

Simple Mart Retail Co., Ltd.

2025 Annual Meeting of Shareholders Meeting Handbook

Meeting Date: May 28, 2025

Meeting Place: 8F Meeting Room, No. 6, Section 3, Minquan E.

Rd., Zhongshan District, Taipei City.

Meeting Method: Physical Shareholders Meeting

If there is any conflict between the English version and the original Chinese version, the Chinese version shall prevail.

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I. MEETING AGENDA

Time: 9:00 a.m., Wednesday, May 28, 2025

Place: 8F Meeting Room, No. 6, Section 3, Minquan E Rd, Zhongshan District, Taipei City

Method: Physical shareholders meeting

1. Call to Order
2. Chairman's Address
3. Reports:
 - a. The Business Report of 2024.
 - b. The earnings distribution of 2024.
 - c. The employees' bonus and directors' compensation of the Company of 2024.
 - d. Director's Remuneration Report.
 - e. Audit Report for all annual final accounting books and statements of 2024 by Audit and Risk Management Committee.
 - f. Report of the communication between Audit and Risk Management Committee and Chief Internal Auditor of the Company.
 - g. Report of the amendment of the "Corporate Governance Best Practice Principles"
 - h. Report of the non-operating transactions between the Company and its related parties.
4. Adoption:
 - a. Adoption of the Business Report and Financial Statements of 2024.
 - b. Adoption of the earnings distribution of 2024.
5. Discussions:
 - a. Amendment of the "Articles of Incorporation".
 - b. Amendments of the "Operational Procedures for the Acquisition or Disposal of Assets"
 - c. Issuance of Restricted Stock Awards (RSA) to Employees.
 - d. Amendment of the "Rules for Election of Directors".Matters for ratification and discussion Voting on each proposal.
6. Election: Re-election of all directors.
7. Other: The release of the prohibition on newly-elected directors from participation in competitive business.
8. Motions
9. Adjournment

II. REPORTS

Proposal 1: The Business Report of 2024, please review

(Proposed by Board of Directors)

Explanations: For the business report of the Company of 2024, please refer to the Annex 1. (p. 11-13 of this handbook)

Proposal 2: The earnings distribution of 2024, please review

(Proposed by Board of Directors)

Explanations:

- A. According to Article 19-1 of the Articles of Incorporation that the Board of Directors is authorized to resolve to distribute all or part of the dividends and bonuses payable in the form of cash.
- B. It is proposed that the Company keeps NT\$13,639,898 as legal reserve following the regulation, and distributes cash dividend of NT\$ 101,250,000. Calculated according to the number of shares currently issued by the Company entitled for distribution, the cash dividends is NT\$1.50 per share.
- C. Cash dividend of individual shareholder will be round down to and distributed in integer of New Taiwan Dollar. The fractions of the Dollar of the cash dividend of each shareholder will be reduced and transferred to Employees' Welfare Committee of the Company.
- D. If the outstanding shares are impacted due to the repurchase of the Company's own shares, transfer, conversion, and cancellation of treasury stock, convertible bonds converted following the issuance and convertible conditions, exercise or issuance of employee stock warrants, issuance or recall of employee restricted stock or other matters after the approval of the distribution of earnings which results in the change of cash dividend rate, it is proposed that the Chairman be authorized to take any actions that may be required.
- E. It is proposed that the Chairman be authorized to decides the ex-dividend base date and payment date of cash dividend.
- F. If the related matters needed to be modified due to the regulations or the instructions from the competent authority, it is proposed that the Chairman be authorized to take any actions that may be required on behalf of the Company.

Proposal 3: The employees' bonus and directors' compensation of the Company of 2024, please review

(Proposed by Board of Directors)

Explanations:

- A. According to Article 19 of the Articles of Incorporation, if the Company has profit, it shall set aside employees' bonus no less than 1% and directors' compensation no more than 3%. Employees of the Company' subsidiaries meeting certain requirements are also entitled to receive the above employees' bonus. Following above-mentioned Articles of Incorporation, it is proposed that the Company distributes NT\$3,000,000 of employees' bonus and NT\$2,000,000 of compensation to directors which will be paid in cash.
- B. There is no difference between the aforementioned apportioned amount and the estimated amount of expenses recognized in 2024.

Proposal 4: Directors' Remuneration Report, please review

(Proposed by Board of Directors)

Explanations: According to the "Regulations Governing the Evaluation of the Performance and Remuneration of Directors, Functional Committees and Managers" of the Company, the remuneration to the Company's directors is evaluated and reviewed by the Company's Remuneration Committee based on the size of the Company, the salary level of the position in the peer market, the scope of authority and responsibility of the position within the Company, the extent to which the position has contributed to the Company's operating objectives, and is submitted to the Board of Directors for a resolution. For details of the remuneration, please refer to the Annex 2. (p. 14-15 of this handbook)

Proposal 5: Audit Report for all annual final accounting books and statements of 2024 by Audit and Risk Management Committee, please review

(Proposed by Audit and Risk Management Committee)

Explanations: For the 2024 Audit and Risk Management Committee's audit report, please refer to the Annex 3. (p. 16 of this handbook)

Proposal 6: Report of the communication between Audit and Risk Management Committee and Chief Internal Auditor of the Company, please review

(Proposed by Audit and Risk Management Committee)

Explanations: For the report of the communication between Audit and Risk Management Committee and Chief Internal Auditor of the Company, please refer to the Annex 4. (p. 17-19 of this handbook)

Proposal 7: Report of the amendment of the "Corporate Governance Best Practice Principles", please review

(Proposed by Board of Directors)

Explanations:

A. Following the amendment of relevant regulations, the Company has amended "Corporate Governance Best Practice Principles".

