(95,206)	(243,176)	(82)	-	(659,050)
	$ 1,981,099	$ 752,757	$ 1,040	$ 119,818	$ 371,253	$ -	$ 3,376	$ 3,229,343
2023								
January 1	$ 1,981,099	$ 752,757	$ 1,040	$ 119,818	$ 371,253	$ -	$ 3,376	$ 3,229,343
Addition	-	1,511	-	7,886	37,620	-	5,795	52,812
Disposal	-	-	-	(180)	(207)	-	-	(387)
Reclassification	-	(169)	-	(11)	(6)	-	(3,376)	(3,562)
Depreciation expenses	-	(39,710)	(520)	(38,930)	(105,445)	-	-	(184,605)
December 31	$ 1,981,099	$ 714,389	$ 520	$ 88,583	$ 303,215	$ -	$ 5,795	$ 3,093,601
December 31, 2023								
Cost	$ 1,981,099	$ 1,065,949	$ 3,120	$ 199,756	$ 572,052	$ -	$ 5,795	$ 3,827,771
Accumulated depreciation and impairment loss	-	(351,560)	(2,600)	(111,173)	(268,837)	-	-	(734,170)
	$ 1,981,099	$ 714,389	$ 520	$ 88,583	$ 303,215	$ -	$ 5,795	$ 3,093,601

	Land	Building and construction	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
January 1, 2022								

Cost	$ 1,981,099	$ 1,070,787	$ 3,120	$ 209,624	$ 547,247	$ 82	$ 2,310	$ 3,814,269
Accumulated depreciation and impairment loss	-	(283,026)	(1,560)	(82,250)	(202,328)	(72)	-	(569,236)
	$ 1,981,099	$ 787,761	$ 1,560	$ 127,374	$ 344,919	$ 10	$ 2,310	$ 3,245,033
2022								
January 1	$ 1,981,099	$ 787,761	$ 1,560	$ 127,374	$ 344,919	$ 10	$ 2,310	$ 3,245,033
Addition	-	5,025	-	31,806	127,131	-	1,066	165,028
Disposal	-	-	-	(1,036)	(4,787)	-	-	(5,823)
Reclassification	-	(565)	-	-	(2,421)	-	-	(2,986)
Depreciation expenses	-	(39,464)	(520)	(38,326)	(93,589)	(10)	-	(171,909)
December 31	$ 1,981,099	$ 752,757	$ 1,040	$ 119,818	$ 371,253	$ -	$ 3,376	$ 3,229,343
December 31, 2022								
Cost	$ 1,981,099	$ 1,071,263	$ 3,120	$ 215,024	$ 614,429	$ 82	$ 3,376	$ 3,888,393
Accumulated depreciation and impairment loss	-	(318,506)	(2,080)	(95,206)	(243,176)	(82)	-	(659,050)
	$ 1,981,099	$ 752,757	$ 1,040	$ 119,818	$ 371,253	$ -	$ 3,376	$ 3,229,343

1. For information on the provision of property, plant and equipment as collateral, please refer to Note 8.
2. The above mentioned property, plant and equipment are assets held for own use.

(VIII) Leasing arrangements - lessee

1. The subject assets leased by the Company include land, buildings, logistics vehicles and photocopiers. Leases are usually for periods of more than 1 year to 30 years. Lease agreements are individually negotiated and include various terms and conditions without any other restrictions.
2. Information on the book value of the right-of-use assets and the depreciation expense recognized is as follows:

	December 31, 2023 Book value	December 31, 2022 Book value	2023 Depreciation expenses	2022 Depreciation expenses
Land	$ 70,380	$ 79,733	$ 9,391	$ 9,309
Building and construction	4,496,980	4,480,702	848,449	832,359
Transportation equipment	25,672	40,667	23,243	23,419
Office equipment	1,044	1,871	827	827
Other equipment	1,178	1,574	396	396
	$ 4,595,254	$ 4,604,547	$ 882,306	$ 866,310

3. The increase in the Company's right-of-use assets in 2023 and 2022 was $1,195,059 and $1,185,031, respectively, of which $1,212 and $26,759 was attributable to additions to decommissioning costs, respectively.
4. Profit and loss information related to lease agreements is as follows:

	2023	2022
Items affecting current profit or loss		
Interest expense on lease liabilities (accounted as financial cost)	$ 72,860	$ 69,065
Expenses under short-term lease agreements	38,087	5,634
Variable lease payments	3,941	5,103
Lease modification gains	(4,289)	(5,238)

5. The Company had total lease cash outflows of $1,100,202 and $1,066,429 in 2023 and 2022, respectively.
6. Impact of variable lease payments on lease liabilities
   (1) The subjects of the Company's Lease contracts with variable lease payment terms are linked to the sales amount generated by the stores. For the aforementioned lease subject, approximately 0.4% and 0.5% respectively in 2023 and 2022 was based on variable lease payment terms and was primarily related to sales amounts. Variable payment terms are used for a variety of reasons, primarily to link lease payments to the cash flow of each store. The variable lease payments linked to sales amounts are recognized as expenses in the

period in which these payment terms are triggered.

(2) Every 1% increase in sales at all of the Company's stores of the variable lease payments mentioned above would increase total lease payments by approximately $39 and $51 in 2023 and 2022, respectively.

7. The Company's leases not yet commenced to which the Company is already committed are leases of the business premises of the stores. The undiscounted lease liabilities on December 31, 2023 and 2022 were $398,988 and $565,915, respectively.

(IX) Investment property

	Land	Building and construction	Right-of-use assets	Total
January 1, 2023				
Cost	$ 964,993	$ 391,091	$ 1,279,998	$ 2,636,082
Accumulated depreciation and impairment loss	(18,324)	(92,015)	(747,110)	(857,449)
	$ 946,669	$ 299,076	$ 532,888	$ 1,778,633
2023				
January 1	$ 946,669	$ 299,076	$ 532,888	$ 1,778,633
Lease modification	-	-	(21,320)	(21,320)
Reclassification	-	169	257,330	257,499
Depreciation expenses	-	(10,079)	(112,957)	(123,036)
Impairment loss reversal	8,057	8,586	-	16,643
December 31	$ 954,726	$ 297,752	$ 655,941	$ 1,908,419
December 31, 2023				
Cost	$ 964,993	$ 391,265	$ 1,210,188	$ 2,566,446
Accumulated depreciation and impairment loss	(10,267)	(93,513)	(554,247)	(658,027)
	$ 954,726	$ 297,752	$ 655,941	$ 1,908,419

	Land	Building and construction	Right-of-use assets	Total
January 1, 2022				
Cost	$ 964,993	$ 391,091	$ 1,326,344	$ 2,682,428
Accumulated depreciation and impairment loss	(18,324)	(81,904)	(779,361)	(879,589)
	$ 946,669	$ 309,187	$ 546,983	$ 1,802,839
2022				
January 1	$ 946,669	$ 309,187	$ 546,983	$ 1,802,839
Reclassification	-	-	112,177	112,177
Depreciation expenses	-	(10,111)	(126,272)	(136,383)
December 31	$ 946,669	$ 299,076	$ 532,888	$ 1,778,633
December 31, 2022				

Cost	$ 964,993	$ 391,091	$ 1,279,998	$ 2,636,082
Accumulated depreciation and impairment loss	(18,324)	(92,015)	(747,110)	(857,449)
	$ 946,669	$ 299,076	$ 532,888	$ 1,778,633

1. Rental income and expense of investment property:

	2023	2022
Rental income of investment property	$ 156,731	$ 152,664
Direct operating expenses generated by investment property in the period	$ 123,036	$ 136,383

2. The fair values of investment property held by the Company as of December 31, 2023 and 2022, are $3,003,185 and $2,783,041, respectively. The fair values of investment property is evaluated by independent valuation experts using discounted future cash flows, which are based on the income method, land development analysis method, comparative method, and cost method, and are classified as level 3 fair value. The main assumptions are:

	2023	2022
Annual rate	1.575%	0.77%
Income capitalization rate	1.07%~2.08%	0.35%~2.19%
Built-up property income capitalization rate	1.37%~1.87%	0.50%~1.87%
Discount rate	0.690%~2.751%	0.690%~2.751%

3. For information on the provision of investment property as collateral, please refer to Note 8.

(X) Intangible assets

	2023 Computer software	2022 Computer software
January 1		
Cost	$ 39,473	$ 27,754
Accumulated amortization and impairment loss	(17,525)	(11,888)
	$ 21,948	$ 15,866
January 1	$ 21,948	$ 15,866
Increase - from separate acquisition	2,710	19,143
Disposal	(640)	-
Amortization expenses	(12,729)	(13,061)
December 31	$ 11,289	$ 21,948
December 31		
Cost	$ 30,132	$ 39,473
Accumulated amortization and impairment loss	(18,843)	(17,525)
	$ 11,289	$ 21,948

(XI) Impairment of non-financial assets

The Company recognized reversal of impairment losses of $16,643 and $0 in 2023 and 2022, respectively, mainly due to changes in the fair value of certain land and buildings, which resulted in a difference between their recoverable amounts and book values. The breakdown is as follows:

	2023 Recognized as profit or loss for the period	2022 Recognized as profit or loss for the period
Reversal of impairment loss - land	$ 8,057	$ -
Reversal of impairment loss - building and construction	8,586	-
	$ 16,643	$ -

(XII) Pension

1. Defined benefit plan

(1) The Company, pursuant to the “Labor Standards Act”, has established defined benefit pension regulations that apply to the years of service prior to the implementation of the “Labor Pension Act” on July 1, 2005, of all regular employees and to the following years of service of the employees who chose to continue to be subject to the Labor Standards Act after the implementation of the “Labor Pension Act”. The Company contributes an amount of 2% of the employees’ salaries and wages every month to the labor pension fund deposited with the Bank of Taiwan under the name of the Retirement Fund Supervisory Committee. In addition, the Company estimates the balance of the labor pension fund account before the end of each year. If the balance is not sufficient to pay the amount of pension benefits to employees who are expected to meet the retirement

requirements in the following year, the Company will make a lump-sum contribution of the difference no later than the end of March of the following year.

