

2020

A N N U A L R E P O R T



COASTER®
FINE FURNITURE



客思達 **COASTER**
INTERNATIONAL CO., LTD

客思達股份有限公司

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Coaster Annual Report is available at: <http://coasterinternational.com/>

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Spokesperson, Deputy Spokesperson and Local Designated Agent

Spokesperson			
Name :	Michael P. Yeh	Title :	President
Tel :	(886)905-002936	E-Mail :	2936.ir@coastergroup.com
Deputy Spokesperson			
Name :	Alexander Pan	Title :	CFO
Tel :	(886)905-002936	E-Mail :	2936.ir@coastergroup.com
Local Designated Agent			
Name :	Lily, Chiu	Title :	Asia Financial Department VP
Tel :	(886)4-2249-0777#161	E-Mail :	lilychiu.tw@coastergroup.com

Board of Directors

Title	Name	National ity	Major Education & Experience
Chairperson	Lisa Kao	R.O.C	-Bachelor, School of Foreign Languages and Cultures, Soochow University, Taiwan -Funder of Coaster
Director	Yeko LLC	U.S.A	-KaiNan Vocational High School, Taiwan -Funder of Coaster
	Representative: Michael P. Yeh	R.O.C	
Director	Alexander Pan	R.O.C.	-Ph.D. Business Administration University of Southern California, USA -MBA. (Finance), University of Southern California, USA -Master (Economics), Soochow University, Taiwan -Partner, PricewaterhouseCoopers, LLP (USA) -Member, American Institute of Certified Public Accountants -Certified Public Account, USA -Member, CALIFORNIA BOARD OF ACCOUNTANCY
Director	Rong Zing, Liu	R.O.C.	-Master of Business Administration, University of KANSAS, USA -CFO and Independent Supervisor of Alcor Micro Corp.
Independent Director	Hui Erh, Yuan	R.O.C.	-Master of Science in Accountancy, University of Missouri, USA -MBA, Southern Illinois University, USA -Partner, PricewaterhouseCoopers Taiwan -Director and Supervisor of Sheng Yen Education Foundation -Supervisor of Dharma Drum Mountain Buddhist Foundation -Independent Director of Yuanta Futures Co., Ltd.
Independent Director	Jong Rong, Chen	R.O.C.	-Ph.D. Economics, University of North Carolina at Chapel Hill, USA -Professor, Graduate Institute of the Industrial Economics, National Central University, Taiwan -Visiting Research Fellow, Economic Research Center, School of Economics, Nagoya University, Japan -Visiting Fellow, Center for Business and Government, Harvard University, USA -Visiting Scholar, Institute of Economics, Academia Sinica, Taiwan -Join Appointment Research Fellow, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan -Joined Researcher at National Taiwan University Public Economic Research Center -Director, Taiwan Cooperative Financial Holding Co., Ltd

Independent Director	Lung Zin, Chi	R.O.C	-BA. and M.A. in Department of Cinema and Audiovisual, University Paris III-Sorbonne Nouvelle, France -Director and Jointed Professor, Department of Radio, Television & File, Shin-Hsin University
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Headquarters, Branches & Plants

1. Headquarter

Name	Coaster International Co., Ltd.	Address	190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands
Website	http://www.coasterinternational.com/	Tel	(1)562-944-7899

2. Subsidiary

Name	COA, Inc.	Address	12928 Sandoval Street, Santa Fe Springs, CA 90670, USA
Website	http://www.coasterfurniture.com/	Tel	(1)562-944-7899
Name	Deliverall Logistics, Inc.	Address	12928 Sandoval Street, Santa Fe Springs, CA 90670, USA
Website	http://www.coasterinternational.com/	Tel	(1)562-944-7899
Name	Kyanite Home LLC	Address	12928 Sandoval Street, Santa Fe Springs, CA 90670, USA
Website	http://www.coasterfurniture.com/	Tel	(1)562-944-7899
Name	Kyaen Décor LLC	Address	12928 Sandoval Street, Santa Fe Springs, CA 90670, USA
Website	http://www.coasterfurniture.com/	Tel	(1)562-944-7899
Name	CFS Global, Inc.	Address	190 Elgin Avenue, George Town, Grand Cayman KY 1-9005, Cayman Islands
Website	http://www.coasterinternational.com/	Tel	(1)562-944-7899
Name	COA Asia, Inc.	Address	190 Elgin Avenue George Town Grand Cayman KYI-9005 Cayman Islands
Website	http://www.coasterfurniture.com/	Tel	(886)4-2249-0777
Name	Ye Hey Holding Company Limited	Address	Room 1005, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong
Website	http://www.coasterinternational.com/	Tel	(852)2598-8663
Name	Ye Hey (ShenZhen) Logistics Service Company	Address	Block C 103, Coaster Industrial Plant, Lanzhu West Road 10 th , Shenzhen Export Processing Zone, Pingshan New Distric, Shenzhen China
Website	http://www.coasterinternational.com/	Tel	(86)755-336-19168
Name	Ye Hey Taiwan Logistics Service Company	Address	7F-1, No.360, Beitun Rd., Beitun Dist., Taichung City 406, Taiwan(R.O.C.)
Website	http://www.coasterinternational.com/	Tel	(886)4-2249-0777
Name	Coaster Furniture (Asia) Service Holdings Limited	Address	Room 1005, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong
Website	http://www.coasterinternational.com/	Tel	(852)3962-0402
Name	Coaster Furniture (Kunshan) Adivisory Holdings Ltd.	Address	Room 1401, Building 47, Haiyayuan, Lvzhong, Kunshan Development Area, Jiangsu Province, China
Website	http://www.coasterinternational.com/	Tel	(86)512-552-57508
Name	Ye Hey (Malaysia) Logistics Service SDN BHD	Address	No. 8, 8-1, 10, & 10-1, Jalan KSB 14, Taman Kota Syahbandar, 75200, Melaka, West Malaysia
Website	http://www.coasterinternational.com/	Tel	(60)6-281-6889

3. Office

Name	Coaster International Co., Ltd. –Taiwan Office	Address	7F-1, No.360, Beitun Rd., Beitun Dist., Taichung City 406, Taiwan(R.O.C.)
Website	http://www.coasterinternational.com/	Tel	(1)562-944-7899

Stock Transfer Agent

Company	ChinaTrust Commercial Bank Co., Ltd. Transfer Agency	Address	5F., No.83, Sec. 1, Chongqing South Rd., Zhongzheng Dist., Taipei City 100, Taiwan(R.O.C.)
Website	www.ctbcbank.com	Tel	(886)2- 6636-5566

Aduting CPAs in the Most Recent year

CPA : Hui-Lin, Pan & Sheng-Wei, Teng			
Company : PricewaterhouseCoopers, Taiwan	Address	27F, No.333, Sec.1, Keelung Rd., Xinyi Dist., Taipei 110, Taiwan	
Website : www.pwc.tw	Tel	(886)2- 2729-6666	

Oversea Stock Exchange : None

Company Website : <http://www.coasterinternational.com/>

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1. Letter to Shareholders

一、受到外部競爭環境、法規遵循及全球經濟環境之影響

1.1 Market Competition, Regulatory Compliance and Global Economy Prospect

2020 年之新型冠狀病毒肺炎疫情繼續牽動全球，2021 年美國新任總統拜登政府推出之一連串刺激經濟方案，預期將為美國家居零售相關行業帶來新的消費動能。近年貨運價格節節高漲，缺工以及氣候變遷等因素為供應鏈管理帶來更多不確定性，需要更多資訊科技之輔助來幫助企業進行決策。隨著科技進步，消費者習慣大幅改變，電子商務通路較實體店面具備優勢，同時也讓零售業從銷售商品的思維轉化為銷售服務品質的提升。

The 2020 COVID-19 pandemic disrupts everyone's daily life and has dramatically changed consumer shopping preference globally. President Joe Biden's 2021 multiple stimulus bills and infrastructure investment proposals are expected to be favorable to the recovery of economy and the growth of the U.S. Home Furnishing Industry. However, US furniture industry is still facing various challenges, including the surge of ocean container-shipping costs, shortage of reliable work force, and occurrence of natural disasters due to global warming. These unfavorable factors contribute additional risks and cost of managing the sourcing and distribution of furniture products from Asia factories to US market. Today, more than ever, furniture industry executives are relaying on information technology and innovative customer service solutions in overcoming challenges and meeting the constant rising expectation of consumers. In meeting the competition from the pure Ecommerce retailers, traditional brick & mortar furniture retailers start focusing more on providing their customers with favorable shopping experience beyond just selling furniture products.

Coaster 集團耕耘美國家具市場已近四十年，主要營業項目為室內家具的開發、採購進口以及供應鏈配銷，並未設置實體零售店面，因此在面對快速變化的市場及各種挑戰，必須更步步為營，將精神集中於配銷通路之管理及調控。Coaster 集團自行開發供應鏈及採購管理系統(RP2)與銷售管理平台(CC3)，強化營運效率並以數據資訊輔助決策，在快速變化的市場即時調整因應。

As a developer and major furniture import distributor in U.S., Coaster has been servicing U.S. furniture market for about four decades. Today, Coaster supports a full line of indoor furniture products consist of over 4,000 SKU inventory items. The inventory stocks are properly located at seven branch warehouses and distribution centers in U.S. to support the needs of over 8,000 US furniture retailers. In responding to the rapidly changing market demands and various challenges on global supply chain, Coaster enhances its core competency for inventory distribution efficiency and effectively managing its sales channels. In addition, with Coaster's investing in digitalization and process automation (e.g., the self-developed platforms of CC3 and RP2), the Company improves its operation efficiency, and decision-making quality.

二、2020 年營業計劃實施成果

1.2 2020 Operation Results

Coaster 集團近年來著重於供應鏈平台及網路與實體零售商的經營策略，以建立供應鏈平台及調降獲利較差之通路銷售等方式，進一步強化公司競爭力；2019 年推出 CoasterEveryday、CoasterEssence、CoasterElevations 及 CoasterSleep 並於官方網站、平面及電子媒體進行曝光，對於品牌識別度之推廣已見初步成效，2020 年度因新型冠狀肺炎疫情及消費模式改變下，尤其在 2020 前兩季期間，電商網路銷售占比明顯提高，加上推出連結經銷商社群專案，由中小型實體業者及經銷商提供實體在地服務，並由 Coaster 集團總部提供支援服務，全力往 O2O 線上到線下的營運銷售模式發展，本公司 2020 年度稅後淨利為新台幣 246,332 千元，年度稅後每股盈餘為 3.24 元，本公司將持續精進供應鏈管理效率及產品開發設計能力、並結合中小實體通路提供服務，提升服務品質及品牌形象，並維持最適存貨規模、強化管理的競爭力、維持穩健的財務結構、提升獲利能力，貫徹年度營運目標。

Coaster continues enhancing its core competency by providing innovative business solutions in managing global supply chain with healthy sales growth. To better target its marketing investment, in 2019, the Company launched four additional sub-brands: CoasterEveryday, CoasterEssence、CoasterElevations and CoasterSleep. The Company redesigned its website and digitalized product images to create better product presentation on printed, digital and social media advertisement. Coaster is building up its brand recognition among both consumer and retailing communities. Supported by Coaster's "O2O" (On-Line marketing) and CCN local service network (Coaster Community Network), now thousands of US independent furniture retailers can leverage Coaster's On-Line marketing tools in promoting and sales Coaster brand products to consumers.

In 2020, at the initial outbreak of the COVID-19 pandemic (i.e., Q1 and Q2), Coaster's Ecommerce fulfillment demonstrated its resilience and made up the short-fall of traditional retailers' demand. As a result, in 2020, the Company reports a net profit of NT\$246,332 thousand, EPS NT\$ 3.24. Looking forward, with continue enhancing its core competency in managing supply chain, product design, promoting Coaster brand, and service quality, Coaster commits in maintaining adequate level of inventory, healthy financial structure, and driving long-term profitable growth.

三、預算執行情形、財務收支及獲利能力分析

1.3 Review of Budget Implementation, Analysis of Receipt, Expenditures, and Profitability

確保營收來源品質及降低營業成本是 Coaster 集團 2020 年之主要營運目標，2020 年推出連結經銷商社群專案，由中小型實體業者提供運送、組裝及售後支援的實體在地服務，並由 Coaster 集團總部支援中小型實體業者及經銷商之銷售及服務業務，在營運模式的調整策略下，2020 年度營業毛利提升至 30.77%，加上費用

控管得宜，營業費用較 2019 年底減少 15.54%，Coaster 集團於 2020 年度達到稅後淨利新台幣 246,332 千元及年度稅後每股盈餘 3.24 元的經營成果。

In executing its 2020 business plan, the Company focused on improving profit on sales and control over operating expenses. In 2020, Coaster launched Coaster CCN Initiative (Coaster Community Network) to support its “O2O” business solution which is an On-Line marketing tool in promoting and sales Coaster brand products to consumers. Coaster invests in consumer-centric On-Line Marketing to attract more consumers to CCN dealer stores, where dealers can conclude the sales on Coaster products and assist consumers select their preferred delivery & service modes (e.g., drop-shipping or local truck delivery with or without assembly service). With the implementation of business strategy and the Company adequately controlled expenditure, Coaster’s 2020 gross margin ratio raised to 30.77%, with the operating expenses of the year reduced by 15.54% from that of prior year: the Company reported a net 2020 profit of NT\$246,332 thousand, and EPS of NT\$ 3.24.

四、研究發展狀況暨 2021 年營業計畫概要及未來發展策略

1.4 Research and Development Status, Business Plan of Year 2020 and Future Development Strategy

2021 年 Coaster 集團除持續提升品牌識別度外，也透過線上線下整合，進一步延伸零售網，由對零售商行銷(B2B)的模式延伸到以 Coaster 品牌對終端消費者(B2C)的行銷，雖然全球經濟局勢受新型冠狀病毒疫情影響而面臨更多的不確定性，但同時因為疫情帶來生活模式及工作模式的轉變，也讓 Coaster 管理團隊有決心因應，強化存貨供應鏈管理，並進一步優化自行開發之銷售數位平台(CC3)及採購管理系統(RP2)通路，使銷售及採購管理層面之資訊更為透明，減少人力及時間成本，提高決策及營運效率；此外，Coaster 集團架設平台工具，利用現有資訊及數據打造數位資料庫來加速決策系統分析之速度及能力，同時，持續推動新零售營運模式並挹注行銷資源，利用線上(Online)網際網路推送 Coaster 品牌能見度，並連結全美數千家線下(Offline)實體零售家具商之實體服務；面對新型冠狀病毒疫情帶來的難關，Coaster 集團將秉持一步一腳印的踏實經營，維持既有銷售優勢並在新零售的時代，建立長期永續經營及獲利營運模式。

Looking forward and beyond, Coaster is committed to continue investing in its own-brand marketing, implementing “O2O” (Online-to-Offline) and CCN new retailing business model. Since the pandemic has already elevated the uncertainty level of our business; to mitigate the negative impacts, Coaster will focus on inventory distribution and profitable sales channel service. The Company will continue enable its CC3 and RP2 with more add-on functions including usefully decision support modules and better user experience. By leveraging the methodologies and tools in data analysis, decision support,

and process automation; Coaster is confident in maintaining adequate inventory, strengthen its competitiveness through healthy financial structure, overcoming the challenges of Covid-19 pandemic and driving sustainable profitable growth.

敬祝 各位 身體健康、萬事如意

董事長： 高黎莎

Chairperson： Lisa Kao



總經理： 葉伯璘

CEO： Michael P. Yeh



2. Company Profile

2.1. Company Establishment Date and Profile

Established in February 1981, COA, Inc. (“Coaster USA”) is a subsidiary of Coaster group that imports furniture products from Asia factories for U.S. warehousing and distribution. Coaster’s head office is located at City of Santa Fe Springs (L.A., California), and has seven U.S. branches, one distribution centers, and several overseas QC offices. Coaster manages a reliable supply chain for furniture distribution and becomes a major supplier of U.S. furniture products.

Coaster’s U.S. branches and distribution centers are located in City of Fontana, California; San Francisco, California; Atlanta, Georgia; New Jersey, Texas, and Florida. In connection with preparing for Taiwan initial public offering, on August 22, 2013, a Cayman company, Coaster International Co., Ltd. was established (“CIC” or “Coaster”). On January 6, 2014, after the completion of the restructuring, CIC became the group holding company, which owns all the operation entities of Coaster for Taiwan public listing.

Most of Coaster customers are based in North America, in particular, in the United States. Coaster provides assortments of furniture products with a selection of styles and affordable prices for purchase. Coaster’s major distribution channels include: (a) independent furniture retailers; (b) major U.S. ecommerce retailers, (c) regional furniture retail chain stores and, (d) interior and home designers.

Coaster offers innovative marketing and IT solutions to fulfill the unique requirements of its channel partners; including regional brick-and-mortar chain stores and ecommerce partners. Coaster offers multiple brands to more effectively penetrate U.S. market: “Coaster” brand products are generally targeted at the mid-price range, and are available for all dealers to purchase. Now, Coaster sub-brands included CoasterEveryday, CoasterEssence, CoasterElevations, and CoasterSleep. With multiple product lines, tailored solutions for distribution and marketing, Coaster is well-positioned to further penetrate U.S. furniture market.

Coaster sources a wide-range of furniture assortments from Asia manufactures for U.S. distribution. To ensure the stability of supply chain and quality of products, Coaster established overseas procurement offices and U.S. distribution warehouses. The primary functions of overseas procurement offices are to provide QC inspection, procurement coordination, ship scheduling, factory selection, and vendor evaluation. Coaster’s overseas offices are located in China, Vietnam, and Taiwan.

To ensure timely delivery of merchandise to U.S. customers, Coaster established U.S. branch warehouses and distribution centers adjacent to major U.S. markets. Coaster develops IT platforms to facilitate furniture dealers purchasing Coaster products with convenience and efficiency. With these IT platforms, Coaster dealers can place orders with Coaster 24/7 and request the purchased merchandise shipped to designated locations (e.g., dealer stores or consumer homes). Coaster offers qualified dealers with credit and credit insurance. Based on the credit standings, qualified dealers are granted with credit facilities to purchase Coaster products.

2.2 Group Structure

Please refer to 8 of this Annual Report.

2.3 Group History and Milestone Events

Year	Important Group and Company Events
Feb. 1981	COA, Inc. established its headquarters and branch warehouse in Los Angeles County, California.
1985 to 1989	Established additional U.S. branch warehouses: Chicago branch(1985); New Jersey branch(1987); and Atlanta branch(1989).
1991 to 1994	Established additional U.S. branch warehouses: San Francisco branch(1991); Florida branch(1993); Texas branch(1994). Total U.S. warehouses space reached to 2,310,178 square feet, and office space reached to 128,346 square feet.
2006	Completed the installation of real-time Inventory Management Informaiton System at all U.S. warehouses locations.
2007	CFS (USA) was established. CFS developed tailored products for U.S. regional furniture dealers.
2010	Introduced new accent furniture product lines.
2012	Established COA Asia, Inc. to provide the global logistics service and support the sales and marketing operations outside of the U.S.
2013	Adding a second U.S. distribution center in City of Fontana (LA County, California), with an additional warehouse space of 409,130 square feet. Total U.S. warehouses space reaches to 2,829,869 square feet. Established the group holding company: Coaster International Co., Ltd. (CIC). Preparation for Taiwan IPO.
2014	Introduced online-to-offline marketing initiative and developed an O2O platform CRC (Coaster Retail Connect). CRC IT platform promotes Coaster products with Online and Offline integrated marketing and sales solutions. Established and overseas warehouse in Vietnam. Installed the first automated re-packing system at City of Industry warehouses. This system provides efficiency on repacking Coaster products for ecommerce drop-ship. Established multi-channel furniture distribution network of U.S. independent furniture retailers, ecommerce retailers, and regional furniture chain stores.
2015	Installed additional automated re-packing machines at U.S. branch locations. Redesign the processing to improve the productivity. Coaster Company of Cmerica roll out the Donny Osmond Home collection.
2016	Coaster International Co., Ltd, the group holding company, obtained approval and listed on Taiwan Stock Exchange.
2017	Internal merge between two subsidiaries. On July, 2017 the board of directors of COA, Inc., the major subsidiary of CIC, approved a merger with CFS(USA), the subsidiary of CIC group. COA, Inc. is the surviving company. Coaster Co., of America and Scott Living launch a 300-plus-SKU of bedroom, dining room, upholstery and accent furniture at 2017 Winter Las Vegas Market.
2019	Introduce new and diverse collection with 3 New sub-brands, CoasterEveryday, CoasterEssence, and CoasterElevations.
2020	Kyanite Home, LLC and Kayeh Decor LLC begin trial operation. CC3 platform with add-on functions of credit card payment.

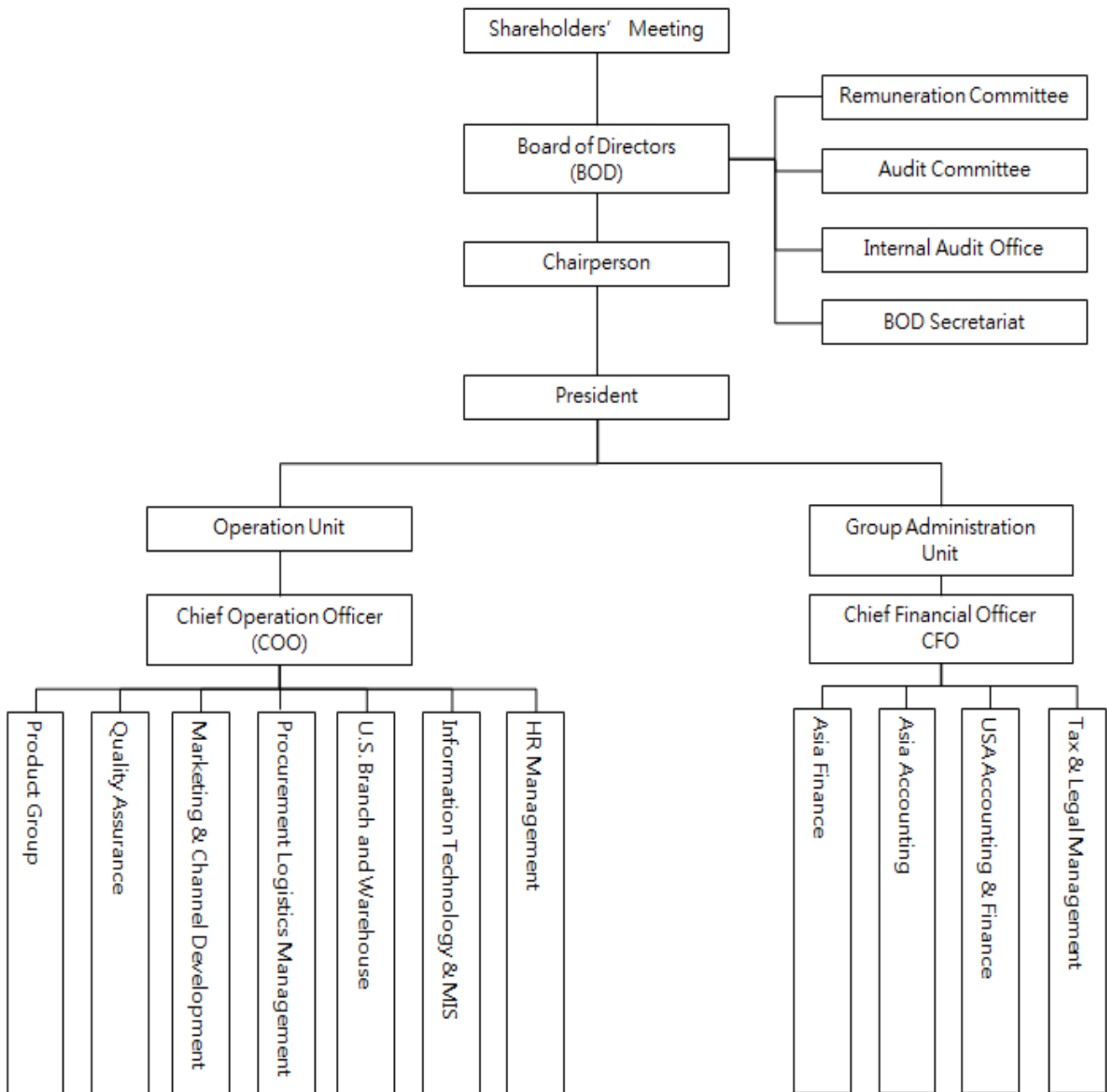
2.4 Risk Management

Please refer to 7. of this Annual Report.

3. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Department Functions

Name of Department	Functions
Board of Directors (BOD)	Sets policy directives and establishes group business goals. Appoints and approves key managers to promote business. Grant Chairperson of the Board with execution authority in making operational decisions pursuant to the internal control policy of the company (i.e., Level of Authority).
Remuneration Committee	<ol style="list-style-type: none"> 1. Establishes compensation policy, performance measurement standards and reward system for directors, supervisors and senior executives. 2. Periodically reviews the adequateness of the compensation and reward structure of directors and senior executives.
Audit Committee	<ol style="list-style-type: none"> 1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act. 2. Assesses the effectiveness of the internal control system. 3. Pursuant to Article 36-1 of the Securities and Exchange Act, adopts or amends the procedures on material financial or business activities; including the acquisition and disposition of assets, derivatives trading, lending of funds, and endorsements or provide a guarantee to others. 4. Board resolutions in which a director is an interested party. 5. Approval of asset transactions or derivatives trading with any material amounts. 6. Approval of corporate lending, endorsements, pledge, and guarantor with any material financial impact. 7. Approves the offering, issuance, or private placement of equity-type securities. 8. The hiring or dismissal of a certified public accountant, and approval of audit service fees. 9. The appointment and discharge of financial accountants or internal auditors. 10. Reviews and approval of annual and semi-annual financial reports. 11. Approves major resolutions submitted by corporate management or requested by regulatory authorities.
Internal Audit Office	Assists the BOD and management team in formulating and revising internal control system. Conducts internal control compliance tests and reports the findings. Provides recommendations to continue enhancing the internal control system.
BOD Secretariat	Provides administrative supports to BOD affairs. Assists spokespersons on investor or news media inquiries. Cultivates healthy public relationship environment. Provides regulatory compliance supports.
President	Executes BOD resolutions and manages business operations. Provides leadership to the management team to obtain operation goals.

Name of Department			Functions
Group Administration Unit	CFO	Finance	Assists CFO in managing working capital funds, enhancing operation efficiency and cost saving.
		Accounting	Documents business transactions, records accounting entries, prepare financial statements. Establishes accounting and financial related internal control policies. Develops annual budget and conducts variance analysis. Prepares group consolidated financial statements.
		Tax & Legal Management	Reviews contracts and legal documents. Manages external legal counsels in trademark filing, litigation, and regulatory compliance. Conducts tax research, tax planning, and implementation. Assists tax accountants in tax return filing, tax audits, and tax accrual preparation.
Operation Unit	COO	Quality Assurance	Product QC inspection, procurement coordination, ship scheduling, factory selection, and vendor evaluation.
		Product Group	Analyzes the trend of U.S. furniture industry. Collects information on competing products. Designs new products and selects factories for production. Edits information in products catalog. Formulated product prices and discounts.
		Marketing & Channel Development	Assists the formulation and execution of marketing strategy for the development of additional distribution channels. Supports product department in organizing major U.S. furniture trade shows. Coordinates with the sales team in developing annual sales goals and monitors the sales performance.
		Procurement Logistics Management	Negotiates shipping contracts. Manages the process of containers allocation, shipping schedules, and import customs clearance.
		U.S Branch and Warehouse Operations	Supervises U.S. branch services, the operation of branch warehouses and distribution centers. Manages call center customer and consumer services.
		Information Technology & MIS	Manages the planning, developing and maintenance of the group's information technology system, including the ERP system and related applications, database maintenance, computers and internet security setting and all other IT related affairs.
		HR Management	Manages the process of hiring, evaluation, promotion and replacement of employees in accordance with company HR policies and regulatory requirements. Negotiates with insurance service providers on welfare and fringe benefit programs offered to employees. Monitors the process of work-related injury documentation, report, workman insurance claim processing. Provides work-related safety training to employees. Develops management talent pools by offering internal and external training seminars, on-the-job training programs and job-rotation.

3.2Directors and Management Team

3.2.1 Directors and supervisors

3.2.1.1 Directors

Title	Name	Nation- ality	Gen der	First Election Date	Election Date	Tenure (year)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in the Name of Others		Major Education & Experience	Current Position with Other Company	2021/4/25; Unit: Share, %		
							Shares	%	Shares	%	Share	%	Share	%			Title	Name	Relation
Chair person	Lisa Kao	R.O.C	F	1981/2/21	2018/6/12	3	0	0	0	0	0	0	28,282,271	36.94	1) Bachelor, School for forcing Languages and Cultures, Soochow University, Taiwan 2) Funder of COASTER Group	Note 1	VP	Janice Yeh	Mother and Daughter
Director	Yeko LLC	U.S.	-	2015/10/23	2018/6/12	3	26,172,351	34.19	26,172,351	34.19	0	0	0	0	—	—	—	—	—
	Represen -tive: Michael P. Yeh	R.O.C.,	M	1981/2/21	2018/6/12	3	0	0	0	0	0	0	12,480,715	16.30	1) KaiNan Vocational High School, Taiwan 2) Funder of COASTER Group	Note 2	VP	Janice Yeh	Father and Daughter
Director	Alexan der Pan	R.O.C	M	2012/6/10	2018/6/12	3	86,000	0.11	180,000	0.24	0	0	0	0	1) Ph.D. Business administation, University of Southern California, USA 2) MBA. (Finance), University of Southern California, USA 3) Master(Economics), Soochow University, Taiwan 4) Partner, PricewaterhouseCoopers USA 5) Certified Public Account, USA	Note 3	—	—	—
Director	Rong Zing Liu	R.O.C	M	2015/7/12	2018/6/12	3	0	0	0	0	0	0	0	0	1) Master of Business Administration, University of KANSAS, USA 2) CFO and Independent Supervisor of Alcor Micro Corp.	Note 4	—	—	—

Title	Name	Nationality	Gender	First Election Date	Election Date	Tenure (year)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in the Name of Others		Major Education & Experience	Current Position with Other Company	Manager is a Spouse or Consanguinity within 2 degrees to each other		
							Shares	%	Shares	%	Share	%	Share	%			Title	Name	Relation
Independent Director	Hui Erh Yuan	R.O.C	F	2015/7/12	2018/6/12	3	0	0	0	0	0	0	0	0	1) MBA, Southern Illinois University, USA 2) Master of Science in Accountancy, University of Missouri, USA 3) Partner, Pricewaterhouse -Coopers Taiwan 4) Supervisor of Sheng Yen Education Foundation	Note 5	—	—	—
Independent Director	Jong Rong Chen	R.O.C	M	2015/7/12	2018/6/12	3	0	0	0	0	0	0	0	0	1) Ph.D, Economics, University of North Carolina at Chapel Hill, USA 2) Professor, Graduate Institute of the Industrial Economics, National Central University, Taiwan 3) Visiting Research Fellow, Economic Research Center, School of Economics, Nagoya University, Japan 4) Visiting Fellow, Center for Business and Government, Kennedy School of Government, Harvard University, USA 5) Visiting Scholar, Institute of Economics, Academia Sinica, Taiwan 6) Join Appointment Research Fellow, Research Center for Humanities and Social Sciences, Academia Sinica, Taiwan 7) Joined Researcher at National Taiwan University Public Economic Research Center	Note 6	—	—	—

Title	Name	Nation-ality	Gen-der	First Election Date	Election Date	Tenure (year)	Shareholding when elected		Current shareholding		Spouse & Minor Shareholding		Shareholding in the Name of Others		Major Education & Experience	Current Position with Other Company	Manager is a Spouse or Consanguinity within 2 degrees to each other		
							Shares	%	Shares	%	Share	%	Share	%			Title	Name	Relation
Independent Director	Lung Zin Chi	R.O.C	M	2015/7/12	2018/6/12	3	0	0	0	0	0	0	0	0	1) B.A. and M.A. in Department of Cinema and Audiovisual, University Paris III – Sorbonne Nouvelle, France 2) Director, Department of Radio, Television & File, Shin-Hsin University	Note 7	—	—	—

Explanation : Issued share on October 23, 2015 : 66,555,696 shares ; Issued shares on April 25, 2021 : 76,555,696 shares

Note 1 : (1) Director, Executive Directors, COASTER Group and related party of COASTER (2) Chairperson, Coaster International Co., Ltd

Note 2 : (1) President, Director, Executive Directors, COASTER Group and related party of COASTER (2) President, Director, Coaster International Co., Ltd

Note 3 : (1) Accounting Manager, COASTER Group (2) Chief Finance Officer, COA, Inc. (3) Chief Finance Officer, Director, Coaster International Co., Ltd. (4) Member, American Institute of Certified Public Accountants (4) Member, CALIFORNIA BOARD OF ACCOUNTANCY

Note 4 : (1) Director, COA Asia, Inc. (2) Director, Alcor Micro Technology Corp. (3) Director, Coaster International Co., Ltd

Note 5 : (1) Supervisor, Dharma Drum Mountain Buddhist Foundation (2) Director, Sheng Yen Education Foundation (3) Independent Director, Yuanfa Futures Co., Ltd. (4) Independent Director, Coaster International Co., Ltd

Note 6 : (1) Jointed Professor, Graduated Institute of the Industrial Economics, National Central University, Taiwan (2) Director, Taiwan Cooperative Financial Holding Co., Ltd. (3) Independent Director, Coaster International Co., Ltd

Note 7 : (1) Jointed Professor, Department of Radio, Television & File, Shin-Hsin University (2) Independent Director, Coaster International Co., Ltd

Note 8 : If the chairman, general manager or personnel with equivalent position (chief officer) are the same person, spouses or relatives within first degree of kinship, relevant information on the reasons, reasonability, necessity, and measures to be taken accordingl : Not applicable.

3.2.1.2 Supervisors

Not applicable.

3.2.1.3 List of Main Shareholders of the Directors that are Institutional Shareholders

2021/4/25

Institutional Shareholder	Main Shareholder of Institutional Shareholder
Yeko LLC	Lisa Kao (67.23%)、Michael P. Yeh (32.77%)

3.2.1.4 List of Main Shareholders of the Institutional Shareholders Whose Shareholders are Institutional Holders

Not applicable.

3.2.1.5 Professional Qualification and Independence of Directors

Has at least 5 years of work experience and meet one of the following professional qualifications			Qualification regarding the independence criteria (Note)												Number of other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	
Criteria	An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, or accounting, or other field necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10	11		12
Name																
Lisa Kao			✓										✓	✓	✓	0
Yeko LLC (Representative : Michael P. Yeh)			✓										✓	✓		0
Alexander Pan	✓	✓	✓					✓		✓	✓	✓	✓	✓	✓	0
Rong Zing Liu			✓					✓		✓	✓	✓	✓	✓	✓	0
Hui Erh Yuan		✓	✓					✓	✓	✓	✓	✓	✓	✓	✓	1
Jong Rong Chen	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	0
Lung Zin Chi	✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	0

Note : “✓” indicates qualified Directors during the two years before being elected or during the term of the appointment.