B. For the article comparison tables, please refer to the Annex 5 (p. 20-26 of this handbook)

Proposal 8: Report of the non-operating transactions between the Company and its related parties, please review

(Proposed by Board of Directors)

Explanations: The detail of the non-operating transactions between the Company and its related parties is as follows:

ITEM	EXPLANATION
Lending of Funds	On August 2, 2024, the Board of Directors approved a loan of NT\$50 million to Sanyou Drugstores. Ltd. and a loan of NT\$30 million to Simple Mart Plus Co., Ltd. On November 1, 2024, the Board of Directors approved a capital loan of NT\$30 million to a subsidiary- Pet Wonderland Co., Ltd. As of December 31, 2024, Sanyou Drugstores. Ltd. has borrowed NT\$15 million.
Endorsements and Guarantees	On August 2, 2024, the board of directors approved to guarantee bank loans of NT\$20 million for the subsidiary Simple Mart Plus Co., Ltd. and NT\$50 million for the subsidiary Pet Wonderland Co., Ltd. and as of December 31, 2024, the subsidiaries had not actually incurred any loans.

III. ADOPTION

Proposal 1: Adoption of the Business Report and Financial Statements of 2024.

(Proposed by Board of Directors)

Explanations:

The 2024 business report (Annex 1, p. 11-13 of this handbook), consolidated financial reports and parent-company-only financial reports (Annex 6, p. 31-34 and p. 39-42 of this handbook) of the Company have been approved by board of directors and audited by the Audit and Risk Management (Annex 3, p. 16 of this handbook). The consolidated financial reports and parent-company-only financial reports have been certified by CPA Pei-Ju Hsiao and Chi-Lung Yu of KPMG in Taiwan and an unqualified audit report (Annex 6, p. 27-30 and p. 35-38 of this handbook) was issued.

Proposal 2: Adoption of the earnings distribution of 2024.

(Proposed by Board of Directors)

Explanations: The Company's earnings distribution for 2024 was reviewed and approved by the Audit and Risk Management Committee and resolved by the Board of Directors. The table of 2024 earnings distribution of the Company is as follows:

Simple Mart Retail Co., Ltd.
Table of 2024 earnings distribution

Unit: NT\$

Item	Amount
Balance of January 1, 2024	9,099,177
Add: Net income of 2024	136,398,980
Distributable earnings of December 31, 2024	145,498,157
Less: Legal reserve	(13,639,898)
	131,858,259
Allocated items:	
Less: Dividend of common shares - Cash (\$1.50 per share)	(101,250,000)
Unappropriated earnings of December 31, 2024	30,608,259

Note: earnings from year 2024 shall be distributed in priority.

Chairman: Shiang-Feng Chen

CEO: Kuang-Lung Chiu

Accountant: Yen-Hsiu Liu

IV. DISCUSSIONS

Proposal 1: Amendment of the “Articles of Incorporation”.

(Proposed by Board of Directors)

Explanations:

- A. The Company plans to amend the “Articles of Incorporation”.
- B. For the article comparison table, please refer to Annex 7, p. 43-44 of this handbook.

Proposal 2: Amendments of the “Operational Procedures for the Acquisition or Disposal of Assets”.

(Proposed by Board of Directors)

Explanations:

- A. Considering operation planning, the Company plans to amend articles of “Operational Procedures for the Acquisition or Disposal of Assets”.
- B. For the article comparison table, please refer to Annex 8, p. 45-48 of this handbook.

Proposal 3: Issuance of Restricted Stock Awards (RSA) to Employees.

(Proposed by Board of Directors)

Explanations:

- A. The Company intends to issue no more than 500,000 shares restricted employee rights new shares of common stock, with a par value of NT\$10 per share and an issuance amount of 0.7% of the total issued shares, to attract and retain talent needed by the company and its subsidiaries, motivate employees and enhance employee centripetal force, with a view to jointly creating benefits for the company and its shareholders. The new shares will be issued at no cost. For the terms of this issuance, employee qualification conditions and the number of shares to be allotted, the necessary reasons for handling this restricted employee rights new shares issuance, the amount that may be expensed, the dilution of the company's earnings per share and other matters affecting shareholders' equity, please refer to Annex 9, p. 49-52 and Annex 10, p.53 of this handbook.
- B. The Company intends to issue new restricted employee shares and report to the competent authorities in installments within one year from the date of the resolution of the shareholders' meeting. The issuance may take place once or in installments within two years from the date of the notification of the effective date of the approval of the report by the competent authorities, depending on actual needs.
- C. After the proposal is ratified by the shareholders' meeting, the board of directors is authorized to apply to the competent authority for issuance in accordance with relevant laws and regulations. If there are any matters that are not fully dealt with, unless otherwise provided by law, the board of directors is fully authorized to amend or implement in accordance with relevant laws and regulations.