(2) Amounts recognized in the balance sheet:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 127,926	$ 143,260
Fair value of plan assets	(201,295)	(199,325)
Net defined benefit assets	($ 73,369)	($ 56,065)

(3) Changes in net defined benefit assets (liabilities):

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liabilities)
2023			
Balance on January 1	($ 143,260)	$ 199,325	$ 56,065
Service costs for the period	(184)	-	(184)
Interest income (expenses)	(2,006)	2,791	785
	(145,450)	202,116	56,666
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expenses)	-	1,440	1,440
Effect of changes in financial assumptions	(2,635)	-	(2,635)
Experience adjustments	17,898	-	17,898
	15,263	1,440	16,703
Pension paid	2,261	(2,261)	-
Balance on December 31	($ 127,926)	$ 201,295	$ 73,369

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit assets (liabilities)
2022			
Balance on January 1	($ 171,666)	$ 183,884	$ 12,218
Service costs for the period	(220)	-	(220)
Interest income (expenses)	(1,202)	1,287	85
	(173,088)	185,171	12,083
Remeasurement:			
Return on plan assets (excluding amounts	-	14,348	14,348

included in interest income or expenses)			
Effect of changes in financial assumptions	11,916	-	11,916
Experience adjustments	17,718	-	17,718
	29,634	14,348	43,982
Pension paid	194	(194)	-
Balance on December 31	($ 143,260)	$ 199,325	$ 56,065

(4) The asset of the Company's defined benefit pension plan fund is entrusted to the Bank of Taiwan for operation in accordance with the proportion and amount of the entrusted items as set forth in the annual investment plan of the fund and in accordance with the items listed in Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. depositing in domestic or foreign financial institutions, investing in domestic or foreign listed, over-the-counter, or private placement equity securities, investing in domestic or foreign real estate and its securitization products, etc.). The minimum return generated from the utilization of employees' pension contributed may not be less than the interest rate of a two-year time deposit of local banks; in the event of any deficiency, the Treasury shall make up the shortfall upon authorization of the competent authority. Because the Company has no right to participate in the operation and management of the fund, it cannot disclose the classification of the fair value of plan assets as per IAS 19, Sec. 142. For the fair value of the total assets of the fund as of December 31, 2023 and 2022, please refer to the utilization report of the Labor Pension Fund announced by the government for each year.

(5) Actuarial assumptions regarding the pension are as follows:

	2023	2022
Discount rate	1.2%	1.4%
Future salary increase rate	1.5%	1.5%

The assumption for future mortality is based on 70% of the estimate in the third life table of the Taiwan life insurance industry.

An analysis of the effect of changes in key actuarial assumptions used on the present value of the defined benefit obligation:

	Discount rate		Future salary increase rate	
	Increase by 0.1%	Decrease by 0.1%	Increase by 0.1%	Decrease by 0.1%
December 31, 2023				
Effect on the present value of defined benefit obligations	($ 1,327)	$ 1,345	$ 1,212	($ 1,199)
	Discount rate		Future salary increase rate	
	Increase by 0.1%	Decrease by 0.1%	Increase by 0.1%	Decrease by 0.1%
December 31, 2022				

Effect on the present value of defined benefit obligations	($ 1,606)	$ 1,629	$ 1,483	($ 1,406)

The sensitivity analysis above analyzes the effect of changes in a single assumption with other assumptions held constant. In practice, many changes in assumptions might be linked. The method of analyzing sensitivity and the method of calculating net defined benefit assets in the balance sheet are the same. The method and assumption adopted for the sensitivity analysis of the period are the same as those used in the previous period.

(6) The amount expected to be contributed for the pension plan in 2024 is $0.

(7) The balance of the Company's labor pension fund is sufficient to pay the amount of pension benefits. Therefore, the Company obtained the approval of the Bureau of Labor Affairs of the Taipei City Government, in June 2023, to suspend contributions to the labor pension fund from August 2023 to July 2024.

(8) As of December 31, 2023, the weighted average duration of the pension plan is 10.3 years.

2. Defined contribution plan

(1) Effective July 1, 2005, the Company has established defined contribution pension regulations in accordance with the "Labor Pension Act", which is applicable to employees with Taiwanese nationality. The Company makes monthly contributions of not less than 6% of each employee's salary to the employee's personal account at the Labor Insurance Bureau in accordance with the "Labor Pension Act". The payment of pension benefits is based on the employee's individual pension fund account and the cumulative profit in such account, and the employee can choose to receive such pension benefits monthly or in a lump sum.

(2) The pension costs recognized by the Company in 2023 and 2022 under the above Pension Regulations were $60,329 and $66,250 respectively.

(XIII) Provision for liabilities

	2023		
	Litigation provision	Decommissioning liabilities	Total
Balance on January 1	$ 25,519	$ 113,783	$ 139,302
New in current period	7,206	1,212	8,418
Used in current period	(32,725)	(669)	(33,394)
Balance on December 31	$ -	$ 114,326	$ 114,326

Analysis of liability provision:

	December 31, 2023	December 31, 2022
Non-current	$ 114,326	$ 139,302

1. According to applicable contractual or regulatory requirements, the Company has the obligation to dismantle and remove the leasehold improvements in some of the stores, or to restore the site on which it is located. Therefore, the Company recognizes the present value of costs expected to be incurred at the site of disassembly, removal or restoration as provisions for liabilities. The Company expects that the provision for such liabilities will be incurred in the future when the stores are relocated.
2. Please refer to Note 9 (1) for the litigation provision.

(XIV) Share Capital

1. As of December 31, 2023, the Company’s authorized capital was $5,000,000 (including 6,000 thousand shares for employee share subscription warrants, preferred shares with warrants or equity warrant bonds), and the paid-in capital was $1,168,000, with a par value of NT$10 per share, divided into 116,800 thousand shares. All shares issued by the Company have been fully paid up.
2. A reconciliation of the number of outstanding shares of the Company’s common stock at the beginning of the period to the end of the period is as follows:

	2023 (thousand shares)	2022 (thousand shares)
January 1	116,800	166,469
Refund of share price for capital reduction	-	(49,669)
December 31	116,800	116,800

3. On May 16, 2022, the Company’s shareholders’ meeting resolved to reduce the capital by 49,669 thousand shares with a capital reduction amount of $496,688 and paid-in capital of $1,168,000. The capital reduction was effective on June 2, 2022, as reported by the competent authorities, and the base date of the capital reduction is June 8, 2022.

(XV) Capital surplus

In accordance with the Company Act, capital surplus of the income derived from the issuance of new shares at a premium and the income from endowments received may be used to offset losses, or be distributed to shareholders by issuing new shares or in cash in proportion to their original shareholdings when the Company has no accumulated losses. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, the capitalization of the above capital surplus shall be limited to an annual aggregate amount not exceeding 10% of the paid-in capital. The Company may not use the capital surplus to make up its capital loss, unless the surplus reserve is insufficient to make up such loss.

	Issuance premium	Others	Total
January 1, 2023 (i.e. balance on December 31)	$ 1,245,671	$ 5,169	$ 1,250,840

	Issuance premium	Others	Total
January 1, 2022 (i.e. balance on December 31)	$ 1,245,671	$ 5,169	$ 1,250,840

(XVI) Retained earnings

1. According to the Company's Articles of Association, 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. In accordance with laws or regulations, or directives from regulatory authorities, appropriations or reversals of special surplus reserves may be made. The remaining amount, along with the undistributed earnings from the beginning of the period and adjustments to undistributed earnings for the current year, may be retained, subject to business needs. The Board of Directors shall propose a distribution resolution and seek approval at the shareholders' meeting for distributions made through the issuance of new shares.