(1) Not an employee of the company or any of its affiliates;

(2) Not a director or supervisor of the company or any of its affiliates;

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent

- more of the total number of issued shares of the company or ranks as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the above persons in the preceding subparagraphs (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as one of its top five shareholders, or has representative directors(s) serving on the company's board based on Article 27 of the Company Law;
- (6) Not a director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the company;
- (7) Not a director, supervisor, or employee of a company of which the chairman or CEO (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent);
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company;
- (9) Other than serving as a compensation committee member of the Company, not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting service or consultation of the company or to any affiliate of the company, or a spouse thereof, and the service provided is an "audit service" or a "non-audit service" which total compensation within the recent two years exceeds NT\$500,000";
- (10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company;
- (11) Not been a person of any conditions defined in Article 30 of the Company Law; and
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.2 President, Vice Presidents, Senior Directors and Department Heads

2021/4/25; Unit: Share, %															
Title	Name	Nationality	Gender	Effective Date	Current shareholding		Spouse & Minor Shareholding		Shareholding in the Name of Others		Major Education & Experience	Current Position with Other Company	Manager is a Spouse or Consanguinity within 2 degrees to each other		
					Shares	%	Share	%	Share	%			Title	Name	Relation
President	Michael P.Yeh	R.O.C	M	1981/2/21	0	0	0	0	12,480,715	16.30	1) KaiNan Vocational High School, Taiwan 2) Funder of COASTER Group	Note 1	VP	Janice Yeh	Father and Daughter
CFO	Alexander Pan	R.O.C.	M	2015/1/16	180,000	0.24	0	0	0	0	1) Ph.D. Business administration, University of Southern California, USA 2) MBA. (Finance), University of Southern California, USA 3) Master(Economics), Soochow University, Taiwan 4) Partner, PricewaterhouseCoopers USA 5) Certified Public Account, USA	Note 2	—	—	—
VP	Matthew Chen	U.S.A	M	1990/8/20	0	0	0	0	0	0	1) M.S. Actuarial Science, University of Nebraska, Lincoln 2) M.S. Statistics, University of Akron, Ohio 3) Actuarial Analyst, Transamerica Life Insurance Company 4) Sr. Actuarial Analyst, State Farm Insurance Company	Note 3	—	—	—
VP	Gene Korbut (Note 4)	U.S.A	M	2000/2/14	0	0	0	0	0	0	1) B.A., Chinese Language and Literature, University of Massachusetts, USA 2) Distract Sales Manager, Cosco North America, Inc. 3) Assistant Manager, Evergreen America Corp.	—	—	—	—

Title	Name	Nationality	Gender	Effective Date	Current shareholding		Spouse & Minor Shareholding		Shareholding in the Name of Others		Major Education & Experience	Current Position with Other Company	Manager is a Spouse or Consanguinity within 2 degrees to each other		
					Shares	%	Share	%	Share	%			Title	Name	Relation
VP	John Rodriguez	U.S.A.	M	1990/1/29	0	0	0	0	0	0	1) University of California, L.A. 2) Assistant Sales, Marketing & Purchasing Manager, Scientific Sealing Technology	Note 5	—	—	—
VP	Steve Goldsmith	U.S.A	M	1993/2/27	0	0	0	0	0	0	1) B.A. of Business Administration, Florida Atlantic University, USA 2) General Manager, FMUSA Management Corp. 3) Manager, Door Store Furniture	Note 6	—	—	—
VP	Crystal Nguyen (Note 4)	U.S.A	F	2013/9/16	0	0	0	0	0	0	1) B.A. of Fashion Institute of Design & Merchandising (FIDM), Los Angeles, CA, USA 2) Vice President of Product Development, A-America, Inc. 3) Vice President of Retail, Wholesale Product Development & Design, HOME Furniture	—	—	—	—
VP	Janice Yeh	U.S.A.	F	2009/4/1	0	0	0	0	0	Note 7	1) Bachelor, University of California, San Diego, USA	Note 8	President	Michael P. Yeh	Father and Daughter
VP	Donald Alan Deeds	U.S.A.	M	2019/11/11	0	0	0	0	0	0	1) Merchandise Manager of EasyLife Furniture Inc. 2) Associate degree, Ornamental Horticulture, Saddleback College	Note 9	—	—	—
Chief Auditor	Elsa Chiao	R.O.C.	F	2016/5/6	10,000	0.01	0	0	0	0	1) Bachelor, Department of Accounting, Chinese Culture University, Taiwan 2) Certified Internal Auditor, CIA	Note 10	—	—	—

Note 1 : (1) President of Coaster Group –North America Region (including : COA, Inc., Deliverall Logistics, Inc., Kyanite Home, LLC., Kayeh Decor LLC., CFS Global, Inc.)

(2) President of Coaster Group – Asia Region (including : COA Asia, Inc., Ye Hey (Malaysia) Logistics Service SDN BHD, Coaster Furniture (Asia) Service Holdings Ltd., Ye Hey Taiwan Logistics Service Ltd. (Taiwan), Ye Hey Holding Co. Ltd., Coaster Furniture (Kunshan) Advisory Holdings Ltd., and Ye Hey (Shenzhen) Logistics Service Company).

Note 2 : (1) Accounting Manager, COASTER Group (2) Chief Finance Officer, COA, Inc. (3) Chief Finance Officer, Director, Coaster International Co., Ltd. (4) Member, American Institute of Certified Public Accountants (4) Member, CALIFORNIA BOARD OF ACCOUNTANCY

Note 3 : Vice President of Administration and Human Resources, COA, Inc

Note 4 : As the publication date of the annual report, the manager has resigned or retired, so the relevant information is disclosed to the date of the resignation (retirement)

Note 5 : Vice President of Operations, COA, Inc

Note 6 : Vice President of Branch Operation COA, Inc

Note 7 : The shareholding in the name of others of the manager does not satisfies the qualifications in Article 2 of the Securities and Exchange Act Enforcement Rules; be entitled to manage, utilize, or dispose the stocks held under the name of such third parties, so disclosed as “0”

Note 8 : Vice President of Operations, COA, Inc

Note 9 : Vice President of Marketing & Channel Development, COA, Inc

Note 10 : (1) Chief Auditor, COA, Inc (2) Chief Auditor, COA Asia, Inc

Note 11 : If the chairman, general manager or personnel with equivalent position (chief officer) are the same person, spouses or relatives within first degree of kinship, relevant information on the reasons, reasonability, necessity, and measures to be taken accordingl : Not applicable.

3.3 Remuneration to Directors, Supervisors, Presidents, and Vice Presidents

3.3.1 Remuneration to Directors, Supervisors, President, and Vice Presidents

3.3.1.1 Directors

2020/12/31; NT\$'000

Title	Name	Remuneration to Directors						A+B+C+D Percentage of Net Income after Tax (%)		Remuneration to Concurrent Employment						A+B+C+D Percentage of Net Income after Tax (%)		Other Remunera tion form Non-cons olidated Affiliates or Parents Company				
		Compensation (A)		Pension Fund (B)		Directors remuneration (C)		Operating allowance (D)		Salary, Bonus, Special allowance (E)		Pension Fund (F)		Remuneration to Employee (G)					Company Consolidated			
		Company	Consolidated	Company	Consolidated	Company	Consolidated	Company	Consolidated	Company	Consolidated	Company		Con solidated								
												Cash Amount	Stock Amount	Cash Amount	Stock Amount							
Director	Lisa Kao																					
	Yeko LLC Representative: Michael P. Yeh	1,696	1,696	0	0	1,349	1,349	4	10	1.24	1.24	2,851	37,641	108	987	0	0	0	0	2.44	16.92	0
	Alexander Pan																					
	Rong Zing Liu																					
Independent Director	Hui Erh Yuan																					
	Jong Rong Chen	1,512	1,512	0	0	1,011	1,011	10	10	1.03	1.03	0	0	0	0	0	0	0	0	1.03	1.03	0
	Lung Zin Chi																					

Explanation 1 : Please describe payment policy, systems, standards and constructions of Independent Directors, their relevance between payment of compensation and taking responsibility, risks, investing time and so on:

The compensation of Independent Director is determined and paid in accordance to the level of participation and contribution to business operations of the Company, moreover, the compensation also pay as functional committee's converner or member.

Explanation 2 : Other than disclosure in above table, Directors remunerations earned by providing services (e.g. providing consulting services as a non-employee) to Coaster and all consolidated entities in the 2020 financial statements: None.

Escalation for Remuneration to Directors

Escalation for remuneration paid to individual directors of the Company (NTD)	Name			
	Total of A+B+C+D		Total of A+B+C+D+E+F+G	
	Company	All Companies in the consolidated Statement	Company	All Companies in the consolidated Statement
Less than 1,000,000	Lisa Kao、Yeko LLC (Representative: Michael P. Yeh)、Alexander Pan、Rong Zing Liu、Hui Erh Yuan, Jong Rong Chen、Lung Zin Chi	Lisa Kao、Yeko LLC (Representative: Michael P. Yeh)、 Alexander Pan、Rong Zing Liu、Hui Erh Yuan, Jong Rong Chen、Lung Zin Chi	Lisa Kao、Yeko LLC (Representative: Michael P. Yeh)、 Rong Zing Liu、Hui Erh Yuan, Jong Rong Chen、Lung Zin Chi	Rong Zing Liu、Hui Erh Yuan, Jong Rong Chen、Lung Zin Chi
1,000,000~2,000,000 (not inclusive of 2,000,000)	—	—	—	—
2,000,000~3,500,000 (not inclusive of 3,500,000)	—	—	—	—
3,500,000~5,000,000 (not inclusive of 5,000,000)	—	—	Alexander Pan	—
5,000,000~10,000,000 (not inclusive of 10,000,000)	—	—	—	Alexander Pan
10,000,000~15,000,000 (not inclusive of 15,000,000)	—	—	—	Yeko LLC (Representative: Michael P. Yeh)
15,000,000~30,000,000 (not inclusive of 30,000,000)	—	—	—	Lisa Kao
30,000,000~50,000,000 (not inclusive of 50,000,000)	—	—	—	—
50,000,000~100,000,000 (not inclusive of 100,000,000)	—	—	—	—
More than 100,000,000	—	—	—	—
Total	7	7	7	7

3.3.1.2 President and Vice Presidents

2020/12/31; NT\$'000

Title	Name	Salary(A)		Pension Fund (B)		Bonus and Special allowance (C)		Remuneration to Employee (D)				A+B+C+D Percentage of Net Income after Tax (%)		Other Remuneration form Non-consolidated Affiliates or Parents Company
		Company	Consolidated	Company	Consolidated	Company	Consolidated	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Company	Consolidated	
President	Michael P. Yeh													
CFO	Alexander Pan													
VP	Matthew Chen													
VP	Gene Korbut (Note)													
VP	John Rodriguez	2,851	49,723	108	1,801	0	1,315	590	0	590	0	1.44	21.69	0
VP	Steve Goldsmith													
VP	Crystal Nguyen (Note)													
VP	Janice Yeh													
VP	Donald Alan Deeds													

Note : As the publication date of the annual report, the manager has resigned or retired, so the relevant information is disclosed to the date of the resignation (retirement)

Escalation for Remuneration to Directors

Escalation for remuneration paid to President and Vice President of the Company (NTD)	The Name of President and Vice President	
	The Company	All companies in the consolidated statement
Less than 1,000,000	—	—
1,000,000~2,000,000 (not inclusive of 2,000,000)	—	—
2,000,000~3,500,000 (not inclusive of 3,500,000)	Alexander Pan	John Rodriguez, Janice Yeh
3,500,000~5,000,000 (not inclusive of 5,000,000)	—	Gene Korbut 、Crystal Nguyen
5,000,000~10,000,000 (not inclusive of 10,000,000)	—	Alexander Pan 、Steve Goldsmith 、Matthew Chen 、Donald Alan Deeds
10,000,000~15,000,000 (not inclusive of 15,000,000)	—	Michael P. Yeh
15,000,000~30,000,000 (not inclusive of 30,000,000)	—	—
30,000,000~50,000,000 (not inclusive of 50,000,000)	—	—
50,000,000~100,000,000 (not inclusive of 100,000,000)	—	—
More than 100,000,000	—	—
Total	1	9

3.3.1.3 Employee's Remuneration Paid to Management

2020/12/31 ; Unit : NT\$'000

	Title	Name	Stock Amount	Cash Amount	Total	Percentage of Net Income after Tax (%)
Management	President	Michael P. Yeh	0	590	590	0.24
	CFO	Alexander Pan				
	VP	Matthew Chen				
	VP	Gene Korbut (Note1)				
	VP	John Rodriguez				
	VP	Steve Goldsmith				
	VP	Crystal Nguyen (Note 1)				
	VP	Janice Yeh				
	VP	Donald Alan Deeds				
	Chief Auditor	Elsa Chiao				

Note 1 : As the publication date of the annual report, the manager has resigned or retired, so the relevant information is disclosed to the date of the resignation (retirement)

3.3.2 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:

3.3.2.1 The percentage of remuneration paid to the Board of Directors, President and Vice Presidents over net income after tax in recent 2 years:

Unit: NT\$'000

Remuneration	2019				2020			
	Amount		%		Amount		%	
	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement	All companies in the consolidated statement	All companies in the consolidated statement
Directors	3,317	3,328	-4.59	-4.61	5,582	5,588	2.27	2.27
President and Vice President	3,115	58,048	-4.31	-80.37	3,549	53,429	1.44	21.69

The percentage of remuneration paid to the Board of Directors over net income after tax in 2019 and 2020 is -4.61% and 2.27%, the net loss after tax of 2019 caused a negative percentage of remuneration paid to the Board of Directors.

The percentage of remuneration paid to President, CFO and Vice Presidents over net income after tax in 2019 and 2020 is -80.37% and 21.69%, the net

loss after tax of 2019 caused a negative percentage of remuneration paid to President, CFO and Vice Presidents

3.3.2.2 The policy, criteria, composition and process to set the remuneration and the correlation with operational performance and future risk:

- (1) Compensation of directors is determined and paid in accordance to the level of participation and contribution to business operations of the Company by the director in the said position, and with reference to the salary level of global industry standards. According to the Articles of Incorporation, where the Company makes profits before tax for the annual financial year, the Company shall allocate a maximum of 2% of such annual profits before tax for the purpose of Directors' remunerations. °
- (2) Compensation of president, CFO and vice presidents is determined according to the position, working years, contribution made to the Company and with reference to industry standards, and processed according to Company HR bylaws. According to the Articles of Incorporation, where the Company makes profits before tax for the annual financial year, the Company shall allocate a maximum of 15% and a minimum of 1% of such annual profits before tax for the purpose of employees' remunerations.
- (3) The above-mentioned employees' remunerations and the directors' remunerations may be distributed upon resolutions by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors, and the resolutions shall be reported to the Shareholders at the general meeting. °
- (4) In summary, the compensation of directors, president, CFO and vice presidents of the Company is determined and paid according to the Company's overall operation results and individual performance and with consideration of the business potential in furniture industry. Overall, the compensation policy of directors, president, CFO and vice presidents is in positive relation to business performance of the Company, and will creates a long-term value for our shareholders.

3.4 Implementation of Corporate Governance

3.4.1 Board of Directors operating status

A total of 5 meetings (A) of the Board of Directors were held in the most recent year (2020). The attendance status of directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairperson	Lisa Kao	5	0	100.00	—
Director	Yeko LLC	5	0	100.00	—
	Representative: Michael P. Yeh				
Director	Alexander Pan	5	0	100.00	—
Director	Rong Zing Liu	5	0	100.00	—
Independent Director	Hui Erh Yuan	5	0	100.00	—
Independent Director	Jong Rong Chen	4	0	80.00	—
Independent Director	Lung Zin Chi	5	0	100.00	—

Note : Independent Director Hur Erh Yuan and Lung Zin Chi reached 100% in 2020.

Other Disclosure:

1.If any of the following circumstances occurred during the operation of the Board of Directors, the Meeting dates, and proposal details, opinions of all independent directors, and the Company's responses to such opinions should be specified:

(1)Item listed in Article 14-3 of Securities and Exchange Act: Not applicable. Company has already established an Audit Committee.

(2)Written or otherwise recorded resolutions in which an independent director had a dissenting opinion or qualified opinion not included in the aforementioned item: None.

2.Status of the Recusals of Directors due to conflicts of interests, the name of the directors, proposal details, the reasons for recusal, and the voting result should be specified:

(1) Board of Director (May15, 2020)

Content	COA, Inc. to change its credit line from the related parties of the company
Reason of recusal and participation in deliberation	<p>Pursuant to the Article 16 of Regulation Governing Procedure for Boardod Directors Meeting of Public Companies:If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Directors who are interested party respected to above proposals have recused themselves from the discussion and voting.After acting chairman consulted other directors who did not evade and agreed to pass the proposal.</p>

(2) Board of Director (May 28, 2020)

Content	COA, Inc. to apply for loan from the related parties of the company
Reason of recusal and participation in deliberation	<p>Pursuant to the Article 16 of Regulation Governing Procedure for Board of Directors Meeting of Public Companies: If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter.</p> <p>Directors who are interested party respected to above proposals have recused themselves from the discussion and voting. After acting chairman consulted other directors who did not evade and agreed to pass the proposal.</p>

3. Disclosure of how the board performance evaluation has been conducted each year, with a description of the evaluation method provided :

Evaluation Cycle	Evaluation Periods	Evaluation Scope	Evaluation Method	Content of Evaluation	Result
Once a year	Year 2020	Board of Director, Board Members, Functional Committee	Internal evaluation of the board, Self-evaluation by individual board members, Peer evaluation	Note	<p>1) Self-Evaluation of Performance of the Board: Excellent.</p> <p>2) Self-Evaluation of Performance of Board Members: Excellent.</p> <p>3) Self-Evaluation of Performance of the Functional Committees: Excellent.</p>

Note 1 : The criteria for evaluating the performance cover the following aspects:

No.	評估範圍			
	Board of Directors	Board Members	Functional Committees	Functional Committees
A	Participation in the operation of the company;	Awareness of the duties of a director;	Participation in the operation of the company;	Participation in the operation of the company;
B	Improvement of the quality of the board of directors' decision making;	Participation in the operation of the company;	Awareness of the duties of the functional committee	Awareness of the duties of the functional committee
C	Composition and structure of the board of directors;	Participation in the operation of the company;	Improvement of quality of decisions made by the functional committee	Improvement of quality of decisions made by the functional committee
D	Election and continuing education of the directors;	Management of internal relationship and communication;	Makeup of the functional committee and election of its members	Makeup of the functional committee and election of its members
E	Internal control	The director's professionalism and continuing education;	Internal control	—
F	—	Internal control	—	—

4. Objectives of how to strengthen the powers of the board of directors, and the summary :

(1) Objectives of how to strengthen the powers of the board of directors;

- (a)The board of directors has established and implemented “Rules of Porcedure for Board of Directors Meetings” and “Self-Evaluation or Peer Evaluation of the Board of Directors”.
 - (b)The audit committee has been established to strengthem the power of board of directors on corporate governance.
 - (c)The Remuneration Committee has been established to evaluate the systems for compensation of the company, then submit recommedations to the board of directors for its reference in decision making; the committee periodically review the stracture for the compensation of directors and managerial officers of the company.
 - (d)The company periodically arranges directors to take professional training courses to maintain their core values and professional edge and ability.
 - (e)The company’s board of directors, function committee, and individual directors conduct an internal board performance evaluation every year.
 - (f)To improve the transparency of information disclosure: the company has set up “Area for interested Parties” on the corporate website, and updates revelant information of the company on Market Observation Post System.
 - (g)The company obtains Directors' and officers' (D&O) liability insurance to reduce the risk of certain losses as a result of a legal action brought for alleged wrongful acts in their capacity as directors and officers, to provide protection for the directors and officers.
- (2)Summary :
- (a)The Remuneration Committee of the company has been established at 2015/7/12, the committee consists of 3 independent directors.
 - (b)The board of directors were re-elected in 2020. All members of the board completed at least 6 hours continuing education, please check P.44~45 for detail.
 - (c)The results of performance assessments to the board of directors are submit to the board of 2021/3/23 and will be reference in determining compensation for individual directors, their nomination and additional office term.
 - (d)The company has instantly disclosed material resolutions of the board after board meeting, with updated information disclosure on “Area for interested Parties” of the corporate websitd, to provide relevant financial and operational information to interested parties.
 - (e)The company has obtained Directors' and officers' (D&O) liability insurance and report at the board meeting on November 13, 2020.

3.4.2 Audit Committee operating status

The Audit Committee is established on July 12, 2015 and is composed of 3 independent directors, at least one of whom has accounting or financial expertise. The Audit Committee shall supervise the following matters annually: (1) Fair presentation of the financial reports of the Company, (2) The effective implementation of the internal control system of the Company (3) Compliance with relevant laws and regulations, such as asset transactions or derivatives trading of a material nature, loans of funds, endorsements, or provision of guarantees of a material nature, and (4) matters in which a director is an interested party.

A total of 5 meetings (A) of the Audit Committee were held in the most recent year (2020). The attendance status of independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent Director (Convener)	Hui Erh Yuan	5	0	100.00	—
Independent Director (Member)	Jong Rong Chen	4	0	80.00	—
Independent Director (Member)	Lung Zin Chi	5	0	100.00	—

Other Disclosure:

- If any of the following circumstance occurred during the operation of the Audit Committee, the date, session number, proposal details, resolutions made by the Audit Committee, and the Company's responses to the opinions of the Audit Committee should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Meeting of the 2 ND Audit Committee	The Contents of Meeting	Article 14-5	Any Independent Director had a Dissenting Opinion or Qualified Opinion	Audit Committee's opinion	Company response
The 7 th Meeting of the 2 ND Term (Mar. 27, 2020)	2019 Business Report and the Consolidated Financial Statements for the Year ended December 31, 2019	✓	None	Approved	Submitted to the BOD for resolution
	The Proposal for the Surplus Earning Distribution and/or the Loss Offsetting of 2019	—	None	Approved	Submitted to the BOD for resolution
	The assessment result of independence and suitability of the CPA engaged by the company regularly.	✓	None	Approved	Submitted to the BOD for resolution
	The Declaration of Internal Control System of the Company (2019/1/1~2019/12/31)	✓	None	Approved	Submitted to the BOD for resolution
The 8 th Meeting of the 2 ND Term (May. 15, 2020)	The inter-company loans of funds-COA Asia, Inc. capital lending to COA, Inc., US\$6 million	✓	None	Approved	Submitted to the BOD for resolution
The 9 th Meeting of the 2 ND Term	COA, Inc. to apply for loan from the related parties	✓	None	Approved	Submitted to the

(May. 28, 2020)	of the Company				BOD for resolution
The 10 th Meeting of the 2 ND Term (Aug. 7, 2020)	The Q2 of 2020 consolidated financial statements	—	None	Approved	Submitted to the BOD for resolution
	The capital lending to COA, Inc., with a maximum amount of US\$ 2 million.	✓	None	Approved	Submitted to the BOD for resolution
	Amendment the Company's procedures for preparation of financial statements -- "Internal control systems" and "Internal audit implementation rules"	✓	None	Approved	Submitted to the BOD for resolution
	Amendment the Company's business plan and budget for the second half of year 2020	—	None	Approved	Submitted to the BOD for resolution
The 11 th Meeting of the 2 ND Term (Nov. 13, 2020)	Year 2021 Audit Plan	✓	None	Approved	Submitted to the BOD for resolution
	The Company's 2021 business plan and budget	—	None	Approved	Submitted to the BOD for resolution
	Amendment the "Internal Control System" of the COA, Inc.	✓	None	Approved	Submitted to the BOD for resolution

(2) Other matters which not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

2. Independent director recusals due to proposals involving matters with conflict of interest. The name of the independent directors, proposal details, the reason for recusal, and the voting result should be specified: None.
3. Independent director communication with Internal Audit Officer and CPAs (which should include the material items, measures, and results of the audits on the corporate finance and/or operations, etc.):
 - (1) Internal Audit team delivers audit reports (or tracking reports) to be reviewed by Audit Committee members in the month following completion of items to be audited (or to be tracked).
 - (2) The company's Chief Auditor periodically report to Audit Committee members on the results of annual audit operations and self-inspections of the internal control system., and to provide appropriate improvement suggestions, as well as to drive continuous improvement.
 - (3) The Company's Chief Auditor (or assignee) attends Board Meetings each quarter to report results of audit operations.
 - (4) The company's Chief Auditor directly communication with independent directors.
 - (5) The CPA firm periodically report to Audit Committee members on the findings and major adjusting entries of auditing financial statements of the company, with update of the relevant amendment of International Financial Reporting Standard.

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principle for TWSE/TEPx Listed Companies”

Assessment Item	Implementation Status		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Their Reasons
	Yes	No	
1. Does the Company established and disclose its corporate governance practices in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		COASTER has established corporate governance principles in accordance with the TWSE Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and disclosed it on Company website.
2. Shareholding Structure & Shareholders' Right (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes, and litigation matter? If so, has these procedures been implemented accordingly? (2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholder? (3) Has the Company built and implemented a risk control system and firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓ ✓ ✓ ✓		(1) In addition to the existing hotline and email communication channels, COASTER has dedicated staff to handle the suggestions, disputes, and inquiries, etc. from the shareholders. (2) COASTER provides a shareholder roster via a shareholder service agency, and controls the declaration system of shareholding changes of insiders. (3) COASTER has established an Operating Procedure for Transactions Among Interested Parties, Special Companies and Group Enterprises and strictly complies with it. (4) COASTER has established Directors for Prevention of Insider Trading and its compliance is closely monitored. In addition, the Company regularly provides internal staff training on this topic.
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors established a diversity policy for the composition of its members and has it been implemented accordingly? (2) Other than the Compensation Committee and Audit Committee which are required by law, has the Company voluntarily established other functional committees?	✓ ✓		(1) Regarding the diversified composition of the board of directors, the new candidates nominated by the existing board of directors are presented during the shareholders' meeting for election. Diversity is one of the critical aspects for nomination consideration. Current board members all have professional expertise either in the relevant industries or in business operation and finance. (please refer to Note 1) (2) COASTER has not set up functional committees other than the Remuneration Committee and the Audit Committee.

Assessment Item	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
(3) Has the Company established a method of evaluation the performance of its Board of Directors and has the performance evaluation been implemented annually and submitted to its Board of Directors as a reference for individual director's remuneration and renewal nomination ?	✓		(3) a. COASTER has established the performance evaluation methods of the board of directors at 2018/3/23. b. The 2020 result of performance has been reported to the Board of Directors on 2021/3/23. c. The board of directors of the Company presents a slate of re-appointed independent director candidates on the evaluation results of the performance of individual directors.	
(4) Does the Company regularly evaluated the independence of the CPAs ?	✓		(4) a. COASTER annually evaluated the independence and suitability of the CPA, the evaluation procedures including: (1) to obtain the CPA profile, (2) to obtain a declaration that the CPA complies with the independence requirement, (3) to evaluate important items listed in article 47 of Certified Public Accountant Act and article 10 of the CPA code of professional ethics, (4) the interaction with the corporate governance units and the management, and (5) the quality of financial service and timeliness, etc. b. To cooperate with PWC's CPA internal rotation program, the attesting CPA of the Company was changed to CPA Hui-Lin, Pan and CPA Sheng-Wei, Teng, the evaluation of independence of the two CPA has been approved by the Audit Committee and Board of Directors on March 27, 2020. c. The most recent evaluation of the independence and suitability of the CPA has been approved by the Audit Committee and Board of Directors on March 23, 2021.	
4. Has the Company assigned competent and appropriate personnel and designated corporate governance officer to be in charge of matters related to corporate governance (including but not limited to providing information required by directors and supervisors related to business operations, handling matters relating to Board of Directors' meetings and General Shareholders' Meeting pursuant to the laws, handling corporate registration and amendment registration, and recording minutes of the Board of Directors' meetings and General Shareholders' Meeting) ?	✓		COASTER has designated the Secretary of the Board of Directors to handle the relevant matters for corporate governance. The meeting minutes of shareholders meeting, board meeting and meeting of committees were prepared by the shareholder services units, with the application of incorporation and registration is reviewed by Tax & Legal Management, kept by the shareholder service units.	No material differences

Assessment Item	Implementation Status		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	
5. Has the Company established a means of communication with its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) or created a stakeholders section on the Company's website? Does the Company respond appropriately to stakeholders' questions on major issues of corporate social responsibility?	✓	(1) COASTER assign Spokesperson, Deputy Spokesperson and Local Designated Agent as a communication channel with interested parties. (2) COASTER values the importance of communication with interested parties (including but not limited to shareholders, employees, customers and suppliers, etc.) and keeps balance on rights and obligations between each interested parties. There is an "Area for Interested Parties" on the corporate website related parties could contact the company via email: 2936.ir@coastergroup.com. (3) The corporate governance related procedures, material resolutions of board meetings, and material information of the company were disclosure on the corporate website "Area for Corporate Governance", for investors to download.	No material differences
6. Has the Company appointed a professional registrar for its General Shareholders' Meeting?	✓	COASTER designate China Trust Commercial Bank Stock Transfer Agency Service deal with shareholder affairs.	No material differences
7. Information Transparency (1) Has the Company established a corporate website to disclose information regarding its financial, business, and corporate governance status?	✓	(1) The Company official website (http://www.coasterinternational.com/index.html) has been set up and contains the information regarding the company's finance, operations, and corporate governance.	No material differences
(2) Does the Company use other information disclosure channels (e.g., maintaining an English website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investor conference etc.)?	✓	(2) The Company has furnished its financial, operations and relevant information in English on company website, and has appointed a spokesperson and an acting spokesperson to response to shareholders' questions and to represent the company in making statements; appoint personnel were also appointed to gather relevant information. The company disclosed complete information of the investor conference over the years on company website.	
(3) Does the Company performs public announcement and registration of annual consolidated financial reports within two months after the end of fiscal year and also publicly announces and registers the quarterly financial reports of the first, second, third quarter and monthly operating status within the prescribed period?	✓	(3) In accordance with the relevant laws and the related rules, the Company publishes and reports its annual financial report and its quarterly financial reports within the required time, and files information on operating revenue for the preceding month by the 10th day of each calendar month.	

Assessment Item	Implementation Status		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Their Reasons												
	Yes	No													
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices ? (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 criteria for risk evaluation, implementation of customer relation policies, and the purchase of liability insurance for directors and supervisors)	✓	<div>Summary</div> <div>1. Employee rights and interests and employee care: Please refer to the Labor Relationship (P.77)</div> <div>2. Investor relation: The Company has established a spokesperson system to response to shareholders' questions. Investors may contact the Company via email and telephone, relevant information is also timely disclosed through the Market Observation Post System (MOPS) and company website. The company attended investor conferences by invitation in 2020:</div> <table><thead><tr><th>Investor Conference Date</th><th>Hold or Be invited</th><th>Description</th></tr></thead><tbody><tr><td>2020/4/27</td><td>Be invited</td><td>Investor Teleconference hosted by Mega Securities Co., Ltd</td></tr><tr><td>2020/8/27</td><td>Be invited</td><td>Investor Teleconference hosted by First Securities Inc.</td></tr><tr><td>2020/12/23</td><td>Be invited</td><td>Attend Investors' seminar organized by KGI Securities Co. LTD. (Conference call hosted by KGI)</td></tr></tbody></table> <div>3. Supplier relation: The Company has cooperated with its suppliers for more than twenty years and always follows the principles of integrity and equality and mutual benefit. The company also maintains channels of communication and keeps good relationship with its suppliers.</div> <div>4. Stakeholder rights: The Company follows related laws and internal control system, stakeholders may find contact information in the company's website and directly contact the company via email. The Company shall handle matters in a proper manner and in good faith, and implements corporate social responsibility.</div> <div>5. The continuing education status for directors and officers in 2020: All of the company's directors (including 3 independent directors) have attended 6 hours professional training courses. (Please refer to "Other important information that may facilitate better understanding of the Company's corporate governance -- Directors Profession Enhancement Status").</div> <div>6. Risk management policies and criteria for risk evaluation: The Company has accessed</div>	Investor Conference Date	Hold or Be invited	Description	2020/4/27	Be invited	Investor Teleconference hosted by Mega Securities Co., Ltd	2020/8/27	Be invited	Investor Teleconference hosted by First Securities Inc.	2020/12/23	Be invited	Attend Investors' seminar organized by KGI Securities Co. LTD. (Conference call hosted by KGI)	No material differences
Investor Conference Date	Hold or Be invited	Description													
2020/4/27	Be invited	Investor Teleconference hosted by Mega Securities Co., Ltd													
2020/8/27	Be invited	Investor Teleconference hosted by First Securities Inc.													
2020/12/23	Be invited	Attend Investors' seminar organized by KGI Securities Co. LTD. (Conference call hosted by KGI)													

Assessment Item	Implementation Status		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	
			<p>and monitored its risk-bearing capacity on its operations then set out overall business strategies. To limit relevant risks to a sustainable level, the company's business units carry out annual self-assessment, and the internal audit regularly, or from time to time, conduct audits.</p> <p>7. Customer policies: The Company's products were sold to brick & mortar stores and ecommerce platform. To raise quality of products and to reduce the defective rate, the Group's Quality Assurance department is responsible for QC inspection, procurement coordination, ship scheduling, factory selection, and vendor evaluation. The Product department is responsible to design new products and edit information in products catalog which provides product information and consultation for customers.</p> <p>8. Company procurement of liability insurance for directors: The Company has obtained Directors' and officers' (D&O) liability insurance and report at the board meeting on November 13, 2020. (Please refer to "Other important information that may facilitate better understanding of the Company's corporate governance -- D&O insurance").</p> <p>9. Except special cases, board members and independent board members all attended board meetings. Directors who are interested parties due to conflict of interests have recused themselves from the discussion and voting.</p>
<p>9. Company improvements in corporate governance based on the assessment items stipulated in the Corporate Governance Evaluation Results issued in the most recent year by the Corporate Governance Center of the TWSE, and priority measures for items requiring further improvement. (Companies not in the list to be evaluated are exempted from reply.)</p> <p>(1) Improvements: The company's website has disclosed the objectives and achievements regarding the policy of board member diversity; the Company's agenda handbook and the supplemental materials for shareholders' meeting are uploaded onto the Market Observation Post System 30 days before it convenes an ordinary shareholders' meeting; the Company has furnished its financial, operations and relevant information in English on company website; the Company attended at least two investor conferences by invitation in 2020, these two investor conferences were three months apart. °</p> <p>(2) To be improved: For the 8th Corporate Governance Evaluation, the Company opts to disclose the amount of non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm as well as details of non-audit services, and to file annual report in English 7 days before the regular shareholders meeting; However, regarding the establishment of succession plan for the management, other functional committees, procedures of risk management, the establishment of an intellectual property regulatory system, early announcement of financial information and the preparation of corporate social responsibility report, the Company will keep following and gradually implement these under its available capacity of human resource and time cost.</p>			

Note 1 : Diversity Policy

1-1 Pursuant to the paragraph 3 of Article 20-3 of Corporate Governance Best Practice Principle: all members of the board shall have the knowledge, have the knowledge, skill, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

(A)Ability to make operational judgments; (B)Ability to perform accounting and financial analysis; (C)Ability to conduct management administration; (D)Ability to conduct crisis management;(E)Knowledge of the industry; (F)An international market perspective; (G)Ability to lead; (H)Ability to make policy decisions.

1-2 Core competence

Title	Name	Nationality	Gender	Age			Core competence								
				Under 65	65 ~ 70	Up 70	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	
Chairperson	Lisa Kao	R.O.C	F		✓		✓		✓		✓	✓	✓	✓	✓
Director	Michael P. Yeh	R.O.C	M			✓	✓		✓		✓	✓	✓	✓	✓
Director	Alexander Pan	R.O.C	M		✓		✓	✓	✓		✓	✓	✓	✓	✓
Director	Rong Zing Liu	R.O.C	M		✓		✓	✓	✓		✓	✓	✓	✓	✓
Independent Director	Hui Erh Yuan	R.O.C	F	✓			✓	✓	✓		✓	✓	✓	✓	✓
Independent Director	Jorng Rong Chen	R.O.C	M		✓		✓	✓	✓		✓	✓	✓	✓	✓
Independent Director	Lung Zin Chi	R.O.C	M		✓		✓	✓	✓		✓	✓	✓	✓	✓

1-3 The company has 7 board members; average age of the directors is 67, 3 of the directors serve concurrently as an employee or managerial (43%), and 2 female. Tern of office of independent directors is 3~6 years.