Proposal 4: Amendment of the “Rules for Election of Directors”.

(Proposed by Board of Directors)

Explanations:

- A. Considering operation planning, the Company plans to amend articles of “Rules for Election of Directors”.
- B. For the article comparison table, please refer to Annex 11, p. 54 of this handbook.

Matters for ratification and discussion Voting on each proposal.

V. ELECTION

Proposal : Re-election of all directors”.

(Proposed by Board of Directors)

Explanations:

- A. The term of current directors of the Company expired on May 24, 2025. According to Article 195 of the Company Act, their term of office is extended until the newly elected directors assume office.
- B. According to Article 13 of the Articles of Incorporation, a total of 9 directors (including 3 independent directors) are to be elected this time. The candidate nomination system will be adopted, and the shareholders' meeting will elect from the list of director candidates. The term of office of the new directors (including independent directors) will be three years from the date of election at the annual general meeting.
- C. The list of candidates for directors was reviewed and approved at the 20th meeting of the 5th Term Board in 2025. Their educational backgrounds, work experience and other relevant information are as follows:

The list of candidates for directors is as follows:

Company Name	Name of Representative	Education	Major experience	Number of shares held by corporate shareholders
				Number of shares held by the representative
Mercuries & Associates Holding, Ltd.	Shiang-Feng Chen	Master, Science & Engineering, Cornell University	Chairman of Simple Mart Retail Co., Ltd.	41,018,951
				0
Mercuries & Associates Holding, Ltd.	Shiang-Li Chen	Master, Business Administration, Georgetown University	General Manager, Mercuries & Associates Holding, Ltd.	41,018,951
				0
Mercuries & Associates Holding, Ltd.	Wei-Chyun Wong	Ph.D., Chemistry, University of Pennsylvania	General Manager, SCI Pharmtech, Inc.	41,018,951
				0
Mercuries & Associates Holding, Ltd.	Kuang-Lung Chiu	National Taipei College of Business	Deputy Procurement Vice General Manager, RT-MART International Ltd.	41,018,951
				1,667,363
Shopnet Homeshopping Co., Ltd.	Chen-Chih Tai	Department of Business Management, NCHU	Chairman of King's Town Bank	10,400,000
				0
Shopnet Homeshopping Co., Ltd.	Sung-Wen Tai	Department of Mathematics, London University	Chairman of Shopnet Homeshopping Co., Ltd.	10,400,000
				0

The list of candidates for independent directors is as follows:

Name	Education	Major experience	Number of shares of the Company
Tsay-Lin Lin	Bachelor, Electrical Engineering, National Taipei University of Technology	General Manager/ Vice Chairman, World Peace Industrial Co., Ltd. Chairman, Taipei Electronic Components Suppliers' Association Chairman, Shih-Yo Investment	0

Name	Education	Major experience	Number of shares of the Company
		Co., Ltd. (WPG Holdings)	
Meng-Lin Tsai	Bachelor Degree Business Admin. - University of California, Riverside	General Manager, Orient Europharma Co., Ltd.	0
Tzu-Yun Chen	Master of Laws, NCKU	Practicing Lawyer, Qian Yi Law Firm	0

D. The term of the new directors (including independent directors) shall be from the time of their election until May 27, 2028.

E. Please proceed to elect.

Election Results:

VI. OTHER

Proposal: The release of the prohibition on newly-elected directors from participation in competitive business.

(Proposed by Board of Directors)

Explanations:

A. If any of the new directors and independent directors of the Company invests in or operates other companies with the same or similar scope of business as the Company and serves as a director, the Company intends to lift the restriction on the new director's non-competition in accordance with Article 209 of the Company Act, provided that it is not detrimental to the Company's interests. The scope of the proposed lifting of the prohibition on non-competition is as follows:

Directors:

Company Name	Name of Representative	Concurrent positions currently served as at the Company and other companies
Mercuries & Associates Holding, Ltd.	Shiang-Feng Chen	Chairman of Mercuries & Associates, Ltd. Chairman of Mercuries F&B Co., Ltd. Chairman of Mercuries Furniture Co., Ltd. Chairman of M.T.I. CIGARS Co., Ltd. Chairman of Mercuries Liquor & Food Co., Ltd. Chairman of Mercuries F&B Consulting Co., Ltd. Chairman of Mercuries Harvest Co., Ltd. Director of Mercuries & Associates Holding, Ltd. Director of Mercuries General Media Inc. Director of Mercuries Leisure Co., Ltd. Director of Shang Hong Investment Co., Ltd, Independent director of Silicon Motion Technology Corporation Chairman of Sanor Co., Ltd. Chairman of Shang Rih Co., Ltd.