   When the Company distributes dividends and bonuses in accordance with Article 245, Paragraph 5 of the Company Act, or distributes all or part of the legal reserve and capital reserve 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.

2. The legal reserve may not be used except for covering corporate deficits and being distributed to shareholders by issuing new shares or cash in proportion to their original shareholdings. Where the legal reserve is distributed by issuing new shares

or in cash, only the portion of the legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

3. When distributing earnings, the Company is required by law to set aside a special reserve for the debit balance of other equity items as of the balance sheet date. If the debit balance of other equity items is subsequently reversed, the reversed amount may be included in earnings available for distribution.

4. On February 29, 2024, the Board of Directors resolved to distribute cash dividends of $2.20 per share for 2023, totaling $256,960, and the cash dividends will be reported to the shareholders in the 2024 annual meeting. In addition, the earnings distribution plan will be submitted to the 2024 shareholders' meeting for recognition. The details of the plan are as follows:

	2023	
	Amount	Dividends per share ($)
Legal reserve	$ 29,219	
Special reserve	(1,448)	
Cash dividends	256,960	$ 2.20
	$ 284,731	

5. On February 24, 2023, the Board of Directors resolved to distribute cash dividends of $4.00 per share for 2022, totaling $467,200, and the cash dividends was reported to the shareholders' meeting on May 26, 2023. In addition, the earnings distribution was approved by the shareholders' meeting on May 26, 2023 as follows:

	2022	
	Amount	Dividends per share ($)
Legal reserve	$ 62,852	
Special reserve	(876)	
Cash dividends	467,200	$ 4.00
	$ 529,176	

6. On February 25, 2022, the Board of Directors resolved to distribute cash dividends of $3.54 per share for 2021, totaling $589,300, and the cash dividends was reported to the shareholders' meeting on May 16, 2022. In addition, the earnings distribution was approved by the shareholders' meeting on May 16, 2022 as follows:

	2021	
	Amount	Dividends per share ($)
Legal reserve	$ 65,551	
Special reserve	186	
Cash dividends	589,300	$ 3.54
	$ 655,037	

7. Please refer to Note 6 (21) for information on employee compensation and remuneration to directors and supervisors.

(XVII) Operating revenue

		2023		2022
Revenue from customer contracts	$	19,805,063	$	22,092,766
Other operating revenue		158,839		175,265
	$	19,963,902	$	22,268,031

1. Breakdown of revenue from customer contracts

The Company's revenue is derived from the provision of goods and services that are gradually transferred over time and at a point in time and can be subdivided into the following major categories:

		2023		2022
Revenue from external customer contracts				
Home appliance products	$	11,889,355	$	12,848,749
Information technology products		7,745,439		9,106,215
Other products		170,269		137,802
	$	19,805,063	$	22,092,766
Revenue recognition time point				
Revenue recognized at a point in time	$	19,785,736	$	22,076,073
Revenue gradually recognized over time		19,327		16,693
	$	19,805,063	$	22,092,766

2. Contract liabilities

(1) The Company's contract liabilities related to recognizing customer contract revenue are as follows:

		December 31, 2023		December 31, 2022		January 1, 2022
Contract liabilities - current:						
Contract liabilities - sales contracts	$	719,749	$	723,877	$	764,076
Contract liabilities - warranty contracts		29,750		19,327		16,693
Contract liabilities - customer loyalty program		10,591		17,015		17,248
Subtotal		760,090		760,219		798,017

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - non-current:			
Contract liabilities - sales contracts	348	378	1,278
Contract liabilities - warranty contracts	204,972	169,767	121,996
Subtotal	205,320	170,145	123,274
Total	$ 965,410	$ 930,364	$ 921,291

(2) The contract liabilities at the beginning of the period are recognized as income in the current period

	2023	2022
Opening balance of contract liabilities that are recognized as revenue in the current period		
Sales contracts	$ 505,603	$ 577,983
Warranty contracts	19,327	16,693
Customer loyalty program	17,015	17,248
	$ 541,945	$ 611,924

(3) Customer contracts not fully performed (contract liabilities - non-current)

As of December 31, 2023 and 2022, the Company had $205,320 and $170,145, respectively, of outstanding customer contracts apportioned to contract liabilities - non-current. The Company expects to recognize the aforementioned amounts as revenue in the next three years after December 31, 2023 and 2022, in the amount of $90,728 and $69,297, respectively, with the remainder expected to be recognized in subsequent years.

(XVIII) Interest income

	2023	2022
Interest on bank deposits	$ 16,820	$ 12,588
Interest income of financial assets measured at amortized cost	2,120	1,059
	$ 18,940	$ 13,647

(XIX) Other income

	2023	2022
Dividend income	$ 527	$ 380
Write-off of overdue accounts receivable interest	5,997	3,403
Services promotion income	14,029	19,097
Information products and home appliances recycling	1,947	20,588
Other income - others	22,769	18,838
	$ 45,269	$ 62,306

(XX) Other gains and losses

	2023	2022
Reversal of impairment loss on non-financial assets	$ 16,643	$ -
Lease modification gains	4,289	5,238
Net profit on financial assets at fair value through profit or loss	2,499	854
Exchange (losses) gains	(201)	7,226
Loss on disposal of property, plant and equipment	(387)	(5,479)
Loss from disposal of intangible assets	(640)	-
Losses from litigation	(7,206)	-
Other gains and losses	(4,051)	(3,041)
	$ 10,946	$ 4,798

(XXI) Employee benefits, depreciation and amortization expenses

By function	2023		
By nature	As operating cost	As operating expense	Total
Employee benefit expenses			
Salary expenses	$ 135,064	$ 878,278	$ 1,013,342
Labor and health insurance expenses	15,247	120,165	135,412
Pension expenses	7,554	52,174	59,728
Remuneration to directors	-	4,566	4,566
Other employee benefit expenses	7,379	62,263	69,642
Depreciation expenses	201,588	988,359	1,189,947
Amortization expenses	34	12,695	12,729

By function	2022		
By nature	As operating cost	As operating expense	Total
Employee benefit expenses			
Salary expenses	$ 148,383	$ 977,239	$ 1,125,622
Labor and health insurance expenses	16,327	128,280	144,607
Pension expenses	8,316	58,069	66,385
Remuneration to directors	-	4,411	4,411
Other employee benefit expenses	8,232	65,285	73,517
Depreciation expenses	213,807	960,795	1,174,602
Amortization expenses	78	12,983	13,061

1. The number of employees in 2023 and 2022 was 2,149 and 2,288, respectively, of which the number of directors who were not also employees was 5.
   (1) The Company's average employee benefit expenses in 2023 and 2022 were $596 and $618, respectively.
   (2) The Company's average employee salary expenses in 2023 and 2022 were $473 and $493, respectively.
   (3) Average employee salary expenses increased by 4% in 2023 compared to 2022.
2. In accordance with the Company's Articles of Association, the Company shall set aside 1% to 7% of the balance of the pre-tax benefits not included in employees' compensation for the year net of accumulated losses as employees' compensation.
3. The estimated amount of employee remuneration for 2023 and 2022 is $8,995 and $18,770, respectively, and is recorded as salary expense. For 2023, employee remuneration is estimated based on (2.5% of) the profit of the year. Actual appropriated amount resolved by the board of directors is $8,995. The employee remuneration will be paid in cash.

   The amount of employee remuneration resolved by the board of directors for 2022 is consistent with the amount recognized in the 2022 financial statements, which is $18,770. Employees' remuneration is paid in cash. As of December 31, 2023, the Company has paid $14,002 and the outstanding amount is $4,768.
4. The Company has set up an Audit Committee. There are no supervisors and, therefore, it is not required to disclose information on remuneration to supervisors.
5. The Company's salary and remuneration policy (including directors, managers and employees) is described as follows:
   (1) The remuneration of directors is determined in accordance with the provisions of the Articles of Incorporation approved by the shareholders' meeting. The directors may receive their 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.

(2) The remuneration of managers is determined based on the individual performance, the Company's operating performance of the year, and an assessment of the relevance of the Company's future development.

(3) The employee's salary is negotiated with employees in accordance with the Employee Compensation Regulations and may not be lower than the basic salary. The Company conducts performance reviews periodically as a basis for salary and bonus adjustments, job rotations, and appointments and dismissals.

6. Information on the remuneration to employees approved by the Company's board of directors can be found on the Market Observation Post System (MOPS).