1-4 Industry and Professional Ability:

Title	Name	Professional Field										Mass Communication	Tax Consulting	Digital Content and Technology
		Knowledge of Industry	International Trade	Economics	Business Administration	Marketing	Analysis	Financial Accounting	Financial Accounting	Financial Accounting	Financial Accounting			
Chairperson	Lisa Kao	✓	✓		✓	✓	✓							
Director	Michael P. Yeh	✓	✓			✓								
Director	Alexander Pan			✓			✓	✓					✓	
Director	Rong Zing Liu				✓		✓	✓						
Independent Director	Hui Erh Yuan				✓			✓				✓		
Independent Director	Jorng Rong Chen			✓			✓							
Independent Director	Lung Zin Chi											✓		✓

3.4.4 The Composition of the Remuneration Committee Member, and the Official Powers of the Remuneration Committee

The Remuneration Committee shall consist of no fewer than 3 members and more than half of the member shall be independent directors of the Board at least. The members of the Committee shall be nominated by the Board. The chairperson of the Committee shall be an independent director and be elected by the members of the Committee. The members of the Committee shall be professionally qualified and independent in a manner compliant with the Applicable Listing Rules, and shall exercise the duty of care of a good faith manager to faithfully perform the following power and duties: (1) periodically review the Rules and suggest revisions and amendments; (2) Establish and regularly review the annual and long-term performance objectives the Company's Directors and managers and the policy, system, standards and structure of their salaries and remuneration; (3) Evaluate on a regular basis how well the Company's Directors and managers accomplish their performance objectives, and establish details and value of their individual salaries and remuneration.

3.4.4.1 Current Members of the Remuneration Committee

Title	Criteria	At least 5 years of working experience and meet one of the following professional qualifications requirements		Qualification regarding the independence criteria (Note 1)										Number of other public companies Serving as a Remuneration Committee Member	Remarks	
		An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to business needs of the Company in a public or private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience in the area of commerce, law, finance, or accounting, or other field necessary for the business of the Company	1	2	3	4	5	6	7	8	9			10
Independent Directors	Name Hui Erh Yuan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Directors	Jong Rong Chen	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Directors	Lung Zin Chi	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: Indicates qualified members during the two years before being elected or during the term of the appointment.

(1) Not an employee of the Company or any of its affiliates;

(2) Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the 40 Company, its parent company, or any

subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares;

- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person 45 under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking as one of its top ten shareholders;
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the officer stated in the subparagraph (1) or personnel stated in the subparagraph (2) and (3);
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act. (not applicable in cases where the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary of the same parent);
- (6) Not a director, supervisor, or employee of the other company where over half of the director seats or over half of the shares with voting rights of the Company is controlled by the same person as the Company (not applicable in cases where the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary of the same parent);
- (7) Not a director (or governor), supervisor, or employee of the other company or institution, of which the chairman, general manager or personnel with equivalent position of the Company are held by the same person or the spouse thereof. (not applicable in cases where the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary of the same parent);
- (8) Not being a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (not applicable if the specified company or institution holds 20% or more and no more than 50% of the total number of issued shares of the Company and in cases where the independent director is appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary of the same parent)
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation no more than NT\$500,000, nor a spouse thereof; provided, this restriction does not apply to a member of the Compensation Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.;
- (10) Not been a person fits any condition defined in Article 30 of the Company Law.

3.4.4.2. Executive Status of the Remuneration Committee

(1) There are currently 3 members on the Remuneration Committee.

(2) The currently term is from June 12, 2018 until June 11, 2021. Remuneration Committee meeting have been held 2 times (A) in 2020. The attendance status listed below:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Hui Erh Yuan	2	0	100.00	-
Member	Jong Rong Chen	2	0	100.00	-
Member	Lung Zin Chi	2	0	100.00	-

Other Disclosure:

1. In case where the Board of Director decides not to take on or modify recommendations of the Remuneration Committee, the Board of Director shall specify the date, term number, content of proposal and resolution of the item of the Board of Director Meeting where the above decision is made, and how the Company handles the feedback from the Remuneration Committee, the Board of Director is obliged to specify the difference and reasons herein): None.
2. If any members object or hold back the recommendation resolved by the Remuneration Committee, and have records or written statements, the Remuneration Committee meeting date, term number, content of proposal, opinions of all members and how they handled the member's objection, shall be specified herein: None.
3. The Company disclosure the Remuneration Committee's proposal and resolutions and the Company's actions in response to the opinions of the members:

Date and Terms of Remuneration Committee	Proposal	Remuneration Committee Resolution	The Company's Actions in Response to the Opinions of the Remuneration Committee
The 4 th meeting of the 2 ND Remuneration Committee (Mar. 27, 2020)	The 2019 compensation of Directors and employees	Approved	Submitted to the BOD for resolution
The 5 th meeting of the 2 ND Remuneration Committee (Nov.13,2020)	Amendment of the "performance evaluation measure of Board of Directors"	Approved	Submitted to the BOD for resolution

3.4.5 The performance of Social Responsibility and the Differences between the Performance and Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies, and Reasons

Assessment Item	Implementation Status		Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	
1. Does the Company evaluate the risk of environmental, social and corporate governance issues related to business operations according to the material principle and establish risk management policies or strategies ?	✓		The Company is planning on its risk assessments on environmental, social, and corporate governance issues related to its operations, and will disclose related policies on company website.
2. Does the Company have a dedicated (or tasked) CSR organization authorized by the Board of Directors for top management, which reports to the Board of Directors ?	✓		The Company has put in place the approved (by the Board of Directors) CSR policies and additionally set up the internal " Corporate Social Responsibility Best Practice Principles" and "Procedures for Ethical Management" so we can assess the execution results regularly.
3. Sustainable Environment Development (1) Has the Company set an environmental management system designed to industry characteristics ? (2) Is the Company committed to improve resource efficiency and to the use of renewable materials with low environmental impact ? (3) Does the Company evaluate the current and future potential risks and opportunities of climate change and take corresponding measures for climate-related issues ? (4) Does the Company collect and calculate relevant data on greenhouse gas, water consumption and the total weight of waste over the past two years and set policies for energy saving and carbon emission reduction, greenhouse gas reduction, water consumption reduction and other waste management ?	✓ ✓ ✓ ✓		1. Although COASTER is not in the manufacturing industry, we still are up to date on the latest news and reports posted by the CPSC (Consumer Product Safety Commission) , EPA (Environmental Protection Agency) or CBP (Customs and Border Protection), and other agencies. This is to ensure that the manufacturing firms vertically integrated with us will continue to use materials that conform to safety and environmental standards. 2. As COASTER is not in the manufacturing industry, there has been no managerial policies setup. Within our daily operations, we encourage practices that promote sustainability within the working environment, such as proper recycling, temperature control rules for the air conditioner, water conservation, having employees bring their own utensils, and other similar practices that promote sustainable living. We will establish policies as necessary regarding future operational needs. °

Assessment Item	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
<p>4. Social Issue</p> <p>(1) Does the Company set related management policies and procedures in compliance with regulations and internationally recognized human rights treaties ?</p> <p>(2) Does the Company set employee benefit measures, including but not limited to remuneration, level and other benefits and reasonable reflected the business performance or results in the employee remuneration ?</p> <p>(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training ?</p> <p>(4) Has the Company established effective career development training plans ?</p> <p>(5) Does the Company comply with the regulations and international standards in the customers' health, safety and privacy, marketing and labeling of its products and services and establish customer rights protection policies and appeal procedures ?</p> <p>(6) Does the Company established supplier management policies and request suppliers to comply with environment, occupational safety and health or labor human rights related regulations and the status of implementation ?</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>		<p>1. COASTER and its subsidiaries (the United States, Taiwan, China and Malaysia) will comply with the employment and labor law according to the regulations by the local government. The North American division has a dedicated personnel unit (HR). When needed, all employees at all levels should seek assistance and guidance directly from the HR department .</p> <p>2. The operators for the machinery from our company's warehousing units all should have received required education and training. It is mandatory that the staff acquire proper certification/license before allowed to operate the machinery.</p> <p>3. COASTER has set up a contact number to service our dealers, customers and provide instance assistance for our product users .</p> <p>4. The products will go through quality control and review by specialists in the manufacturing department before released to the sales and marketing department. Per the requirement of import and export regulations, the custom expects us to clearly label content outside of all packages. .</p> <p>5. COASTER has a supplier evaluation procedure and it keeps track of quality records on various products and suppliers. It is our policy to discontinue doing business with manufacturers with poor record or poor quality of production. At the same time, the quality management team of the supplier's origin are held accountable for their overseas quality control group through periodic inspection. This is to provide safety re-assurance for our products.</p> <p>6. Currently the company has not signed a corporate social responsibility contract with any supplier; however, it is one of the top priorities that we will take on the mission of environmental protection along with the corporate social responsibility in the future.</p>	No material differences
<p>5. Does the Company prepare reports to disclose non-financial information of the Company such as CSR report with reference to the internationally accepted standards and guidelines ? Does the CSR report get the third-party verification or assurance ?</p>	<p>✓</p>		<p>COASTER has set up a website to disclose relevant and reliable information about CSR, we would like to communicate with the public what social responsibilities we have taken on.</p>	No material differences

Assessment Item	Implementation Status		Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	
6. If the Company has established its corporate social responsibility code of practice pursuant to the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies, please describe the Company's operational status and differences from the principles: COASTER has established its CSR code of practice, and will continue to declare and promote.			
7. Other important information to facilitate better understanding of the Company's implementation of corporate social responsibility: COASTER encourages employees to make good use of resources, promote energy conservation and recycling any materials when possible. We have also authorized the local offices at North America to donate returned/defective products to non-profit organizations when the business decisions benefit our company on the economy scale. It is not mandatory to return products to corporate office if it makes good business sense to turn these returned/defective products into a charitable contribution on behalf of our company. Decisions of this nature should have justification in saving transportation and storage costs.			

3.4.6 The Performance of Ethical Management and the Differences between the operation and the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and the Reasons:

Assessment Item	Implementation Status		Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	
1. Established of Ethical Management Policies and Programs (1) Does the Company established the ethical management policy which is approved by the Board of Directors, and address its ethical management policies and measures and committed implementation of such policies by the Board of Directors and top management in its regulations and publicly available documents? (2) Has the Company established a risk assessment mechanism against unethical conduct, and analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly. The prevention programs shall all least include preventive measures against the conducts prescribed in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies? (3) Does the Company establish prevention programs to prevent from unethical conduct with clearly stipulated in the program regards to the implementation procedures, guidelines, disciplinary actions for violations, and reporting systems and review and modify the measurements periodically?	✓		1. The company has set up its own ethical corporate management best practice principles which follow items in left column. 2. To forestall unethical conducts such as improper charitable donations or sponsorship and illegal political donations, the company established its ethical management policy. Any material donation shall obtain approval from the board of directors. 3. The company has set up an "Area for Interested Parties" on the corporate website http://www.coasterinternational.com/stakeholders.htm , for related parties to contact the company when finding unethical conducts. Upon receipt of the report, the responsible unit shall take immediate action in accordance with applicable laws and regulations or the personnel policy and procedures of the Company. In 2020 there is no informing of unethical or unseemly conduct.
2. Implementation of Ethical Management (1) Does the Company evaluate the ethical track record of whom it has business relationship with and include clauses of business conduct and ethics related in the business contracts?	✓		1. The Company has carried out the necessary information collection procedures prior to the establishment of the formal business relationship with major suppliers/customers, with each has entered a cooperation contract stipulates the confidentiality and integrity of the parties in accordance with business practices Terms

Assessment Item	Implementation Status		Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	
(2) Has the Company established a dedicated ethical corporate management unit that reports the ethical management policy and programs to prevent unethical conducts directly to the Board of Directors on a regular basis (at least once a year) ?	✓		2. The company has designated the Secretary supervised by BOD responsible for integrity operating procedure.
(3) Has the Company established and implemented policies that prevent conflicts of interests and provide appropriate channels for communication and complaint ?	✓		3. The Company has established the Regulation of BOD Meeting to prevent conflicts of interest avoidance in the rules and regulations of the board of directors. The concerned person may not participate in discussion of or voting on the proposal and has refused himself or herself from the discussion or the voting
(4) Has the Company established effective accounting and internal control systems to implement ethical corporate management, and did the internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and examined accordingly on the compliance with the prevention programs, or CPA was authorized to carry out the audit ?	✓		4. The company has established internal control policy and effective accounting systems by its management, meanwhile the internal audit department perform the audit program to exam its compliance and engaged CPA to carry out the audit annually.
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis ?	✓		5. The company declare the importance of its ethical corporate management and held the training annually for managers.
3. Whistle-blowing System	✓		The company has illustrated a whistle-blowing system in its own ethical corporate management best practice principles which offers appropriate means for employees to inform the company when finding any violation of rules or any unethical conduct. Once the fact is verified HR shall take further action with applicable laws and regulations or the personnel policy and procedures of the Company.
(1) Has the Company established a concrete whistle-blowing and reward system, set up conveniently accessible whistle-blowing channel, and designate responsible individuals to handle the reports received ?	✓		The company has not yet set up the whistleblower system, but the actual operation is satisfied as needed.
(2) Has the Company established standard operating procedures for the acceptance and investigation of whistle-blowing reports, follow-up measures to be adopted after investigations are completed, and mechanisms to ensure confidentiality ?	✓		

Assessment Item	Implementation Status			Differences from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and Their Reasons
	Yes	No	Summary	
(3) Has the Company adopted proper measures to protect the whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing?	✓			
4. Enhanced Information Disclosure Does the Company disclose relevant and reliable information regarding its ethical corporate management policies and their implementation on its website and the Market Observation Post System website of the Taiwan Stock Exchange?	✓		The Company has set up a Chinese website (http://www.coasterinternational.com/) to disclose information regarding the Company's ethical corporate management policies and the results of its implementation on the company's website and MOPS	No material differences
5. If the Company has established its ethical corporate management code of practice pursuant to the Ethical Corporate Management Best-Practice Principle for TWSE/TPEX Listed Companies, please describe the Company's operation status and deviations from the principles: The Company has established its own ethical corporate management policies for integrity. There are three independent directors, the establishment of the Audit Committee, and internal audit department play the role of supervisors. There are no major issues or violations occurred by now.				
6. Other important information to facilitate better understanding of the Company's ethical corporate management (for example, the review and amendment of the Company's Ethical Corporate Management Best Practice Principles): None.				

3.4.7 If the Company has established corporate governance code of practice and regulations, disclose the means of accessing this information: The company has the following corporate governance guidelines and regulations in place, please refer to the Company's website at (<http://www.coasterinternational.com/corporate.html>).

3.4.8 Other important information that may facilitate better understanding of the Company's corporate governance:

1. The Company timely discloses relevant information through the Market Observation Post System (MOPS).
2. To ensure directors and the management comply with the Securities and Exchange Act and related laws and rules when conducting securities trading, the Company amended "Procedures for Handling Material Inside Information" in March 23, 2018, and conducted annual educational campaigns to promote awareness among all directors, managerial officers respect to these Procedures and related laws and regulations and to prevent infraction of laws or regulations by them.

3. Directors Profession Enhancement Status:

Title	Name	Date	Organizing agency	Training / Speech title	Hours
Chairperson	Lisa Kao	2020/10/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業員工獎酬策略與工具運用探討	3
		2020/12/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業面對數位浪潮所引起的風險與危機	3
Director (Representative)	Michael P.Yeh	2020/10/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業員工獎酬策略與工具運用探討	3
		2020/12/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業面對數位浪潮所引起的風險與危機	3
Director	Alexander Pan	2020/10/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業員工獎酬策略與工具運用探討	3
		2020/12/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業面對數位浪潮所引起的風險與危機	3
Director	Rong Zing Liu	2020/10/14	Securities & Future Institute R.O.C 財團法人中華民國證券暨期貨市場發展基金會	109 年度防範內線交易暨內部人股權交易宣導說明會	3
		2020/10/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業員工獎酬策略與工具運用探討	3
Independent Director	Hui Erh Yuan	2020/06/02	Taiwan Securities Association 中華民國證券商業同業公會	從證券商權證發行損失看金融業風險管理機制	3
		2020/07/07	Taiwan Securities Association 中華民國證券商業同業公會	第三輪相互評鑑後洗錢防制趨勢與政策發展	3
		2020/09/01	Taiwan Securities Association 中華民國證券商業同業公會	金融消費者保護法與公平待客原則	3
		2020/11/03	Taiwan Securities Association 中華民國證券商業同業公會	創新、虛擬與開放-金融科技的法制變革	3

Title	Name	Date	Organizing agency	Training / Speech title	Hours
Independent Director	Jong Rong Chen	2020/10/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業員工獎酬策略與工具運用探討	3
		2020/12/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業面對數位浪潮所引起的風險與危機	3
Independent Director	Lung Zin Chi	2020/10/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業員工獎酬策略與工具運用探討	3
		2020/12/29	Taiwan Corporate Governance Association 財團法人中華公司治理協會	企業面對數位浪潮所引起的風險與危機	3

4. Key Management Profession Enhancement Status

Title	Name	Date	Organizing agency	Training / Speech title	Hours
CFO	Alexander Pan	2020/05/22	Accounting Research and Development Foundation in Taiwan 財團法人中華民國會計研究發展基金會	編製 IFRS 財務報告相關規範修正重點及常見缺失	3
		2020/07/17	Accounting Research and Development Foundation in Taiwan 財團法人中華民國會計研究發展基金會	財報弊案「資金流向」之追查及相關法律責任案例探討	3
		2020/10/06	Accounting Research and Development Foundation in Taiwan 財團法人中華民國會計研究發展基金會	增強財報自編能力：內控內稽與資訊科技	3
		2020/11/24	Accounting Research and Development Foundation in Taiwan 財團法人中華民國會計研究發展基金會	財報不實案例解析及如何透視財報關鍵資訊	3
Chief Auditor	Elsa Chiao	2020/07/27	Accounting Research and Development Foundation in Taiwan 財團法人中華民國會計研究發展基金會	主管機關「協助公司提升自行編製財務報告能力」政策解析與內控管理實務	6
		2020/10/16	The Institute of Internal Auditors-Chinese Taiwan 中華民國內部稽核協會	子公司稽核實務	6

5. D&O insurance

From the date of 2016/11/1, the Company purchase and maintain D&O insurance for its Directors (Independent Directors). The present policy coverage is US\$8 million, as follow:

Insured Object	Insurance Company	Insurance Amount(\$)	Insurance Period	Status	Date of Board Meeting	Remarks
All Directors and Supervisor	AIG Taiwan	USD 8 Million	From 2020/11/1 To 2021/11/01	Continued	2020/11/13	—

3.4.9 Internal Control System and Implementation Status

3.4.9.1 Auditor's Report on the 2020 Statement of Internal Control System

客思達股份有限公司
內部控制制度聲明書

日期：110年3月23日

本公司民國 109 年 1 月 1 日至民國 109 年 12 月 31 日之內部控制制度，
依據自行評估的結果，謹聲明如下

- 一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、報導具可靠性、及時性、透明性及符合相關規範暨相關法令規章之遵循等目標的達成，提供合理的確保。
- 二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。
- 三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1.控制環境，2.風險評估，3.控制作業，4.資訊與溝通，及 5.監督作業。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。
- 四、本公司業已採用上述內部控制制度判斷項目，評估內部控制制度之設計及執行的有效性。
- 五、本公司基於前項評估結果，認為本公司於民國 109 年 12 月 31 日之內部控制制度(含對子公司之監督與管理)，包括瞭解營運之效果及效率目標達成之程度、報導係屬可靠、及時、透明及符合相關規範暨相關法令規章之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。
- 六、為上市公告及申報之需要，本公司依據「處理準則」第二十八條之規定，委託會計師專案審查上開期間與外部財務報導之可靠性及與保障資產安全(使資產不致在未經授權之情況下取得、使用或處分)有關的內部控制制度，如前項所述，其設計及執行係屬有效，並無影響財務資訊之記錄、處理、彙總及報告可靠性之重大缺失，亦無影響保障資產安全，使資產在未經授權之情況下逕行取得、使用或處分之重大缺失。
- 七、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。
- 八、本聲明書業經本公司民國 110 年 3 月 23 日董事會通過，出席董事 7 人中，有 0 人持反對意見，餘均同意本聲明書之內容，併此聲明。

客思達股份有限公司

董事長：高黎莎

總經理：葉伯璘

簽章

簽章

3.4.9.2. If CPA was engaged to conduct a special audit of internal control system, provide its audit report:

客思達股份有限公司
內部控制制度審查報告

後附客思達股份有限公司及其子公司民國 110年3月23日謂經評估認為其與外部財務報導及保障資產安全有關之內部控制制度，於民國 109年 1月 1日至 109年 12月 31日係有效設計及執行之聲明書，業經本會計師審查竣事。維持有效之內部控制制度及評估其有效性係公司管理階層之責任，本會計師之責任則為根據審查結果對公司內部控制制度之有效性及上開公司之內部控制制度聲明書表示意見。

本會計師係依照「公開發行公司建立內部控制制度處理準則」及一般公認審計準則規劃並執行審查工作，以合理確信公司上述內部控制制度是否在所有重大方面維持有效性。此項審查工作包括瞭解公司內部控制制度、評估管理階層評估整體內部控制制度有效性之過程、測試及評估內部控制制度設計及執行之有效性，以及本會計師認為必要之其他審查程序。本會計師相信此項審查工作可對所表示之意見提供合理之依據。

任何內部控制制度均有其先天上之限制，故客思達股份有限公司及其子公司上述內部控制制度仍可能未能預防或偵測出業已發生之錯誤或舞弊。此外，未來之環境可能變遷，遵循內部控制制度之程度亦可能降低，故在本期有效之內部控制制度，並不表示在未來亦必有效。

依本會計師意見，依照「公開發行公司建立內部控制制度處理準則」之內部控制有效性判斷項目判斷，客思達股份有限公司及其子公司與外部財務報導及保障資產安全有關之內部控制制度，於民國 109年 1月 1日至 109年 12月 31日之設計及執行，在所有重大方面可維持有效性；客思達股份有限公司於民國 110年 3月 23日所出具謂經評估認為其上述與外部財務報導及保障資產安全有關之內部控制制度係有效設計及執行之聲明書，在所有重大方面則屬允當。

資 誠 聯 合 會 計 師 事 務 所

潘慧玲

會計師

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中 華 民 國 1 1 0 年 3 月 2 3 日

3.4.9.10 In the most recent year and up to the date of publication of this report, when the Company and its internal personnel were penalized according to laws or the Company had punished its personnel for violating the provisions of the internal control system, and the result of the penalty might have significant impacts on shareholders' rights or securities prices. Therefore, the content of the penalty, the major deficiencies and the improvements shall be stated: None.

3.4.9.11 Major Resolution of the General Shareholders' Meetings and the Board of Directors' Meeting in the Most Recent Year and as of the Date of this Annual Report

1. Resolutions of General Shareholders' Meetings

Name	Date	Resolution of Shareholders' Meeting	Implementation Status
Annual Shareholders' Meeting of 2020	2020/6/23	1. Ratification of the 2019 Business Report and Consolidated Financial Statements	Related reports and statements have been reported to the authorities. The Company has published and reported related information to the public and the authorities in accordance with the relevant laws and rules.
		2. Ratification of the 2019 profits distribution proposal	The Company has published and reported the information to the public and the authorities in accordance with the relevant laws and rules.
		3. Approved the proposal to revise the "Article of Incorporation" of the Company	Operations were implemented pursuant to the amended regulations
		4. Approved the proposal to revise the "Procedural Rules of General Meetings"	Operations were implemented pursuant to the amended regulations

2. Resolutions of Board of Directors' Meetings

Date	Resolution of the Board Meetings
2020/3/27	1. Business Report and the Consolidated Financial Statements for the year ended December 31, 2019 2. The Proposal for the Surplus Earning Distribution and/or the Loss Offsetting of 2019. 3. The assessment result of independence and suitability of the CPA engaged by the company regularly. 4. The Declaration of Internal Control System of the Company (2019/1/1~2019/12/31) 5. Amendment to the 'Rules of Audit Committee', 'Procedural Rules for Salaries and Remuneration Committee', 'Procedural Rules of Board Meetings', 'Procedural Rules of General Meetings', 'Procedures for Ethical Management', 'Corporate Governance Best Practice Principles'. 6. Amendment to the Company's current Memorandum and Articles of Association ("AOA") 7. Information of convening 2020 annual shareholders meeting.
2020/5/15	1. The inter-company loans of funds – COA Asia, Inc. capital lending to COA, Inc., US\$ 6 million. 2. COA, Inc. to change its credit line from the related parties of the company.
2020/5/28	1. COA, Inc. to apply for loan from the related parties of the company

2020/8/7	<ol style="list-style-type: none"> 1. Approved the consolidated financial statement for 2Q of 2020. 2. Approved capital lending to COA, Inc. in limit US\$ 2 million. 3. Amendment the Internal Control System and Internal Audit Implementation Rules related financial report preparation process. 4. Amendment the business plan and budget for second half of 2020.
2020/11/13	<ol style="list-style-type: none"> 1. Approved the Year 2021 Audit Plan. 2. Approved the Company's 2021 business plan and budget 3. Amendment the Internal Control System of COA Inc. 4. Amendment of the Performance evaluation measure of Board of Directors
2021/3/23	<ol style="list-style-type: none"> 1. The Establishment of the "Regulations of Appointment and Dismissal of Internal Auditors" 2. The Declaration of Internal Control System of the Company 3. The Proposal of 2020 Employees and Directors Remuneration Distribution 4. The 2020 Business Report and Consolidated Financial Statements 5. The Profit and Loss Appropriation of 2020 earnings 6. The Assessment Result of Independence and Suitability of the CPA Engaged by the Company, and the Audit Fee 7. The Amendment to the "Approval Authority Table" 8. The Amendment to the "Procedural Rules of Board Meeting", "Procedural Rules of Audit Committee" and "Procedural Rules for Salaries and Remuneration Committee" 9. The Amendment to the "Article of Incorporation" 10. The Amendment to the "Guidelines Governing Election of Directors", "Procedural Rules of General Meetings" 11. To Elect Directors (Including Independent Directors) to the Board of Directors for the 3rd Term 12. Matters for Receiving Nominations and the Criteria Standards 13. To Review and Approve the Slate of Director Candidates (Including Independent Directors) Presented by The Board. 14. Approved the Removal of Non-competition Restrictions of Board of Directors Elected in the Shareholders' Meeting. 15. Approved the convening of 2020 annual shareholders meeting.

3.4.9.12 Written or Otherwise Recorded Dissenting Opinions Made by Directors or Supervisors Regarding Important Resolutions Made in Board of Directors' Meetings in the Most Recent Year and as of the Date of this Annual Report: None.

3.4.9.13 Resignation or Termination of Officer (including Chairperson, President, Financial Manager, Accounting Manager, Internal Auditor Manager and R&D Manager) Related to Financial Report: None.

3.5 CPA Service Fees

CPA Firm	Name of CPA		Audit Period	Remarks
PricewaterhouseCoopers, Taiwan	Hui-Lin, Pan	Sheng-Wei Teng	2020.01.01 ~ 2020.12.31	—

Range(in thousands)		Items	Audit Fee	Non-Audit Service Fees	Total
1	Less than NT\$2,000			✓	
2	NT\$2,000(incl.) ~ NT\$4,000				
3	NT\$4,000(incl.) ~ NT\$6,000				
4	NT\$6,000(incl.) ~ NT\$8,000				
5	NT\$8,000(incl.) ~ NT\$10,000		✓		✓
6	NT\$10,000 and above				

3.5.1 If the amount of non-audit service fees paid to CPAs, CPA firms, and their affiliates is over a quarter of the audit fees, the amount of the audit and non-audit service fees and the non-audit services solicited shall be disclosed.

Unit: NT\$ '000

CPA Firm	Name	Audit Fee	Non-Audit Service Fees				Audit Period	Remarks
			System Design	Company Registration	Human Resources	Other		
PricewaterhouseCoopers, Taiwan	Hui-Lin, Pan Sheng-Wei, Teng	8,277	0	0	0	1,193	2020/01/01 ~ 2020/12/31	Consultant Service

3.5.2 If the Company changes its CPA firm and the audit fees paid for the year in which the change takes place are lower than those in the previous year, the audit fee reduction amount and the reason for the decrease in fees shall be disclosed: Not applicable.

3.5.3 If audit fee have decreased by over 10% compared to the previous year, the audit fee reduction amount proportion and the reason for the decrease shall be disclosed : Compared to the previous year, the audit fee of 2020 does not decrease by over 10% when presented in functional currency (USD); However, the NTD appreciation led to a decrease of audit fee of 2020 by NT\$ 994 thousand, by 10.72% lower than it of the previous year.

3.6 Change of CPA

3.6.1 Predecessor CPA

Replacement Date	Mar. 27, 2020			
Replacement reasons and explanations	CPA Firm internal job rotation			
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Parties	CPA	The Company
	Termination of appointment		Not applicable	Not applicable
	No longer accepted (continued) appointment		Not applicable	Not applicable
Other issues (except for unqualified issues) in the audit reports within the last two years	None			
Differences with the Company	Yes		Accounting principles of practices	
			Disclosure of Financial Statements	
			Audit scope or steps	
			Others	
	None	✓		
Remarks	Not applicable			
Other Revealed Matters (Should be disclosed according to item 1-4~7, subparagraph 6, article 10 of Regulations Governing Information to be Published in Annual Reports of Public Companies)	None			

3.6.2 Successor CPA

Name of accounting firm	PricewaterhouseCoopers, Taiwan
Name of CPA	Hui-Lin, Pan / Sheng-Wei, Teng
Date of appointment	Mar. 27, 2020
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the Company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

3.6.3 Reply by predecessor CPA regarding Article 10, Subparagraph 6 Item 1 and Item 2-3 of Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

3.7 The name and title of any Company Chairperson, President and Manager Responsible for Finance or Accounting Who have held positions at the appointed CPA firm or its affiliates in the past year shall be disclosed along with their tenure period at said CPA firm or affiliates: None.

3.8 Changes in Shareholding and Pledge of Stock Rights of Directors, Supervisors, Officers, and Major Shareholder Holding More Than 10% of the Share

3.8.1 Change in shares holding and shares pledged of Directors, Officers, and Major Shareholders

Unit: shares

Title	Name	End of 2020		Up the end of Apr. 25, 2021	
		Shares Increased (Decreased)	Pledged Shares Increased (Decreased)	Shares Increased (Decreased)	Pledged Shares Increased (Decreased)
Chairperson	Lisa Kao	0	0	0	0
Major Shareholder & Directors	Yeko LLC	0	0	0	0
President	Representative Michael P. Yeh	0	0	0	0
Director & CFO	Alexander Pan	0	0	0	0
Director	Rong Zing Liu	0	0	0	0
Independent Director	Hui Erh Yuan	0	0	0	0
Independent Director	Jong Rong Chen	0	0	0	0
Independent Director	Lung Zin Chi	0	0	0	0
VP	Matthew Chen	0	0	0	0
VP	Gene Korbut*	0	0	—	—
VP	John Rodriguez	0	0	0	0
VP	Steve Goldsmith	0	0	0	0
VP	Crystal Nguyen*	0	0	—	—
VP	Janice Yeh	0	0	0	0
VP	Donald Alan Deeds	0	0	0	0
Chief Auditor	Elsa Chiao	0	0	0	0
Major Shareholder Holding More Than 10% of the Shares	Yeh Family Limited Partnership, L.P.	0	0	0	0

*: As the publication date of the annual report, the manager has resigned or retired, so the relevant information is disclosed to the date of the resignation (retirement)

3.8.2 Stock transfers with related parties: None.

3.8.3 Stock pledges with related parties: None.

3.9 Relationships of Related Party, Spouse, Kinships within the Second Degree among the Top Ten Shareholders

2021/4/25

Name	Shareholdign		Spouse & Minor Shareholding		Shareholding in Name of Others		Name, relationship of top ten shareholders are Spouses of within 2 degrees of consanguinity to each other		Remarks
	Shares	(%)	Shares	(%)	Shares	(%)	Name	Relationship	
Yeko LLC (Members : Lisa Kao, Michael P. Yeh)	26,172,351	34.19	0	0	0	0	Yeh Family Limited Partnership, LP	within 2 degrees of consanguinity to each other	—
							Kayeh Management Limited Partnership, LP		
							YSC Limited Partnership, LP		
							YJM Family Limited Partnership, LP		
Yeh Family Limited Partnership, LP (Partnership : Lisa Kao, Michael P. Yeh)	18,977,649	24.79	0	0	0	0	Yeko LLC	within 2 degrees of consanguinity to each other	—
							Kayeh Management Limited Partnership, LP		
							YSC Limited Partnership, LP		
							YJM Family Limited Partnership, LP		
Investment Fund of Kayeh Management Limited Partnership, LP (Custodian institution CTBC Bank)	7,808,696	10.20	0	0	0	0	Yeko LLC	within 2 degrees of consanguinity to each other	—
							Yeh Family Limited Partnership, LP		
							YSC Limited Partnership, LP		
							YJM Family Limited Partnership, LP		
YSC Limited Partnership, LP (Partnership : Lisa Kao, Michael P. Yeh)	7,503,000	9.80	0	0	0	0	Yeko LLC	within 2 degrees of consanguinity to each other	—
							Yeh Family Limited Partnership, LP		
							Kayeh Management Limited Partnership, LP		
							YJM Family Limited Partnership, LP		
YJM Family Limited Partnership, LP (Partnership : Lisa Kao, Michael P. Yeh)	7,497,000	9.79	0	0	0	0	Yeko LLC	within 2 degrees of consanguinity to each other	—
							Yeh Family Limited Partnership, LP		
							Kayeh Management Limited Partnership, LP		
							YSC Limited Partnership, LP		
林世裕	662,000	0.86	Note	—	Note	—	None	None	—

Name	Shareholdign		Spouse & Minor Shareholding		Shareholding in Name of Others		Name, relationship of top ten shareholders are Spouses of within 2 degrees of consanguinity to each other		Remarks
	Shares	(%)	Shares	(%)	Shares	(%)	Name	Relationship	
李聰賢	443,000	0.58	Note	—	Note	—	None	None	—
中國信託商業銀行受託保管客思達（股）外籍員工讓受、認購及配發之有價證券集合投資專戶									
Collective investment account of the offshore subsidiary Employees (Custodian institution: CTBC Bank)	394,000	0.51	0	0	0	0	None	None	—
李智湧	281,000	0.37	Note	—	Note	—	None	None	—
呂岳隆	199,000	0.26	Note	—	Note	—	None	None	—

Note : Not available.

3.10 The number of shares of One Enterprise held by the Company, the Directors, Supervisors, Officers of the Company and the Enterprise directly or indirectly controlled by the Company

2020/12/31 ; Unit:Share ; %

Affiliated Company	Investment of Coaster International Co., Ltd		Directors, Supervisors, Managements Direct and Indirect Investment of the Affiliated company		Consolidated Investment	
	Shares	%	Shares	%	Shares	%
COA, Inc.	79,109,865	100.00	0	0	79,109,865	100.00
COA Asia, Inc.	1,000	100.00	0	0	1,000	100.00
CFS Global, Inc.	100	100.00	0	0	100	100.00
Deliverall Logistics, Inc.	100	100.00	0	0	100	100.00
Kyanite Home, LLC	Note	100.00	Note	0	Note	100.00
Kayeh Decor LLC	Note	100.00	Note	0	Note	100.00
Ye Hey (Malaysia) Logistics Service SDN BHD	324,603	100.00	0	0	324,603	100.00
Coaster Furniture (Asia) Service Holding Ltd.	150,000	100.00	0	0	150,000	100.00
Ye Hey Taiwan Logistics Service Ltd.	300,000	100.00	0	0	300,000	100.00
Ye Hey Holding Co., Ltd.	350,000	100.00	0	0	350,000	100.00
Coaster Furniture Service (KunShan)Advisory Company	Note	100.00	Note	0	Note	100.00
Ye Hey (ShenZhen) Logistics	Note	100.00	Note	0	Note	100.00

Note : Limited company no shares information

4. Capital Raising

4.1 Capital and Shares

4.1.1 History of Capitalization

4.1.1.1 Issue of Shares

Year & Month	Issue Price	Authorized Capital		Capital Stock		Remarks			
		Shares	Amount	Shares	Amount	Source of Capital	Non-Monetary Capital Expansion	Others	
2013/8	USD 1	50,000	USD 50,000	1	USD 1	Registration of incorporation	—	—	
2014/1	USD 1	30,000,000	USD 30,000,000	20,000,001	USD 20,000,001	Addition and Conversion 20,000 thousand shares	Share Exchange	Note 1	
2014/5	USD 1	30,000,000	USD 30,000,000	20,050,000	USD 20,050,000	Capital increase by cash	—	Note 2	
2014/12	USD 2.81	30,000,000	USD 30,000,000	21,829,360	USD 21,829,360	Capital increase by cash	—	Note 2	
2015/2	USD 2.81	30,000,000	USD 30,000,000	22,185,232	USD 22,185,232	Capital increase by cash	—	Note 2	
2015/9	NTD 10	90,000,000	NTD 900,000,000	66,555,696	NTD 665,556,960	Stock split and Par Value changed from USD to NTD	—	Note 3	
2015/10	NTD 10	200,000,000	NTD 2,000,000,000	66,555,696	NTD 665,556,960	Change authorized capital	—	—	
2016/9	NTD 10	200,000,000	NTD 2,000,000,000	76,555,696	NTD 765,556,960	Capital increase by cash	—	Note 4	

Note 1 : The company issued 20,000 thousand new shares (par value at USD \$1 per share) to acquire the full equity of COA, Inc, COA ASIA, Inc. and CFS Global, Inc. from Yeh Family Limited Partnership LP and Yeko LLC on January 6, 2014

Note 2 : The capital increases by cash on 2014.5.11, 2014.12.23 and 2015.2.3 have been registered to the Cayman Island on 2015.5.22, 2015.4.1 and 2015.6.30.