Company Name	Name of Representative	Concurrent positions currently served as at the Company and other companies
Mercuries & Associates Holding, Ltd.	Shiang-Li Chen	Chairman and General Manager of Mercuries & Associates Holding, Ltd. Chairman of Mercuries General Media Inc. Chairman of Mercuries Leisure Co., Ltd. Chairman of Shang Hong Investment Co., Ltd. Director of Mercuries Life Insurance Inc. Director of Mercuries Data Systems Ltd. Director of SCI Pharmtech, Inc. Director of Mercuries & Associates, Ltd. Director of Mercuries Liquor & Food Co., Ltd. Director of Shang Lin Investment Co., Ltd. Director of Mercuries F&B Co., Ltd.
Mercuries & Associates Holding, Ltd.	Wei-Chyun Wong	Chairman of SCI Pharmtech, Inc. Chairman and General Manager of Yushan Pharmaceuticals, Inc. Director of Mercuries & Associates Holding, Ltd. Chairman of Shu Ren Investment Co., Ltd., Chairman of Shu Feng Investment Co., Ltd. Director of Shu Zone Co., Ltd. Director of Mercuries F&B Co., Ltd. Director of Framosa Co., Ltd. Director of Mercuries Life Insurance Inc. Director of Energenesis Biomedical Co., Ltd.
Mercuries & Associates Holding, Ltd.	Kuang-Lung Chiu	Chairman of Sanyou Drugstores Ltd. Chairman of Pet Wonderland Co., Ltd. Director of CMG International One Co. Ltd. Director of CMG International Two Co., Ltd. Representative of TriHealth Enterprise Co.,Ltd.
Shopnet Homeshopping Co., Ltd.	Chen-Chih Tai	Chairman of King's Town Bank Director of King's Town Bank International Construction Management Co., Ltd. Director of King's Town Bank International Leasing Co., Ltd Director of Mentex Glass Industry Development, Inc. Director of Taiga Development Corporation Director of Taiwan Pulp & Paper Corporation
Shopnet Homeshopping Co., Ltd.	Sung-Wen Tai	Chairman of Shopnet Homeshopping Co., Ltd. Chairman of Taiwan Pulp & Paper Corporation Chairman of Xincheng Asset Management Co., Ltd. Chairman of Mentex Enterprise Co., Ltd. Chairman of Mentex Glass Industry Development, Inc. Chairman of Taiga Development Corporation

Independent Directors:

Name	Concurrent positions currently served as at the Company and other companies
Tsay-Lin Lin	Director of WPG Holdings Limited Director of Fantasystory Inc. Director of H Bank Biopharma Corp. Director of H Bank Technology Inc. Director of M2 Communication Inc.
Meng-Lin Tsai	Director and General Manager of Orient Europharma Co., Ltd. Director of Orient Pharma Co., Ltd. Chairman of OP Nanopharma Co., Ltd. Director of Babecare Co., Ltd. Director of Annji Pharmaceutical Co., Ltd. Director of Aska Investment Co., Ltd Director of Taiwan Excelsior Co., Ltd. Director of Pharmacyplus co., Ltd. Chairman of TECN Investment Co., Ltd.

B. Please proceed to resolve on the proposal.

Resolution:

VII. MOTIONS

VIII. ADJOURNMENT

IX ANNEX

Annex 1. BUSINESS REPORT

Simple Mart Retail Co., Ltd.

2024 Business Report

1. Business Performance in 2024

The company is engaged in retailing consumer goods for daily use, with its main market position being the provision of all kinds of food and supplies needed for daily life in local communities. Its core concept is to offer supermarket-priced products with the proximity of a convenience store. As of the end of 2024, the company's channel brands include 810 Simple Mart stores and 2 Simple Mart Plus stores. The company also invests in the subsidiary Sanyou Drugstores. Ltd. its drugstore brand channel Tomod's has a total of 16 stores. In addition, the company invests in Pet Wonderland Co., Ltd. in 2024 as a subsidiary in order to diversify its operations and reduce the risk of operating a single brand, without leaving the retail industry. This subsidiary has 7 stores by the end of 2024 and officially enters the Taipei and New Taipei areas. The Company will continue to expand store coverage across supermarkets, drugstores, and pet supply channels to enhance purchasing power and cost efficiency. Through scale expansion, it will enhance its purchasing power, reduce costs, and gain access to more customers to accurately understand consumer needs and provide more widely accepted products in terms of both quality and price.

In recent years, prices have continued to rise, including personnel, rent, utilities, and everything else. In 2024, the Directorate General of Budget, Accounting and Statistics of the Executive Yuan announced that the price index was 2.18% (base period 2023). Although household disposable income has increased due to the increase in the basic wage, consumers are not affected by the rising prices. Consumers are becoming more and more careful about various expenses. In order to reduce the pain of high prices and continue to attract customers to the store, the company has established a product enhancement policy since 2022 to accelerate the rate of product replacement and increase the proportion of differentiated products, with the hope of attracting customers and increasing gross profit through the sale of differentiated products. This strategy has continued to ferment since 2023, The proportion of differentiated products reached 20.24% by the end of 2024. In 2024, the average number of visitors per day per store increased by 1.62% compared to the previous year, and the gross profit margin of products also increased by 2.84% compared to the previous year. The changes may seem small, but they are the cornerstone of stable operations in the retail industry and reflect Simple Mart's continued strong position in consumers' minds. The company's consolidated revenue for 2024 was NT\$14,297,180 thousand, an increase of 1.82% over 2023, and net profit after tax attributable to owners of the parent company was NT\$136,399 thousand, an increase of 34.85% over 2023. Operating results of 2024 are shown below:

In Thousands of NTD, Except Earnings Per Share

	2024	2023	Difference
Consolidated net operating income	14,297,180	14,041,914	1.82%
Consolidated operating profit	3,877,336	3,639,638	6.53%

	2024	2023	Difference
Gross profit margin	27.12%	25.92%	4.63%
Consolidated operating interests	177,531	121,266	46.40%
Net profit before tax	153,088	106,971	43.11%
Net profit attributable to owners of the parent company	136,399	101,146	34.85%
Earnings per share	2.02	1.50	34.67%

2. Business Outlook for 2025

Looking back at 2024, the strategy of adjusting merchandise has gradually begun to bear fruit. In 2025, in addition to continuing to implement this policy to increase the gross profit margin and increase the frequency of consumers visiting the store, the company will also strengthen its relationship with the supply chain, deepen cooperation with suppliers, improve logistics and distribution efficiency, and reduce the overall procurement cost of merchandise. In terms of store operations, the era of labor shortages has arrived. A shortage of store staff is a major factor in the failure to achieve store expansion targets. Opening franchises is an important solution to the labor shortage. Franchisees can solve the problem of insufficient manpower through personal networks and effectively stimulate business performance. The Company continues to propose flexible and attractive franchise plans to reduce the tangible and intangible investment costs of franchisees in the early stages of business, and provide a complete support system, including training in merchandising, marketing and operations. Our company still regards a 50% franchise ratio as an important strategic goal in 2025.

In terms of logistics support, in 2025, in addition to continuing to optimize information systems such as SAP, RPA, and BI to improve operational efficiency and assist in making more accurate decisions, the company will begin installing electronic price cards in 2024 and is expected to expand to all stores in mid-2025. In today's increasingly digital world, the promotion of electronic price cards is an important step in improving operational efficiency. Not only can it reduce paper waste and lower the environmental burden, contributing to the sustainability of the planet, it can also simplify the workload of store staff, allowing colleagues to focus on providing excellent customer service. The logistics headquarters can then adjust promotional strategies and prices more flexibly to meet the rapidly changing needs of the market. Equally important is that the company will continue to invest in logistics software and hardware, including the optimization of the WMS system and the introduction of automated logistics equipment, to reduce labor costs and improve the accuracy of inventory management. The expansion of the company's logistics center is expected to be completed and put into use in 2025, and it is expected to accommodate more goods, which will help expand the number of stores in the future and promote differentiated products.

Looking ahead, with the new US administration taking office, there are still many uncertainties in the global political and economic situation. However, the tight supply in the labor market is expected to become a medium- to long-term business challenge. It is difficult to alleviate the phenomenon of rising prices and electricity prices in the short term. Operating retail channels in the traditional way will gradually become more difficult. In order to maintain growth momentum, the company will no longer just adhere to the sale of retail goods, but will increase

corporate value by creating a smart retail ecosystem. The market for product sales is limited, but the promotion of smart retail is borderless. Through the provision of RaaS (Retail as a Service), the combination of technology and traditional retail can reduce all the individual, small but cumulative, inefficient behaviors from purchasing to selling products, and link all consumer needs. In addition to upholding the original aspiration of “becoming the most trusted retail brand in consumers' hearts,” the company also hopes to become the best employer in the hearts of its employees. Based on this philosophy, the company continues to strive for the recognition of stakeholders such as consumers, employees, franchisees and shareholders, and to achieve sustainable business operations.