(XXII) Income tax

1. Income tax expense

Income tax expense comprises:

	2023	2022
Current income tax:		
Income tax incurred in the period	$ 61,130	$ 140,329
Surtax on undistributed earnings	3,448	-
Income tax overestimation of previous years	(179)	(2,945)
Total current income tax	64,399	137,384
Deferred income tax:		
Originally generated temporary differences and reversals	7,654	1,516
Income tax expense	$ 72,053	$ 138,900

2. Income tax related to other comprehensive income:

	2023	2022
Remeasurement of defined benefit plans	$ 3,341	$ 8,796
Exchange differences on translation of financial statements of foreign operations	362	219
	$ 3,703	$ 9,015

3. Relationship between income tax expense and accounting profit

	2023	2022
Income tax expense at the statutory tax rate on net profit before tax	$ 70,158	$ 146,407
Items that should be increased according to tax laws	84	55
Income exempted from taxation according to tax laws	(605)	(281)
Net investment gains and losses excluded from income	(853)	(634)
Realized investment loss due to capital reduction by domestic affiliates to cover losses	-	(3,702)
Surtax on undistributed earnings	3,448	-
Income tax overestimation of previous years	(179)	(2,945)
Income tax expense	$ 72,053	$ 138,900

4. Deferred income tax assets or liabilities generated from temporary differences and tax losses are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized loss on decline in value of inventory	$ 2,786	($ 34)	$ -	$ 2,752
Impairment loss of assets	5,978	(3,329)	-	2,649
Decommissioning liabilities	22,756	109	-	22,865
Compensation for unused annual leave payable	9,445	(94)	-	9,351
Allowance for sales discount	3,403	(1,285)	-	2,118
Excess of allowance for bad debts	665	(656)	-	9
Share of profit or loss of subsidiaries accounted for using the equity method	11,803	784	-	12,587
Exchange differences on translation of financial statements of foreign operations	19,123	-	(362)	18,761
Others	5,146	(5,141)	-	5
Subtotal	81,105	(9,646)	(362)	71,097
- Deferred income tax liabilities:				
Unrealized exchange gains	(424)	20	-	(404)
Rent recognized using the straight-line method	(3,450)	537	-	(2,913)
Defined benefit plan	(11,213)	(120)	(3,341)	(14,674)
Decommissioning cost	(8,001)	1,555	-	(6,446)
Subtotal	(23,088)	1,992	(3,341)	(24,437)
Total	$ 58,017	($ 7,654)	($ 3,703)	$ 46,660

2022

	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized loss on decline in value of inventory	$ 3,972	($ 1,186)	$ -	$ 2,786
Unrealized exchange losses	788	(788)	-	-
Impairment loss of assets	5,978	-	-	5,978
Decommissioning liabilities	17,630	5,126	-	22,756
Compensation for unused annual leave payable	9,406	39	-	9,445
Allowance for sales discount	3,449	(46)	-	3,403
Excess of allowance for bad debts	1,788	(1,123)	-	665
Share of profit or loss of subsidiaries accounted for using the equity method	10,942	861	-	11,803
Exchange differences on translation of financial statements of foreign operations	19,342	-	(219)	19,123
Others	5,129	17	-	5,146
Subtotal	78,424	2,900	(219)	81,105
- Deferred income tax liabilities:				
Unrealized exchange gains	-	(424)	-	(424)
Rent recognized using the straight-line method	(4,201)	751	-	(3,450)
Defined benefit plan	(2,444)	27	(8,796)	(11,213)
Decommissioning cost	(3,231)	(4,770)	-	(8,001)
Subtotal	(9,876)	(4,416)	(8,796)	(23,088)
Total	$ 68,548	($ 1,516)	($ 9,015)	$ 58,017

5. The Company’s profit-seeking enterprise income tax returns have been approved by the National Taxation of Bureau of Taipei, Ministry of Finance, through 2021.

(XXIII) Earnings per share

	2023		
	After-tax amount	Weighted average number of outstanding shares (in thousands)	Earnings per share ($)
Basic earnings per share			
Profit for the period	$ 278,736	116,800	$ 2.39
Diluted earnings per share			
Profit for the period	$ 278,736	116,800	
Impact of potential common stock with dilutive effect			
Remuneration to employees	-	290	
Impact of net profit of the period and potential common stocks	$ 278,736	117,090	$ 2.38

	2022		
	After-tax amount	Weighted average number of outstanding shares (in thousands)	Earnings per share ($)
Basic earnings per share			
Profit for the period	$ 593,134	138,300	$ 4.29
Diluted earnings per share			
Profit for the period	$ 593,134	138,300	
Impact of potential common stock with dilutive effect			
Remuneration to employees	-	512	
Impact of net profit of the period and potential common stocks	$ 593,134	138,812	$ 4.27

(XXIV) Supplementary information for cash flow

Investments partially paid in cash only:

	2023	2022
Purchase of property, plant and equipment	$ 52,812	$ 165,028
Add: Equipment payable at the beginning of the period	49,480	99,499
Less: Equipment payable at the end of the period	(11,076)	(49,480)
Cash paid in the period	$ 91,216	$ 215,047

	2023	2022
Purchase of intangible assets	$ 2,710	$ 19,143
Add: Intangible assets payable at the beginning of the period	7,502	-
Less: Intangible assets payable at the end of the period	(3,751)	(7,502)
Cash paid in the period	$ 6,461	$ 11,641

(XXV) Changes in liabilities from financing activities

	2023		
	Deposits received	Lease liabilities	Changes in liabilities from financing activities
January 1	$ 84,432	$ 5,352,063	$ 5,436,495
Changes in cashflow from financing	(14,924)	(985,314)	(1,000,238)
Lease liabilities added in the period	-	1,193,847	1,193,847
Other non-cash changes	-	(90,110)	(90,110)
December 31	$ 69,508	$ 5,470,486	$ 5,539,994

	2022		
	Deposits received	Lease liabilities	Changes in liabilities from financing activities
January 1	$ 96,390	$ 5,313,683	$ 5,410,073
Changes in cashflow from financing	(11,958)	(986,627)	(998,585)
Lease liabilities added in the period	-	1,158,272	1,158,272
Other non-cash changes	-	(133,265)	(133,265)
December 31	$ 84,432	$ 5,352,063	$ 5,436,495

VII. Related party transactions

(I) Name of related party and relationship

Name of related party	Relationship with the Company
Da Li Investment Co., Ltd. (Da Li Investment)	Subsidiaries
Yong Yi International Investment Co., Ltd (Yong Yi International Investment)	〃
An Sheng Insurance Agent Co., Ltd. (An Sheng)	〃
Wuhuama International Marketing Co., Ltd. (Wuhuama)	Affiliates
Jing Kuanq Enterprise Co., Ltd. (Jing Kuanq)	〃
Star Comgistic Capital Co., Ltd. (Star Comgistic)	Other related parties
Sekond Creative Design Co., Ltd. (Sekond Creative)	〃

(II) Significant transactions with related parties

1. Operating revenue

	2023	2022
Merchandise sales:		
Affiliates	$ 43	$ 123
Other related parties	1,651	580
Total	$ 1,694	$ 703

	2023	2022
Other operating revenue:		
Affiliates	$ 6,876	$ 7,564
Subsidiaries	34	34
Other related parties	1,158	1,158
Total	$ 8,068	$ 8,756

The sales price between the Company and a related party is based on the agreed trading terms and expires 30 days after the month of sale. For key information on other operating revenue, please refer to “5. Lease income” below.

2. Purchases

	2023	2022
Merchandise purchases:		
Affiliates	$ 6,446	$ 11,023
Other related parties	262,083	382,852
Total	$ 268,529	$ 393,875

The purchase price between the Company and a related party is based on the agreed trading terms and expires 30 days after the month of purchase.

3. Receivables due from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Other related parties	$ 300	$ 42
Other receivables:		
Subsidiaries	$ 769	$ 1,190

4. Receivables due from related parties

	December 31, 2023	December 31, 2022
Accounts payable:		
Affiliates	$ 347	$ 1,040
Other related parties	19,805	38,639
Total	$ 20,152	$ 39,679

5. Lease income

			2023	
Type of related party	Subject	Lease period	Amount	Rent collection method
Subsidiaries	Offices	2023.01-2023.12	$ 34	Collect remittance monthly
Affiliates	Baoshan Store etc.	2013.10-2026.12	$ 6,876	Collect remittance monthly
Other related parties	6F, No. 333, Sec.1, Tiding Blvd., Neihu Dist., Taipei City	2021.01-2023.12	$ 1,158	Collect remittance monthly

			2022	
Type of related party	Subject	Lease period	Amount	Rent collection method
Subsidiaries	Offices	2011.06-2022.12	$ 34	Collect remittance monthly
Affiliates	Baoshan Store etc.	2013.10-2026.12	$ 7,564	Collect remittance monthly
Other related parties	6F, No. 333, Sec.1, Tiding Blvd., Neihu Dist., Taipei City	2021.01-2023.12	$ 1,158	Collect remittance monthly

The Company leases its business premises to the related party, and the rent is calculated by taking into account the rent of the Company's leased premises or the market rate.

6. Other income

	2023	2022
Service product promotion income:		
Subsidiaries	$ 9,703	$ 12,382

7. Leasing arrangements - lessee
   (1) The Company leases a building from the related party for a period of ten years, and the rent is paid monthly.
   (2) Acquisition of right-of-use assets.