Note 3 : The authorized share capital of the Company changed from US\$30,000,000 divided into 30,000,000 common shares of a par value of US\$1.00 each (the “USD Shares”), to NTD\$900,000,000 divided into 90,000,000 Shares of a par value of NTD10.00 each (the “NTD Shares”), authorized by the Board of Directors of the Company at the meeting held on August 21st, 2015 and Shareholders’ resolution on September 10th, 2015.

Note 4 : TWSE on September 23, 2016, Ref. No. Tai-Zheng-Shang-Er-Zi-10500185601

4.1.1.2 Type of Stock

2021/4/25

Type of Stock	Authorized Capital			Remarks
	Outstanding issued shares	Unissued Shares	Total	
Common Stock	76,555,696	123,444,304	200,000,000	TWSE Lised Stocks

4.1.1.3 Shelf Registration: Not applicable.

4.1.2 Composition of Shareholders

2021/4/25 Unit : Shares ; %

Types Amounts	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Foreign Persons	Treasury Stock	Total
Numbers	0	0	5	1,131	21	1	1,158
Shares	0	0	89,000	7,211,000	68,755,696	500,000	76,555,696
Shareholding Ratio(%)	0	0	0.12	9.42	89.81	0.65	100.00
Mainland-owned shareholding ratio : 0%							

4.1.3 Distribution of Shareholding

4.1.3.1 Common Shares

Par Value: NT\$ 10 per share; 2021/4/25

Range of Shareholding	Number of Shareholders	Shareholding	Percentage (%)
1 ~ 999	76	6,169	0.01
1,000 ~ 5,000	845	1,578,831	2.06
5,001 ~ 10,000	116	969,000	1.27
10,001 ~ 15,000	36	456,000	0.60
15,001 ~ 20,000	21	394,000	0.51
20,001 ~ 30,000	21	564,000	0.74
30,001 ~ 50,000	11	418,000	0.54
50,001 ~ 100,000	17	1,096,000	1.43
100,001 ~ 200,000	5	835,000	1.09
200,001 ~ 400,000	2	675,000	0.88
400,001 ~ 600,000	2	943,000	1.23
600,001 ~ 800,000	1	662,000	0.86
800,001 ~ 1,000,000	0	0	0.00
1,000,001 and above	5	67,958,696	88.78
Total	1,158	76,555,696	100.00

4.1.3.2 Preferred Share: Not applicable.

4.1.4 List of Major Shareholders

2021/4/25

Name of Major Shareholders	Shares	Shareholding	Percentage (%)
Yeko LLC		26,172,351	34.19
Yeh Family Limited Partnership, LP		18,977,649	24.79
Kayeh Management Limited Partnership, LP		7 808 696	10.20
YSC Limited Partnership, LP		7,503,000	9.80
YJM Family Limited Partnership, LP		7,497,000	9.79
林世裕		662,000	0.86
李聰賢		443,000	0.58
Collective investment account of the offshore subsidiary Employees (Custodian institution: CTBC Bank)		394,000	0.51
李智湧		281,000	0.37
呂岳隆		199,000	0.26

4.1.5 Market Price, Net Value, Earnings, and Dividends per share

Item		Year	2019	2020	Up the end of Mar. 31, 2021
Market Price per share	Highest		26.85	24.30	27.95
	Lowest		19.45	10.95	18.80
	Average		23.86	18.14	20.50
Net Value per share	Before distribution		33.86	34.76	Note
	After distribution		33.86	34.76	—
Earning Per Share	Weighted-average outstanding shares		76,056	76,056	76,056
	Earnings per share(diluted)		(0.95)	3.24	Note
Dividend per share	Cash dividends		—	0	—
	Stock dividends	From retained earnings	—	—	—
		From Capital surplus	—	—	—
	Cumulative dividends		—	—	—
Return on Investment	Price / Earnings Ratio		—	5.60	—
	Price / Dividend Ratio		—	—	—
	Cash Dividend Yield		—	—	—

Note : Earnings not yet settled.

4.1.6 Dividend Policies and Implementation

4.1.6.1 Dividend Policies under the Article of Incorporation

As the Company continues to grow, the need for capital expenditure, business expansion and a sound financial planning for sustainable development, it is the Company's dividends policy that the dividends may be allocated to the Shareholders in the form of cash dividends and/or bonus shares according to the Company's future expenditure budgets and funding needs.

Unless otherwise provided in the Applicable Listing Rules, where the Company makes profits before tax for the annual financial year, the Company shall allocate (1) a maximum of 15% and a minimum of 1% of such annual profits before tax for the purpose of employees' remunerations (including employees of the Company and/or any Affiliated Company) (the "Employees' Remunerations"); and (2) a maximum of 2% and a minimum of 1% of such annual profits before tax for the purpose of Directors' remunerations (the "Directors' Remunerations"). Notwithstanding the foregoing paragraph, if the Company shall set aside the amount of such accumulated losses prior to the allocation of Employees' Remunerations and Directors' Remunerations. Subject to Cayman Islands law and notwithstanding Article 139, the Employees' Remunerations and the Directors' Remunerations may be distributed in the form of cash and/or bonus shares, upon resolutions by a majority votes at a meeting of the Board of Directors attended by two-thirds or more of the Directors. The resolutions of Board of Directors regarding the distribution of the Employees' Remunerations and the Directors' Remunerations in the preceding paragraph shall be reported to the Shareholders at the general meeting after such Board resolutions are passed.

Unless otherwise provided in the Applicable Listing Rules, the net profits of the Company for each annual financial year shall be allocated in the following order and proposed by the Board of Directors to the Shareholders in the general meeting for approval:

- (a) To make provision of the applicable amount of income tax pursuant to applicable tax laws and regulations;
- (b) To set off accumulated losses of previous years (if any);
- (c) To set aside 10% as Legal Reserve pursuant to the Applicable Listing Rules unless the accumulated amount of such Legal Reserve equals to the total paid-up capital of the Company;
- (d) To set aside an amount as Special Reserve pursuant to the Applicable Listing Rules and requirements of the Commission; and
- (e) With respect to the earnings available for distribution (i.e. the net profit after the deduction of the items (a) to (d) above plus any previously undistributed cumulative Retained Earnings), the Board of Directors may present a proposal to distribute to the Shareholders by way of dividends at the annual general meeting for approval pursuant to the Applicable Listing Rules. Dividends may be distributed in the form of cash dividends and/or bonus shares, and, subject to Cayman Islands law, the number of dividends shall be at least ten percent (10%) of the net profit after the deduction of the items (a) to (b) above. Cash dividends shall comprise a minimum of the percent (10%) and a maximum of one hundred percent (100%) of the total dividends allocated to Shareholders.

4.1.6.2 Proposal for dividend distribution

The Surplus Earning Distribution and/or the Loss Offsetting Proposals of 2019 was resolved in the meeting on 23 March 2021 by the Board of Directors that the Company decides not to distribute dividends.

4.1.7 Impact to business performance and earnings per share resulting from stock dividend distribution: Not applicable.

4.1.8 Remuneration of employees, directors and supervisors

4.1.8.1 Description regarding employee's compensation and Directors' remuneration in the Company's current Memorandum and Articles of Association ("AOA")
Please refer to 4.1.6 Dividend Policies.

4.1.8.2 The estimation basis of the remuneration amount paid to employees, directors, and supervisors, calculation basis of shares on the remuneration distributed to employees in stock, and the accounting if there are differences between the estimated and the actual distribution amount:

The company estimates the amounts of employees' bonuses and compensation for directors according to the Company's Memorandum and Articles of Association ("AOA") and considering the payout amount and ratio from the past. If the amount approved by Annual General Meeting of Members differs from the original estimation, the adjustment will be regarded as a change in accounting estimation and will be reflected in the statement of income in the year that the shareholder's Annual General Meeting is held.

4.1.8.3 Board Resolution for the Distribution of Remuneration:

(1) The proposal has been approved on March 23, 2021 that for the Year 2020, the Company distributes directors' compensation in the amount of NT\$2,359,990 (it is about US\$ 80,117 calculated based on 29.4568 exchange rate) and distributes employees' compensation in the amount of NT\$2,359,990 (it is about US\$ 80,117 calculated based on 29.4568 exchange rate), and the distribution will take place in cash. There is no discrepancy between that amount and the estimated figure for the expenses recognized in 2020.

(2) The proposal has been approved on March 23, 2021 that for the Year 2020, the Company distributes directors' compensation in the amount of NT\$2,359,990 (it is about US\$ 80,117 calculated based on 29.4568 exchange rate) and distributes employees' compensation in the amount of NT\$2,359,990 (it is about US\$ 80,117 calculated based on 29.4568 exchange rate), and the distribution will take place in cash. There is no discrepancy between that amount and the estimated figure for the expenses recognized in 2020.

4.1.8.4 The actual distribution of remuneration to employees, directors, and supervisors (including the number of distributed shares, amount, and share price) in previous year, and whose differences (if any) with the recognized remuneration to employees, directors, and supervisors should be disclosed along with the differences, reasons and status:

There was no discrepancy between the actual distribution and the amounts recognized for the previous year.

4.1.9 The situation of the Company's repurchase of its own shares

2021/4/30

Batch Order of Repurchase	The 1 ST Time (batch)
Purpose of Repurchase	For transferring shares to employees
Period of Repurchase	2018/3/26~2018/5/25
Price Range of Repurchase (NT\$)	21~38
Types and quantities of Repurchased (shares)	500,000 common stock
Amount of shares Repurchase (NT\$)	12,860,943
Ratio of bought-back quantity to planned Repurchased quantity (%)	100.00%
Number of cancelled and transferred shares	0
Accumulated quantity of the Company's shares held (shares)	500,000
Percentage of total company shares held (%)	0.65

4.2 Corporate Bonds None.

4.3 Preferred Stock None.

4.4 Depository Receipt None.

4.5 Employee Stock Option Plan

4.5.1 Issuance of Employee Stock Option

2021/4/30

Issuance of Employee Stock Option	First Grant
Approval Date by The Securities & Futures Bureau	2016/8/4
Issue(Grant)Date	2015/10/2
Units for issuance	4294
Percentage of Shares to be issued of the outstanding shares as of the date of issuance	5.61%
Option Duration	7 years
Underlying Shares	New Common Share
Vesting Schedule (%)	The Options shall become exercisable from the date two (2) years after the issued date thereof, and the percentage of exercisable Options in different time periods are set forth below: (1)2 ND Year : up to 40% (2)3 RD Year : up to 70% (3)4 TH Year : 100%
Exercised Shares	0
Amount of Share Exercised (NT\$)	0
Unexercised Shares	2,974,000shares
Grant Price Per Share (NT\$)	36
Ration of Unexercised Shares over the Outstanding Common Shares (%)	3.88
Impact to Shareholders' Equity	Dilution to Shareholders' Equity is limited

4.5.2 Names, Granting and Exercise Status of the Officers and Top Ten Employees of the granted Employee Stock Options

2021/4/30

	Title	Name	Number of Stock Options Granted	Percentage of Stock Options Outstanding Shares (%)	Exercised				Unexercised			
					Number of Stock Options	Exercise Price	Exercise Amount	Percentage of Stock Options Outstanding Shares (%)	Number of Stock Options	Exercise Price	Exercise Amount	Percentage of Stock Options Outstanding Shares (%)
officers	President	Michael P. Yeh										
	CFO	Alexander Pan										
	VP	Toby Konetzny (Note 1)										
	VP	Joshua Chow (Note 1)										
	VP	Matthew Chen										
	VP	Gene Korbut (Note 1)	1,512,000	1.98	0	0	0	0	816,000	NT\$ 36.00	NT\$ 29,376,000	1.07
	VP	John Rodriguez										
	VP	Steve Goldsmith										
	VP	Crystal Nguyen (Note 1)										
	VP	Janice Yeh										
	VP	Donald Alan Deeds										
	Chief Auditor	Elsa Chiao										
Employee Stock Options granted to Top 10 Employees		Alice Chang (Note 1)										
		Bobby Chin										
		Hurr Ko										
		Judy Jin										
		Larry Furiani										
		Lily Chiu										
		Maggie Kow Chik	1,800,000	2.35	0	0	0	0	1,464,000	NT\$ 36.00	NT\$ 52,704,000	1.91
		Richard Lo										
		Roy Wang										
		Vivian Zhang										
		Winnie Chiu										
		Mar Huang										

Note: As the publication date of the annual report, the manager has resigned or retired. The total number of lapsed is 1,032,000 shares.

4.6 Employee Restricted Stock Award:

None

4.7 Status of New Shares Issuance due to mergers or acquisition of shares another company:

4.7.1 Completed new shares issuance due to mergers and acquisitions in the most recent year and as of the date of this annual report: None.

4.7.2 New shares issuance due to mergers and acquisitions approved by the Board of Directors in the most recent year and as of the date of this annual report : None.

4.8 Financing Plan and Implementations:

4.8.1 As of one quarter before the publication date of this annual report, plan for previous issuance or private placement of securities that have not been completed, or that have been completed but no benefits achieved within the past three years: None.

4.8.2 As of one quarter before the publication date of this annual report, processing condition for previous issuance or private placement of securities that have not been completed, or that have been completed but no benefits achieved within the past three years: None.

5. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

5.1.1.1 Scope of COASTER Business

Coaster sources furniture products from Asia suppliers for distribution to U.S. furniture retailers. The primary business model of Coaster is to procure selected products for U.S. warehouse storage before selling the products to its retailers.

Coaster researches trend of U.S. furniture market for product design and source, Coaster selects or develops various furniture products that fit the targeted price range and demands of its dealers. Currently, major dealer groups of Coaster consist of U.S. independent furniture retailers, regional furniture chain stores, and ecommerce retailers. Each group might have unique requirements on product distribution and logistics support.

Coaster overseas procurement offices support its U.S. head office with factory selection, quality inspection, factory evaluation, production scheduling and shipping coordination. Most of Coaster suppliers are located in Asia: including China, Taiwan, Malaysia, and Vietnam.

In addition to U.S. warehouse distribution sales, Coaster offers qualified dealers with direct sales program (DS program), where full-container products are shipped directly from overseas factories to the designated locations requested by the dealers. This DS sales program is attractive to larger-sized dealers within or outside of the U.S.

5.1.1.2 Sales Breakdown of Main Business Segments

Unit: NT\$'000; %

Business Segment	2019		2020	
	Revenue	%	Revenue	%
Indoor Furniture Sales Revenue	11,668,334	99.41	10,258,282	99.45
Others	69,049	0.59	56,315	0.55
Total	11,737,383	100.00	10,314,597	100.00

5.1.1.3 Current Products and Services of COASTER

Coaster provides a full- range of furniture products available for qualified dealers to purchase (i.e., “Open Distribution Model”). The varieties of products include over 4,000 SKU of indoor furniture products in bedroom, dining, living, office, and accent product groups. In addition, Coaster developed electronic ordering system to facilitate dealers placing purchase orders with convenience. With this system, Coaster dealers can obtain real-time inventory information from nearby Coaster warehouses, place purchase orders directly from the system and select the modes of delivery.

5.1.1.4 New Products and Services under Development

Coaster provides competitive products and innovative solutions that meet or exceed the expectation of its dealers and consumers. In 2017 Coaster develops new product lines with styles and prices that are attractive to younger generation consumers (i.e., Generation Millennium), including the introduction of a new product line series. In 2019, Coaster introduced new and diverse collections with sub-brands, CoasterEveryday, CoasterEssence, and CoasterElevations.

With multiple product lines, tailored solutions for distribution and marketing, Coaster is well-positioned to further penetrate U.S. furniture market. Further, Coaster also speed up the implementation of “O2O” business, by closely connecting its thousands of local independent furnityre retailers in providing off-line service to local consumers across the United States.

5.1.2 Industry Overviews

5.1.2.1 Current Development of Furniture Industry

Coaster sources furniture products from Asia factories for worldwide distribution. Most of Coaster customers operated in the United States. A brief summary of the status of the furniture industry:

(1) Global Furniture Industry

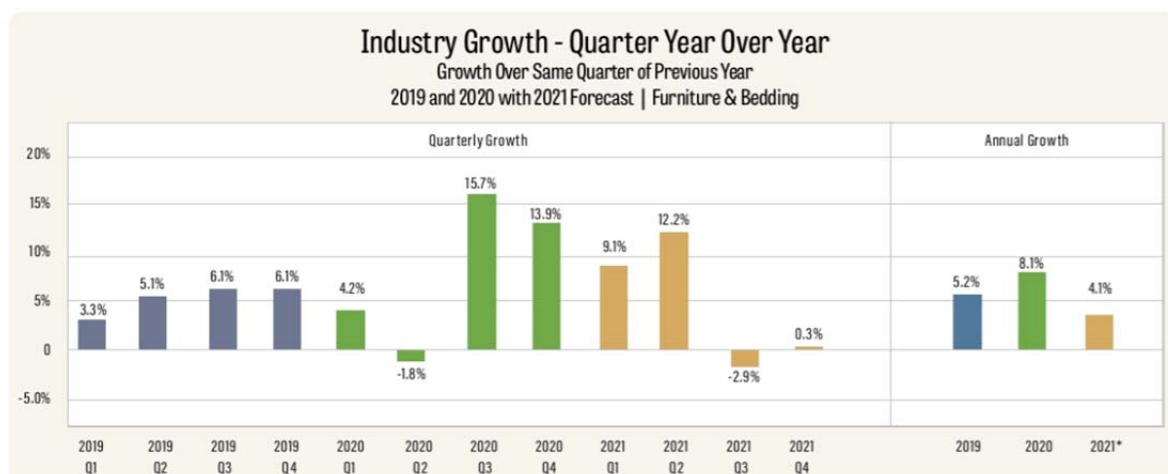
Per CSIL 《World Furniture Outlook 2021》 report , The main furniture importing country on a global level is the USA, followed at a distance by Germany, France, the UK, and Japan. After the major contraction in 2020, growth will resume in 2021 and the pre-crisis level, in current USD, is expected to be attained in 2022.

(2) U.S. Furniture Industry:

Currently, U.S. is Coaster’s primary market. In 2019 and 2020, U.S. sales revenue accounts for 98.54% and 99.18% of Coaster’s worldwide net sales respectively.

The demand for furniture is highly correlated with real estate industry. U.S. is the largest country in accepting immigrants that contributes to additional demands on housing and furniture products. Since 2011, U.S. housing market and U.S. furniture demand were gradually recovered toward to the pre-financial crisis level.

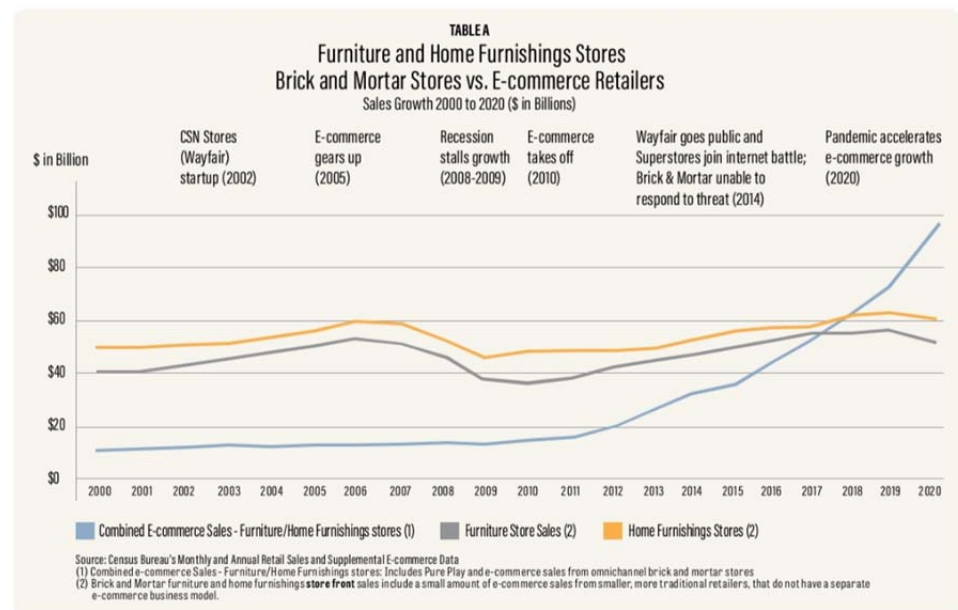
According to FurnitureCore, due to stay-at-home orders and buyer uncertainty, 2020 Q2 US furniture sales was stagnant, the 2020 Q2 growth yoy is -1.8%. However, as people make the change to work from home and distance learning, the demand for indoor furniture has increased, the US furniture sales rebounded by 15.7% in the third quarter and 13.9% in the final quarter of last year. President Joe Biden's 2021 multiple stimulus bills and infrastructure investment proposals are expected to be favorable to the recovery of economy and the growth of the U.S. Home Furnishing Industry, it is expected the 2021 US furniture sales growth by 4.11% .



Source: Impact Consulting Services, Inc.’s FurnitureCore.comindustry model
2021 assumes industry returns to nomal seasonality. *Forecast

U.S. furniture industry consists of furniture retailers, furniture distributors, and manufacturers. In which the retailers and distributors each account for about 40% and 30% of the U.S. furniture industry value respectively. U.S. furniture distributors perform important functions in supporting the operation of U.S. furniture industry. The distributors source various furniture products worldwide to satisfy the demands of different types of furniture retailers, including mass merchants, furniture retail chain stores, independent furniture retailers and e-retailers of furniture ecommerce. Over the past decade, the landscape of U.S. furniture industry has changed significantly. The major factors that reshape U.S. furniture industry include the impact of U.S. economy cycle, Internet technology, consumer preference shift of younger generation and others. Today, U.S. consumers are more comfortable shopping furniture on-line.

Per HFBusiness report, it was not until around 2005 when online shopping kicked into high gear only to get stymied by the Great Recession. It was five more years in 2010 when e-commerce retailers, identified as those whose primary business activity is in furniture and home furnishings, really took off. But even then, it took until 2014 for brick-and-mortar furniture stores to fully realize how rapidly they were losing ground. At that same time, Wayfair, with its subsidiaries, went public and other furniture and home furnishings e-tailers began to flood the marketplace. E-commerce sales grew swiftly until last year when the pandemic accelerated growth even faster with online furniture and home furnishings sales reaching an estimated \$97 billion in 2020 (Table A)



5.1.2.2 Furniture Supply Chain Stakeholders

Coaster imports furniture products from overseas factories for U.S. wholesale distribution. Coaster performs the supply chain manager functions, its relationship with suppliers and customers are listed below.

Asia Material and Component Suppliers	Upstream (Manufactures Subcontractors)	Midstream (Wholesalers and Import Distributors)	Downstream (Retailers)	North America Consumers
	Major Functions			
	<ul style="list-style-type: none">• Manufacturing Resources Integration• Production Processing Design• Manufacturing R&D• Production Quality Control• Business Promotion and Marketing (Product Shows)	<p>Market Analysis</p> <ul style="list-style-type: none">• Product Design & Merchandising.• Factory Sourcing & Evaluation• Product Safety Standard Compliance.• Product Quality Inspection.• Shipping Coordination.• Marketing & Show Promotion.• Warehousing and Logistics• Ecommerce & Transaction Platform Support.• Insurance on Credit Sales• Post-Sales Service Support.	<ul style="list-style-type: none">• Retailing & Product Display• Marketing, Advertising and Promotion• Retailing and Sales Services• Consumer Credit Facilitation• Product Delivery Services• After-Sales Services	
	Coaster Controls its Supply Chain			
	Coaster sources products from over 200 overseas factories. Coaster has effectively diversified its sourcing risk.	Coaster provides supply-chainmanger functions to its upstream and downstream stakeholders.	Coaster sales to over 8,000 U.S. retailers. Coaster diversifies customer concentration risk.	

Coaster is in the center of furniture supply chain. The upstream furniture factories develop procedures to convert materials into finished furniture products. While the import distributors purchase the products form factories for wholesale distribution to furniture retailers. U.S. furniture retailers include: mass merchants, department stores, independent furniture retailers, and ecommerce retailers. At the midstream of its furniture supply chain, Coaster purchases furniture products from over a hundred of overseas factories for U.S. warehousing and distribution. Coaster’s customers include over 8,000 of U.S. independent furniture retailers, mass merchants, and mainstream U.S. ecommerce retailers.

5.1.2.3 Trend of Furniture Industry

Information technology reshapes U.S. furniture industry. Consumers are well informed with a wide-range of selection of products with styles, designs, and value. Generation X consumers are replacing baby-boomer generation and becoming a major furniture consumer group. Generation X consumers demand higher standard on furniture style, design, material used and value. Today, furniture suppliers gain competitive advantage by offering innovative design, advanced production technology, efficient logistics, enhanced branding, and multiple channels of distribution. Coaster is in the center of furniture supply chain. The upstream furniture factories develop procedures to convert materials into finished furniture products. While the import distributors purchase the products from factories for wholesale distribution to furniture retailers. U.S. furniture retailers include mass merchants, department stores, independent furniture retailers, and ecommerce retailers.

5.1.2.4 Market Competitions

U.S. furniture market is relatively diversified. Currently, none of a single U.S. furniture participant (i.e., manufacturer, wholesaler, distributor or retailer) has the ability to "control" the U.S. furniture market. Based on 《Furniture Today》 analysis, in 2016, the Top 100 U.S. furniture stores collectively accounts for about 40% of total U.S. furniture sales. Where “Ashley Furniture” is the largest in the U.S. furniture industry, it accounts for about 3% of U.S. furniture market shares. Most of the other key suppliers of U.S. furniture and bedding, each account for lesser than 2% of the U.S. market shares.

Due to the diversity, key U.S. furniture suppliers focus on different targeted price points, styles and market channels; they might not always compete directly with each other.

Furniture import distributors develop core competencies based on the targeted market segments they service. In addition to offering competitive price and high- quality products, furniture import distributors focus on providing reliable sourcing, convenient logistics, innovative marketing and creative distribution solutions.

Company	Estimated U.S. furniture shipments in \$ millions		Percent change
	2019	2018	
Ashley Furniture Industries	\$6,436.4	\$5,695.5	13.0%
La-Z-Boy	\$1,318.1	\$1,255.4	5.0%
Dorel Inds.^e	\$842.1	\$804.4	4.7%
Sauder	\$615.0	\$625.0	-1.6%
Hooker Furniture^e	\$610.8	\$683.5	-10.6%
L&P Fashion Bed Group	\$508.5	\$525.6	-3.3%
Samson Holdings	\$457.2	\$478.8	-4.5%
Flexsteel Industries^e	\$443.6	\$489.2	-9.3%
Ethan Allen Interiors^e	\$441.5	\$471.7	-6.4%
Coaster Company of America	\$378.3	\$391.3	-3.3%
Bassett Furniture Inds.	\$261.1	\$256.0	2.0%
RHF Investments, Inc	\$245.0	\$195.0	25.6%
Best Home Furnishings	\$220.0	\$230.0	-4.3%
Total	\$12,777.6	\$12,101.4	5.6%

^e = Furniture Today estimate
R = revised

Rankings are by total furniture shipments to the U.S., including bedding, contract and accessories for some companies. Non-furniture revenues (such as textile products, components, investment income) have been excluded and are described in the notes, with specific amounts given when possible.

Source: PBM Strategic Insights, 2020 Furniture Today study

Recently, a few overseas manufacturers start selling directly to U.S. Depending on the products sold and business model they adopted; these manufacturers might compete with U.S. import distributors.

However, U.S. furniture manufacturers focus on patented products with higher price points; in general, these domestic manufacturers are not directly competing with U.S. furniture importers.

Coaster focuses on developing the following core competency:

- (1) Effectively managed supply chain to ensure the reliability of sourcing quality.
- (2) Ability to design products responsively in meeting market trend and demands.
- (3) Well-established distribution network facilitates transfer of inventory timely.
- (4) Proprietary transaction systems provide convenient and efficiency.
- (5) Tailored programs enable products shipped from factories to customers worldwide.

5.1.3 Development of Technology and Products

Coaster does not engage production or engineering activities. As an import distributor, Coaster analyzes consumer preference and U.S. furniture industry trend for product design and sourcing. Coaster provides both printed and digital product catalogs and price books. Coaster develops electronic order system to facility consumers obtain product information, verify inventory status at nearby Coaster warehouses, and place

purchase orders 24/7. For financial reporting purpose, Coaster capitalizes the purchases of IT equipment, and expenses the related system development expenditures and payroll.

5.1.4 Long-term & Short-term Business Development Strategies

5.1.4.1 Short-term goals

- (1) Enhancing the functions of CRC (Coaster Retail Connect). CRC is a proprietary IT system developed by Coaster in-house technology team. CRC enables Coaster independent furniture dealers enjoying the benefits of ecommerce marketing and sales. With the help of CRC, independent dealers can sell more Coaster products without increasing inventory or showroom space. In addition, supporting by Coaster's B2C on-line marketing initiative and enhanced Order Placing Platform (CC3), Coaster provides efficient solution to its dealers in placing purchase orders and processing payments.
- (2) Facilitating qualified furniture retailers with special tailored products and marketing programs by granting qualified dealers with exclusive regional distribution privilege ("Managed Distribution Program"). Coaster develops competitive products that satisfy the procurement and marketing requirements of regional furniture retailers. On territorial basis, Coaster offers "exclusive distribution" benefits to certain qualified retailers. Dealers can easily integrate Coaster programs into their existing retail-pricing models.
- (3) Standardizing QC inspector training program and enriching QC management talents. Coaster constantly assesses the effectiveness of its QC inspection procedures, investigates and mitigates the causes of defective production, documents factory delivery consistency, and periodically performs factory evaluation. The goal is to boost Coaster brand to penetrate other major distribution channels.
- (4) Leveraging the tool supported by Oracle Hyperion Software, The Company analyzes financial and operating data to support its management in making various decisions to improve the quality of its sales, profit and performance of its products and sales channels.

5.1.4.2 Mid- and Long-Term Goals

- (1) Coaster will build a comprehensive database to enable more detailed data analysis and support the decision-making of supply chain management. The database retains related information on product, sales, operation, and industry
- (2) Coaster will initiate the process of business process automation: By leveraging big-data technology to support decision-making and managing the dynamic of market challenges and opportunities.
- (3) Connecting local furniture dealers (Brick-and-Mortar) and build up Coaster CCN Initiative (Coaster Community Network):

There is still room for improvement in ecommerce retailers and shopping experience of consumers. Coaster launched Coaster CCN Initiative (Coaster Community Network) by selecting thousand of independent furniture retailers who have actively leveraged Coaster On-Line marketing tools in promoting and sales Coaster brand products to consumers. It is expected that with the full implementation of "O2O" and CCN service network, Coaster will be able to more effectively connecting its local furniture dealers and consumer communities, and enable consumers gain favorable shopping experience from purchasing Coaster brand products.

5.2 Market and Sales Overview

5.2.1 Market Analysis

5.2.1.1 Main Products and Service Areas

Unit: NT\$'000

Region \ Year	2019		2020	
	Amount	%	Amount	%
USA	11,566,095	98.54	10,230,252	99.18
Other	171,288	1.46	84,345	0.82
Total	11,737,383	100.00	10,314,597	100.00

5.2.1.2 Market Share

Based on 《Furniture Today》 updating information on June 9, 2020 for the recently released Key Sources report, in 2019, the total estimated furniture shipments of the top 13 key sources for the U.S. market amounts to US\$ 12,777.6 million. Coaster imports furniture products from overseas factories for U.S. wholesale distribution, its revenue of 2019 is about US\$ 378 million, ranked in the middle of U.S. key furniture suppliers. U.S. furniture market is relatively diversified. Currently, none of a single U.S. furniture participant (i.e., manufacturer, wholesaler, distributor or retailer) has the ability to "control" the U.S. furniture market. Per Coaster assessment, within the non-e-commerce mid-price point indoor-furniture category, Coaster market share is estimated to be about 2%~3%. Within the ecommerce furniture fulfillment segment, Coaster is one of the lead suppliers to U.S. mainstream furniture e-retailers. Coaster offers appealing styles with affordable prices to consumers to purchase online. Coaster provides solutions to e-retailers to satisfy their furniture ecommerce logistics needs.

Company	Estimated U.S. furniture shipments in \$ millions		Percent change
	2019	2018	
Ashley Furniture Industries	\$6,436.4	\$5,695.5	13.0%
La-Z-Boy	\$1,318.1	\$1,255.4	5.0%
Dorel Inds.^e	\$842.1	\$804.4	4.7%
Sauder	\$615.0	\$625.0	-1.6%
Hooker Furniture^e	\$610.8	\$683.5	-10.6%
L&P Fashion Bed Group	\$508.5	\$525.6	-3.3%
Samson Holdings	\$457.2	\$478.8	-4.5%
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Total	\$12,777.6	\$12,101.4	5.6%

^e = Furniture Today estimate
R = revised

Rankings are by total furniture shipments to the U.S., including bedding, contract and accessories for some companies. Non-furniture revenues (such as textile products, components, investment income) have been excluded and are described in the notes, with specific amounts given when possible.

Source: PBM Strategic Insights, 2020 Furniture Today study

5.2.1.3 The future supply and demand situation and growth of the market

U.S. is the world largest consumer market, with a population over 300 million and higher disposable income. It is estimated that for every three pieces of furniture sold in the globe, at least one piece was sold to a U.S. consumer. This is due to the larger average living space, higher disposable household income, and over 1 million of new immigrants come to U.S. each year. The new houses and immigrants create robust furniture demands.

The 2020 COVID-19 pandemic disrupts everyone's daily life and has dramatically changed consumer shopping preference globally. President Joe Biden's 2021 multiple stimulus bills and infrastructure investment proposals are expected to be favorable to the recovery of economy and the growth of the U.S. Home Furnishing Industry. The real estate market has performed well due to lower interest rates, indirectly increase people's willingness to exchange houses and buy furniture. Per statista.com, revenue in the U.S. furniture market amounts to US\$247,836m in 2021, the market is expected to grow annually by 2.17% (CAGR 2021-2025).

With the size of U.S. furniture market and Coaster's position in the Top-10 U.S. furniture suppliers, Coaster is positioned to expand its U.S. market share in the future.

5.2.1.4 Core Competency

Coaster has been servicing U.S. furniture market for about four decades and has developed a diversified dealer base; consists of brick-and-mortar furniture retailers and several largest U.S. furniture e-retailers. Coaster's 8,000 independent furniture retailer base accounts for about 25% of the U.S. furniture retailers. For lesser than 6 years, Coaster has successfully developed efficient ecommerce fulfillment platforms for many major U.S. e-retailers. The multiple distribution channels meet the requirements of brick & mortar furniture stores and major ecommerce retailers and position Coaster for continue growth.

(1)COASTER Brand Value

Coaster values its corporate image highly. Coaster stresses the importance of product quality & safety, customer services, employee benefits, regulatory compliance and corporate social responsibility. Coaster brand represents value to its customers and consumers.