Chairman: Shiang-Feng Chen

CEO: Kuang-Lung Chiu

Accountant: Yen-Hsiu Liu

Annex 2. DIRECTORS' REMUNERATION REPORT

December 31, 2024; in New Taiwan dollars thousands

Title	name and surname	Directors' remuneration								A, B, C and D as a percentage of after-tax net income	Remuneration for part-time employees								Total amount of A, B, C, D, E, F, and G and percentage of net income after tax		Receipt of remuneration from investors other than subsidiaries or from the parent company							
		Remuneration (A)		Retirement Pension (B)		Directors' Remuneration (C)		Business execution expenses (D)			Salaries, bonuses and special expenses, etc. (E)		Retirement Pension (F)		Staff remuneration (G)													
		Company	All companies in the financial statements	Company	All companies in the financial statements	Company	All companies in the financial statements	Company	All companies in the financial statements		Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial statements	Company	Stock Amount	Cash Amount	All companies in the financial		Company						
Mercuries & Associates Holding, Ltd.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chairman	Representative: Shiang-Feng Chen	-	-	-	-	800	800	-	-	800	800	-	-	-	-	-	-	-	-	-	800	800	4,670					
										0.6%	0.6%										0.6%	0.6%						
Director	Represented by: Shiang-Li Chen	-	-	-	-	400	400	-	-	400	400	-	-	-	-	-	-	-	-	-	400	400	11,390					
										0.3%	0.3%										0.3%	0.3%						
Director	Representative: Wei-Chyun Wong	-	-	-	-	400	400	-	-	400	400	-	-	-	-	-	-	-	-	-	400	400	1,580					
										0.3%	0.3%										0.3%	0.3%						
Director	Representative: Kuang-Lung Chiu	-	-	-	-	400	400	-	-	400	400	8,177	8,177	108	108	2	-	2	-	8,687	8,687	420						
										0.3%	0.3%									6.4%	6.4%							
Sumitomo Corporation (Note 1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Director	Representative: Jumpei Yamamoto (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
										-	-									-	-							
Director	Representative: Yuma Miyata (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-						
										-	-									-	-							
Independent Director	Tsay-Lin Lin	400	400	-	-	-	-	-	-	400	400	-	-	-	-	-	-	-	-	400	400	-						
										0.3%	0.3%									0.3%	0.3%							
		Meng-Lin Tsai	400	400	-	-	-	-	-	-	400	400	-	-	-	-	-	-	-	400	400	-						
											0.3%	0.3%								0.3%	0.3%							
	Ming-Jye Huang	400	400	-	-	-	-	-	-	-	400	400	-	-	-	-	-	-	-	400	400	-						
											0.3%	0.3%								0.3%	0.3%							
	1. Please describe the policy, system, criteria and structure for the payment of compensation to independent directors, and describe the relationship between the amount of compensation paid and the amount of responsibility, risk, time commitment, etc.: The Company's "Regulations Governing the Evaluation of the Performance of Directors, Functional Committees, and Managers, and Salary and Compensation" stipulates that independent directors shall be compensated on the basis of the total remuneration at a competitive market level, and that they shall be paid without any participation in the distribution of the remuneration. The Company determines the remuneration																											

Title	name and surname	Directors' remuneration						A, B, C and D as a percentage of after-tax net income	Remuneration for part-time employees						Total amount of A, B, C, D, E, F, and G and percentage of net income after tax		Receipt of remuneration from investees other than subsidiaries or from the parent company				
		Remuneration (A)	All companies in the financial statements	Company	All companies in the financial statements	Company	All companies in the financial statements		Business execution expenses (D)	Directors' Remuneration (C)	Retirement Pension (B)	All companies in the financial statements	Company	Salaries, bonuses and special expenses, etc. (E)	All companies in the financial report	Retirement Pension (F)		All companies in the financial statements	Company	All companies in the financial report	Company
of its independent directors on an annual basis by making reference to the remuneration levels of independent directors of peer companies, taking into account the Company's size, profit structure and business characteristics.																					
2. In addition to the disclosures in the above table, remuneration received by the directors of the Company for services rendered (e.g., acting as consultants to the parent company/all companies in the financial statements/transferred investment undertakings for non-employees, etc.) for the most recent year: None																					
Note 1: Sumitomo Corporation was dissolved its directorship on March 26, 2024 due to the transfer of its all shareholding.																					

Annex 3. AUDIT AND RISK MANAGEMENT COMMITTEE’S AUDIT REPORT

Simple Mart Retail Co., Ltd.

Audit and Risk Management Committee’s Audit Report

The board of directors has prepared the Company's 2024 business report, financial reports and earnings distribution. Among them, the financial report was audited by CPA Pei-Ju Hsiao and Chi-Lung Yu of KPMG in Taiwan, and an audit report was issued. The above-mentioned business report, financial reports and earnings distribution proposal have been reviewed by the Audit and Risk Management Committee and found to be consistent. The reports as above is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review

Sincerely,

2025 Annual Regular Meeting of Shareholders of Simple Mart Retail Co., Ltd.

Audit and Risk Management Committee of Simple Mart Retail Co., Ltd.

Convenor: Meng-Lin Tsai

February 21, 2025

Annex 4. REPORT OF THE COMMUNICATION BETWEEN AUDIT AND RISK MANAGEMENT COMMITTEE AND CHIEF INTERNAL AUDITOR OF THE COMPANY

To strengthen corporate governance and establish a robust risk management system, on May 3, 2024, the Board of Directors resolution was made to change the name of the “Audit Committee” to the “Audit and Risk Management Committee”.

Session	Date of Convention	Type	Content of Report	Result of Implementation	Result of Communication
9 th Meeting , 2 nd Term	2024.02.23	Meeting	Report: Internal audit findings and follow-up actions. Proposal: Statement on the Effectiveness of the Internal Control System for 2023.	<ol style="list-style-type: none"> 1. The internal audit operation is reported to the Audit Committee and then to the Board of Directors. 2. The "Assessment of the Effectiveness of the Internal Control System" and the "Statement of Internal Control" for the year 2023 were reviewed and approved by all members present and presented to the Board of Directors for resolution. 	<p>This report focuses on the communication with the independent directors regarding the audit operation, and the recommendations and results of the communication are set out below:</p> <ol style="list-style-type: none"> 1. Regarding the occupational safety inspections of various departments and cities, the independent director suggests that the inspected units should first conduct their own inspections and fill out a self-inspection form, and then the auditing unit will check the self-inspection form to confirm whether the inspected units have actually signed and carried out the relevant operations. 2. When the internal inspection unit conducts a visit to a store, it should first notify the store to be inspected to prepare the relevant information to facilitate the inspection.
10 th Meeting , 2 nd Term	2024.05.03	Meeting	Report: Internal audit findings and follow-up actions.	The internal audit operation is reported to the Audit Committee and then to the Board of Directors.	<p>This report focuses on the communication with the independent directors regarding the audit operation, and the recommendations and results of the communication are set out below:</p> <ol style="list-style-type: none"> 1. It is recommended that the hiring of staff should be done earlier than the budget planning, and if the budget does not exceed the total establishment of the current year, the flexibility can be retained, but there should still be a corresponding written sign-off process for abnormal situations.