	2023	2022
Other related parties	$ 15,443	$ 35,855

   (3) Lease liabilities
      A. Balance at the end of the period:

	December 31, 2023	December 31, 2022
Other related parties	$ 43,494	$ 33,085

      B. Interest expense:

	2023	2022
Other related parties	$ 777	$ 491

8. Endorsements/guarantees for others made by related parties

	December 31, 2023	December 31, 2022
Subsidiaries	$ 3,947	$ 3,947

(III) Information on salary and remuneration to key management

	2023	2022
Salaries and other short-term employee benefits	$ 42,597	$ 48,546
Post-employment benefits	860	970
Total	$ 43,457	$ 49,516

VIII. Pledged assets

The following is a breakdown of the assets provided as collateral by the Company:

Assets	Book value December 31, 2023	December 31, 2022	Purpose of pledge
Reserve account - time deposits (Accounted as financial assets at amortized cost - current)	$ 119,467	$ 158,950	Reserve account - voucher reimbursement
Pledged cash and bank deposits (Accounted as other financial assets - non-current)	-	10,836	Litigation guarantee deposit
Land, building and construction (Accounted as property, plant and equipment)	1,058,808	1,062,142	Bank loan facilities
Land, building and construction (Accounted as investment property)	288,139	289,052	Bank loan facilities
	$ 1,466,414	$ 1,520,980	

IX. Significant contingent liabilities and unrecognized contract commitments

(I) Contingencies

1. The Company was sued by Hua Nan Enterprise Co., Ltd. (Hua Nan Enterprise) for relocating the leased premises. Although the Company lost the second trial, it terminated the lease and returned the leased premises on June 6, 2015, after negotiating with the other party before the third trial of the appeal. The case has been concluded. In addition, Hua Nan Enterprise sued the Company for the preferential lease right in the former lease of the premises, requesting rental damages of $2,400 in equivalent monthly from February 2013 onwards. The difference between the monthly rent damage claim offsetting the monthly rent as of the date of return of the leased premises is approximately $37,666. In order to protect its rights and interests, the Company filed a countersuit, seeking $23,497 in damages for the infringing acts committed by Hua Nan Enterprises, which was then reduced to $16,926 in the lawsuit. Decisions made in each trial after the indictment are described as follows.

   (1) In August 2016, the Taipei District Court ruled in the first trial to dismiss the original claim from Hua Nan Enterprise, and for the countersuit that Hua Nan Enterprise should pay $2,167 to the Company. After both parties filed appeals with the Taiwan High Court, Hua Nan Enterprise adjusted the amount in the demand of the appeal to $46,134 in the second trial, and the appeal amount of the Company was $14,758. In the second trial, the Taiwan High Court ruled in April 2018 that the Company should pay $25,519 to Hua Nan Enterprise for the original claim and the additional part of the second trial; the counterclaim filed by the Company was dismissed. The Company filed a third appeal to the judgment of the second trial on the defeated part of $42,445 of the original claim and the counterclaim. In addition, Hua Nan Enterprise filed a third appeal against the defeated part of the original claim of $14,214. The remaining $4,232 of the defeated part of the original claim has been determined as no appeal has been filed. In July 2019, the

Supreme Court ruled in the third trial to reverse the original judgment of the second trial and overruled the Taiwan High Court regarding (1) the dismissal of the appeal of the portion of $14,214 filed by Hua Nan Enterprise; (2) the order requiring the Company to pay $25,519 and the dismissal of the Company's counterclaim requiring the payment of $2,167 from Hua Nan Enterprise; and the Company's other appeals of the portion of the counterclaim other than the $2,167 were dismissed. The portion of the Supreme Court's judgment dismissed above is final. In addition, for the above portion of the original second trial judgment that was reversed and remanded to the Taiwan High Court, the amount of the demand of the appeal of Hua Nan Enterprise was adjusted to $41,901 by the Court of First Instance reviewed the case. On April 21, 2020, the Taiwan High Court ruled in the first repeated trial that the Company should pay $10,836 to Hua Nan Enterprise for the original claim and the additional part of the second trial, and the rest of the appeals and additional claims were dismissed; the portion of $2,167 of the Company's counterclaim in the first trial was dismissed. In short, for the portion of $41,901 that Hua Nan claimed the Company should pay, the verdict was that the Company only had to pay $10,836.

(2) Both parties appealed to the third trial court against the decision of the remanded first trial. On April 29, 2021, the Supreme Court of Taiwan, in the third trial, reversed the judgment of the first trial and remanded the case to the Taiwan High Court. On February 22, 2023, the Taiwan High Court entered a judgment of $22,907 against the Company and dismissed all other appeals and appeals in the remanded second trial. The remaining appeals and additional appeals were dismissed. The portion of the Company's counterclaims filed in the first trial in the amount of $2,167 was dismissed.

(3) The Company has appealed to the third trial against the decision of the remanded second trial. After the final ruling by the Supreme Court in the third instance on July 5, 2023, which dismissed the appeals of both parties, the entire case was finalized to uphold the judgment of the second instance. An amount of $32,725 was paid to Hua Nan on July 21, 2023, including related delayed interest. The litigation guarantee deposit of $22,907 was refunded on October 25, 2023.

2. As for the Company's litigations involving other leased stores (total amount of approximately $38), the Company has not recognized a liability provision because the likelihood of its occurrence is uncertain.

(II) Commitments

1. For the years ended December 31, 2023 and 2022, the Company has issued promissory notes in the amount of $65,206 and $72,683, respectively, for the performance guarantee of the leased stores.
2. As of December 31 of 2023 and 2022, the amount of bank guarantees for the purchase of goods of the Company were $534,000.

X. Significant losses due to disasters

None.

XI. Significant Events after the Balance Sheet Date

Please refer to Note 6 (16) for the 2023 earnings distribution plan resolved by the board of directors.

XII. Others

(I) Capital management

The Company's objectives in managing capital are to ensure that the Company can operate sustainably, maintain an optimal capital structure to reduce the capital cost, and provide returns to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce the debt. The Company monitors its capital through a debt-to-capital ratio, which is calculated as total debt divided by total capital. Total debt is the sum of short-term loans and long-term loans recognized in the parent company only balance sheet. Total capital is the sum of "total equity" in the parent company only balance sheet and the total debt.

The strategies adopted by the Company in 2023 are the same as those in 2022. All of the strategies are aimed at maintaining a stable debt-to-capital ratio. As of December 31, 2023 and 2022, the Company's debt-to-capital ratios are as follows:

	December 31, 2023	December 31, 2022
Total debt	$ -	$ -
Total equity	4,554,094	4,727,655
Total capital	$ 4,554,094	$ 4,727,655
Debt to capital ratio	-	-

(II) Financial instrument

1. Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss - non-current	$ 21,150	$ 18,651
Financial assets at amortized cost		
Cash and cash equivalents	1,246,582	1,721,840
Financial assets at amortized cost - current	119,467	158,950
Notes receivable	-	3,903
Accounts receivable	158,920	130,165
Other receivables	14,973	38,282
Refundable deposits	207,074	200,522
Long-term notes and accounts receivable	14,562	17,251
Other financial assets - non-current	-	13,736
	$ 1,761,578	$ 2,284,649
Financial liabilities		
Financial liabilities measured at amortized cost		
Notes payable	$ 1,409	$ 6,211
Accounts payable (including related parties)	2,415,606	3,060,792
Other payables	463,131	567,675
Deposits received	69,508	84,432
	$ 2,949,654	$ 3,719,110
Lease liabilities	$ 5,470,486	$ 5,352,063

2. Risk management policy

   The Company's risk controls and hedging strategies are mainly aimed to reduce losses to the Company's assets or liabilities due to fluctuations in exchange rates and interest rates. In order to accomplish the above goals, the Company uses derivatives to build up financial hedging positions. All hedging activities are also conducted according to the following principles to ensure the fulfillment of risk control:

   (1) Based on the principle of natural hedging

   (2) Based on the principle of not eroding the profitability of the core business

   (3) Based on the principle of not engaging in financial instruments denominated in currencies other than the operating currency

   (4) Actually implementing stop loss

   (5) Actually implementing the workflow

In terms of supervision and management, the top manager of the finance segment is responsible for monitoring and managing the trading positions of derivatives. In addition to the regular evaluation each month, they monitor the transactions and profit and loss situation from time to time, and take necessary countermeasures and report to the board of directors when any irregularities are detected. Moreover, they also evaluate periodically whether derivatives trading performance meets established operational strategies and whether the risk undertaken is within the Company's permitted scope of tolerance. The Company has established procedures for handling derivative transactions.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. The Company's management has established policies to manage exchange rate risk against its functional currency. The Company's finance segment shall hedge the overall exchange rate risk.