(2)Relationship with Other Supply Chain Partners

Coaster establishes reliable relationship with its key supply-chain partners and stakeholders, including factories, dealers, consumers, and major service providers. Coaster offers competitive furniture products and innovative business solutions. Coaster gains trust from its dealers and factories. By leveraging the latest IT technology, Coaster offers electronic transaction solutions to factories and dealers to minimize transaction cost.

(3)Efficient Supply Chain Management

Coaster develops various electronic transaction platforms to facilitate the efficiency and convenience of business transactions, including factory order placing system, dealer purchase system, logistics & shipping information system, and EDI transaction system for ecommerce. With the EDI system support and packaging automation for drop-shipment, Coaster gains leadership role at this fast-growing channel of furniture ecommerce fulfillment in the U.S.

(4)Electronic System Solutions for Brick and Mortar Dealers

Coaster offers IT technology solutions to dealers for purchasing from Coaster with convenience and efficiency. Dealers can go on-line to check the status of real-time inventory at nearby Coaster warehouses for purchases 24/7. For qualified dealers, Coaster offers factory direct shipment solution, where full-container of products can be shipped directly from factories to dealer designated locations worldwide, where dealers enjoy the benefit of logistics cost-savings.

5.2.1.5 Advantages and Disadvantages of Future Developments and Proposed Strategies

(1) Favorable Factors

A. Comprehensive product mix

Coaster offers over 4,000 selections of furniture products to U.S. consumers. The wide-range of Coaster products including living room, bed room, dinning, youth and accent groups. Coaster provides product catalogs and price books with updated information every 4 to 6 months. In 2019, Coaster introduced 4 sub-brand: CoasterEveryday, CoasterEssence, CoasterElevations and CoasterSleep. With multiple product lines, tailored solutions for distribution and marketing, Coaster is well-positioned to further penetrate U.S. furniture market. By segregating the U.S. furniture market with product lines and distribution models, Coaster can more effectively penetrate this world's largest furniture consumer market: United States

B. Multiple Distribution Channels

Traditionally, U.S. independent furniture stores compose the core customer base to Coaster. These stores rely on the assortments of Coaster inventory for resale. With Coaster inventory store at nearby warehouses, independent furniture stores can minimize their investment in additional inventory and maximize their profit. With the emerging of ecommerce, over the past few years, Coaster has developed its ecommerce distribution channel by providing furniture fulfillment service to many major ecommerce retailers.

The multiple distribution business channels of independent retailers, regional chain stores, and ecommerce fulfillment diversify business risk and provide Coaster with sustainable growth opportunity.

C. U.S. Furniture Market Depth

As the world largest furniture consumption market, U.S. furniture industry provides a reliable infrastructure for marketing, logistics and channel distribution. The well-structured U.S. furniture 76 industry enables manufacturers, distributors, and retailers focus on targeted segments of the market and provide consumers with better products and services. Coaster offers a wide-range of products and has developed multiple distribution channels. Coaster is positioned itself for sustainable growth in this world largest furniture market.

D. Well-Positioned Warehouses in U.S.

In 1981, Coaster established its first warehouse in Los Angeles to support the needs of its local dealers. Since them, Coaster expands its operation to

other cities by establishing additional U.S. warehouses and distribution centers to better service other major regional markets. Today, with its seven U.S. branch warehouses and four distribution centers worldwide, Coaster offers efficient supply chain warehousing and distribution to its furniture dealers and customers. In addition, with its comprehensive distribution and warehousing network, Coaster is empowered to meet the challenging fulfillment requirements of major U.S. e-retailers; and enjoys the fast growing furniture ecommerce momentum.

E. Supply Chain Management with IT Platforms

Coaster invests heavily in building its proprietary IT systems to achieve efficiency in managing furniture supply chain. With various in-house developed operation resource planning and decision support systems, Coaster gains efficiency on procurement and warehousing. With the support of IT systems, Coaster begins analyzing “big data” retained from internal operations and transactions with other external supply chain participants. It is expected that, in the near future, Coaster will gain better understanding of the dynamic of the furniture industry, and be more responsive in meeting challenges and capturing opportunities.

(2) Unfavorable Factors

A. Erosion of Independent Furniture Retailing

Exposure and Challenge

The 2008 financial tsunami tightened credit facility and limited consumer spending on furniture. Over the past decade of recovery, U.S. furniture retail industry has also undergone major landscape changes, with the faster emerging of furniture ecommerce retailing and the expansion of regional furniture chain stores. In the meantime, independent furniture retailers are facing various challenges from ecommerce marketing and consumer requesting for better shopping experiences. In general, the strength of independent furniture retailers is their ability to deeper penetrates and services U.S. consumers geographically. Independent furniture stores rely on Coaster inventory and marketing material to close sales. However, 77 many independent furniture retailers are constrained with ecommerce marketing and technology-enabled retailing.

Exposure Mitigation

Coaster diversifies its distribution channels by expanding ecommerce fulfillment service, and developing new product lines for regional furniture retailers. Currently, regional chain and mass merchant stores account for about 75% of the U.S. brick and mortar furniture sales. With the dedicated resource and product line, Coaster has opportunities to penetrate this currently low presence sector.

Since U.S. independent furniture stores is still an import segment of U.S. brick and mortar furniture retailing; Coaster is providing various IT platforms and training to enable independent furniture stores to market Coaster products more effectively. In addition, to assist dealers managing their cash flow, Coaster obtains credit insurance to facilitate credit sales. Coaster provides various logistics options to dealers for shipping merchandise from Coaster warehouses to dealer stores or consumers in a most efficient and convenience manner (e.g., minimizing dealers’ logistics

cost).

B. Longer Lead Time of Overseas Sourcing

Exposure and Challenge

Overseas furniture factories offer a variety of product selections, with the specialized workmanship and competitive prices. A major challenge of sourcing overseas is the longer production and transportation lead-time, which, potentially, leads to excessive inventory investment by U.S. import distributors. With the minimum order quantity (MOQ) required by factories and the lack of demand projections by its dealers, Coaster has to keep sufficient inventory to support demands of ecommerce and brick-and-mortar retailers. Coaster exposes to excessive inventory risk.

Exposure Mitigation

Over decades of operation, Coaster is familiar with the purchase pattern of brick and mortar dealers. Recently, with the growth of its ecommerce fulfillment business, Coaster gains better understanding of the behavior of consumers shopping online and the relationship between ecommerce marketing on consumer demands.

With accumulated knowledge of analyzing data, Coaster is more effectively projecting the demands and mitigating shortage or excessive inventory risks. By leveraging decision support systems, Coaster can better manage product life-cycle demands, slow-moving inventory promotion, and procurement ordering. Coaster is expected to more effectively maintain an adequacy inventory and mitigate inventory risks.

C. Unstable Supply of Factory Labor

Exposure and Challenge

Most of the company's furniture goods are imported from Asia: China, Malaysia, Vietnam, Indonesia and Taiwan and others. In 2019, the cost of imported furniture goods were raised under the influence of U.S.-China trade war. Besides, Asia furniture manufactures periodically face labor shortage. Shortage of labor or materials disturbs the stability of Coaster supply chain. In particular, the labor shortage issue is akin during the Lunar new year period, where most of Asia factories close for a period of 2 to 3 weeks.

Exposure Mitigation

Coaster retains information on factory capacity, the material used and production lead-time. In the future, with the standardization of production and material sourced, the risk can be mitigated with multiple factories make the same products. Coaster also keep working with selected factories on longer-term production planning; which enables factories to smooth the flow of their productions. Further, to mitigate the negative impact of additional U.S. tariff on China products, Coaster is diversifying product sourcing to other Asian factories or gradually reflecting the tariff charge to its wholesales prices.

D. U.S. Labor Cost Increase

Exposure and Challenge

U.S. labor market-hiring cost and state-required minimum wages are on

the rise. This is due to the recovery of U.S. economy and the improvement of employment. In addition, the related U.S. work injury insurance cost also increased substantially over the past few years. The increase of U.S. labor and hiring cost could negatively affect the financial performance of Coaster.

Exposure Mitigation

Coaster takes multiple steps to mitigate the rise of U.S. labor cost and loss of experienced/talented employees, including: (a) increase workforce productivity with better work flow planning and scheduling, (b) develop talented workforce pool by providing external and on-the-job training programs, and (c) reduce the turn-over of experienced workforce by providing employee with attractive insurance, retirement plan and other fringe benefits.

5.2.2 Main Features and Production Process of Major Products

Coaster sources indoor furniture products from unrelated overseas factories. Coaster does not perform manufacturing activities.

5.2.3 Production Material Sourcing

Coaster is not a manufacturer. Thus there are no raw material requirements

5.2.4 Major Suppliers /or Customers Who Account for above 10% (inclusive) of Purchases /or Sales in Recent 2 Years

5.2.4.1 Suppliers who account for above 10% (inclusive) of purchases in recent 2 years

Coaster does not source from any single supplier that accounts for more than more than 10% of Coaster annual purchases during the reporting period of 2019 to 2020. The variance analysis requirement is not applicable.

5.2.4.2 Customers who account for above 10% (inclusive) of sales in recent 2 years

Unit:NT\$'000

No	2019				2020			
	Name	Amount	%	Relation with Issure	Name	Amount	%	Relation with Issure
1	Customer A	1,139,261	9.71	None	Customer A	2,376,431	23.04	None
2	Other	10,598,122	90.29	None	Other	7,938,166	76.96	None
	Total	11,737,383	100.00	—	Total	10,314,597	100.00	—

Variance Analysis: Customer A is an ecommerce retailer. In 2020, COVID-19 has led to a surge in e-commerce and accelerated digital transformation. As lockdowns became the new normal, businesses and consumers increasingly purchasing goods and services online, raising the Company's sales to Customer A.

5.2.5 Volume and Value of the Production in Recent Two Years

Coaster does not perform manufacturing activities; this reporting requirement is not applicable.

5.2.6 Sales Volumes for Recent 2 years

Unit: NT\$ '000 ; pieces

Item	2019				2020			
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue	Quantity	Revenue
Bedroom	0	0	885,696	4,025,423	0	0	809,462	3,655,786
Living Room	0	0	545,198	3,354,137	0	0	429,855	2,677,644
Dining Room	0	0	392,813	1,645,182	0	0	314,679	1,322,380
Accents Group	0	0	399,093	1,236,229	0	0	314,238	973,830
Home Office	0	0	237,021	895,955	0	0	224,107	845,737
Recreation Room	0	0	175,169	514,290	0	0	148,938	468,140
Office Furniture	0	0	1	2	0	0	0	0
Others	0	0	89,963	66,166	0	0	129,650	371,080
Subtotal	0	0	2,724,933	11,737,383	0	0	2,370,929	10,314,597

5.3 Informaiton about Employees

Year		2019	2020	April 30, 2021
Number of Employee	Managers	96	94	96
	Direct employees	284	233	250
	Common employees	342	334	322
	Total	722	661	668
Average Age(years)		43.42	44.33	44.08
Average Years of Service(years)		8.24	9.40	9.16
Education	Doctorate	1	1	1
	Masters	20	19	19
	College or University	288	279	290
	High School or Below	413	362	358

5.4 Environmental Protection Expenditures

During the reporting period, Coaster did not incur material loss or penalties that were attributable to the violation of environmental law or regulation. This reporting requirement does not apply.

5.5 Labor Relationship

5.5.1 Description of Policies and Programs related to Welfare, Learning, Training and Retirement of Employees, as well as various protections of Employee Rights and Benefits

5.5.1.1 Fringe Benefit Programs

Coaster provides various employee benefit programs, including group insurance, retirement plan, unemployment insurance, education cost subsidy and other related fringe benefits. Per Corporate Articles, each year, Coaster allocates the required amounts to employee bonus and incentive funds.

5.5.1.2 Human Resource Development and Staff Training

Coaster develops human resource talents. Based on job functions and responsibilities, Coaster provides various tailored on-site and on-line training programs to its staff and officers. Coaster encourages employees to take job-related outside training courses, and provides subsidy on training cost reimbursement for qualified training programs.

5.5.1.3 Retirement Programs

Coaster provides its employees with retirement program benefits and is in compliance with the local regulatory requirements of making contributions to the designated accounts.

In U.S., Coaster provides all the qualified employees with retirement benefits. Under U.S. tax law of Sec. 401K, on monthly basis, Coaster contributes a pre-determined amount to the retirement account for each qualified employee participant.

In China, Coaster local subsidiaries are in compliance with Chinese employee retirement regulations by making monthly contributions to the designated retirement account managed by the local Chinese government. In Taiwan, under Taiwan labor retirement regulations, Coaster Taiwan subsidiary makes monthly retirement fund contribution to the individual retirement account of each qualified employee. For each qualified Taiwan employee, the amount of monthly corporate contribution equals to 6% of the individual monthly payroll. Coaster and subsidiaries are in compliance with the employee retirement contribution regulations in the applicable jurisdictions in which they operate.

5.5.1.4 Labor Contracts, Disputes and protection of employee benefits

Coaster maintains a good relationship with its employees. Coaster establishes channels of appeal for employees on labor disputes. As of this annual report printing date, there was no major labor dispute case reported.

5.5.2 Losses of the Company and its subsidiaries caused by labor disputes, and disclosure of frequency and specifics of action plans of recent and future possible labor disputes in the year of the Annual Report being Published

None.

5.6 Important Contracts and Agreements

5.6.1 COA, Inc.

Transaction	Counter Party	Period	Major Contents	Covenants
Collection Factoring and Security Agreement	BB&T Factors Corporation, changed to Rothensal & Rothensal on 2018/01/31	Effective from 2002/11/2 (May extend for each additional full year with mutual agreements)	Accounting Receivable Factoring and terms of transfer.	None
Business Credit Insurance	Euler Hermes North America	2021/3/1~2022/2/28	The Credit Insurance of Accounting Receivable	None
Leasing Agreement	Majestic Realty Co. & FAIRWAY SUB E, LLC	2011/1/7~2016/6/30 2016/7/1~2021/06/30	Los Angeles Branch Lease Agreement	None
Leasing Agreement	DCT GRAND RIVER LP	2015/9/01~2022/8/31	Texas Branch Lease Agreement	None
Leasing Agreement	Matrix Stults Road Associates, LLC	2011/7/1~2016/6/30 2016/7/1~2021/6/30	New Jersey Branch Lease Agreement	None
Leasing Agreement	Majestic South Fulton Building 1, LLC & NM Majestic Holdings, LLC	2019/9/1~2024/8/31	Atlanta Branch Lease Agreement	None
Leasing Agreement	Prologis Targeted U.S. Logistics Fund, LP	2018/9/1~2023/8/31	Chicago Branch Lease Agreement	None
Customer Agreement	Amazon Fulfillment Service Inc.	Effective from 2012/9/5 (May extend for each additional full year with mutual agreements)	General sales agreement.	None
Customer Agreement	Wayfair LLC	Effective from 2010/8/25 (May extend for each additional full year with mutual agreements)	General sales agreement.	None
Information Systems Agreement	InforGlobal Solutions, Inc.	2018/4/23~2021/4/22	1. InforGlobal Solutions, Inc. should deliver and install the software and relevant hardware, COA have the authority of usage of the packaged software provide by InforGlobal Solutions, Inc. 2. The rights stipulated is non-exclusive and cannot be transferred to a third party. 3. COA should pay consulting services fees and customized coding fees under the contract. °	None
Supply Agreement	Hup Chong Furniture Sdn. Bhd.	Effective from 2014/3/4-2015/3/3 (May extend for each additional full year with mutual agreements)	General procurement agreement	None

Transaction	Counter Party	Period	Major Contents	Covenants
Supply Agreement	Favourite Design Sdn. Bhd.	Effective from 2013/10/4-2014/10/3 (May extend for each additional full year with mutual agreements)	General procurement agreement	None
Supply Agreement	MEICHA FURNITURE CO., LTD.	Effective from 2013/06/01-2014/05/31 (May extend for each additional full year with mutual agreements)	General procurement agreement	None

6、Financial Highlights

6.1 Condensed Balance Sheet and Statements of Comprehensive Income for the Most Recent Five Fiscal Years

6.1.1 Condensed Balance Sheet and Statements of Comprehensive Income- IFRS

6.1.1.1 Condensed Consolidated Balance Sheet

Unit : NT\$'000

Item \ Year		Financial Information in Recent 5 Years				
		2016	2017	2018	2019	2020
Current Assets		4,366,890	4,971,743	4,437,329	3,858,966	3,456,261
Property, Plant and Equipment		126,859	106,634	98,284	104,505	102,858
Intangible Assets		41,797	35,509	43,206	37,298	21,548
Other Assets		410,980	316,971	341,058	2,122,613	1,811,963
Total Assets		4,946,526	5,430,857	4,919,877	6,123,382	5,392,630
Current Liabilities	Before Distribution	1,554,689	2,557,090	2,027,724	2,174,463	1,590,076
	After Distribution	1,860,912	2,580,057	2,027,724	2,174,463	1,590,076
Noncurrent Liabilities		116,952	137,045	129,429	1,373,331	1,158,161
Total Liabilities	Before Distribution	1,671,641	2,694,135	2,157,153	3,547,794	2,748,237
	After Distribution	1,977,864	2,717,102	2,157,153	3,547,794	2,748,237
Equity Attributable to Shareholders of the Parent		3,274,885	2,736,722	2,762,724	2,575,588	2,644,393
Capital Stock		765,557	765,557	765,557	765,557	765,557
Capital Surplu		1,777,791	1,786,070	1,789,584	1,791,308	1,791,308
Retained Earnings	Before Distribution	639,541	359,636	316,183	165,013	409,739
	After Distribution	333,318	336,669	316,183	165,013	409,739
Others		91,996	(117,541)	(95,752)	(133,442)	(309,363)
Treasury stocks		0	0	(12,824)	(12,848)	(12,848)
Total Equity	Before Distribution	3,274,885	2,736,722	2,762,724	2,575,588	2,644,393
	After Distribution	2,968,662	2,713,755	2,762,724	2,575,588	2,644,393

Note: The Financial Statements of the most recent fiscal year have been audited and approved by CPA。

6.1.1.2 Condensed Consolidated Statement of Comprehensive Income

Unit : NT\$'000

Item \ Year	Financial Information in Recent 5 Years				
	2016	2017	2018	2019	2020
Operating Revenues	12,200,847	11,913,042	12,013,456	11,737,383	10,314,597
Gross Profit	3,771,925	3,562,475	3,318,535	3,363,336	3,173,407
Operationg Profit	534,227	291,455	(2,468)	2,580	334,748
Non-operationg Income and Expenses	(35,902)	(63,563)	(47,171)	(122,188)	(103,411)
Profit Before Income Tax	498,325	227,892	(49,639)	(119,608)	231,337
Profit (loss) from continuing operations for the year	348,815	28,531	(21,950)	(72,226)	246,332
Loss from discontinued operations	0	0	0	0	0
Profit for the Year	348,815	28,531	(21,950)	(72,226)	246,332
Other comprehensive income (loss), net of taxes	(22,351)	(268,750)	80,253	(38,452)	(177,527)
Total comprehensive income (loss) for the year	326,464	(240,219)	58,303	(110,678)	68,805
Profit (loss) attributable to shareholders of the Parent	348,815	28,531	(21,950)	(72,226)	246,332
Profit (loss) attributable to noncontrolling interests	0	0	0	0	0
Total comprehensive income (loss) attributable to shareholders of the Parent	326,464	(240,219)	58,303	(110,678)	68,805
Total comprehensive income (loss) attributable to non-controlling interests	0	0	0	0	0
Earnings (loss) per share (EPS)	5.03	0.37	(0.29)	(0.95)	3.24

Note: The Financial Statements of the most recent fiscal year have been audited and approved by CPA °

6.1.2 Names and Opinions of Independent Auditors in Recent Five Years

Year	Name of CPA	Auditing Firm	Auditing Opinion	Remarks
2016	Audrey Tseng Andy Chang	PricewaterhouseCoopers, Taiwan	Unqualified Opinion	—
2017	Audrey Tseng, Andy Chang	PricewaterhouseCoopers, Taiwan	Unqualified Opinion	—
2018	Hui-Ling Pan Audrey Tseng	PricewaterhouseCoopers, Taiwan	Unqualified Opinion	—
2019	Hui-Ling Pan, Audrey Tseng	PricewaterhouseCoopers, Taiwan	Unqualified Opinion	—
2020	Hui-Ling Pan, Sheng-Wei Teng	PricewaterhouseCoopers, Taiwan	Unqualified Opinion	—

6.2 Financial Analysis for the Most Recent Five Fiscal Years

Item		Consolidated Financial Analysis of the most recent five fiscal years				
		2016	2017	2018	2019	2020
Financial Structure (%)	Debt Asset Ratio	33.79	49.61	43.85	57.94	50.96
	Long-term Fund to Property, Plant and Equipment Ratio	2673.71	2694.98	2942.65	3778.69	3696.90
Liquidity Analysis (%)	Current Ratio	280.89	194.43	218.83	177.47	217.36
	Quick Ratio	92.56	46.17	64.81	58.85	110.19
	Times Interest Earned	3181.41	1096.34	(62.28)	0.56	389.54
Operating Performance Analysis	Average Collection Turnover (times)	15.06	14.32	14.19	14.04	14.19
	Days Sales Outstanding	24.23	25.48	25.72	25.99	25.72
	Average Inventory Turnover (times)	2.61	2.57	2.60	3.05	3.51
	Average Payment Turnover (times)	12.85	12.98	13.63	18.67	25.51
	Average Inventory Turnover Days	139.84	142.02	140.38	119.67	103.98
	Property, Plant and Equipment Turnover (times)	88.56	102.04	117.25	115.76	99.48
	Total Assets Turnover (times)	2.38	2.30	2.32	2.13	1.79
Profitability Analysis	Return on Total Assets (%)	7.03	0.61	(0.16)	0.01	5.76
	Return on Equity (%)	11.77	0.95	(0.80)	(2.71)	9.44
	Pre-tax Income to Paid-in Capital Ratio (%)	65.09	29.77	(6.48)	(15.62)	30.22
	Net Margin (%)	2.86	0.24	(0.18)	(0.62)	2.39
	Diluted Earnings Per Share (NT\$)	5.03	0.37	(0.29)	(0.95)	3.24
Cash Flow (%)	Cash Flow Ratio	82.05	Note 2	32.44	23.71	132.79
	Cash Flow Adequacy Ratio	35.78	0.51	Note 2	89.83	264.09
	Cash Flow Reinvestment Ratio	30.71	Note 2	18.08	18.09	73.72
Leverage	Operating Leverage	6.34	10.97	Note 2	1158.07	8.59
	Financial Leverage	1.03	1.09	0.07	Note 2	1.31
<p>Explain the reasons for the changes in various financial ratios in the most recent two years:</p> <ol style="list-style-type: none"> 1. Current Ratio, Quick Ratio and Times Interest Earned : Due to the Company repaid its bank loans in 2020, the balance of loans and the interest expenses of 2020 were much lower than these of 2019. The 2020 financial indicators regarding solvency turns better than these of last period. ° 2. Average Payment Turnover (times) : The Company pays attention on its inventory level and controls its procurement, lead the average accounts payable to reduce obviously than that of last period. ° 3. Return on Equity (%), Pre-tax Income to Paid-in Capital Ratio (%), Net Margin (%), Diluted Earnings Per Share (NT\$), and Operating Leverage : The Company focused on improving profit on sales and implemented proper control over expenditure. Comparing to that of 2019, the Company's operation has improved, its capability of profitability and leverage also turns better. ° 4. Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Flow Reinvestment Ratio : 5. Attribute to the net profit of 2020, the Company's "cash inflows from operating activities" is higher than it of 2019, the Company's financial indicators regarding cash flows also perform better than previous year. ° 						

Note 1: The Financial Statements of the most recent fiscal year have been audited and approved by CPA.

Note 2: No calculation conducted because of the negative Operating Activity Net Cash Flow.

Note 3: Financial Analysis Calculation Formula:

1. Financial structure

(1) Ratio of liabilities to assets = Total Liabilities/ Total Assets

(2) Ratio of long-term capital to property, plant and equipment = (Shareholders' Equity+ Long-Term Liabilities)/ Net Fixed Assets

2. Liquidity analysis

(1) Current Ratio= Current Assets/ Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities 88

(3) Interest coverage ratio (times) = Earnings before interest and tax / Interest Expenses

3. Operating ability

(1) Receivables turnover (time) = Net Sales / Average Receivables (including accounts receivable and notes receivable arising from operation)

(2) Average collection period (days) = 365 / Turnover of Receivable

(3) Inventory turnover (times) = Cost of Goods Sold / Average Inventory

(4) Payables turnover (times) = Cost of Goods Sold / Average Accounts Payable (including accounts payable and notes payable arising from operation)

(5) Average sales days (days) = 365 / Turnover of Inventory

(6) Property, plant and equipment turnover (times) = Net Sales / Net Fixed Assets

(7) Total assets turnover (times) = Net Sales / Total Assets

4. Profitability analysis

(1) Return on total assets = (Net Income + Interest Expenses * (1 - tax rate)) / Average Total Assets

(2) Return on shareholders' equity = Net Income / Average Shareholders' Equity

(3) Net Income Ratio = Net Income / Net Sales

(4) EPS, Earnings Per Share = (Net Income - Preferred Stock Dividends) / Weighted Average Outstanding Shares

5. Cash Flow

(1) Cash Flow Ratio = Net cash provided by operating activities / Current Liabilities

(2) Cash Flow Equivalent Ratio = Five-year Sum of Cash from Operations / Five-year sum of capital expenditures, inventory additions and cash dividends

(3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Fixed Assets + Long-Term Investments + Other Assets + Working Capital)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Operating Income

(2) Financial Leverage = Operating income / (Operating income - Interest Expense)

Note4: The following must be taken into consideration when calculating earnings per share according to the above equation::

1. The weighted average number of common shares should be applied as the basis, not the number of shares issued by the end of the year.
2. When conducting cash capital increase or treasury share transactions, the circulation period has to be taken into account to calculate the weighted average number of shares.
3. When conducting capital increase out of earnings or capital reserves, calculation of the earnings per share in previous years and half-years has to include retrospective adjustments according to increase ratios and the time of new share issuance for the capital increase need not be considered.
4. If the preferred shares are non-convertible cumulative preferred shares, their dividends for the year (whether issued or not) have to be subtracted from the after-tax net profit or the after-tax net loss has to be increased. If the preferred shares are non-cumulative and there is net profit after tax, the preferred share dividends have to be subtracted from the after-tax net profit; if there is loss, no adjustment is needed.

Note5: The following must be taken in cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities indicated in the cash flow statement.
2. Capital expenditure refers to the annual outflow of cash for capital investment.
3. Inventory increases are calculated only when the ending balance is larger than the initial balance; if the inventory is reduced at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends for common shares and preferred shares.
5. Gross Property, plant and equipment are the total Property, plant and equipment before cumulative depreciation is subtracted.

Note6: The issuer is required to classify various operating costs and expenses as fixed and variable according to their nature. If estimation or subjective assessment is involved, it must be conducted with reason and consistency.

Note7: If the company shares are without face value or the face value is not NT\$10, the aforesaid calculation of ratio of paid-in capital has to be replaced with calculation of ratio of equity attributable to parent indicated in the balance sheet.

6.3 Audit Committee's Review Report for the Most Recent Fiscal Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Consolidated Financial Statements, and proposal for profit and loss appropriation of 2020 earnings. The CPA Pan, Hui-Lin and Teng, Sheng-Wei for and on behalf of PricewaterhouseCoopers, Taiwan was retained to audit Company's Financial Statements and issued an audit report relating to the Financial Statements. The Company's 2020 Business Report, Consolidated Financial Statement and proposal for profit and loss appropriation of 2020 earnings have been reviewed and determined to be correct and accurate by the Audit Committee of COASTER INTERNATIONAL CO., LTD. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

COASTER INTERNATIONAL CO., LTD.

Chairman of the Audit Committee :



Yuan, Hui-Erh

On the date of March 23, 2021

6.4 Financial Statement of the Most Recent Fiscal Year

Please refer to page 117~175.

6.5 Parent Company Only Financial Statements for the Most Recent Fiscal Year Certified by CPA

Not applicable.

6.6 The Impact of Cash Flow Difficulties of the Company and Its Affiliates

None.

7. Financial Status, Operation Results, and Risk Management

7.1 Financial Status

Item \ Year	2019	2020	Difference	
			Amount	%
Current asset	3,858,966	3,456,261	(402,705)	(10.44)
Property, Plant and Equipment	104,505	102,858	(1,647)	(1.57)
Intangible assets	37,298	21,548	(15,750)	(42.23)
Other assets	2,122,613	1,811,963	(310,650)	(14.64)
Total assets	6,123,382	5,392,630	(730,752)	(11.93)
Current liabilities	2,174,463	1,590,076	(584,387)	(26.87)
Non-current liabilities	1,373,331	1,158,161	(215,170)	(15.67)
Total Liabilities	3,547,794	2,748,237	(799,557)	(22.54)
Ordinary share	765,557	765,557	—	—
Capital surplus	1,791,308	1,791,308	—	—
Retained earnings	165,013	409,739	244,726	148.31
Other equity interest	(146,290)	(322,211)	(175,921)	(120.25)
Total equity	2,575,588	2,644,393	68,805	2.67
Explanation for ratio increase / decrease changes achieving over 20% or amount of increase / decrease changes above NT\$10 Million: <ol style="list-style-type: none"> 1. Intangible assets : Mainly due to the amortization of computer software over its estimated useful life. ° 2. Current liabilities : Mainly cause by the Company's repayment on its bank loans. ° 3. Retained earnings : Mainly attribute to the increase of net profit for the year. ° 4. Other equity interest : Mainly due to the exchange difference caused by consolidation financial statement of foreign subsidiaries. 				

Source: The financial information above is derived from audit consolidated financial statements

7.2 Financial Performance

7.2.1 Financial performance analysis

Item \ Year	2019	2020	Difference	
			Amount	%
Operating Revenues	11,737,383	10,314,597	(1,422,786)	(12.12)
Gross profit	3,363,336	3,173,407	(189,929)	(5.65)
Operating expenses	3,360,756	2,838,659	(522,097)	(15.53)
Operating income	2,580	334,748	332,168	12874.73
Non-operating income and expenses	(122,188)	(103,411)	18,777	15.37
Profit (Loss) before income tax	(119,608)	231,337	350,945	293.41
Income tax expenses (benefit)	47,382	14,995	(32,387)	(68.35)
Net profit (loss) for the year	(72,226)	246,332	318,558	441.06
Other comprehensive income (loss)	(38,452)	(177,527)	(139,075)	(361.68)
Comprehensive income (loss)	(110,678)	68,805	179,483	162.17
Explanation for ratio increase / decrease changes achieving over 20% or amount of increase / decrease changes above NT\$10 Million:				
1. Operating income, Profit (Loss) before income tax and Net profit for the year : The Company focused on improving profit on sales and control over operating expenses, the margin of product mix turned higher and the interest expense of the year decreased because of lower bank loans, led to a higher net profit than it of the previous year. °				
2. Income tax expenses (benefit) : The Income tax benefit of 2019 mainly caused by the net loss (before tax) of the year; The Income tax benefit of 2020 mainly attribute to the change of “Effect of changes in tax regulation”.				
3. Other comprehensive income (loss) : Mainly impact by the volatility of currency exchange rates, a stronger NTD to USD led to a lower “Exchange differences on translation of foreign financial statements” on book. °				

Source: The financial information above is derived from audit consolidated financial statements

7.2.2 Sales Forecasts and Assumptions

Not applicable.

7.2.3 Likely influence on company finance in the future and contingency plans

No significant influence.

7.3 Cash Flow

7.3.1 Analysis of cash flow changes for the most recent fiscal year

Unit: NT\$'000 ; %

Item \ Year	2019 年度	2020 年度	增(減)金額	增(減)比例
Cash flows from operating activities	515,623	2,111,537	1,595,914	309.51
Cash flows from investing activities	(54,090)	(129,817)	75,727	140.00
Cash flows from financing activities	(475,717)	(1,129,670)	653,953	137.47
Analysis of changes in cash flow:				
1. Cash flows from operating activities : The net profit for the year increased obviously, the inventory amount came to the lowest point for recent years, led to an obviously increase of “Cash flows from operating activities” for year 2020 .				
2. Cash flows from investing activities : Mainly due to the Company obtained time deposits .				
3. Cash flows from financing activities : Mainly due to the Company repaid bank loans				

7.3.2 Remedial measures for cash deficit

Not applicable.

7.3.3 Cash flow analysis for the following year

- (1) Operating activities: President Joe Biden's 2021 multiple stimulus bills and infrastructure investment proposals are expected to be favorable to the recovery of economy and the growth of the U.S. Home Furnishing Industry. The Company will keep abundant cash for inventory procurement and expansion and drive sustainable profitable growth.
- (2) Investing activities: The Company will purchase and replace operational facilities base on future operational needs.
- (3) Financing activities: Based on operational needs, the Company will keep searching capital of lower cost with more flexibility.

7.4 Material Capital Expenditures in the Most Recent Fiscal Year and Their Impact on Financial and Business Operations

In 2020 the Company spent NT\$39.272 million for the procurement of storage facilities in warehouse. The Company has adequate own funds and these expenditures shall benefit operation and had no major impact on its financial position.

7.5 Investment Policy in the Most Recent Fiscal Year, Main Causes for Profits or Losses under the policy, Improvement Plan, and Investment Plans for the Following Year

7.5.1 Investment Policy

The Company mainly focuses on its core business, not conducting investment in different industry. The execution is led by the responsible departments, following “investment cycle” of Internal Control System and the Procedures for Acquisition or Disposal of Assets. The internal rules mentioned above are approved by the Board of Directors and Annual General Meeting.

7.5.2 Main Causes for Profits or Losses, Improvement plan

Unit: NT\$' 000

Name of investor	Name of investee	Investment Gain (Loss) Recognized in 2020	Description
COASTER INTERNATIONAL CO., LTD.	COA, Inc.	220,451	A major subsidiary of the Group. In 2020 the company focuses on improving profit on sales, implements proper control over expenditure, and pays attention on its inventory level and controls its procurement, successfully increases the margin of product mix and brings profit.
COASTER INTERNATIONAL CO., LTD.	COA Asia, Inc.	43,686	A subsidiary of the Group engaging sales outside U.S.
COASTER INTERNATIONAL CO., LTD.	CFS Global, Inc.	(108)	A holding company, its subsidiary has been merged into COA, Inc. in August 2017.
COA, Inc.	Deliverall Logistics, Inc.	3,184	A subsidiary providing shipping and logistic service to Coaster Group.
COA, Inc.	Kyanite Home, LLC	(1,117)	A new business of the Group engaging B2C sales through ecommerce platform. Its margin and shipping cost will be the key factors to generate profit.

Name of investor	Name of investee	Investment Gain (Loss) Recognized in 2020	Description
COA, Inc.	Kayeh Décor LLC	(177)	A new business of the Group engaging outdoor furniture sales in U.S.
COA Asia, Inc.	Ye Hey (Malaysia) Logistics Service SDN BHD	288	A Malaysia subsidiary providing local QC, logistic & planing service to Coaster Group.
COA Asia, Inc.	Coaster Furniture (Asia) Service Holdings Ltd.	2,721	A subsidiary providing local QC service in Vietnam and providing logistic & planing service to Coaster Group. For its shareholdings of Coaster Furniture Service (KunShan) Advisory Company (referred to as “Coaster KunShan”), it recognizes investment gain/loss and also undertakes the responsibility for the gap of Coaster KunShan’s China employee’s social security expenses calculated on actual basis (consists of 5 mandatory insurance schemes and a housing fund).
COA Asia, Inc.	Ye Hey Taiwan Logistics Service Ltd.	8,367	A subsidiary providing local QC service in Taiwan and providing logistic & planing service to Coaster Group.