Session	Date of Convention	Type	Content of Report	Result of Implementation	Result of Communication
					<p>2. It is recommended to consider using an external software package for the exit approval process, which can be paired with ITSD's own development capacity, in order to facilitate the promotion and management of the relevant workflow.</p> <p>3. It is recommended that the personnel approval process should be expedited or the approval authority should be appropriately downgraded to avoid internal control loopholes during the period of incomplete approvals.</p> <p>4. It is recommended that QA units should establish evaluation mechanisms for both domestic and foreign suppliers.</p> <p>5. It is recommended that quarterly reports on budget execution and adjustments, if necessary, should be made to the Board of Directors, and that an appropriate adjustment mechanism should be established for budget adjustments.</p>
11 th Meeting , 2 nd Term	2024.08.02	Meeting	Report: Internal audit findings and follow-up actions.	The internal audit is reported to the Audit and Risk Management Committee and then to the Board of Directors.	<p>This report focuses on the communication with the independent directors in respect of the audit operation, and the recommendations of the independent directors and the results of the communication are set out below:</p> <p>It is recommended that the rationale for budget adjustments be communicated to the relevant departments and should best be implemented in the context of next year's budget management exercise.</p>
12 th Meeting , 2 nd Term	2024.11.01	Meeting	Report: Internal audit findings and follow-up actions.	The internal audit is reported to the Audit and Risk Management Committee and then to the Board of Directors.	<p>This report focuses on the communication with the independent directors in respect of the audit operation, and the recommendations of the independent directors and the results of the communication are set out below:</p>

Session	Date of Convention	Type	Content of Report	Result of Implementation	Result of Communication
					It is recommended that if there is an omission in internal data transmission, the intention of the behavior should be judged and if it is abnormal, the auditor should pay more attention to it.
13 th Meeting , 2 nd Term	2024.12.27	Meeting	<p>Report: Internal audit findings and follow-up actions.</p> <p>Proposal:</p> <ol style="list-style-type: none"> 1. Amendment of the " Principles of the internal control system". 2. 2025 Audit Plan. 	<ol style="list-style-type: none"> 1. The internal audit is reported to the Audit and Risk Management Committee and then to the Board of Directors. 2. The internal control system or management method will be submitted to the Board of Directors for resolution after it has been scrutinized and approved by all members present. 1. The 2025 Annual Audit Plan was reviewed and approved by all members present and submitted to the Board of Directors for resolution. 	<p>This report focuses on the communication with the independent directors in respect of the audit operation, and the recommendations of the independent directors and the results of the communication are set out below:</p> <p>The company is advised to strengthen awareness and training, and if deficiencies persist on the deficiencies in personal information management practices, and if the deficiencies are a recurring offense, the company should notify the senior managers in order to strengthen the awareness of the compliance of each department.</p>