B. The Company's operations involve certain non-functional currencies (the Company's functional currency is New Taiwan dollar) and therefore would be affected by exchange rate fluctuations. Information on foreign currency assets and liabilities that are subject to significant effect is as follows:

	December 31, 2023			Sensitivity analysis	
	Foreign currency (NT$ thousand)	Exchange rate	Book value (NT$ thousand)	Percentage of change	Impact on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD: TWD	$ 3,204	30.7090	$ 98,392	1%	$ 984
Non-monetary items					
USD: TWD	3,238	30.7090	99,446		

	December 31, 2022			Sensitivity analysis	
	Foreign currency (NT$ thousand)	Exchange rate	Book value (NT$ thousand)	Percentage of change	Impact on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD: TWD	$ 2,793	30.7175	$ 85,794	1%	$ 858
Non-monetary items					
USD: TWD	3,296	30.7175	101,463		

C. The total amount of exchange (loss) gain recognized in 2023 and 2022 for the Group's monetary items that are materially affected by exchange rate fluctuations is ($201) and $7,226, respectively.

Price risk

A. The Company's exposure to price risk mainly arises from its holding of equity instruments such as stocks and investments in beneficiary certificates of funds. In order to manage the price risk of such investments, the Company diversifies its investment portfolio in a manner consistent with the limits set by the Company.

B. Where the price of such equity instruments rises or falls by 1%, with all other factors held constant, the gain or loss from the equity instruments measured at fair value through profit or loss would increase or decrease the net income after tax by $211 and $187 in 2023 and 2022, respectively.

(2) Credit risk

A. The Company's credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to a financial instrument to perform its contractual obligations. It mainly comes from the contractual cash flow from the accounts receivable which counterparties fail to repay in accordance with the payment terms.

B. The Company has established its credit risk management from the Company's perspective. The banks and financial institutions with which the Company deals must have a certain credit rating or above. Certain credit rating refers to a long-term credit rating of Adequate to meet financial commitments and a rating of twBBB- or higher from Taiwan Ratings or equivalent rating from other domestic or foreign credit rating agencies.

C. The Company adopts the assumptions of IFRS 9, whereby a financial asset is considered to be subject to a significant increase in credit risk since its original recognition when the contractual payment terms are more than 30 days past due; a default is considered to have occurred when the contractual payment terms are more than 90 days past due.

D. The accounts receivable from customers are grouped according to the characteristics of the customer type, and the expected credit losses are estimated based on the loss ratio method in a simplified manner.

E. The Company, after taking the recourse procedures, writes off the financial assets that cannot be reasonably expected to be recovered. However, the Company will continue to pursue legal proceedings to preserve the rights of creditors.

F. (1) Considering the historical information for a specific period of a customer with general credit conditions, and taking into account the impact of Taiwan's economic conditions on future credit risk, the Company assessed that the expected loss rate of $20,894 and $31,417 accounts receivable as of December 31, 2023 and 2022, ranges from 0.5% to 50%, and the allowance for loss is $546 and $273, respectively.

(2) The aggregate book values of accounts receivable on related parties and financial institutions as of December 31, 2023 and 2022 are $138,572 and $99,021, respectively. Since the credit risk is expected to be insignificant, the allowance for loss is both $0.

(3) The Company assesses customers with poor credit standing and defaults

already occurred individually. The total book value of accounts receivable for customers with an individually evaluated poor credit standing and default is $24 and $0 as of December 31, 2023 and 2022, respectively, and the allowance for losses is $24 and $0, respectively, since the expected loss rate is 100%.

G. The table of changes in the allowance for losses on notes and accounts receivable on a simplified basis are as follows:

	2023	2022
January 1	$ 273	$ 1,670
Impairment losses (reversals)	297	(278)
Amount written off as uncollectable	-	(1,119)
December 31	$ 570	$ 273

Impairment losses (reversals) recognized arising from the receivables generated by customer contracts in 2023 and 2022 were $292 and ($252), respectively.

H. For investments in debt instruments measured at amortized cost recognized, their level of credit risks are as follows:

	December 31, 2023			
	By duration			
	By 12 months	Those whose credit risk has increased significantly	Those with impaired credit	Total
Financial assets at amortized cost	$ 119,467	$ -	$ -	$ 119,467

	December 31, 2022			
	By duration			
	By 12 months	Those whose credit risk has increased significantly	Those with impaired credit	Total
Financial assets at amortized cost	$ 158,950	$ -	$ -	$ 158,950

The Company's financial asset at amortized cost is the reserve account - time deposit with no significant abnormal credit risk ratings.

(3) Liquidity risk

A. Cash flow forecasts are performed by each operating entity of the Company and are summarized by the finance segment. The finance segment monitors the Company's liquidity needs to ensure that the Company has adequate working capital to repay liabilities when due, under both normal and stressed scenarios, and therefore prevent occurrence of intolerable losses and risk of damage to the Company’s reputation.

B. Where any operating entity holds more cash positions than those required for working capital management, it selects instruments with appropriate maturities or sufficient liquidity, such as short-term interest-bearing demand deposits, time deposits, and marketable securities investments, to meet the aforementioned forecasts and to provide sufficient positions for deployment.

C. The table below represents the Company’s non-derivative financial liabilities grouped by the maturity and analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the following table are the undiscounted amounts.

Non-derivative financial liabilities: December 31, 2023	Within 3 months	From 3 months to within 1 year	More than 1 year
Notes payable	$ 1,409	$ -	$ -
Accounts payable (including related parties)	2,269,170	146,436	-
Other payables	210,040	253,091	-
Lease liabilities	271,441	752,110	4,750,712
Deposits received	-	-	69,508

Non-derivative financial liabilities: December 31, 2022	Within 3 months	From 3 months to within 1 year	More than 1 year
Notes payable	$ 6,211	$ -	$ -
Accounts payable (including related parties)	2,911,945	148,847	-
Other payables	259,489	308,186	-
Lease liabilities	267,235	732,064	4,620,330
Deposits received	-	-	84,432

D. The Company does not expect the occurrence timing for cash flows in the maturity analysis to be significantly earlier or the actual amounts to be significantly different.

(III) Fair value information

1. The definition of levels of valuation technique adopted to measure the fair value of financial and non-financial instrument are as follows:

Level 1: The quotation of the same asset or liability in an active market as of the evaluation (before adjustment). An active market is one in which a sufficient frequency and volume of asset or liability transactions occur to provide pricing information on an ongoing basis. This includes the fair value of the Company’s investment in beneficiary certificates.

Level 2: Direct or indirect observable inputs of assets or liabilities, except for those included in Level 1.

Level 3: Unobservable inputs of assets or liabilities. This includes all of the Company’s investment in equity instruments without active markets.

2. Please refer to Note 6 (9) for information on the fair value of investment property measured at cost.

3. Financial instruments not measured at fair value

   The book values of the Company’s cash and cash equivalents, notes receivable, accounts receivable, other receivables, financial assets at amortized cost - current, other financial assets - non-current, refundable deposits, long-term notes and accounts receivable, notes payable, accounts payable (including related parties), other payables, lease liabilities, and guarantee deposits received are reasonable approximations of their fair values.

4. For financial and non-financial instruments measured at fair value, the Company classifies them according to their nature, characteristics and risks of the assets and liabilities, and the basis of the fair value levels. The related information is as follows:

   (1) Classified by the nature of assets and liabilities:

December 31, 2023	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 21,150	$ 21,150

December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Equity securities	$ -	$ -	$ 18,651	$ 18,651

   (2) Method and assumption used for measuring fair values:

   A. Those for which the Group adopts quoted market prices as their fair value inputs (i.e. Level 1) are classified by the nature as follows:

	Open end fund
Quoted market price	Net worth

   B. Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained using valuation techniques or by reference to quoted prices from counterparties. Fair values obtained by using valuation techniques can reference to other concurrent fair values of financial instruments with practically similar terms and characteristics, discounted cash flow, or other valuation techniques, including calculating based on the market information obtained on the balance sheet date using the model (such as yield curve used in TPEx and Reuters commercial paper average rate).

   C. The outputs of valuation models are estimated values. Valuation techniques may not reflect all related factors of the financial and non-financial instruments held by the Company. Therefore, the estimated values of valuation models may be adjusted appropriately according additional parameters, such as model risk or liquidity risk. According to the Company's management policy for the fair value valuation model and relevant control procedures, the management believes that the valuation adjustments are adequate and necessary in order to fairly present the fair value of financial and non-financial instruments in the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

5. Changes in Level 3 in 2023 and 2022:

	2023 Equity instruments	2022 Equity instruments
January 1	$ 18,651	$ 17,910
Fair value changes recognized in profit or loss	2,499	741
December 31	$ 21,150	$ 18,651

6. There were no transfers between Level 1 and Level 2, and no transfers to or from Level 3 in 2023 and 2022.

7. For the valuation process of Level 3 fair values, the finance segment is responsible for conducting independent fair value verification of financial instruments; using independent sources of information to keep valuation results close to market conditions; verifying that the sources are independent, reliable, consistent with other sources, and representative of exercisable prices to ensure that the valuation results are reasonable.

   In addition, the finance segment jointly formulates the policy and procedures for financial instrument fair value valuation and makes sure that they meet the requirements of the relevant International Financial Reporting Standards.