Name of investor	Name of investee	Investment Gain (Loss) Recognized in 2020	Description
COA Asia, Inc.	Ye Hey Holding Co., Ltd.	(353)	A subsidiary recognizes investment gain/loss for its shareholdings of Ye Hey (ShenZhen) Logistics Service Company (referred to as “Ye Hey ShenZhen”), and also undertakes the responsibility for the gap of Ye Hey ShenZhen’s China employee’s social security expenses calculated on actual basis (consists of 5 mandatory insurance schemes and a housing fund).
Coaster Furniture (Asia) Service Holdings Ltd.	Coaster Furniture Service (KunShan) Advisory Company	3,089	A subsidiary providing local QC service in Central China and North China and providing logistic & planing service to Coaster Group.
Ye Hey Holding Co., Ltd.	Ye Hey (ShenZhen) Logistics Service Company	290	A subsidiary providing local QC service in South China and providing logistic & planing service to Coaster Group.

7.5.3The investment Plans for the Coming Year

None.

7.6 Risk Management

7.6.1 Impacts of any fluctuation of interest rates and exchange rates and inflation on Company's profit (loss) during the current fiscal year up to the date of publication of the annual report, and the future countermeasures

(1)Interest Rate

The company has no long-term bank loans. For the need of short-run capital dispatch, the company used to have agreements with banks for obtain short-term borrowings. In 2020, the company's bank agreements for short-term borrowings expired and not to renew, in consideration of funding cost and operational efficiency, the company obtains loans from related party for operational needs. In 2020, Coaster's interest rate of related-party loans was LIBOR (daily interest rate on the last day of each month) plus 1.5% annual interest rate. The interest expenses from related-parties loans of year 2020 was NT\$ 3,532 thousand, account for 0.034% of the operating revenues. Coaster's accounting department keeps a close watch on interest rate changes and adjust fund utilization at the right time to avoid financial risk resulted from interest rate changes.

(2)Foreign Exchange Rate

The main purchasing and selling of the company is denominated in United States Dollars ('USD'), creating a natural hedge effect. Only a small portion of sales revenue denominated in Canadian Dollars, accounts for less than 1% in 2020. Overall, the company's future profit or loss is not much affected by the foreign exchange rate fluctuation.

(3)Inflation

If inflations cause purchase costs to increase, the company will make appropriate adjustments to product p

7.6.2 Policies on high-risk, highly leveraged investments, lending funds to other parties, endorsements, guarantees, and financial derivative transactions, main reasons for the profits or losses generated thereby, and future response measures to be undertaken

The Company is not engaged in lending of capital to other companies except for the ones between the Company and its subsidiaries, or the ones between its subsidiaries. The Company is not engaged in high-risk and high-leverage investments, and endorsements. The Company has laid down "Operational Procedures for Loaning of Company Funds", "Operational Procedures for Endorsements and Guarantees", "Operational Procedures for Acquisition or Disposal of Assets", and "Operational Procedures for Financial Derivatives Transactions", and with all resolutions passed at the shareholders' meeting, the Company will refer to relevant proceedings when dealing with related operational procedures.

7.6.3 Future R&D plans and projected investment schedules and R&D expenses

Coaster has no R&D activity. However, the company always values the efficiency brought by technology application, especially the information management systems applied on supply chain and logistics. The company will keep investing and developing ERP and decision support systems to maintain its leading position in the furniture industry.

7.6.4 The changes of domestic and overseas important policies and laws and its impact on the Company's financial operations, and the countermeasures

The Company is registered at the Cayman Islands with main operation in the United

States. For many years, the U.S. Department of Commerce imposed anti-dumping order on Chinese-made wood bedroom furniture (WBF Order) to defend domestic furniture manufacturing industry. These years, the scope of anti-dumping orders become wider and stricter. Coaster have stopped the import of wood bedroom furniture from China since 2009, and will constantly monitor changes in relevant Orders and Rulings, and other major political policies or law provisions from home or abroad, to take appropriate response and measures when necessary. In 2019, US initiated a trade war with China, most of the China imported furniture products now subject to an additional tariff charge up to 25%. Coaster mitigating this additional tariff charge by diversifying its sourcing or gradually reflecting the tariff charge to its wholesales prices and hoping to minimizing the negative impact of US-China Trade war.

7.6.5 Potential Impacts of Disruptive Technology and Industry Change on Corporate Finance and Business and Their Countermeasures

Coaster sources indoor furniture products from China and Southeast Asia. Ever since China implemented the Labor Contract Law, salary has continued to increase, the upstream supply chain continued to move to Southeast Asia. Coaster have built up a reliable quality control team that provide logistics and quality control functions in Malaysia and Vietnam. In addition, to mitigate the negative impact of additional tariff charge up to 25% on China import goods, Coaster is diversifying product sourcing to other Asian factories or gradually reflecting the tariff charge to its wholesales prices.

7.6.6 Potential Impacts of Changes in Corporate Image on Corporate Crisis Management and Their Countermeasures

Coaster has set up a contact number to service our dealers, customers and provide instance assistance for our product users. Coaster values its corporate image highly. It emphasizes product quality & safety, customer service, employee benefit, regulatory compliance, and corporate social responsibility, which are keys for us to be successful in the market.

7.6.7 Anticipated Benefits and Potential Risks of Mergers and Acquisitions and Their Countermeasures

There has not been plans for merging, thus the risks are not applicable.

7.6.8 Anticipated Benefits and Potential Risks of Capacity Expansion and Their Countermeasures

There has not been plans of warehouse expansion from the Company, thus the risks are not applicable

7.6.9. Potential Risks of Concentrated Procurement and Sales, and Countermeasures

The Group does not run the risk of over-concentration in purchase and the concentration of credit risk is limited too.

7.6.10 Potential Impacts and Risks of the Sales or Transfers of Significant Numbers of Shares by the Company's Directors, Supervisors, or Major Shareholders Holding More Than 10% of Outstanding Shares and Their Countermeasures

No such case during the most recent year and the current year up to the date of the publication of the annual report.

7.6.11 Potential Impacts and Risks of Changes of Management Right and The Countermeasures

The Company does not have risks associating with the changes in control over the Company

7.6.12 Litigations and Non-Litigated Incidents

None.

7.6.13 Other Material Risks and Countermeasures

(1) Please see the section on page 75 for the report on Advantages and Disadvantages of Future Developments and Proposed Strategies.

(2) 30% withholding taxes imposed on cash dividend

The Company is registered at the Cayman Islands, directly and indirectly hold 100% shares of U.S. companies, COA, Inc., Deliverall Logistics, Inc. and CFS (USA). According to IRS, the company should be recognized as a U.S. company, and to declare U.S. federal income tax, which means, the dividend paid by Coaster to shareholders (Taiwan citizen) are subject to a withholding tax of 30%. If investors would like to more understand the impact to the investors under the detailed rules and restrictions provided by the U.S. laws and regulations and common laws, we suggest investors should consult the professional advisors.

(3) Labor cost increase

Workforces is a key factor in furniture production industry. Coaster sources products from Asia furniture manufactures, some of them are easily affected by seasonal lack of workforces and raw materials. To ensure the stability of supply chain, Coaster has established steady relationships with more than 200 manufactures and has solid experiences to handle and allocate capacity to different factories. By now, no concentration on few suppliers led to a significant shortage of stock occurred. For the rise of U.S. labor cost, Coaster takes multiple steps to mitigate the risk: (a) increase workforce productivity with better work flow planning and scheduling, (b) develop talented workforce pool by providing external, in-house and on-the-job training programs, and (c) reduce the turn-over of experienced workforce by providing employee with attractive insurance, retirement plan and other fringe benefits. °

(4) Risk to Shareholders' Equity Safeguards

There are many different provisions in the Company Act of the Cayman Islands and that of the R.O.C. Although the Company has amended its current Memorandum and Articles of Association ("AOA") in accordance with the provisions of the Taiwan Stock Exchange's 'Reference Model for Important Matters of Shareholders' Rights and Interests Protection', there are still many differences in the legal requirements of the two places with respect to company operations. Investors cannot view investing in a Cayman-registered company from the viewpoint of the legal rights applicable to investors investing a Taiwan company, applying these rights mechanically to investing in the Caymans. Investors should ensure they have a thorough understanding and consult with experts on whether investments in a Cayman Islands company would provide them with safeguards to shareholder equity.

(5) Information Security

To fully implement information security management, the company has established its "Computer Information management regulation" and "Recovery Plan of Information System" controlled and managed by IT department to ensure the operation and security of information system. For the management of network security, the group has established firewall, regulates on the use of devices and hardware, and strictly guards on the access of internet and mobile network, etc.

The company also irregularly educates its employees of the importance on information security. There's 100 no material information security incident in 2019.

7.7 Additional Information:

None

8.1 Chart of affiliated businesses

The organizational chart for Coaster International Co., Ltd. (Cayman Islands) is structured as follows:

- Coaster International Co., Ltd (Cayman Islands)**
 - COASTER INTERNATIONAL CO., LTD.** (英屬開曼群島商登思達(股)公司在臺辦事處)
 - COA Asia Inc. (Cayman Islands)** (100%)
 - Ye Hey (Malaysia) Logistics Service SDN BHD (Malaysia)** (100%)
 - Hong Kong Representative Office**
 - Coaster Furniture (Asia) Service Holding Ltd. (Hong Kong)** (100%)
 - Coaster Furniture Vietnam Representative Office**
 - Ye Hey Taiwan Logistics Service Ltd. (Taiwan)** (100%)
 - Coaster Furniture (KunShan) Advisory Holding Ltd. (China)** (100%)
 - Ye Hey (ShenZhen) Logistics Service Company (Longgang)** (100%)
 - Ye Hey Holding Co., Ltd (Hong Kong)** (100%)
 - Ye Hey (ShenZhen) Logistics Service Company (Longgang)** (100%)
 - CFS Global, Inc. (Cayman Islands)** (100%)
 - COA, Inc. (US)** (100%)
 - Deliverall Logistics, Inc. (US)** (100%)
 - Kayeh Décor LLC (US)** (100%)

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8.1.2 List of Affiliated Companies

2020/12/31

Company	Date of Incorporation	Address	Share Capital	Business Activities
COA, Inc.	1981/2	12928 Sandoval Street, Santa Fe Springs, CA90670, USA	USD 31,330,000	Trading of furniture
COA Asia, Inc.	2012/6	190 Elgin Avenue George Town Grand Cayman KYI-9005 Cayman Islands	USD 10,000	Trading of furniture / purchasing service
CFS Global, Inc.	2008/4	190 Elgin Avenue George Town Grand Cayman KYI-9005 Cayman Islands	USD 50,000	Investment holding
Deliverall Logistics, Inc.	2011/5	12928 Sandoval Street, Santa Fe Springs, CA90670, USA	USD 800,000	Transportation service
Kyanite Home, LLC	2020/1	12928 Sandoval Street, Santa Fe Springs, CA90670, USA	USD 50,000	Trading of furniture
Kayeh Decor LLC	2018/8	12928 Sandoval Street, Santa Fe Springs, CA90670, USA	USD —	Trading of furniture
Ye Hey (Malaysia) Logistcis Service SDN BHD	2013/6	No.8,8-1,10&10-1, Jalan KSB 14, Taman Kota Syahbandar, 75200, Melaka, West Malaysia	MYR 324,603	Purchasing service
Coaster Furniture (Asia) Service Holdings Ltd.	2008/2	Room 1005, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong	USD 19,255.45	Investment holding
Ye Hey Taiwan Logistics Service Ltd.	2012/12	7F-1, No.360, Beitun Rd., Beitun Dist., Taichung City 406, Taiwan (R.O.C.)	NTD 3,000,000	Trading of furniture / purchasing service
Ye Hey Holding Co., Ltd.	2012/8	Room 1005, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong	USD 350,000	Investment holding
Coaster Furniture Service (KunShan) Advisory Company	2008/8	Room 1401, Building 47, Haiyayuan, Lvzhong, Kunshan Development Area, Jiangsu Province, China	USD 600,000	Purchasing service
Ye Hey (ShenZhen) Logistics Service Company	2012/12	Block C 103, Coaster Industrial Plant, Lanzhu West Road 10th, Shenzhen Export Processing Zone, Pingshan New Distric, Shenzhen China	USD 350,000	Warehouse and logistic service

8.1.3 Shareholders in Common of the Company and Its Affiliates with Deemed Control and Subordination

None

8.1.4 Business Scope of the Company and its Affiliates

The business operated by Coaster and its subsidiaries and affiliates cover from indoor furniture product sourcing to distribution.

8.1.5 Operational Highlights of Affiliated Companies

2020/12/31 ; Unit : NT\$' 000

Name of Company	Paid-in Capital	Total Assets	Total Liabilities	Net Value	Operations Revenue	Operating Gain (Loss)	Gain/Loss of the current year (After Tax)	EPS (NT\$)
COA, Inc.	879,746	4,975,350	2,843,224	2,132,126	10,127,277	313,211	220,451	2.79
COA Asia, Inc.	281	432,098	16,138	415,960	112,881	30,676	43,686	43,686.18
CFS Global, Inc.	1,404	1,885	—	1,885	—	(110)	(108)	(1.08)
Deliverall Logistics, Inc.	22,464	40,707	4,993	35,713	53,415	4,230	3,184	31,841.59
Kyanite Home, LLC	1,404	1,409	1,069	340	3,438	(1,117)	(1,117)	Note 2
Kayeh Decor LLC	—	—	(169)	(169)	50,055	(177)	(177)	Note 2
Ye Hey (Malaysia) Logistics Service SDN BHD	2,805	17,765	3,313	14,452	17,008	57	288	0.89
Coaster Furniture (Asia) Service Holdings Ltd.	541	24,252	3,950	20,302	7,953	(388)	2,721	18.14
Ye Hey Taiwan Logistics Service Ltd	3,000	127,800	50,206	77,594	50,596	16,403	8,367	27.89
Ye Hey Holding Co., Ltd.	9,828	10,925	5,279	5,646	—	(702)	(353)	(1.01)
Coaster Furniture Service (KunShan) Advisory Company	16,848	23,213	1,904	21,309	17,219	3,451	3,089	Note 2
Ye Hey (ShenZhen) Logistics Service Company	9,828	15,184	4,269	10,915	32,699	1,151	290	Note 2

Note 1: "Paid-in Capital", "Total assets", "Total liabilities" and "Net value" are translated into NTD using the exchange rate at the end of year 2020 (USD 1 : TWD 28.08) ; "Operating Revenue", "Operating gain (loss)", "Gain/loss of the current year (After tax)" and "EPS(NT\$)" are translated at average exchange rate of year 2020 (USD 1 : TWD 29.4568) .

Note 2: Limited company no shares information.

8.1.6 List of Directors, Supervisors, and Presidents of the Company's affiliates

2020/12/31

Company	Title	Name or Representative	Shareholding	
			Shares	(%)
COA, Inc.	Director	Michael P. Yeh	—	—
	Director	Lisa Kao	—	—
	Director	Alexander Pan	—	—
			79,109,865 shares hold by Coaster International Co., Ltd	100
COA Asia, Inc.	Director	Michael P. Yeh	—	—
	Director	Lisa Kao	—	—
	Director	Rong Zing Liu	—	—
			1,000 shares hold by Coaster International Co., Ltd	100
CFS Global, Inc.	Director	Michael P. Yeh	—	—
	Director	Lisa Kao	—	—
			100 shares hold by Coaster International Co., Ltd	100
Deliverall Logistics, Inc.	Director	Michael P. Yeh	—	—
	Director	Lisa Kao	—	—
			100 shares hold by COA, Inc.	100
Kyanite Home, LLC	Director	Michael P. Yeh	—	—
	Director	Lisa Kao	—	—
	Director	Alexander Pan	—	—
			Owned by COA(Note)	100
Kayeh Décor LLC	Director	Michael P. Yeh	—	—
	Director	Lisa Kao	—	—
	Director	Alexander Pan	—	—
			Owned by COA(Note)	100
Ye Hey (Malaysia) Logisteis Service SDN BHD	Director	Woon Chio Inn	—	—
	Director	Woon Boon Yam	—	—
	Director	Lisa Kao	—	—
			324,603 shares hold by COA Asia, Inc	100
Coaster Furniture (Asia) Service Holdings Ltd.	Director	v Michael P. Yeh	—	—
			150,000 shares hold by COA Asia, Inc	100
Ye Hey Taiwan Logistics Service Ltd	Chairperson	Michael P. Yeh	—	—
	Director	Kao Zi Ping	—	—
	Director	Kao Sun Mei	—	—
	Supervisor	Ling Lisa Kao	—	—
			300,000 shares hold by COA Asia, Inc	100
Ye Hey Holding Co., Ltd.	Director	Michael P. Yeh	—	—
	Director	Lisa Kao	—	—
			350,000 shares hold by COA Asia, Inc.	100
Coaster Furniture Service (KunShan) Advisory Company	Executive Director	Michael P. Yeh	—	—
	Supervisor	Lisa Kao	—	—
			Owned by Coaster Furniture (Asia) Service Holdings Ltd (Note)	100
Ye Hey (ShenZhen) Logistics Service Company	Executive Director	Lisa Kao	—	—
	Supervisor	Michael P. Yeh	—	—
	President	Lisa Kao	—	—
			Owned by Ye Hey Holding Co. Ltd. (Note)	100

Note : Limited company no shares information.

8.1.7 Consolidated Financial Statements of Affiliated Companies

Please refer to page 117~175.

8.1.8 Affiliation Report

Please refer to page 117~175.

8.2 Private Placement Securities

None

8.3 Subsidiaries' Shareholding or Disposition of the Company's Share

None

8.4 Other Supplementary Information Required

- 8.4.1 Description of major differences between the Company's AOA and Taiwan's regulations on protection of shareholders' rights and interests
- As the law of the Cayman Islands and the law of the Republic of China (Taiwan) slightly vary from each other, the Checklist of Protection of Shareholders' Rights/Interests in the Jurisdiction where a Foreign Securities Issuer ("Shareholders' Rights/Interests Protection Checklist"), as amended by Taiwan Stock Exchange Corporation, does not always apply to the Company. The table below provides information about the differences between the Company's current Memorandum and Articles of Association ("AOA") and the Shareholders' Rights/Interests Protection Checklist due to the law of the Cayman Islands, and the provisions of the AOA.

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>公司收買自己之股份轉讓予員工者，得限制員工在一定期間內不得轉讓。但其期間最長不得超過二年。</p> <p>In case of shares of a company purchased by the company to be transferred to its employees, the company may restrain such shares from being assigned or transferred to others within a specific period of time which shall in no case be longer than two years.</p>	<p>庫藏股得由公司董事決定其相關之條款與條件；另開曼公司法並無針對員工獎勵方案的相關規定。</p> <p>The directors of the company have the discretion to determine terms and conditions on treasury shares; also the Cayman Islands Companies Law ("Companies Law") does not include any requirements on employee incentive plans.</p>	<p>依據公司章程第1規定，庫藏股(Treasury Shares)係指依據本章程、開曼公司法與上市法令發行但經公司買回、贖回或以其他方式取得且未註銷之股份；故將本項內容規定於公司章程第40D條；惟根據開曼律師表示，該等限制轉讓之規定係屬於公司與員工間之契約關係(the restrictions agreed between the company and the employee is a contractual matter between themselves.)。</p> <p>As defined in Article 1 of the AOA, treasury shares are shares issued by the Company pursuant to the AOA, the Companies Law, and listing regulations that are purchased, redeemed or otherwise acquired by the Company and are not cancelled. The restrictions are therefore stated in Article 40D of the AOA. According to the Cayman lawyer, however, the restrictions agreed between the Company and the employee is a contractual matter between themselves.</p>
<p>6. 下列事項，應在股東會召集事由中列舉並說明其主要內容，不得以臨時動議提出；其主要內容得置於證券櫃檯買賣中心或證交所或公司指定之網站，並應將其網址載明於召集通知</p>	<p>本公司章程第50條於年報日前尚未及配合臺灣證券交易所股份有限公司於2018年11月30日公告之「外國發行人註冊地國股東權益保護事項檢查表」左列新增「其主要內容得置於證券櫃檯買</p>	<p>開曼公司法對臨時動議無特別規定；故將第5項內容規定於公司章程第50條。</p> <p>As the Companies Law does not have specific regulations on extraordinary motion, the requirement</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>內：</p> <p>The following matters shall be enumerated and explained in the notice to convene the shareholders meeting, with key information being provided, and should not be proposed by way of an extemporary motion at the meeting; material contents of such matters may be uploaded onto the website designated by the TWSE, TPEx or the Company with the address of website indicated in the notice:</p> <p>(1) 選任或解任董事、監察人； Election or discharge of director(s) and supervisor(s);</p> <p>(2) 變更章程； Amendment to the memorandum and articles of association;</p> <p>(3) 減資； Reduction in share capital;</p> <p>(4) 申請停止公開發行； Application for de-registration as a public company;</p> <p>(5) 公司解散、合併、股份轉換、分割； Dissolution, merger, share transfer and split-up of the company;</p> <p>(6) 締結、變更或終止關於出租全部營業，委託經營或與或他人經常共同經營之契約；</p>	<p>賣中心或證交所或公司指定之網站，並應將其網址載明於召集通知內、「減資」及「申請停止公開發行」之規定修正完成。</p> <p>Article 50 of the AOA is unable to be amended prior to the date of annual report in a timely manner pursuant to the provisions of "material contents of such matters may be uploaded onto the website designated by the TWSE, TPEx or the Company with the address of website indicated in the notice", "Reduction in share capital" and "Application for de-registration as a public company" as newly added in the left column of the "Checklist of Protection of Shareholders' Rights/Interests in the Jurisdiction where a Foreign Securities Issuer" issued by Taiwan Stock Exchange Corporation on November 30, 2018.</p> <p>開曼公司法對臨時動議無特別規定。根據開曼律師表示，關於臨時動議部分，股東會議通知並須明確載明會議討論內容並提供相關資訊以利股東了解；然而在股東會議通知中通常加入「任何其他議案」項目，該等項目通常具備非正式或不重大的本質，主席不得將重要事件放入本項目；如果有任何重要事項，應依據程序另召集會議討論決議；惟如情況緊急必須在股東會議中提出討論之事項，必須再下次會議中將具體內容提出並進行追認。儘管，開曼法律並無明示禁止臨時動議，惟開曼律師建議不宜在股東會上有臨時動議。</p> <p>The Companies Law does not have specific regulations on extemporary motion. According to the Cayman lawyer, with regard to extemporary</p>	<p>under Item 5 is provided in <u>Article 50</u> of the AOA. 根據開曼律師表示，關於臨時動議部分，股東會議通知並須明確載明會議討論內容並提供相關資訊以利股東了解；然而在股東會議通知中通常加入「任何其他議案」項目，該等項目通常具備非正式或不重大的本質，主席不得將重要事件放入本項目；如果有任何重要事項，應依據程序另召集會議討論決議；惟如情況緊急必須在股東會議中討論之事項，必須在下次會議中將具體內容提出並進行追認。</p> <p>According to the Cayman lawyer, with regard to extemporary motion, a notice of shareholders' meeting should specify issues to be discussed at the meeting as well as related information to help shareholders understand the issues. While the notice of shareholders' meeting usually includes the section of "any other proposals", that section should cover only issues of an informal or insignificant nature. The chairperson of the meeting should not propose any important issue by way of an extemporary motion. In the event of an important issue not scheduled for discussion, another meeting should be convened for discussion and resolution according to the procedure. In case of emergency, however, where an additional issue must be discussed at the shareholders' meeting, specific information about the issue must be proposed again for ratification at the next meeting.</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>Signing of, amendment to or termination of a contract in respect of lease of all business, appointment of an agent to operate business, or regular joint operation with a third party;</p> <p>(7) 讓與全部或主要部分之營業或財產； Assignment of all or major business or assets;</p> <p>(8) 受讓他人全部營業或財產，對公司營運有重大影響者； Assumption of all business or assets of a third party that may have a significant impact on the operation of the company;</p> <p>(9) 私募發行具股權性質之有價證券； Issue of securities of a nature similar to shares in private placement;</p> <p>(10) 董事從事競業禁止行為之許可； Approval of performance of activities by director in violation of non-compete restrictions;</p> <p>(11) 以發行新股方式，分派股息及紅利之全部或一部分； Allocation of all or part of share dividends and bonuses through issue of new shares;</p> <p>(12) 將法定盈餘公積及因發行股票溢價或受領贈與所得之資本公積，以發行新股或現</p>	<p>motion, a notice of shareholders' meeting should specify issues to be discussed at the meeting as well as related information to help shareholders understand the issues. While the notice of shareholders' meeting usually includes the section of "any other proposals", that section should cover only issues of an informal or insignificant nature. The chairperson of the meeting should not propose any important issue by way of an extemporary motion. In the event of an important issue not scheduled for discussion, another meeting should be convened for discussion and resolution according to the procedure. In case of emergency, however, where an additional issue must be discussed at the shareholders' meeting, specific information about the issue must be proposed again for ratification at the next meeting. Despite of the fact the Cayman law does not include an explicit prohibition on extemporary motion, the Cayman lawyer advised against any extemporary motion at a shareholders' meeting.</p>	

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>金方式，分配與原股東者。</p> <p>Allocation of legal reserve and additional paid-in capital from the income derived from the issuance of new shares at a premium or from endowments received by the company by issuing new shares or by paying cash to original shareholders through issue of shares.</p>		
<p>3. 公司以書面或電子方式行使表決權時，其行使方法應載明於股東會召集通知。以書面或電子方式行使表決權之股東，視為親自出席股東會。但就該次股東會之臨時動議及原議案之修正，視為棄權。When voting rights are to be exercised in writing or by way of electronic transmission, the method for exercising the voting power shall be described in the shareholders' meeting notice to be given to the shareholders. A shareholder exercising his or her voting rights in writing or by way of electronic transmission is deemed present at the shareholders' meeting in person, but will be deemed to have waived his or her rights to cast votes on issues proposed by way of an extemporary motion and amendment to an existing proposal.</p>	<p>開曼公司法對第3項內容並無特別規定。</p> <p>The Companies Law does not have any specific regulations on the requirement under Item 3.</p>	<p>開曼公司法對第3項前段內容並無特別規定，故將第3項前段規定於公司章程第68條；另根據開曼律師意見，股東以書面方式投票視為委託股東主席投票，故參酌開曼律師意見將第3項後段規定於公司章程第68條規定(即以書面或電子方式行使表決權之股東，視為委託股東主席依據該書面或電子文件之指示代表其於股東會行使表決權，但就該次股東會之臨時動議及原議案之修正，視為棄權，惟前述之委託應視為不構成上市法之委託代理人規定)。</p> <p>As the Companies Law does not have any specific regulations on the first part of requirement under Item 3, the first part of the requirement under Item 3 is provided in Article 68 of the AOA. Also, according to the Cayman lawyer, a shareholder casting votes in writing is deemed to have appointed the chairperson of the meeting to cast votes on his or her behalf. Thus, with reference to the Cayman lawyer's opinion, the second part of the requirement under Item 3 is provided in Article 68 of the AOA (i.e. a shareholder exercising his or her voting rights in writing or by way of electronic transmission is</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>5. 股東以書面或電子方式行使表決權後，欲親自出席股東會者，應於股東會開會二日前，以與行使表決權相同之方式撤銷前項行使表決權之意思表示；逾期撤銷者，以書面或電子方式行使之表決權為準。</p> <p>If a shareholder decides to attend the shareholders' meeting in person after he or she has exercised his or her voting rights in writing or by way of electronic transmission, he or she should revoke the declaration of intent to exercise of voting rights in the same manner as how he or she has exercised voting rights two days before the shareholders' meeting, or he or she shall still be deemed to have exercised his or her voting rights by writing or by way of electronic transmission.</p>	<p>開曼公司法對第5項內容並無特別規定。</p> <p>The Companies Law does not have any specific regulations on the requirement under Item 5.</p>	<p>deemed to have authorized the chairperson of the meeting to exercise his or her rights at the shareholders' meeting as instructed in the written or electronic instructions, but the shareholder will be deemed to have waived his or her rights to cast votes on issues proposed by way of an extemporary motion and amendment to an existing proposal at the shareholders' meeting, provided that the above authorization shall not work as appointment of agent under the listing regulations).</p> <p>開曼公司法對第5項內容並無特別規定；故將第5項規定於公司章程<u>第70條</u>。根據開曼律師表示，在英美普通法(Common Law)下，委託人親自出席即為委託書之撤銷(under common law, a person may revoke its proxy by attending the meeting in person)，由於以書面或電子方式行使表決權之股東，視為委託股東主席依據該書面或電子文件之指示代表其於股東會行使表決權，故第5項內容可能無執行力(not enforceable)。</p> <p>As the Companies Law does not have any specific regulations on the requirement under Item 5, the requirement under Item 5 is provided in <u>Article 70</u> of the AOA. According to the Cayman lawyer, under common law, a person may revoke its proxy by attending the meeting in person. In view that a shareholder exercising his or her voting rights in writing or by way of electronic transmission is deemed to have authorized the chairperson of the shareholders' meeting to exercise voting rights on his or her behalf according to his or her written or electronic instructions, the requirements under Item 5 may not be enforceable.</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>4. 委託書送達公司後，股東欲親自出席股東會或欲以書面或電子方式行使表決權者，應於股東會開會二日前，以書面向公司為撤銷委託之通知；逾期撤銷者，以委託代理人出席行使之表決權為準。</p> <p>If a shareholder decides to attend the shareholders' meeting in person or exercise his or her voting rights in writing or by way of electronic transmission after his or her proxy has been delivered to the company, he or she should issue a written notice to the company to revoke the authorization two days before the shareholders' meeting, or he or she shall still be deemed to have authorized his or her proxy to vote at the meeting.</p>	<p>開曼公司法對委託書或委託書之募集無特別規定。</p> <p>The Companies Law does not have any specific regulations on proxy or solicitation of proxies.</p>	<p>開曼公司法對委託書或委託書之募集無特別規定；故將第4項內容規定於公司章程第62B條。</p> <p>根據開曼律師表示，在英美普通法(Common Law)下，委託人親自出席即為委託書之撤銷(under common law, a person may revoke its proxy by attending the meeting in person)，故第4項內容可能無執行力(not enforceable)。</p> <p>As the Companies Law does not have any specific regulations on proxy or solicitation of proxies, the requirement under Item 4 is provided in Article 62B of the AOA. According to the Cayman lawyer, under common law, a person may revoke its proxy by attending the meeting in person. Therefore, the requirements under Item 4 may not be enforceable.</p>
<p>下列涉及股東重大權益之議案，應有代表已發行股份總數三分之二以上股東之出席，以出席股東表決權過半數同意為之。出席股東之股份總數不足前述定額者，得以有代表已發行股份總數過半數股東之出席，出席股東表決權三分之二以上之同意行之：</p> <p>For any of the following proposals materially involving shareholders' rights and interests, a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares is required. In case where shares represented by the shareholders</p>	<p>關於1、4、5.(分割部分)及6.，開曼公司法無特別要求或禁止之規定。</p> <p>With respect to Items 1, 4, 5 (Split-up) and 6, the Companies Law does not provide any special requirement or prohibition.關於2.及3.，開曼公司法第24條規定，章程之任何變更更須經特別決議通過。</p> <p>With respect to Items 2 and 3, §24 of the Companies Law provides that any and all changes or amendments to the memorandum and articles of association shall be approved by special resolution.</p> <p>關於5(解散部份)，開曼公司法第116條規定，公司應以特別決議(Special Resolution)而自願解散，另如係無法清償債務而自願解散則應以股東會決議通過(the company in general meeting resolves...)，開曼律師認為前述股東會決議得以</p>	<p>(一) 開曼公司法對於第1款、第4款、第5款分割部分及第6款並無特別要求或禁止之規定；故將第1款、第4款、第5款分割部分及第6款，分別規定於公司章程第32(a)(b)(c)(d)(g)(h)條，必須經過股東會特別重度決議通過(即「A型特別決議」(Supermajority Resolution Type A)或「B型特別決議」(Supermajority Resolution Type B)(定義見上)。</p> <p>As the Companies Law does not contain any specific requirement or prohibition on the provision on split-up in Items 1, 4, 5 and 6, the requirements on split-up under Items 1, 4, 5 and 6 are separately provided in Article 32(a)(b)(c)(d)(g)(h) of the AOA, stating split-up is subject to resolution requiring more</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>attending the shareholders' meeting are less than the preceding minimum requirement, as an alternative, the proposal may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares:</p> <p>1. 公司締結、變更或終止關於出租全部營業，委託經營或與其他人經常共同經營之契約、讓與全部或主要部分之營業或財產、受讓他人全部營業或財產而對公司營運有重大影響者</p> <p>The company's signing of, amendment to, or termination of a contract in respect of lease of all business, appointment of an agent to operate business, or regular joint operation with a third party, assignment of all or major business or assets, assumption of all business or assets of a third party that may have a significant impact on the operation of the company;</p> <p>2. 變更章程</p> <p>Amendment to the memorandum and articles of association;</p>	<p>普通決議(Ordinary Resolution)、特別決議(Special Resolution)或經公司章程規定之較高的決議方式為之，故在公司章程沒有規定下，普通決議(Ordinary Resolution)通過即可。</p> <p>With respect to Item 5 (Dissolution), §116 of the Companies Law provides that a company's voluntary dissolution is subject to special resolution; in case of a voluntary dissolution due to insolvency, a resolution at shareholders' meeting is required. According to the Cayman lawyer, the above shareholders' resolution could be ordinary resolution, special resolution or a resolution requiring more approval votes provided in the memorandum and articles of association. Given that the AOA does not provide requirements on this matter, an ordinary resolution will suffice.</p> <p>此外，關於5 (合併部分)，依據開曼律師表示，開曼公司法第233(6)條規定須經特別決議(Special Resolution)通過，如公司章程有其他決議規定，則依據公司章程規定辦理。</p> <p>In addition, with respect to Item 5 (Merger), according to the Cayman lawyer, §233(6) of the Companies Law provides that a special resolution is required, unless otherwise provided in the memorandum and articles of association.</p>	<p>approval votes at shareholders' meeting, i.e. Supermajority Resolution Type A or Supermajority Resolution Type B (as defined above).</p> <p>(二) 根據開曼公司法第24條規定，公司章程之任何變更必須經過股東會特別決議(Special Resolution)；故將第2款規定於公司章程第<u>157條</u>，即公司得隨時以特別決議(Special Resolution)變更備忘錄及/或章程。股東會出席成數則依公司章程第51條規定(即代表已發行股份總數過半數之有表決權股東親自或委託代理人出席)。</p> <p>As provided in §24 of the Companies Law, any and all changes or amendments to the memorandum and articles of association shall be approved by special resolution. So the requirement under Item 2 is provided in <u>Article 157</u> of the AOA, which states the Company may amend its memorandum and/or AOA at any time by special resolution. The requirement on attendance of shareholders at the shareholders' meeting is based on the provisions of Article 51 of the AOA, i.e. shareholders representing a majority of all issued voting shares attending at the meeting in person or by proxy.</p> <p>(三) 根據開曼公司法第24條規定，公司章程之任何變更必須經過股東會特別決議(Special Resolution)；故將第3款規定於公司章程第18條，即公司章程之變更如有損害特別股股</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>3. 章程之變更如有損害特別股股東之權利者，另需經特別股股東會之決議</p> <p>If an amendment to the memorandum and articles of association will jeopardize the rights and interest of preferred shareholders, the amendment is subject to approval of a preferred shareholders' meeting;</p> <p>4. 以發行新股方式分派股息及紅利之全部或一部</p> <p>Allocation of all or part of share dividends and bonuses through issue of new shares;</p> <p>5. 解散、合併或分割之決議</p> <p>Resolution on dissolution, merger or split-up; and</p> <p>6. 股份轉換。</p> <p>share swap.</p>		<p>東之權利之事項，除需經普通股股東會以特別決議(Special Resolution)外，尚需經特別股股東會以特別決議(Special Resolution)通過。</p> <p>股東會出席成數則依公司章程第 51 條規定(即代表已發行股份總數過半數之有表決權股東親自或委託代理人出席)。</p> <p>According to §24 of the Companies Law, any and all changes or amendments to the memorandum and articles of association shall be approved by special resolution. So the requirement under Item 3 is provided in Article 18 of the AOA, which states that if an amendment to the AOA will jeopardize the rights and interest of preferred shareholders, the amendment must be approved both with special resolution at a ordinary shareholders' meeting and special resolution at a preferred shareholders' meeting. The requirement on attendance of shareholders at the shareholders' meeting is based on the provisions of Article 51 of the AOA, i.e. shareholders representing a majority of all issued voting shares attending at the meeting in person or by proxy.</p> <p>(四) 有關第 5 款解散部分，依據開曼公司法第 116 條規定，公司應以特別決議 (Special Resolution)而自願解散，另如屬於無法清償債務時，則應以股東會決議通過(the company in general meeting resolves...)，開曼律師認為前述股東會決議得以普通決議 (Ordinary Resolution)、特別決議(Special Resolution)或以</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
		<p>公司章程規定之較高的決議方式為之；故將第5款解散部分規定於公司章程第33條，其中如公司因無法如期清償債務而自願解散，應經過股東會特別重度決議通過(即「A型特別決議」(Supermajority Resolution Type A)或「B型特別決議」(Supermajority Resolution Type B)(定義見上))為之(第33(a)條)，如公司因其他原因而自願解散，則應經過特別決議(Special Resolution)方式為之(第33(b)條)。股東會出席成數則依公司章程第51條規定(即代表已發行股份總數過半數之有表決權股東親自或委託代理人出席)。</p> <p>With respect to the provision on dissolution under Item 5, according to §116 of the Companies Law, a company's voluntary dissolution is subject to special resolution; in case of a voluntary dissolution due to insolvency, a resolution at shareholders' meeting is required. According to the Cayman lawyer, the above shareholders' resolution could be ordinary resolution, special resolution or a resolution requiring more approval votes provided in the memorandum and articles of association. So the requirement on dissolution under Item 5 is provided in Article 33 of the AOA, which states if the Company is subject to voluntary dissolution due to inability to repay debts that are due, the dissolution shall be approved by resolution requiring more approval votes at shareholders' meeting, i.e. Supermajority Resolution Type A or Supermajority Resolution Type B, as defined above (Article 33(a)). If the</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
		<p>Company is subject to voluntary dissolution for other reason, the dissolution shall be approved by special resolution (Article 33(b)). The requirement on attendance of shareholders at the shareholders' meeting is based on the provisions of Article 51 of the AOA, i.e. shareholders representing a majority of all issued voting shares attending at the meeting in person or by proxy.</p> <p>(五) 有關第 5 款合併部分，開曼律師表示，關於合併部分，依據開曼公司法第 233 條(6)規定，須經特別決議(Special Resolution)通過，如公司章程有其他決議規定，則依據公司章程規定辦理；故將第 5 款合併部分規定於公司章程第 31(c)條。股東會出席成數則依公司章程第 51 條規定(即代表已發行股份總數過半數之有表決權股東親自或委託代理人出席)。</p> <p>With respect the provision on merger under Item 5, according to the Cayman lawyer, as provided under §233(6) of the Companies Law, merger shall be subject to approval by special resolution or handled in accordance with the memorandum and articles of association where the requirement on resolution is otherwise provided in the memorandum and articles of association. So the requirement on merger under Item 5 is provided in Article 31(C) of the AOA. The requirement on attendance of shareholders at the shareholders' meeting is based on the provisions of Article 51 of the AOA, i.e. shareholders representing a majority of all issued voting shares attending at the meeting in person or by</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
監察人相關規定。 Regulations on supervisors.	開曼公司法對監察人無特別規定。 The Companies Law does not have any specific regulations on supervisors.	因本公司未設置監察人，故未修正章程。 The AOA is not amended for this purpose as the Company does not have any supervisor.
1. 繼續六個月以上持有公司已發行股份總數百分之二以上之股東，得以書面請求監察人為公司對董事提起訴訟，並得以臺灣臺北地方法院為第一審管轄法院。 A shareholder holding 1% or more of the Company's total issued shares for six consecutive months or longer may request in writing the supervisor to institute an action against the director on behalf of the Company, in which case the Taiwan Taipei District Court shall be the court of first instance.	開曼公司法規定，股東代表公司提起訴訟之情形為：(A) 該行為係違法或逾越公司權限範圍之行為，因而無法由股東追認；或(B) 該行為構成對少數股東之詐欺(即以該訴訟尋求救濟之對象為大股東，而該等大股東不會允許公司放任該訴訟尋求救濟之原告，如以本款為由提起訴訟，需先證明有詐欺之情形及從事不法行為者對公司有控制權)。	開曼公司章程無特別要求或禁止之規定，而公司並未設置監察人，而係設置審計委員會；參考證交所民國101年7月27日臺證上字第1011702189號函關於應以審計委員會之獨立董事成員取代監察人，故將第1項及第2項內容關於監察人部分由審計委員會之獨立董事成員取代，規定於公司章程第123條，即得以具備管轄權之法院(包括臺灣臺北地方法院，如適用)為管轄法院；另開曼律師表示，公司章程第123條必須符合開曼法律規定，依據開曼法律，如果該董事認為提出訴訟並非對公司有利益，董事並無負有經持股份1%以上股東請求對其他董事提起訴訟之義務。
2. 股東提出請求後三十日內，監察人不提起訴訟時，股東得為公司提起訴訟，並得以臺灣臺北地方法院為第一審管轄法院。 In the absence of action initiated by supervisor after 30 days of a shareholder's request, the shareholder may initiate an action for the Company, in which case the Taiwan Taipei District Court shall be the court of first instance.	According to the Cayman law, a shareholder may file an action on behalf of the company against: (A) an action that is illegal or not within the powers or authority of the company, and therefore cannot be ratified by shareholders; or (B) an action constituting fraud against minority shareholders (i.e. the purpose of the action is to seek relief against majority shareholders who will not allow the company to do nothing against the plaintiff to the action seeking relief, provided that the shareholder must prove the occurrence of fraud and that the person engaging in unlawful activities has controlling power over the company before an action may be initiated.) 凡在公司權限範圍內之行為，或雖逾越權限範圍	The Cayman law does not provide any specific requirement or prohibition, and the Company does not have a supervisor and instead has established the audit committee. With reference to TWSE Tai-Zheng-Shang-Zi No. 1011702189 Letter of July 27, 2012, providing that supervisors shall be replaced by independent directors of the audit committee, the requirement on replacement of supervisors by audit committee under Items 1 and 2 is provided in Article 123 of the AOA, and the governing court (including the Taiwan Taipei District Court, if applicable) shall have jurisdiction over the matter. Also according to the Cayman lawyer, Article 123 of the AOA must be in consistence with the Cayman law, which states that if the director believes filing of an action is not