8. The quantitative information of and sensitivity analysis of changes in significant unobservable inputs of the valuation model used for measuring Level 3 fair value are as follows:

	Fair value as of December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instrument:					
Unlisted company stocks	$ 21,150	Net asset value method	Not applicable	Not applicable	Not applicable

	Fair value as of December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship between input and fair value
Non-derivative equity instrument:					
Unlisted company stocks	$ 18,651	Net asset value method	Not applicable	Not applicable	Not applicable

XIII. Additional Disclosure

(I) Information on significant transactions

1. Funds lent to others: No such situation.
2. Endorsement/guarantee provided for others: Please refer to Exhibit 1.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control): Please refer to Exhibit 2.
4. Cumulative amount of buying or selling the same marketable securities amounting to NT$300 million or 20% of the paid-in capital or more: No such situation.
5. Acquisition of individual real estate, at costs or prices of at least NT$300 million or 10% of the issued capital: No such situation.
6. Disposal of individual real estate, at costs or prices of at least NT$300 million or 10% of the issued capital: No such situation.
7. Cumulative amount of purchases or sales from or to related parties amounting to NT$300 million or 20% of the paid-in capital or more: Please refer to Exhibit 3.
8. Receivables from related parties amounting to at least NT$100 million or 20% of the issued capital: No such situation.
9. Engagement in derivative transactions: No such situation.
10. Business relationships and significant transactions between the parent company and subsidiaries and between subsidiaries and the amounts involved: No such situation.

(II) Information on investees

Information on name and location of the investee (excluding investees in Mainland China): Please refer to Exhibit 4.

(III) Information on investment in Mainland China

1. Basic information: No such situation.
2. Significant transactions with investees in Mainland China directly or indirectly through businesses in a third region: No such situation.

(IV) Information on major shareholders

Information on the names of shareholders holding 5% or more of the shares: Please refer to Exhibit 5.

XIV. Operating segment information

Not applicable.

Tsann Kuen Enterprise Co., Ltd.
Endorsement and guarantee for others
January 1 to December 31, 2023

Exhibit 1

Unit: NT$ thousand
(Unless otherwise specified)

Number (Note 1)	Name of endorsement/ guarantee provider	Endorsement/ guarantee target		Limit of endorsement/ guarantee for a single entity	Highest balance of endorsement/ guarantee in the period	Closing balance of endorsement/ guarantee	Actual amount drawn	Endorsement/ guarantee amount secured by property	Ratio of accumulated endorsement/ guarantee to net worth of the most recent financial statements (Note 3)	Ceiling amount of total endorsement/guarantee	Endorsement/ guarantee by parent company for subsidiary (Note 7)	Endorsement/ guarantee by subsidiary for parent company (Note 7)	Endorsement/ guarantee to Mainland China	Remarks
		Company name	Relationship (Note 2)											
1	Da Li Investment Co., Ltd.	Tsann Kuen Enterprise Co., Ltd.	2	$ 31,664	$ 3,947	$ 3,947	$ -	$ -	0.09%	$ 31,664	N	Y	N	Note 5 and Note 6
2	Yong Yi Investment Co., Ltd.	Tsann Kuen Enterprise Co., Ltd.	2	4,970	3,947	3,947	-	-	0.09%	4,970	N	Y	N	Note 5 and Note 6

Note 1: The number column is filled out as follows:
(1) Fill in 0 for the issuer.
(2) Investees are numbered sequentially from Arabic numeral 1 by company

Note 2: There are 7 types of relations between the endorsement/guarantee provider and the endorsement/guarantee target. Please mark the type:
(1) A company with which the Company does business.
(2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
(3) A company that directly and indirectly holds more than 50% of the voting shares in the Company.
(4) Companies in which the Company directly and indirectly holds more than 90% of the voting shares.
(5) Contractual obligation of providing mutual endorsements/guarantees for another peer company or for joint builders for the purpose of undertaking a construction project.
(6) Endorsement/guarantee made by all capital contributing shareholders for their jointly invested company in proportion to their shareholding percentages.
(7) Joint and several security for a performance guarantee of a sales contract for pre-construction homes made by peer companies among themselves pursuant to the Consumer Protection Act.

Note 3: Calculated based on the ratio of the endorsement/ guarantee balance of the subsidiary to the net worth of the Company in accordance with Article 25 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 4: The ceiling amount of total endorsement/guarantee and the limit of endorsement/guarantee for a single entity are both 70% of the Company's net worth in the latest financial statements.

Note 5: The ceiling amount of total endorsement/guarantee and the limit of endorsement/guarantee for a single entity are both 100% of such company's net worth in the latest financial statements.

Note 6: The Company separately signed a supermarket investment and operation contract and a supplementary contract with the Taipei City Government in February 2012 and January 2019, respectively. The contracts stipulate that the Company must maintain the property rights and original designated use of the market. In case of violation of the aforementioned agreement, the Taipei City Government has the right to require the Company to rectify within a specified period. If the Company fails to rectify within the specified period, the Taipei City Government may impose a penalty equivalent to 3% of the total project cost, amounting to $3,947, with Da Li Investment and Yong Yi International Investment acting as joint guarantors for the Company.

Note 7: Mark "Y" for the endorsement/guarantee by the listed parent company for a subsidiary, endorsement/guarantee by a subsidiary for the listed parent company, endorsement/guarantee to Mainland China.

Tsann Kuen Enterprise Co., Ltd.
Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint venture control)
December 31, 2023

Exhibit 2

Unit: NT$ thousand
(Unless otherwise specified)

				End of the period				
Holding company	Type and name of marketable securities	Relationship with the issuers of the marketable securities	Account	Number of shares/units	Book value	Shareholding percentage	Fair value	Remarks
Tsann Kuen Enterprise Co., Ltd.	Stocks — Sunsino Development Associate Inc.	None	Financial assets at fair value through profit or loss - non-current	1,442,332	$ 21,150	3.04%	$ 21,150	None

Note 1: The marketable securities in this table refer to the stocks, bonds, and beneficiary certificates within the scope stipulated in IFRS 9 “Financial Instruments” and the marketable securities derived from them.

Note 2: For those measured at fair value, please fill in the adjusted fair value less accumulated impairment loss in the book value column; for those not measured at fair value, please fill in the original acquisition cost or amortized cost less accumulated impairment loss in the book value column.

Tsann Kuen Enterprise Co., Ltd.
Cumulative amount of purchases or sales from or to related parties amounting to NT$300 million or 20% of the paid-in capital or more
January 1 to December 31, 2023

Exhibit 3

Unit: NT$ thousand
(Unless otherwise specified)

Company purchasing (selling) goods	Name of counterparty	Relationship	Transaction				Circumstances and reasons why trading terms are different from those of ordinary transactions		Notes and accounts receivable (payable)		Remarks
			Goods purchased (sold)	Amount	As a percentage of total purchases (sales) of goods	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
Tsann Kuen Enterprise Co., Ltd.	Star Comgistic Capital Co., Ltd.	Other related parties	Purchases	$ 262,083	1.58%	Month-end 30 days	Negotiated	By contract	($ 19,805)	0.82%	-

Tsann Kuen Enterprise Co., Ltd.
Information on name and location of the investee (excluding investees in Mainland China).
January 1 to December 31, 2023

Exhibit 4

Unit: NT$ thousand
(Unless otherwise specified)

Name of investor	Name of investee	Location	Principal business	Original investment amount: End of the period	Original investment amount: End of the previous year	Holding at the end of the period: Number of shares	Holding at the end of the period: Ratio	Holding at the end of the period: Book value	Profit or loss of the investee for the period	Investment income or loss recognized in the period (Note 1)	Remarks
Tsann Kuen Enterprise Co., Ltd.	Da Li Investment Co., Ltd.	Taiwan	General investment	$ 30,000	$ 30,000	3,000,000	100.00	$ 31,664	($ 321)	($ 321)	Subsidiary of the Company
Tsann Kuen Enterprise Co., Ltd.	Yong Yi Investment Co., Ltd.	Taiwan	General investment	5,000	5,000	500,000	100.00	4,970	31	31	Subsidiary of the Company
Tsann Kuen Enterprise Co., Ltd.	An Sheng Insurance Agent Co., Ltd.	Taiwan	Insurance agent	6,500	6,500	500,000	100.00	7,592	1,427	1,427	Subsidiary of the Company
Tsann Kuen Enterprise Co., Ltd.	PROWORLD INTERNATIONAL LIMITED	British Virgin Islands	Holding company	408,098	408,098	7,250,000	100.00	99,446	(3,920)	(3,920)	Subsidiary of the Company
Tsann Kuen Enterprise Co., Ltd.	Wuhuama International Marketing Co., Ltd.	Taiwan	Food and beverage industry	77,259	77,259	480,240	16.56	14,966	15,835	2,622	Investee of the Company accounted for using the equity method
Tsann Kuen Enterprise Co., Ltd.	Jing Kuanq Enterprise Co., Ltd.	Taiwan	Catering services	399,547	399,547	1,408,022	48.55	14,165	1,043	507	Investee of the Company accounted for using the equity method
PROWORLD INTERNATIONAL LIMITED	New Target Development Co., Ltd	Hong Kong	Holding company	255,043	255,043	65,313,300	100.00	98,048	(3,805)	-	Subsidiary of the investor
PROWORLD INTERNATIONAL LIMITED	Good world Enterprise Ltd.	Hong Kong	Holding company	151,980	151,980	655,200	100.00	1,398	(115)	-	Subsidiary of the investor
New Target Development Co., Ltd	PT.TSANN KUEN PROPERTY DEVELOPMENT INDONESIA	Indonesia	Property development and management	253,361	253,361	-	99.00	97,947	(3,753)	-	Subsidiary of the investor
Good world Enterprise Ltd.	PT.TSANN KUEN PROPERTY DEVELOPMENT INDONESIA	Indonesia	Property development and management	2,559	2,559	-	1.00	989	(3,753)	-	Investee accounted for using the equity method of the investor

Note 1: If the amount is zero, the Company does not recognize profit or loss directly.