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
	<p>但可由股東追認，且符合多數股東之意志，開曼法院多傾向於不干涉公司之內部行為。儘管本條已訂入公司章程，但其在開曼之可執行力存疑，因開曼法院不太可能在未經重新檢視所涉爭端之理由前認可外國非金錢判決之執行力。</p> <p>To the extent that an action is performed within the powers of the company, or an action performed is not within the powers of the company but can be ratified by shareholders, generally the Cayman court will not interfere with the company's internal acts. We have doubt on the enforceability in Cayman Islands of this provision if it is incorporated into the AOA of the Company because the courts of Cayman Islands are unlikely to recognize and enforce foreign judgment which is not the monetary judgment without any re-examination of merits of the underlying dispute.</p>	<p>beneficial to the company, the director shall not be liable to initiate an action against other directors of the company despite of the request of a shareholder holding more than 1% of the shares.</p>
<p>1. 公司之董事應忠實執行業務並盡善良管理人之注意義務，如有違反致公司受有損害者，負損害賠償責任。該行為若係為自己或他人所為時，股東會得以決議，將該行為之所得視為公司之所得。</p> <p>Directors of the company shall have the loyalty and shall exercise the duty of care as good administrators in conducting the business operation of the company. Director shall be liable for damages to the company in the event of a violation of the above. If the act was performed for themselves or others, the shareholders may resolve at a general meeting to treat the gains from the act as the gains of the</p>	<p>依據開曼公司法，董事對公司具有忠實義務(fiduciary duties)，如有違反該等義務致公司損害時，法院得判決董事負損害賠償責任；如因屬於為自己或他人而違反忠實義務且有利益，法院得判決返還該等利益。</p> <p>According to the Cayman law, directors have fiduciary duties to the company. In the event of damage to the company due to violation of the duties, the court of law may order the directors to be liable for damage compensation. If directors violated their fiduciary duties for themselves or others and have gained profits as a result, the court may order return of the profits derived therefrom.</p>	<p>參酌開曼律師意見(詳見左欄)，故將第1.項、第2.項及第3.項內容規定於公司章程第97B條；惟開曼律師表示，儘管公司章程規定董事與公司負有連帶賠償責任(joint and several liability)，從開曼法律觀點，該第三人仍無法直接對董事主張。</p> <p>By referring to the Cayman lawyer (see the left column for details), we have included the requirements under Items 1, 2, and 3 in Article 97B of the AOA. According to the Cayman lawyer, however, despite of the fact that the AOA provides directors and the Company have joint and several liability, from the perspective of the Cayman law, a third party cannot directly claim against the director.</p>

差異項目 Differences	開曼法令及說明 Cayman law and description	章程規定及說明 AOA regulations and description
<p>company.</p> <p>2. 公司之董事對於公司業務之執行，如有違反法令致他人受有損害時，對他人應與公司負連帶賠償之責。</p> <p>If directors have, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, the directors and the company shall be jointly and severally liable for the damages to the injured.</p> <p>3. 公司之經理人、監察人在執行職務範圍內，應負與公司董事相同之損害賠償責任。</p> <p>Within the scope of performance of their duties and functions, managers and supervisors of the company shall have the same liability as the directors of the company.</p>	<p>依據開曼法律，董事為公司執行業務而對第三人造成損害，該第三人得對公司請求損害賠償，公司另向該董事請求因第三人之請求所造成公司的損失；儘管公司章程規定董事與公司負有連帶賠償責任(joint and several liability)，從開曼法律觀點，該第三人仍無法直接對董事主張。</p> <p>According to the Cayman law, if a director causes damage to a third party during performance of company business, the third party may claim damages against the company, and the company may further claim compensation by the director for losses arising from the third-person claim. Despite of the fact that the AOA provides directors and the Company have joint and several liability, from the perspective of the Cayman law, the third party cannot directly claim against the director.</p>	

8.5 Matters with Significant Influence on Shareholders' Rights and Interests or Securities Prices

Matters of critical influence on shareholders' rights and interests as described in Subparagraph 2 of Paragraph 2 of Article 36 of the Securities and Exchange Act in the most recent year and prior to the date of the annual report: None.

COASTER INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019
(Stock code: 2936)

Address: 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands
Telephone: 886-4-2249-0777

For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of COASTER INTERNATIONAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of COASTER INTERNATIONAL CO., LTD. and its subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements in the current period are stated as follows:

Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(11) for accounting policies on inventory assessment, Note 5(2) for accounting estimates and assumptions applied on inventory assessment, and Note 6(5) for details of allowance for inventory valuation losses. As of December 31, 2020, the balance of inventory amounted to NT\$1,590,795 thousand, constituting 29% of total consolidated assets.

The Group is primarily engaged in the sales, import and wholesale of furniture. The Group mainly purchases merchandise from Asian suppliers and sells to American small and medium local retail stores, online shops and large chain stores. The Group has many warehouses in the United States and acts as a logistics center for the sellers to ensure instant and sufficient merchandise supply. As such, the balance of inventory accounts for a significant part of the consolidated assets. The Group measures inventories at the lower of cost and net realisable value. For inventories aged over a certain period and for items individually identified as obsolete inventories, the net realisable value is calculated based on historical data of the degree of discounts required for inventory clearance. As the changes in net realisable value of inventory would have an impact on inventory value, and the net realisable value which was used in obsolete inventory valuation involves significant judgment, and considering that the inventory is material, we identified the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

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

- A. We assessed the reasonableness of policies on loss for market value decline and obsolete and slow-moving inventories, including the determination basis of net realisable value, the source of historical data of discounts, and the reasonableness of the basis of individually identified obsolete inventories.

- B. We obtained an understanding of the inventory management process and observed the annual stock take to assess the effectiveness of management's classification and controls over obsolete and slow-moving inventory.
- C. We obtained an understanding of the appropriateness of the logic of the inventory aging statements, and randomly checked the accuracy of inventory aging statements to confirm that the information on the statements is consistent with its policies.
- D. We tested the appropriateness of the net realisable value as shown in the inventory list.
- E. We verified certain samples of separately numbered inventories against the historical data of discounts, compared the samples to prior allowance for inventory valuation losses and referred to subsequent transactions to assess the reasonableness of allowance for inventory valuation losses.
- F. We assessed the reasonableness of loss on decline in market value based on the evaluation of the inventory aging and the net realisable value.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors'

report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- B. 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 Group's internal control;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Penny Pan

David Teng

For and on behalf of PricewaterhouseCoopers, Taiwan

March 23, 2021

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

COASTER INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets			Notes		December 31, 2020		December 31, 2019	
					AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,077,127	20	\$	447,213	7
1136	Financial assets at amortised cost - current	6(2)		8,424	-		-	-
1170	Accounts receivable, net	6(3)		338,098	6		670,796	11
1200	Other receivables	6(4)		246,725	5		135,923	2
1220	Current income tax assets	6(21)		81,798	2		25,662	-
130X	Inventories, net	6(5)		1,590,795	29		2,483,028	41
1410	Prepayments			113,294	2		96,344	2
11XX	Total current assets			3,456,261	64		3,858,966	63
Non-current assets								
1535	Financial assets at amortised cost - non-current	6(2), 8 and 9		85,644	2		-	-
1600	Property, plant and equipment	6(6)		102,858	2		104,505	2
1755	Right-of-use assets	6(7)		1,444,764	27		1,708,453	28
1780	Intangible assets			21,548	-		37,298	-
1840	Deferred income tax assets	6(21)		240,440	4		370,106	6
1920	Refundable deposits			41,115	1		44,054	1
15XX	Total non-current assets			1,936,369	36		2,264,416	37
1XXX	Total assets		\$	5,392,630	100	\$	6,123,382	100

(Continued)

COASTER INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2020		December 31, 2019	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(8)	\$ 26,869	1	\$ 910,743	15
2130	Contract liabilities - current		75,082	1	56,374	1
2150	Notes payable		4,600	-	6,505	-
2170	Accounts payable		321,656	6	227,051	4
2200	Other payables	6(9)	297,204	6	289,596	5
2220	Other payables - related parties	7	213,601	4	-	-
2230	Current income tax liabilities		9,978	-	4,235	-
2250	Provisions - current		53,413	1	61,254	1
2280	Lease liabilities - current	7	480,984	9	541,195	9
2365	Refund liabilities - current	6(10)	106,075	2	75,895	1
2399	Other current liabilities		614	-	1,615	-
21XX	Total current liabilities		1,590,076	30	2,174,463	36
Non-current liabilities						
2570	Deferred income tax liabilities	6(21)	4,321	-	4,234	-
2580	Lease liabilities - non-current	7	1,117,067	21	1,334,690	22
2640	Net defined benefit liability, non-current	6(11)	28,446	-	26,243	-
2670	Other non-current liabilities		8,327	-	8,164	-
25XX	Total non-current liabilities		1,158,161	21	1,373,331	22
2XXX	Total liabilities		2,748,237	51	3,547,794	58
Equity						
3110	Ordinary shares	6(13)	765,557	14	765,557	12
3200	Capital surplus		1,791,308	33	1,791,308	29
	Retained earnings	6(14)				
3310	Legal reserve		55,493	1	55,493	1
3350	Unappropriated retained earnings		354,246	7	109,520	2
3400	Other equity interest		(309,363)	(6)	(133,442)	(2)
3500	Treasury shares	6(13)	(12,848)	-	(12,848)	-
3XXX	Total equity		2,644,393	49	2,575,588	42
	Significant contingent liabilities and unrecorded contract commitments	9				
3X2X	Total liabilities and equity		\$ 5,392,630	100	\$ 6,123,382	100

The accompanying notes are an integral part of these consolidated financial statements.

COASTER INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amount)

			Year ended December 31			
Items	Notes		2020		2019	
			AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(15)		\$ 10,314,597	100	\$ 11,737,383	100
5000 Operating costs	6(5)(11)(19)(20)	(	7,141,190)	(69)	(8,374,047)	(71)
5900 Gross profit			3,173,407	31	3,363,336	29
Operating expenses	6(11)(19)(20)					
6100 Selling expenses		(	1,932,621)	(19)	(2,322,701)	(20)
6200 General and administrative expenses		(	869,670)	(9)	(1,037,748)	(9)
6450 Expected credit losses	12(2)	(	36,368)	-	(307)	-
6000 Total operating expenses		(	2,838,659)	(28)	(3,360,756)	(29)
6900 Operating profit			334,748	3	2,580	-
Non-operating income and expenses						
7100 Interest income	6(2)		444	-	1,606	-
7010 Other income	6(16)		6,572	-	22,819	-
7020 Other gains and losses	6(17)	(	6,784)	-	(9,201)	-
7050 Finance cost	6(18) and 7	(	103,643)	(1)	(137,412)	(1)
7000 Total non-operating income and expenses		(	103,411)	(1)	(122,188)	(1)
7900 Profit (loss) before income tax			231,337	2	(119,608)	(1)
7950 Income tax benefit	6(21)		14,995	-	47,382	-
8200 Profit (loss) for the year			<u>\$ 246,332</u>	<u>2</u>	<u>(\$ 72,226)</u>	<u>(1)</u>
Other comprehensive income (loss)						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311 Losses on remeasurements of defined benefit plans	6(11)	(\$	2,008)	-	(\$ 952)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss			402	-	190	-
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Exchange differences on translation of foreign financial statements		(	175,921)	(2)	(37,690)	-
8300 Other comprehensive loss, net for tax		(\$	177,527)	(2)	(\$ 38,452)	-
8500 Total comprehensive income (loss)			<u>\$ 68,805</u>	<u>-</u>	<u>(\$ 110,678)</u>	<u>(1)</u>
Profit (loss) attributable to:						
8610 Owners of the parent			<u>\$ 246,332</u>	<u>2</u>	<u>(\$ 72,226)</u>	<u>(1)</u>
Comprehensive income (loss) attributable to:						
8710 Owners of the parent			<u>\$ 68,805</u>	<u>-</u>	<u>(\$ 110,678)</u>	<u>(1)</u>
Earnings (loss) per share						
9750 Basic earnings (loss) per share	6(22)		<u>\$ 3.24</u>		<u>(\$ 0.95)</u>	
9850 Diluted earnings (loss) per share	6(22)		<u>\$ 3.10</u>		<u>(\$ 0.95)</u>	

The accompanying notes are an integral part of these consolidated financial statements.

COASTER INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent						
	Capital Reserves			Retained Earnings			Total equity
	Share capital - common stock	Total capital surplus, additional paid-in capital	Employee stock warrants	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	
Notes							
Year ended December 31, 2019							
Balance at January 1, 2019	\$ 765,557	\$ 1,764,524	\$ 25,060	\$ 55,493	\$ 260,690	(\$ 95,752)	\$ 2,762,724
Retrospective application impact adjusted	-	-	-	-	(78,182)	-	(78,182)
Balance at January 1, 2019	765,557	1,764,524	25,060	55,493	182,508	(95,752)	2,684,542
Loss for the year	-	-	-	-	(72,226)	-	(72,226)
Other comprehensive loss for the year	-	-	-	-	(762)	(37,690)	(38,452)
Total comprehensive loss	-	-	-	-	(72,988)	(37,690)	(110,678)
Compensation cost of employee stock options	-	-	1,724	-	-	-	1,724
Balance at December 31, 2019	\$ 765,557	\$ 1,764,524	\$ 26,784	\$ 55,493	\$ 109,520	(\$ 133,442)	\$ 2,575,588
Year ended December 31, 2020							
Balance at January 1, 2020	\$ 765,557	\$ 1,764,524	\$ 26,784	\$ 55,493	\$ 109,520	(\$ 133,442)	\$ 2,575,588
Profit for the year	-	-	-	-	246,332	-	246,332
Other comprehensive loss for the year	-	-	-	-	(1,606)	(175,921)	(177,527)
Total comprehensive income (loss)	-	-	-	-	244,726	(175,921)	68,805
Balance at December 31, 2020	\$ 765,557	\$ 1,764,524	\$ 26,784	\$ 55,493	\$ 354,246	(\$ 309,363)	\$ 2,644,393

The accompanying notes are an integral part of these consolidated financial statements.

COASTER INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 231,337	(\$ 119,608)
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12(2)	36,368	307
Gains on write-off of past due payable	6(16)	-	(15,631)
Depreciation	6(19)	555,284	583,170
Amortization	6(19)	10,296	11,478
Gains on disposals of property, plant and equipment	6(17)	(103)	(352)
Interest expense	6(18)	79,897	120,276
Interest income		(444)	(1,606)
Compensation cost of employee stock options	6(12)	-	1,724
Gain on lease modification	6(17)	(4,981)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		296,330	(68,961)
Other receivables		(110,802)	87,752
Prepayments		(16,950)	23,290
Inventories		892,233	520,466
Changes in operating liabilities			
Contract liabilities-current		18,708	5,469
Notes payable		(1,905)	5,014
Accounts payable		94,605	(435,186)
Other payables		7,608	(41,284)
Other payables-related parties		-	(1,734)
Provisions-current		(3,932)	(981)
Refund liabilities-current		36,978	5,379
Other current liabilities		(1,001)	396
Net defined benefit liability, non-current		194	247
Other non-current liabilities		163	(18,183)
Cash inflow generated from operations		2,119,883	661,442
Interest received		444	1,606
Interest paid		(79,897)	(120,276)
Income tax paid		(6,988)	(27,149)
Income tax refund received		78,095	-
Net cash flows from operating activities		2,111,537	515,623

(Continued)

COASTER INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost - current		(\$ 8,424)	\$ -
Increase in financial assets at amortised cost - non-current		(85,644)	-
Proceeds from disposal of property, plant and equipment		584	544
Acquisition of property, plant and equipment	6(6)	(39,272)	(48,953)
Acquisition of intangible assets		-	(6,182)
Decrease in refundable deposits		2,939	501
Net cash flows used in investing activities		(129,817)	(54,090)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings	6(23)	14,728	788,266
Decrease in short-term borrowings	6(23)	(839,362)	(737,903)
Lease payments	6(23)	(518,637)	(526,080)
Increase in other payables - related parties	6(23)	213,601	-
Net cash flows used in financing activities		(1,129,670)	(475,717)
Effect of exchange rate changes on cash and cash equivalents		(180,622)	(30,899)
Net increase (decrease) in cash and cash equivalents		671,428	(45,083)
Cash and cash equivalents at beginning of year		378,830	423,913
Cash and cash equivalents at end of year		<u>\$ 1,050,258</u>	<u>\$ 378,830</u>
The components of cash and cash equivalents			
Cash and cash equivalents reported in the statement of financial position	6(1)	\$ 1,077,127	\$ 447,213
Other items qualifying for cash and cash equivalents under the definition of IAS 7	6(8)	(26,869)	(68,383)
Cash and cash equivalents at end of reporting period		<u>\$ 1,050,258</u>	<u>\$ 378,830</u>

The accompanying notes are an integral part of these consolidated financial statements.

COASTER INTERNATIONAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019
 (EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
 EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Coaster International Co., Ltd. (the “Company”) was incorporated in the Cayman Islands in August 2013. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in wholesale of furniture. The Company’s shares were permitted to be publicly traded on August 4, 2016, and listed in the Taiwan Stock Exchange on September 26, 2016.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 23, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective Date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

Amendment to IFRS 16, ‘Covid-19-related rent concessions’

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

- (a) Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

- (b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- (c) There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient and accordingly, the Group increased other gains by \$985.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
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 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following item, the consolidated financial statements have been prepared under the historical cost convention:

Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2020	December 31, 2019	
The Company	COA, Inc.	Trading of furniture	100	100	
The Company	COA Asia, Inc.	Trading of furniture / purchasing service	100	100	
The Company	CFS Global, Inc.	Investment holding	100	100	
COA Inc.	Deliverall Logistics, Inc.	Transportation service	100	100	
COA Inc.	Kyanite Home, LLC	Trading of furniture	100	-	Note 1
COA Inc.	Kayeh Decor LLC	Trading of furniture	100	-	Note 2
COA Asia Inc.	Ye Hey (Malaysia) Logistics Service SDN BHD	Purchasing service	100	100	
COA Asia Inc.	Coaster Furniture (Asia) Service Holdings Ltd.	Investment holding / Warehouse and logistic service	100	100	
COA Asia Inc.	Ye Hey Taiwan Logistics Service Ltd.	Trading of furniture / purchasing service	100	100	
COA Asia Inc.	Ye Hey Holding Co., Ltd.	Investment holding	100	100	
Coaster Furniture (Asia) Service Holdings Ltd.	Coaster Furniture (KunShan) Advisory Ltd.	Purchasing service	100	100	
Ye Hey Holding Co., Ltd.	Ye Hey (ShenZhen) Logistics Service Company	Warehouse and logistic service	100	100	

Note 1: The entity started its operations in the 2nd quarter of 2020 and the Company was controlled by the Company.

Note 2: The company's funds are not yet in place. The entity started its operations in the 2nd quarter of 2020. The Company is the only registered shareholder and controlled the entity. As of December 31, 2020, the paid-in-capital has not yet been received.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is US Dollars. The consolidated financial statements are presented in New Taiwan Dollars.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and jointly controlled entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that

are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading purposes;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(6) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.
- B. Bank overdrafts which are repayable on demand form an integral part of the Group's cash management are included within cash and cash equivalents in the consolidated statement of cash flows. Bank overdrafts are shown within short-term borrowings in current liabilities in the balance sheet.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using settlement date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Property, plant and equipment

- A. Equipment is initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of equipment with a cost that is significant in relation to the total cost must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If 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. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures

50 years

Warehouse equipment	5~7 years
Transportation equipment	3~7 years
Office equipment	3~5 years
Leasehold improvements	3~7 years
Other equipment	3~9 years

(13) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised 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 recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised 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.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of 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 recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(15) 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount

is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be

recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Employees' bonus and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal 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 estimates.

(22) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(23) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other

comprehensive income or equity.

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings in Taiwan subsidiary.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration

received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

(25) Revenue recognition

- A. The Group sells furniture and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. The furniture is often sold with volume discounts based on historical experience. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts, sales discounts and allowances. A refund liability is recognised for expected volume discounts, sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 30 days. As the time interval between the transfer of committed goods or services and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- D. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories in the balance sheet using judgements and estimates. For inventories aged over a certain period, the net realisable value is calculated based on historical data of the degree of discounts required for inventory clearance. Therefore, there might be material changes to the evaluation.

As of December 31, 2020, the carrying amount of inventories was \$1,590,795.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand and revolving funds	\$ 1,090	\$ 1,658
Checking accounts and demand deposits	<u>1,076,037</u>	<u>445,555</u>
	<u>\$ 1,077,127</u>	<u>\$ 447,213</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Certificate of deposit	\$ 8,424	\$ -
Non-current items:		
Certificate of deposit	<u>85,644</u>	<u>-</u>
Total	<u>\$ 94,068</u>	<u>\$ -</u>

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	<u>2020</u>	<u>2019</u>
Interest income	<u>\$ 9</u>	<u>\$ -</u>

- B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was \$94,068 and \$0, respectively.
- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

(3) Accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable	\$ 382,270	\$ 688,989
Less: Allowance for uncollectible accounts	(44,172)	(18,193)
	<u>\$ 338,098</u>	<u>\$ 670,796</u>

- A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 250,540	\$ 539,107
Past due		
Up to 30 days	73,816	88,477
31 to 90 days	26,777	38,678
Over 90 days	31,137	22,727
	<u>\$ 382,270</u>	<u>\$ 688,989</u>

The above ageing analysis was based on past due date.

- B. Accounts receivable are pledged to the bank as collateral. Please refer to Notes 6(8) and 8 in details.
- C. The Group does not hold any collateral.
- D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable were \$338,098 and \$670,796, respectively.
- E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Other receivables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Balance of accounts receivable factoring not yet due	\$ 246,684	\$ 135,895
Others	41	28
	<u>\$ 246,725</u>	<u>\$ 135,923</u>

- A. The Group entered into a factoring agreement with financial institutions to sell its accounts receivable, and the conditions of agreement are as follows:
- (a) Every account receivable should be approved by financial institutions before factoring transaction. The financial institution is obligated to bear the default risk of the transferred accounts receivable, except for the losses incurred on any business dispute.
- (b) The Group and financial institutions have agreed that financial institutions would collect accounts receivable and pay to the Group the transferred accounts receivable within a

specific period of time after transfer date.

(c) Any interest of prepayments should be calculated at agreed interest rate.

The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable and recognised outstanding balance as other accounts receivable. The related information is as follows:

December 31, 2020				
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Outstanding balance
Rosenthal & Rosenthal	\$ 246,684	\$ 246,684	\$ -	\$ -
December 31, 2019				
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Amount advanced	Outstanding balance
Rosenthal & Rosenthal	\$ 127,411	\$ 127,411	\$ -	\$ -
Wells Fargo	8,484	8,484	-	-
	<u>\$ 135,895</u>	<u>\$ 135,895</u>	<u>\$ -</u>	<u>\$ -</u>

B. The other receivables of the abovementioned accounts receivable factoring are pledged to banks except for factoring institutions. Details are provided in Notes 6(8) and 8. In addition, please refer to Note 6(18) for details of the service charge on accounts receivable factoring.

(5) Inventories

December 31, 2020			
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 1,012,896	(\$ 80,766)	\$ 932,130
Inventory in transit	658,665	-	658,665
	<u>\$ 1,671,561</u>	<u>(\$ 80,766)</u>	<u>\$ 1,590,795</u>
December 31, 2019			
	Cost	Allowance for valuation loss	Book value
Merchandise inventory	\$ 2,245,978	(\$ 126,727)	\$ 2,119,251
Inventory in transit	363,777	-	363,777
	<u>\$ 2,609,755</u>	<u>(\$ 126,727)</u>	<u>\$ 2,483,028</u>

A. The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	\$ 7,095,403	\$ 8,254,370
(Gain on reversal of decline in market value) Loss on decline in market value	(39,334)	24,127
Labor cost	85,121	95,550
	<u>\$ 7,141,190</u>	<u>\$ 8,374,047</u>

B. The Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold since the inventories had been sold for the year ended December 31, 2020.

C. The abovementioned inventories are pledged as collateral for bank borrowings. Details are provided in Notes 6(8) and 8.

(6) Property, plant and equipment

	<u>Buildings</u>	<u>Storage supply</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
<u>January 1, 2020</u>							
Cost	\$ 12,156	\$ 212,465	\$ 64,241	\$ 230,110	\$ 118,211	\$ 77,690	\$ 714,873
Accumulated depreciation	(1,847)	(165,524)	(56,195)	(218,435)	(97,431)	(70,936)	(610,368)
	<u>\$ 10,309</u>	<u>\$ 46,941</u>	<u>\$ 8,046</u>	<u>\$ 11,675</u>	<u>\$ 20,780</u>	<u>\$ 6,754</u>	<u>\$ 104,505</u>
<u>2020</u>							
January 1	\$ 10,309	\$ 46,941	\$ 8,046	\$ 11,675	\$ 20,780	\$ 6,754	\$ 104,505
Additions	-	16,753	4,394	591	16,530	1,004	39,272
Disposals	-	(248)	-	-	(233)	-	(481)
Depreciation charge	(229)	(16,463)	(2,432)	(4,970)	(7,351)	(2,883)	(34,328)
Net exchange differences	3	(3,138)	(436)	(418)	(1,807)	(314)	(6,110)
December 31	<u>\$ 10,083</u>	<u>\$ 43,845</u>	<u>\$ 9,572</u>	<u>\$ 6,878</u>	<u>\$ 27,919</u>	<u>\$ 4,561</u>	<u>\$ 102,858</u>
<u>December 31, 2020</u>							
Cost	\$ 12,162	\$ 207,268	\$ 61,765	\$ 215,321	\$ 125,036	\$ 73,584	\$ 695,136
Accumulated depreciation	(2,079)	(164,423)	(52,193)	(208,443)	(97,117)	(69,023)	(592,278)
	<u>\$ 10,083</u>	<u>\$ 43,845</u>	<u>\$ 9,572</u>	<u>\$ 6,878</u>	<u>\$ 27,919</u>	<u>\$ 4,561</u>	<u>\$ 102,858</u>

	<u>Buildings</u>	<u>Storage supply</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Total</u>
<u>January 1, 2019</u>							
Cost	\$ 12,557	\$195,642	\$ 62,738	\$ 231,362	\$ 116,330	\$ 99,011	\$ 717,640
Accumulated depreciation	(1,669)	(164,551)	(51,313)	(214,687)	(90,625)	(96,511)	(619,356)
	<u>\$ 10,888</u>	<u>\$ 31,901</u>	<u>\$ 11,425</u>	<u>\$ 16,675</u>	<u>\$ 25,705</u>	<u>\$ 2,500</u>	<u>\$ 98,284</u>
<u>2019</u>							
January 1	\$ 10,888	\$ 31,091	\$ 11,425	\$ 16,675	\$ 25,705	\$ 2,500	\$ 98,284
Additions	-	33,017	891	2,039	3,732	9,274	48,953
Disposals	-	(172)	(20)	-	-	-	(192)
Depreciation charge	(240)	(16,081)	(4,173)	(7,279)	(8,394)	(4,863)	(41,030)
Net exchange differences	(339)	(914)	(77)	240	(263)	(157)	(1,510)
December 31	<u>\$ 10,309</u>	<u>\$ 46,941</u>	<u>\$ 8,046</u>	<u>\$ 11,675</u>	<u>\$ 20,780</u>	<u>\$ 6,754</u>	<u>\$ 104,505</u>
<u>December 31, 2019</u>							
Cost	\$ 12,156	\$212,465	\$ 64,241	\$ 230,110	\$ 118,211	\$ 77,690	\$ 714,873
Accumulated depreciation	(1,847)	(165,524)	(56,195)	(218,435)	(97,431)	(70,936)	(610,368)
	<u>\$ 10,309</u>	<u>\$ 46,941</u>	<u>\$ 8,046</u>	<u>\$ 11,675</u>	<u>\$ 20,780</u>	<u>\$ 6,754</u>	<u>\$ 104,505</u>

Information about the property, plant and equipment that were pledged to others as collateral is provided in Notes 6(8) and 8.

(7) Leasing arrangements-lessee

- A. The Group leases various assets including buildings, transportation equipment and office equipment. Rental contracts are typically made for periods of 2 to 8 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
- B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>At December 31, 2020</u>	<u>At December 31, 2019</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Buildings	\$ 1,443,423	\$ 1,707,313
Transportation equipment	238	697
Office equipment	1,103	625
	<u>\$ 1,444,764</u>	<u>\$ 1,708,453</u>
	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Buildings	\$ 520,351	\$ 541,498
Transportation equipment	362	403
Office equipment	243	239
	<u>\$ 520,956</u>	<u>\$ 542,140</u>

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$363,565 and \$117,763, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended <u>December 31, 2020</u>	Year ended <u>December 31, 2019</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 67,689	\$ 81,289
Expense on short-term lease contracts	1,460	1,323
Gain on lease modification	4,981	-

E. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were \$587,786 and \$608,692, respectively. The cash outflow included lease payments amounting to \$518,637 and \$526,080, respectively.

(8) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2020</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank overdraft accounts	\$ 26,869	-	None
<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Bank secured borrowings	\$ 842,360	3.486%~4.75%	Accounts receivable, other receivables, inventories and property, plant and equipment
Bank overdraft accounts	68,383	-	None
	<u>\$ 910,743</u>		

The subsidiary, COA Inc., has signed a credit agreement with the bank for a credit line of US\$55,000,000 on December 31, 2019, and the loan contract expired in July 2020. Accounts receivable (including other receivables sold to banks), inventories, property, plant and equipment are pledged as collaterals. The amount that can be drawn is calculated based on a certain formula and amounts of accounts receivable, inventories and outstanding letters of credit. The following financial conditions are required for the credit facility contract:

- A. Net tangible assets (total equity less intangible assets) shall not be lower than US\$60,000,000 at the balance sheet date of every quarter.
- B. The amount of total liabilities divided by net tangible assets may not exceed 1.5 times.
- C. The interest protection multiples (profit before tax plus interest expense, depreciation expense and amortisation expense then divided by interest expense) shall not be lower than 3.5 times at the balance sheet date of each quarter (Note).
- D. Acquisition of property, plant and equipment may not exceed US\$5,000,000 annually.
- E. Loans and advances to employees and accounts receivable due from affiliated entities in amounts not to exceed an aggregate of US\$3,000,000 at any time.

Note: (i) As of December 31, 2019, the period of expenses was determined on a trailing 3-month basis (ii) for each fiscal quarter end thereafter, the period of expenses was determined on a rolling 4-quarter basis.

(9) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Salary and wages payable	\$ 100,620	\$ 73,071
Accrued expenses	50,625	72,328
Accrued employee insurance	13,323	9,980
Accrued royalty	-	3,756
Accrued sales commission	18,022	22,584
Others	114,614	107,877
	<u>\$ 297,204</u>	<u>\$ 289,596</u>

(10) Refund liabilities-current

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
At January 1	\$ 75,895	\$ 71,739
Additional provisions	36,978	5,379
Exchange differences	(6,798)	(1,223)
At December 31	<u>\$ 106,075</u>	<u>\$ 75,895</u>

Refund liabilities are the returns and discounts related to furniture sales. Sales discounts are mainly generated from sales through electronic commerce platform, which is calculated according to the discounts rate and items on the contract. Sales returns are estimated based on historical experience.

(11) Pensions

A. Defined benefit plans

- (a) The Company's Taiwan subsidiary apply defined benefit pension plan in accordance with the Labor Standards Act for its employees who have worked at other associates and whose years of service have been carried forward. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement.
- (b) The amounts recognised in the balance sheet are determined as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 28,446	\$ 26,243
Fair value of plan assets	-	-
Net defined benefit liability	<u>\$ 28,446</u>	<u>\$ 26,243</u>

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined <u>benefit obligations</u>	Fair value of <u>plan assets</u>	Net defined <u>benefit liability</u>
January 1, 2020	(\$ 26,243)	\$ -	(\$ 26,243)
Interest expense	(194)	-	(194)
	(26,437)	-	(26,437)
Remeasurements:			
Change in demographic assumptions	-	-	-
Change in financial assumptions	(1,471)	-	(1,471)
Experience adjustments	(538)	-	(538)
	(2,009)	-	(2,009)
December 31, 2020	(\$ 28,446)	\$ -	(\$ 28,446)
	Present value of defined <u>benefit obligations</u>	Fair value of <u>plan assets</u>	Net defined <u>benefit liability</u>
January 1, 2019	(\$ 25,044)	\$ -	(\$ 25,044)
Interest expense	(247)	-	(247)
	(25,291)	-	(25,291)
Remeasurements:			
Change in demographic assumptions	-	-	-
Change in financial assumptions	(726)	-	(726)
Experience adjustments	(226)	-	(226)
	(952)	-	(952)
December 31, 2019	(\$ 26,243)	\$ -	(\$ 26,243)

(d) The principal actuarial assumptions used for pension fund were as follows:

	2020	2019
Discount rate	0.25%	0.75%
Future salary increases	2.00%	2.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 748)	\$ 775	\$ 759	(\$ 737)
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 726)	\$ 753	\$ 742	(\$ 719)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$0.
- (f) As of December 31, 2020, the weighted average duration of that retirement plan is 10 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	734
1-2 year(s)		734
2-5 years		2,524
Over 5 years		25,105
	\$	<u>29,097</u>

B. Defined contribution plans

- (a) The Company's Taiwan subsidiary has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company's Taiwan subsidiary contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC.) are based on a certain percentage of employees' monthly salaries and wages. The contribution

percentage for the years ended December 31, 2020 and 2019 was both 20%. Other than the monthly contributions, the Group has no further obligations.

- (c) The Group's subsidiaries in Malaysia recognise related expense in accordance with the local pension regulations. Monthly contribution is based on 13% of the base salary, performance bonus and bonus.
- (d) The Group has established a defined contribution pension plan (the "401(K) Plan"), covering all regular employees working in U.S. subsidiaries. Under the 401(K) Plan, employees contribute monthly an amount based on a certain percentage of the employees' monthly salaries and wages to the employees' individual pension accounts. The Group contributes at the same percentage as employees contributed up to a maximum of 4%.
- (e) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were \$21,616 and \$29,956, respectively.

(12) Share-based payment

- A. For the years ended December 31, 2020 and 2019, the Group's share-based payment arrangements were as follows:

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (Note 2)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
Employee stock options	2015/11/1	4,294 (units)	7 years	2~4 years' service (Note 1)

Note 1: Employee who has worked for 2 years reach 40% of vesting conditions while 3 years reach 70% and 4 years reach 100%.

Note 2: The number of shares covered by the option is 1,000 shares per unit.

Share-based payment arrangements mentioned above are equity-settled.

- B. Details of the share-based payment arrangements are as follows:

	<u>2020</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding balance at January 1	3,292,000	\$ 36.0
Options forfeited	(96,000)	36.0
Options exercisable at December 31	<u>3,196,000</u>	36.0
	<u>2019</u>	
	<u>No. of options</u>	<u>Weighted-average exercise price (in dollars)</u>
Options outstanding balance at January 1 (Equal Options outstanding at December 31)	<u>3,292,000</u>	\$ 36.0
Options exercisable at December 31	<u>3,292,000</u>	36.0

- C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

Issue date <u>approved</u>	Expiry <u>date</u>	<u>December 31, 2020</u>		<u>December 31, 2019</u>	
		No. of shares (shares in thousands)	Exercise price (in dollars)	No. of shares (shares in thousands)	Exercise price (in dollars)
2015/11/1	2022/10/31	3,196	\$ 36	3,292	\$ 36

- D. The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of <u>Arrangement</u>	<u>Grant date</u>	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee stock options	2015/11/1	27.41	36.0	40.70%	4.95 years	-	0.88%	7.60

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the stock options' expected life, and the standard deviation of return on the stock during this period.

- E. Expenses incurred on share-based payment transactions are shown below:

	<u>Years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Equity-settled	\$ -	\$ 1,724

(13) Share capital

- A. As of December 31, 2020, the Company's authorized capital was \$2,000,000, consisting of 200 million shares of ordinary shares, and the paid-in capital was \$765,557 with a par value of \$10 per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	<u>2020</u>	<u>2019</u>
At January 1	76,055,696	76,055,696
At December 31	76,055,696	76,055,696

- B. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company <u>holding the shares</u>	<u>Reason for reacquisition</u>	<u>December 31, 2020</u>	
		Number of shares	Carrying amount
The Company	To be reissued to employees	500,000	\$ 12,848

		December 31, 2019	
Name of company <u>holding the shares</u>	<u>Reason for reacquisition</u>	<u>Number of shares</u>	<u>Carrying amount</u>
The Company	To be reissued to employees	500,000	\$ 12,848

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury shares should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(14) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be used through the following process:
- Pay taxes as regulated;
 - Offset prior years' operating losses (if any);
 - Appropriate 10% of the retained earnings as legal reserve, unless the legal reserve equals to paid-in capital of the Company;
 - Appropriate special reserve as required by the competent authority; and
 - Distribute retained earnings calculated from current earnings less the total amount of (a) to (d) plus accumulated retained earnings of prior years. Distributable retained earnings could be distributed by the Board of Directors while taking profit, capital structure and future operations into consideration. The dividend policy should be adopted by the Board of Directors and resolved by the stockholders at the stockholders' meeting. Dividends can be distributed in the form of cash or stock. In order to comply with the laws of Cayman Islands, cash dividends should be distributed in the proportion of 10%~100% of total dividends.
- B. On June 25, 2019 and March 23, 2020, the shareholders' decided that no dividends will be distributed because of the losses in 2018 and 2019.

- C. On March 23, 2021, the Company proposed the appropriations of the 2020 earnings and approved by the board of directors. The details were as follows:

	<u>Amount</u>
Legal reserve	\$ 24,472
Special reserve	<u>309,363</u>
	<u>\$ 333,835</u>

The abovementioned distribution proposal for 2020 has not yet been approved by the shareholders.

(15) Operating revenue

	<u>Year ended</u> <u>December 31, 2020</u>	<u>Year ended</u> <u>December 31, 2019</u>
Revenue from contracts with customers	<u>\$ 10,314,597</u>	<u>\$ 11,737,383</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major categories and geographical regions:

Year ended	<u>US</u>		<u>All other segments</u>	
December 31,	Furniture		Furniture	
<u>2020</u>	<u>sales</u>	<u>Others</u>	<u>sales</u>	<u>Total</u>
Timing of revenue				
At a point in time	<u>\$ 10,173,937</u>	<u>\$ 56,315</u>	<u>\$ 84,345</u>	<u>\$ 10,314,597</u>
Year ended	<u>US</u>		<u>All other segments</u>	
December 31,	Furniture		Furniture	
<u>2019</u>	<u>sales</u>	<u>Others</u>	<u>sales</u>	<u>Total</u>
Timing of revenue				
At a point in time	<u>\$ 11,497,046</u>	<u>\$ 69,049</u>	<u>\$ 171,288</u>	<u>\$ 11,737,383</u>

B. Contract liabilities

- (a) On December 31, 2020, December 31, 2019, and January 1, 2019, the Group recognised contract liabilities related to customer contract revenue of \$75,082, \$56,374 and \$50,905, respectively.
- (b) Revenue recognised that was included in the contract liability balance at the beginning of 2020 and 2019 are \$56,374 and \$50,905, respectively.
- (c) All contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(16) Other income

	Years ended December 31,	
	2020	2019
Gains on write-off of past due payable	-	15,631
Others	6,572	7,188
	<u>\$ 6,572</u>	<u>\$ 22,819</u>

(17) Other gains and losses

	Years ended December 31,	
	2020	2019
Gain on disposal of assets	\$ 103	\$ 352
Gains arising from lease modifications	4,981	-
Net exchange loss	(8,450)	(1,368)
Others	(3,418)	(8,185)
	<u>(\$ 6,784)</u>	<u>(\$ 9,201)</u>

(18) Finance costs

	Years ended December 31,	
	2020	2019
Interest expense		
Bank loan	\$ 8,676	\$ 38,987
Loans from related parties	3,532	-
Lease liability	67,689	81,289
Service charge on accounts receivable factoring	23,746	17,136
	<u>\$ 103,643</u>	<u>\$ 137,412</u>

(19) Expenses by nature

	Years ended December 31,	
	2020	2019
Employee benefit expense	\$ 1,116,909	\$ 1,396,968
Depreciation charges on property, plant and equipment	\$ 34,328	\$ 41,030
Depreciation charges on right-of-use assets	\$ 520,956	\$ 542,140
Amortisation charge	\$ 10,296	\$ 11,478

(20) Employee benefit expense

	Years ended December 31,	
	2020	2019
Wages and salaries	\$ 949,097	\$ 1,207,188
Labor and health insurance fees	92,928	90,265
Pension costs	21,810	30,203
Other personnel expenses	53,074	69,312
	<u>\$ 1,116,909</u>	<u>\$ 1,396,968</u>

- A. According to the Articles of Incorporation of the Company, distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation

and directors' remuneration when distributing earnings. The Company shall distribute 1~15% for employees' compensation and not higher than 2% for directors' remuneration.

- B. For the year December 31, 2020, employees' compensation and directors' remuneration were both accrued at \$2,360. The aforementioned amounts were recognised in salary expenses. The Company did not accrue employees' and directors' remuneration due to the loss in 2019. For the year ended December 31, 2020, the employees' compensation and directors' remuneration were both estimated and accrued based on 1% of distributable profit of current year as of the end of reporting period.

Information about employees' compensation and directors' remuneration of the Company as resolved at the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax benefit:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profit (loss) for the year	\$ 33,666	\$ 18,797
Undistributed retained earnings	726	890
Prior year income tax (over) under estimation	(13,726)	8,675
Tax refund from loss carryback	(146,999)	-
Total current tax	(126,333)	28,362
Deferred tax:		
Origination and reversal of temporary differences	111,338	(75,744)
Income tax benefit	(\$ 14,995)	(\$ 47,382)

B. Reconciliation between income tax benefit and accounting profit

	Years ended December 31,	
	2020	2019
Tax calculated based on profit (loss) before tax and statutory tax rate (Note)	\$ 107,384	(\$ 54,547)
Effect of non-deductible expenses or accounted as tax-exempt income as regulated in tax laws	(48,719)	26,527
Change in assessment of realisation of deferred tax assets	1,804	(31,906)
Prior year income tax (over) under estimation	(13,726)	8,675
Tax on undistributed earnings	726	890
Impact of change in the tax rate on temporary differences between current year and the year realised	(8,256)	637
Separate taxation	2,074	1,802
Effect from the tax rate change for loss carryback	(56,205)	-
Others	(77)	540
Income tax benefit	(\$ 14,995)	(\$ 47,382)

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

- C. In 2020, the U.S. government issued IRS1139, whereby the losses declared by the Group in 2019 and 2018 can be used to offset against taxable income before 2017 and apply for a tax refund. The Group declared a tax refund amount of \$146,999 in 2020. As the U.S. federal income tax rate has declined in 2018, the tax rate applied for the tax refund was calculated based on the actual tax rate paid for each year, the impact of changes in tax rate amounts to \$56,205. The U.S. subsidiary applied for a tax refund due to the previous bill and received a tax refund of \$78,095 in July 2020, and the tax refund receivable as of December 31, 2020 was \$68,904, recorded as current tax assets.
- D. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2020				
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in equity</u>	<u>Translation differences</u>	<u>December 31</u>
Deferred tax assets:					
-Temporary differences					
Pension expense	\$ 5,249	\$ 39	\$ 402	(\$ 1)	\$ 5,689
Allowance for bad debts	5,501	6,502	-	(672)	11,331
Unrealised sales returns and discounts	19,024	9,922	-	(1,735)	27,211
Valuation allowance in inventories	47,120	(10,196)	-	(2,671)	34,253
Deferred cost of sale	73,313	(5,212)	-	(4,654)	63,447
Depreciation and amortisation	20,324	(6,433)	-	(1,056)	12,835
Unrealised expenses	57,202	(1,903)	-	(3,719)	51,580
Unrealised exchange loss	455	514	-	(1)	968
Others	29,580	(14,497)	-	(1,298)	13,785
-Tax losses	<u>112,338</u>	<u>(89,685)</u>	<u>-</u>	<u>(3,312)</u>	<u>19,341</u>
	<u>\$ 370,106</u>	<u>(\$ 110,949)</u>	<u>\$ 402</u>	<u>(\$ 19,119)</u>	<u>\$ 240,440</u>
Deferred tax liabilities:					
-Temporary differences					
Unrealised exchange gain	<u>(\$ 4,234)</u>	<u>(\$ 389)</u>	<u>\$ -</u>	<u>\$ 302</u>	<u>(\$ 4,321)</u>

2019					
	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>Recognised in equity</u>	<u>Translation differences</u>	<u>December 31</u>
Deferred tax assets:					
-Temporary differences					
Pension expense	\$ 5,009	\$ 49	\$ 190	\$ 1	\$ 5,249
Allowance for bad debts	5,455	131	-	(85)	5,501
Unrealised sales returns and discounts	18,021	1,309	-	(306)	19,024
Valuation allowance in inventories	42,197	5,710	-	(787)	47,120
Deferred cost of sale	97,630	(23,471)	-	(846)	73,313
Depreciation and amortisation	17,795	2,873	-	(344)	20,324
Unrealised expenses	54,885	3,228	-	(911)	57,202
Unrealised exchange loss	-	637	-	(182)	455
Others	-	30,388	-	(808)	29,580
-Tax losses	<u>55,511</u>	<u>59,239</u>	<u>-</u>	<u>(2,412)</u>	<u>112,338</u>
	<u>\$ 296,503</u>	<u>\$ 80,093</u>	<u>\$ 190</u>	<u>(\$ 6,680)</u>	<u>\$ 370,106</u>
Deferred tax liabilities:					
-Temporary differences					
Unrealised exchange gain	(\$ 182)	(\$ 4,349)	\$ -	\$ 297	(\$ 4,234)

E. Expiration dates of subsidiaries' unused net operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

December 31, 2020				
<u>Year incurred</u>	<u>Amount filed / assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2018	\$ 238,215	\$ 39,075	\$ -	Note
2019	207,017	33,583	-	Note

December 31, 2019				
<u>Year incurred</u>	<u>Amount filed / assessed</u>	<u>Unused amount</u>	<u>Unrecognised deferred tax assets</u>	<u>Usable until year</u>
2018	\$ 238,215	\$ 238,215	\$ -	Note
2019	207,017	207,017	-	Note

Note: This represents tax losses incurred by a US subsidiary. In accordance with current tax law, those generated after January 1, 2018 can be used indefinitely.

(22) Earnings (loss) per share

Year ended December 31, 2020			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 246,332</u>	<u>76,056</u>	<u>\$ 3.24</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	246,332	76,056	
Assumed conversion of all dilutive potential ordinary shares			
Employee stock options	-	3,196	
Employees' compensation	-	112	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 246,332</u>	<u>79,364</u>	<u>\$ 3.10</u>
Year ended December 31, 2019			
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Loss per share (in dollars)</u>
<u>Basic loss per share (Note)</u>			
Loss attributable to ordinary shareholders of the parent	<u>(\$ 72,226)</u>	<u>76,056</u>	<u>(\$ 0.95)</u>

Note: Since the Company had net loss in 2019, the inclusion of potential ordinary shares will have an anti-dilutive effect. Thus, only the basic loss per share calculation is included.

(23) Changes in liabilities from financing activities

	Short-term borrowings (Note)	Lease liabilities	Other payables to related parties	Liabilities from financing activities-gross
At January 1, 2020	\$ 842,360	\$ 1,875,885	\$ -	\$ 2,718,245
Short-term borrowings increase	14,728	-	-	14,728
Short-term borrowings decrease	(839,362)	-	-	(839,362)
Loan from related parties increase	-	-	213,601	213,601
Lease payment	-	(518,637)	-	(518,637)
Changes in other non- cash items	-	358,585	-	358,585
Impact of changes in foreign exchange rate	(17,726)	(117,782)	-	(135,508)
At December 31, 2020	<u>\$ -</u>	<u>\$ 1,598,051</u>	<u>\$ 213,601</u>	<u>\$ 1,811,652</u>
	Short-term borrowings (Note)	Lease liabilities		Liabilities from financing activities-gross
At January 1, 2019	\$ 805,465	\$ 2,304,913		\$ 3,110,378
Short-term borrowings increase	788,266	-		788,266
Short-term borrowings decrease	(737,903)	-	(	737,903)
Lease payment	-	(526,080)	(	526,080)
Changes in other non- cash items-	-	117,763		117,763
Impact of changes in foreign exchange rate	(13,468)	(20,711)	(	34,179)
At December 31, 2019	<u>\$ 842,360</u>	<u>\$ 1,875,885</u>		<u>\$ 2,718,245</u>

Note: The short-term borrowings listed above do not include bank overdraft.

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Yeh Family Limited Partnership (Yeh Family)	Entity controlled by key management personnel
MISA LLC (MISA)	Entity controlled by key management personnel
Yeh International Service Corporation	Entity controlled by key management personnel

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Yeh Cayman International Business Corporation	Entity controlled by key management personnel
Coaster Furniture (ShenZhen) Ltd.	Entity controlled by key management personnel
Michael Yeh	Key management

(2) Significant related party transactions

A. Lease transactions-lessee

- (a) The Group leases buildings from related parties. Rental contracts are typically made for periods of 5 to 8 years with MISA; 5 years with Yeh Family; 1 to 3 years with other related parties. The abovementioned rents paid to related parties are approximately the same with third parties and are paid monthly on a contract basis.

- (b) Acquisition of right-of-use assets:

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by \$480,532. The Group did not obtain right-of-use assets from related parties in 2020. For lease liabilities at the end of the current year, please refer to the following:

Lease liabilities

- (i) Outstanding balance:

	<u>December 31, 2020</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
MISA	\$ 129,997	\$ 258,875	\$ 388,872
Yeh Family	32,551	19,636	52,187
Others	6,423	4,811	11,234
	<u>\$ 168,971</u>	<u>\$ 283,322</u>	<u>\$ 452,293</u>
	<u>December 31, 2019</u>		
	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
MISA	\$ 129,139	\$ 416,708	\$ 545,847
Yeh Family	32,242	55,922	88,164
Others	16,827	9,585	26,412
	<u>\$ 178,208</u>	<u>\$ 482,215</u>	<u>\$ 660,423</u>

- (ii) Interest expense

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
MISA	\$ 20,275	\$ 24,281
Yeh Family	3,068	4,135
Others	380	725
	<u>\$ 23,723</u>	<u>\$ 29,141</u>

- (c) Rent expense

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Others	\$ 884	\$ 927

B. Loans to /from related parties:

Loans to related parties:

(i) Outstanding balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
MISA	\$ 127,658	\$ -
Yeh Family	85,943	-
	<u>\$ 213,601</u>	<u>\$ -</u>

(ii) Interest expense

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
MISA	\$ 1,309	\$ -
Yeh Family	2,223	-
	<u>\$ 3,532</u>	<u>\$ -</u>

The loans carry interest based on the last day of each month of LIBOR daily interest rate plus 1.5% per annum for the year ended December 31, 2020.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Salaries and bonus	\$ 116,420	\$ 129,421
Pensions	3,003	4,731
Share-based payments	-	1,219
	<u>\$ 119,423</u>	<u>\$ 135,371</u>

8. PLEDGED ASSETS

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Certificate of deposit	\$ 85,644	\$ -	Issue letter of credit
Accounts receivable	-	650,509	Short-term borrowings
Other receivables	-	135,895	"
Inventories	-	2,481,035	"
Property, plant and equipment	-	85,974	"
	<u>\$ 85,644</u>	<u>\$ 3,353,413</u>	

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

For the years ended December 31, 2020 and 2019, the amounts of letters of credit that have been issued but not used are \$85,644 and \$122,617, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. 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 debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2020, the Group's strategy, which was unchanged from 2019, was to maintain the gearing ratio within 0% to 50%. The gearing ratios at December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total borrowings (including related parties)	\$ 240,470	\$ 910,743
Less: Cash and cash equivalents	(1,077,127)	(447,213)
Net debt	(836,657)	463,530
Total equity	2,644,393	2,575,588
Total capital	<u>\$ 1,807,736</u>	<u>\$ 3,039,118</u>
Gearing ratio (Note)	<u>0%</u>	<u>15%</u>

Note: The gearing ratio is 0% due to the negative amount of net debt on December 31, 2020.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,077,127	\$ 447,213
Accounts receivable	338,098	670,796
Other receivables	246,725	135,923
Guarantee deposits paid	41,115	44,054
Financial assets at amortised cost	94,068	-
	<u>\$ 1,797,133</u>	<u>\$ 1,297,986</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 26,869	\$ 910,743
Notes payable	4,600	6,505

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial liabilities</u>		
Accounts payable	321,656	227,051
Other accounts payable (including related parties)	510,805	289,596
Lease liability	<u>1,598,051</u>	<u>1,875,885</u>
	<u>\$ 2,461,981</u>	<u>\$ 3,309,780</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under approved policies. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Group provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

- (i) The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the CAD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- (ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.
- (iii) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: USD; other subsidiaries' functional currency: local currency). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	<u>December 31, 2020</u>		
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (TWD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
CAD : USD	\$ 123	0.7841	\$ 2,719
	<u>December 31, 2019</u>		
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (TWD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
CAD : USD	\$ 277	0.7649	\$ 6,373

(iv) Please refer to the following table for the details of unrealised exchange (loss) gain arising from significant foreign exchange variation on the monetary items held by the Group:

	<u>Year ended December 31, 2020</u>		
	<u>Exchange gain (loss)</u>		
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (TWD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
CAD : USD		0.7841	(\$ 1,439)
	<u>Year ended December 31, 2019</u>		
	<u>Exchange gain (loss)</u>		
	Foreign currency amount <u>(In thousands)</u>	<u>Exchange rate</u>	<u>Book value (TWD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
CAD : USD		0.7649	(\$ 1,630)

(v) Analysis of foreign currency market risk arising from significant foreign exchange variation:

	<u>Year ended December 31, 2020</u>		
	<u>Sensitivity analysis</u>		
	<u>Degree of variation</u>	<u>Effect on profit or loss</u>	<u>Effect on other comprehensive income</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
CAD : USD	1%	\$ 27	\$ -

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
CAD : USD	1%	\$ 64	\$ -

ii. Cash flow and fair value interest rate risk

(i) The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in US Dollars.

(ii) If the borrowing interest rate of US dollars had increased/decreased by 0.1% with all other variables held constant, profit, net of tax for the years ended December 31, 2020 and 2019 would have increased/decreased by \$0 and \$842, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms and the contract cash flows.

ii. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the modified approach using the provision matrix, loss rate methodology to estimate expected credit loss.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2020, the Group did not have written-off financial assets that are still under recourse procedures.

vi. Accounts receivable of the Group are divided into: customers whose transactions are through credit cards and normal credits that are underwritten by financial institutions or undertaken by the Group.

(i) When the customer defaults, the credit loss associated with payments collected by the credit card company and with accounts underwritten by the financial institution will be borne by the financial institution. On December 31, 2020, the book values of accounts receivable were \$270,000 and \$547,395, respectively; the amounts of impairment provision were both \$0.

(ii) The Group used the forecastability to adjust historical and timely information to assess the allowance loss for accounts receivable that are not underwritten by financial institutions and those from normal credit customers. On December 31, 2020, the provision matrix is as follows:

	<u>Not past due</u>	<u>Past due within 30 days</u>	<u>31 to 60 days past due</u>
<u>At December 31, 2020</u>			
Expected loss rate	1.41%~14.88%	6.96%~15.42%	39.09%~53.28%
Total book value	\$ 41,410	\$ 23,151	\$ 14,498
Loss allowance	2,075	3,116	5,896
	<u>61 to 90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At December 31, 2020</u>			
Expected loss rate	96.69%~97.72%	100%	
Total book value	\$ 5,426	\$ 27,785	\$ 112,270
Loss allowance	5,300	27,785	44,172
	<u>Not past due</u>	<u>Past due within 30 days</u>	<u>31 to 60 days past due</u>
<u>At December 31, 2019</u>			
Expected loss rate	1.05%~12.44%	5.85%~13.73%	37.83%~54.25%
Total book value	\$ 93,184	\$ 21,603	\$ 15,798
Loss allowance	2,474	2,356	4,018
	<u>61 to 90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At December 31, 2019</u>			
Expected loss rate	96.97%~98.87%	100%	
Total book value	\$ 4,629	\$ 6,380	\$ 141,594
Loss allowance	2,965	6,380	18,193

vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2020</u>
At January 1	\$ 18,193
Provision for impairment	36,368
Write-offs	(7,840)
Effect of foreign exchange	(2,549)
At December 31	<u>\$ 44,172</u>
	<u>2019</u>
At January 1	\$ 21,715
Provision for impairment	307
Write-offs	(3,590)
Effect of foreign exchange	(239)
At December 31	<u>\$ 18,193</u>

For provisioned loss in 2020 and 2019, the impairment losses arising from customers' contracts are \$36,368 and \$307, respectively.

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements.
- ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	<u>December 31, 2020</u>			
	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Over 5 years</u>
<u>Non-derivative financial liabilities:</u>				
Short-term borrowings	\$ 26,869	\$ -	\$ -	\$ -
Notes payable	4,600	-	-	-
Accounts payable	321,656	-	-	-
Other payables	297,204	-	-	-
Other payables to related parties (Note)	214,890	-	-	-
Lease liability (Note)	538,956	476,198	702,650	40,063

	December 31, 2019			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>				
Short-term borrowings (Note)	\$ 913,242	\$ -	\$ -	\$ -
Notes payable	6,505	-	-	-
Accounts payable	227,051	-	-	-
Other payables	289,596	-	-	-
Lease liability (Note)	611,955	533,635	842,372	55,679
Note: Represents the total contract liability for repayment in the future including interest expense for the period.				

(3) Fair value information

- A. The carrying amounts of the Group's financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable, other receivables, guarantee deposits, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.
- B. The Group does not engage in transactions in financial instruments measured at fair value.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 5.

14. SEGMENT INFORMATION

(1) General information

The Group only operates wholesale of furniture. The chief operating decision maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

A. The Group's operating segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4.

B. The revenues from external customers and its financial information reported to the Chief Operating Decision-Maker are measured in a manner consistent with that in the consolidated statement of comprehensive income.

(3) Reconciliation for segment income (loss)

The segment assets, liabilities and net profit (loss) after tax reported to the Chief Operating Decision-Maker are measured in a manner consistent with that in the balance sheet and statement of comprehensive income, thus, no reconciliation is needed.

(4) Information on products and services

Revenues from external customers mainly come from wholesale of furniture. Service revenues mainly come from purchases and transportation of furniture and related services.

Details of revenue balance is as follows:

	Years ended December 31,	
	2020	2019
Revenue from sale of furniture	\$ 10,258,282	\$ 11,668,334
Service revenue	56,315	69,049
	<u>\$ 10,314,597</u>	<u>\$ 11,737,383</u>

(5) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	As at and for the year ended December 31, 2020		As at and for the year ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
United States	\$ 10,230,252	\$ 1,539,180	\$ 11,566,095	\$ 1,800,217
Others	84,345	29,990	171,288	50,039
	<u>\$ 10,314,597</u>	<u>\$ 1,569,170</u>	<u>\$ 11,737,383</u>	<u>\$ 1,850,256</u>

Non-current assets do not include financial instruments and deferred tax assets.

(6) Major customer information

The Group's operating revenue from individual external customers for the years ended December 31, 2020 and 2019 did not exceed 10% of the consolidated net operating revenue.

Year ended December 31, 2020

Expressed in thousands of NTD
(Except as otherwise indicated)

Table 1

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts		Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
												\$	-	Item	Value			
0	Coaster International Co., Ltd.	COA, Inc.	Other receivables	Yes	\$ 90,690	\$ 56,160	\$ -	0.17%	Short-term financing	\$ -	Operational needs	\$ -	-	\$ -	-	\$ 1,057,757	\$ 1,057,757	Note 1
1	COA Asia, Inc.	COA, Inc.	Other receivables	Yes	180,060	168,480	168,480	0.25%	Short-term financing	-	Operational needs	-	-	-	-	415,960	415,960	Note 2

Note 1 : According to the company's "Procedures for Provision of Loans", ceiling on each and total loans granted to other company for short-term financing is 40% of net asset of the Company.

Note 2 : According to the company's "Procedures for Provision of Loans", ceiling on each and total loans granted to entity in the Group for short-term financing is net asset of the Company.

Note 3 : Amount denominated in foreign currencies in this table are re-translated at the exchange rates prevailing at the end of the financial reporting period (USD 1 : TWD 28.08).

Coaster International Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting periods
Only significant transactions exceeding NT\$10 million are disclosed

Year ended December 31, 2020

Table 2

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	COA, Inc.	Ye Hey Taiwan Logistics Service Ltd.	3	Service expense	\$ 50,351	Negotiated by both parties	0.49%
1	COA, Inc.	Ye Hey (ShenZhen) Logistics Service Company	3	Service expense	32,820	Negotiated by both parties	0.32%
1	COA, Inc.	COA Asia, Inc.	3	Service expense	27,230	Negotiated by both parties	0.26%
1	COA, Inc.	Coaster Furniture (KunShan) Advisory Holdings Ltd.	3	Service expense	17,674	Negotiated by both parties	0.17%
1	COA, Inc.	Ye Hey (Malaysia) Logistics Service SDN BHD	3	Service expense	17,323	Negotiated by both parties	0.17%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Amount denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates from January 1, 2020 to December 31, 2020 (USD 1 : TWD 29.4568) otherwise are re-translated at the exchange rates prevailing at the end of the financial reporting period (USD 1 : TWD 28.08).

Coaster International Co., Ltd. and subsidiaries
Information on investees
Year ended December 31, 2020

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value			
Coaster International Co., Ltd.	COA, Inc.	United States	Furniture trading	\$ 2,160,227	\$ 2,160,227	79,109,865	100.00	\$ 2,132,126	\$ 220,451	\$ 220,451	
				(USD 72,398 thousand)	(USD 72,398 thousand)						
Coaster International Co., Ltd.	COA Asia, Inc.	Cayman Islands	Furniture trading/ Purchase service	104,052	104,052	1,000	100.00	415,960	43,686	43,686	43,686
				(USD 3,349 thousand)	(USD 3,349 thousand)						
Coaster International Co., Ltd.	CFS Global, Inc.	Cayman Islands	Investment holding	66,023	66,023	100	100.00	1,885 (	108)	(108)	108)
				(USD 1,847 thousand)	(USD 1,847 thousand)						
COA, Inc.	Deliverall Logistics, Inc.	United States	Transportation service	25,280	25,280	100	100.00	35,713	3,184	3,184	3,184
				(USD 800 thousand)	(USD 800 thousand)						
COA, Inc.	Kyanite Home, LLC	United States	Furniture trading	1,470	-	-	100.00	340 (	1,117)	(1,117)	1,117)
				(USD 50 thousand)	(USD 50 thousand)						
COA, Inc.	Kayeh Decor LLC	United States	Furniture trading	-	-	-	100.00	(169)	(177)	(177)	Note 2
COA Asia, Inc.	Ye Hey (Malaysia) Logistics Service SDN BHD	Malaysia	Purchase service	2,978	2,978	324,603	100.00	14,452	288	288	288
				(MYR 320 thousand)	(MYR 320 thousand)						
COA Asia, Inc.	Coaster Furniture (Asia) Service Holdings Ltd.	Hong Kong	Investment holding	17,424	17,424	150,000	100.00	20,302	2,721	2,721	2,721
				(USD 600 thousand)	(USD 600 thousand)						
COA Asia, Inc.	Ye Hey Taiwan Logistics Service Ltd.	Taiwan	Furniture trading/ Purchase service	3,000	3,000	300,000	100.00	77,594	8,367	8,367	8,367
COA Asia, Inc.	Ye Hey Holding Co., Ltd.	Hong Kong	Investment holding	10,432	10,432	350,000	100.00	5,646 (	353)	(353)	353)
				(USD 350 thousand)	(USD 350 thousand)						

Note1: Amounts denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates from January 1, 2020 to December 31, 2020 (USD 1 : TWD 29.4568), otherwise are re-translated at the exchange rates prevailing at the end of the financial reporting period (USD 1 : TWD 28.08).

Note2: The operation began in the 2nd quarter of 2020. As the subsidiaries of the group are the registered shareholder and have control over the company, therefore, it was included in the consolidated financial statement entity. The company's funds are not yet in place.

Coaster International Co., Ltd. and subsidiaries
Information on investments in Mainland China

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China		Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				as of January 1, 2019	2019	Remitted to Mainland China	Remitted back to Taiwan						
								\$	-	\$	-	\$	
Coaster Furniture (KunShan) Advisory Ltd.	Furniture trading/ Purchase service	\$ 17,424 (USD 600 thousand)	2						100.00	3,089			- Invested by Coaster Furniture (Asia) Service Holdings Ltd.
Ye Hey (ShenZhen) Logistics Service Company	Warehousing and transportation service	10,432 (USD 350 thousand)	2						100.00	290	10,915		- Invested by Ye Hey Holding Co., Ltd

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) current was recognised based on the financial statements that were audited and attested by the parent company's CPA.

Note 3: Amounts denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates from January 1, 2020 to December 31, 2020 (USD 1 : TWD 29.4568), otherwise are re-translated at the exchange rates prevailing at the end of the financial reporting period (USD 1 : TWD 28.08).

Coaster International Co., Ltd. and subsidiaries

Major shareholders information

December 31, 2020

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Yeko LLC	26,172,351	34.18%
Yeh Family Limited Partnership, LP	18,977,649	24.78%
CTBC BANK CO., LTD. IN CUSTODY FOR Kayeh Management Limited Partnership LP	7,593,696	9.91%
YSC Limited Partnership, LP	7,503,000	9.80%
YJM Family Limited Partnership, LP	7,497,000	9.79%

Coaster International Co., Ltd.

客思達股份有限公司



董事長：高黎莎





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