Tsann Kuen Enterprise Co., Ltd.
Information on major shareholders
December 31, 2023

Exhibit 5

Name of major shareholder	Share Shareholding	Shareholding percentage
Tsann Kuen Investment Co., Ltd.	35,172,822	30.11%
Tsai, Shu-Hui	6,027,888	5.16%

Note 1: The information on major shareholders in this Exhibit is compiled by the Taiwan Depository & Clearing Corporation based on the last business day of each quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares).
The number of shares recorded in the Company's financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis the calculations of preparation.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee As for the insider shareholding declaration that shareholders with more than 10% of shareholdings conduct in accordance with the Securities and Exchange Act, the shareholdings include their own shares plus the shares that they have delivered to a trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider's equity declaration.

Tsann Kuen Enterprise Co., Ltd.
Cash and cash equivalents
December 31, 2023

Schedule 1 | Unit: NT$ thousand

Item	Summary		Amount
Cash on hand and petty cash		$	71,462
Bank deposits			
Check deposits			1,961
Demand deposits			854,456
Time deposits			318,703
		$	1,246,582

Tsann Kuen Enterprise Co., Ltd.
Inventories
December 31, 2023

Schedule 2 | Unit: NT$ thousand

Item	Summary	Amount		Remarks
		Cost	Net realizable value	
Merchandise		$ 2,447,685	$ 2,996,038	
Less: Allowance for inventory write-down		(13,760)		
		$ 2,433,925		

Tsann Kuen Enterprise Co., Ltd.
Investments accounted for using the equity method
January 1 to December 31, 2023

Schedule 3

Unit: NT$ thousand

Company name	Opening balance		Increase in the period		Decrease in the period		Balance at the end of the period			Market price or equity net worth		Provision of guarantee or pledge
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Shareholding percentage	Amount	Unit price (NT$)	Total price	
PROWORLD INTERNATIONAL LIMITED	7,250,000	$ 101,463	-	$ 1,903	-	($ 3,920)	7,250,000	100.00%	$ 99,446	$ 13.72	$ 99,446	None
Da Li Investment Co., Ltd.	3,000,000	31,985	-	-	-	(321)	3,000,000	100.00%	31,664	10.55	31,664	“
Yong Yi Investment Co., Ltd.	500,000	4,939	-	31	-	-	500,000	100.00%	4,970	9.94	4,970	“
An Sheng Insurance Agent Co., Ltd.	500,000	7,933	-	1,427	-	(1,768)	500,000	100.00%	7,592	15.18	7,592	“
Wuhuama International Marketing Co., Ltd.	480,240	13,618	-	2,622	-	(1,274)	480,240	16.56%	14,966	31.16	14,966	“
Jing Kuanq Enterprise Co., Ltd.	1,408,022	13,658	-	507	-	-	1,408,022	48.55%	14,165	10.06	14,165	“
		$ 173,596		$ 6,490		($ 7,283)			$ 172,803			

Tsann Kuen Enterprise Co., Ltd.
Right-of-use asset
January 1 to December 31, 2023

Schedule 4

Unit: NT$ thousand

Item	Opening balance	Increase in the period	Decrease in the period	Transfer in the period	Balance at the end of the period	Remarks
Cost:						
Land	$ 137,315	$ 4,303	($ 6,596)	($ 1,720)	$ 133,302	
Building and construction	7,935,336	1,182,508	(796,273)	(255,610)	8,065,961	
Transportation equipment	65,603	8,248	(10,576)	-	63,275	
Office equipment	4,740	-	-	-	4,740	
Other equipment	1,946	-	-	-	1,946	
	$ 8,144,940	$ 1,195,059	($ 813,445)	($ 257,330)	$ 8,269,224	
Accumulated depreciation:						
Land	($ 57,582)	($ 9,391)	$ 4,051	$ -	($ 62,922)	
Building and construction	(3,454,634)	(848,449)	734,102	-	(3,568,981)	
Transportation equipment	(24,936)	(23,243)	10,576	-	(37,603)	
Office equipment	(2,869)	(827)	-	-	(3,696)	
Other equipment	(372)	(396)	-	-	(768)	
	($ 3,540,393)	($ 882,306)	$ 748,729	$ -	($ 3,673,970)	
Total	$ 4,604,547	$ 312,753	($ 64,716)	($ 257,330)	$ 4,595,254	

Tsann Kuen Enterprise Co., Ltd.
Accounts payable
December 31, 2023

Schedule 5 Unit: NT$ thousand

Name of vendor	Summary	Amount	Remarks
Company A		$ 374,467	
Company B		181,273	
Company C		138,922	
Company D		163,168	No balance of any retailer
Others		1,537,624	exceeds 5% of the balance
		$ 2,395,454	of this account.

Tsann Kuen Enterprise Co., Ltd.
Other payables
December 31, 2023

Schedule 6 Unit: NT$ thousand

Item	Summary	Amount	Remarks
Salary payable		$ 121,994	
Reward payable		147,582	
Advertising expenses payable		20,662	
Collection on behalf of others - vendor		11,967	
Equipment payable		11,076	
Labor and health insurance expenses payable		31,442	
Others		118,408	
		$ 463,131	

Tsann Kuen Enterprise Co., Ltd.
Lease liabilities
December 31, 2023

Schedule 7 | Unit: NT$ thousand

Item	Summary	Lease period	Discount rate	Balance at the end of the period
Land	Land for operating use	2007.04-2037.03	0.880%~2.381%	$ 122,766
Building and construction	Store for operating use	2012.03-2041.06	0.690%~2.751%	5,318,871
Transportation equipment	Vehicle for operating use	2020.12-2026.11	0.690%~2.140%	26,318
Office equipment	Business machine for operating use	2018.12-2026.08	0.700%~2.104%	1,366
Other equipment	Parking lot facility for operating use	2022.01-2026.12	1.030%	1,165
				$ 5,470,486

Tsann Kuen Enterprise Co., Ltd.
Operating revenue
January 1 to December 31, 2023

Schedule 8 Unit: NT$ thousand

Item	Number of units (in thousands)	Amount	Remarks
Sales revenue			
Home appliance products	2,790	$ 11,889,355	
Information technology products	3,637	7,745,439	
Other products	1,387	170,269	
Other operating revenue	-	158,839	
		$ 19,963,902	

Tsann Kuen Enterprise Co., Ltd.
Operating costs
January 1 to December 31, 2023

Schedule 9 Unit: NT$ thousand

Item	Summary	Amount	Remarks
Merchandise at the beginning of the period		$ 2,717,184	
Add: Purchases in the period		16,585,096	
Overage		39	
Less: Closing merchandise inventory		(2,447,685)	
Scrapping loss		(393)	
Transfer to other account		(4,536)	
Cost of sales for merchandise inventory		16,849,705	
Inventory scrapping loss		393	
Inventory overage		(39)	
Gain from price recovery of inventory		(171)	
Other operating costs		146,347	
Operating costs		$ 16,996,235	

Tsann Kuen Enterprise Co., Ltd.
Selling expenses
January 1 to December 31, 2023

Schedule 10 Unit: NT$ thousand

Item	Summary	Amount	Remarks
Depreciation expenses		$ 936,467	
Salary expenses		673,187	
Utility expenses		203,735	
Others (Note)		425,015	
		$ 2,238,404	

Note: None of the amounts exceed 5% of the account.

Tsann Kuen Enterprise Co., Ltd.
General and administrative expenses
January 1 to December 31, 2023

Schedule 11 Unit: NT$ thousand

Item	Summary	Amount	Remarks
Salary expenses		$ 209,657	
Depreciation expenses		51,892	
Labor and health insurance expenses		25,684	
Others (Note)		96,087	
		$ 383,320	

Note: None of the amounts exceed 5% of the account.

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