Annex 5. COMPARISON OF AMENDMENTS TO CORPORATE GOVERNANCE BEST PRACTICE PRINCIPLES

	Before	After	Notes
Article 2	<p>The Company shall establish a corporate governance system based on the following principles, in addition to complying with the laws and regulations, the Articles of Incorporation, the contract with the stock exchange, and related regulations:</p> <ol style="list-style-type: none"> 1. Protection of shareholders' rights and interests. 2. Strengthening the functions of the Board of Directors. 3. Leveraging the functions of the Audit Committee. 4. Respect the rights of stakeholders. 5. Enhance information transparency. 	<p>The Company shall establish a corporate governance system based on the following principles, in addition to complying with the laws and regulations, the Articles of Incorporation, the contract with the stock exchange, and related regulations:</p> <ol style="list-style-type: none"> 1. Protection of shareholders' rights and interests. 2. Strengthening the functions of the Board of Directors. 3. Leveraging the functions of the Audit <u>and Risk Management</u> Committee. 4. Respect the rights of stakeholders. 5. Enhance information transparency. 	<p>On May 3, 2024, the Board of Directors resolved to rename the 'Audit Committee' as the 'Audit and Risk Management Committee' to coordinate with the adjustment of the related language of this Code.</p>
Article 3	<p>(omitted)</p> <p>In addition to the self-assessment of the Company's internal control system, the Board of Directors and management should review the results of each department's self-assessment at least annually and review the audit reports of the audit unit on a quarterly basis, and the Audit Committee should also pay attention to and supervise these reviews. The Directors and the Audit Committee shall periodically meet with the internal auditors to review the deficiencies of the internal control system, and shall keep records, track and implement improvements, and submit a report to the Board of Directors. The Company shall establish a communication channel and mechanism between the independent directors, the Audit Committee and the head of internal audit, and the convenor of the Audit Committee shall report to the shareholders' meeting on the communication between the members of the Audit Committee and the head of internal audit.</p> <p>(omitted)</p>	<p>(omitted)</p> <p>In addition to the self-assessment of the Company's internal control system, the Board of Directors and management should review the results of each department's self-assessment at least annually and review the audit reports of the audit unit on a quarterly basis, and the Audit <u>and Risk Management</u> Committee should pay attention to and supervise these reviews. The Directors and the Audit <u>and Risk Management</u> Committee shall periodically meet with the internal auditors to review the deficiencies of the internal control system, and should keep records, track and implement improvements, and submit a report to the Board of Directors. The Company shall establish a communication channel and mechanism between the independent directors, the Audit <u>and Risk Management</u> Committee and the head of internal audit, and the convenor of the Audit <u>and Risk Management</u> Committee shall report to the shareholders' meeting on the communication between the members of the Audit <u>and Risk Management</u> Committee and the head of internal audit.</p> <p>(omitted)</p>	<p>Same reasons as the second amendment.</p>
Article 3-1	<p>(omitted)</p> <p>The preceding Corporate Governance Related Matters shall include, at a minimum, the following:</p>	<p>(omitted)</p> <p>The preceding Corporate Governance Related Matters shall include, at a minimum, the following:</p>	<p>In line with the revision of the Corporate Governance 3.0</p>

	Before	After	Notes
	<ol style="list-style-type: none"> 1. To handle matters related to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law. 2. Preparation of minutes of Board and shareholders' meetings. 3. To assist the directors in their installation and continuing education. 4. Provide information necessary for the directors to perform their duties. 5. Assisting directors in following the law. <p>6. Other matters in accordance with the Company's Articles of Incorporation or contract.</p>	<ol style="list-style-type: none"> 1. To handle matters related to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law. 2. Preparation of minutes of Board and shareholders' meetings. 3. To assist the directors in their installation and continuing education. 4. Provide information necessary for the directors to perform their duties. 5. Assisting directors in following the law. 6. <u>To report to the Board of Directors the results of its examination of whether the qualifications of the independent directors at the time of nomination and election and during their term of office comply with the relevant laws and regulations.</u> 7. <u>To deal with matters relating to the change of directors.</u> 8. Other matters in accordance with the Company's Articles of Incorporation or contract. 	- Sustainability Blueprint Plan, is added as the function of Head of Corporate Governance.
Article 6	<p>(omitted)</p> <p>The chairman of the board of directors shall preside in person at any shareholders' meeting convened by the board of directors, and a majority of the directors of the board of directors (including at least one independent director) and the convenor of the Audit committee shall be present in person and at least one representative of the members of the other functional committees shall be present in person, and the attendance shall be recorded in the minutes of the shareholders' meeting.</p>	<p>(omitted)</p> <p>The chairman of the board of directors shall preside in person at any shareholders' meeting convened by the board of directors, and a majority of the directors of the board of directors (including at least one independent director) and the convenor of the Audit <u>and Risk Management</u> Committee shall be present in person and at least one representative of the members of the other functional committees shall be present in person, and the attendance shall be recorded in the minutes of the shareholders' meeting.</p>	Same reasons as the second amendment.
Article 10	<p>(omitted)</p> <p>The foregoing should include controls on stock trading by the Company's insiders from the date the Company's financial reports or related results are made known to them, including, but not limited to, a closed period during which directors are prohibited from trading in their shares 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report.</p>	<p>(omitted)</p> <p>The foregoing includes controls on stock trading by the Company's insiders from the date the Company's financial reports or related results are made known to them, including, but not limited to, a closed period during which directors are prohibited from trading in their shares 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of the quarterly financial report.</p>	To strengthen corporate governance, some textual amendments have been made where appropriate.
Article 11	<p>Shareholders shall have the right to share in the earnings of the Company. In order to ensure shareholders' investment interests, the shareholders' meeting may, in accordance with</p>	<p>Shareholders shall have the right to share in the earnings of the Company. In order to ensure shareholders' investment interests, the shareholders' meeting may, in accordance with</p>	Same reasons as the second amendment.

	Before	After	Notes
	<p>Article 184 of the Company Act, examine the forms prepared by the Board of Directors or the report of the Audit Committee, and resolve on the distribution of earnings or the appropriation of losses. The shareholders' meeting may elect an inspector to perform the foregoing inspection.</p> <p>(omitted)</p> <p>The Company's Board of Directors, Audit Committee, and managers should cooperate fully with the first two items of the inspector's examination, and should not evade, impede, or refuse to act.</p>	<p>Article 184 of the Company Act, examine the forms prepared by the Board of Directors or the report of the Audit <u>and Risk Management</u> Committee, and resolve on the distribution of earnings or the appropriation of losses. The shareholders' meeting may elect an inspector to perform the foregoing inspection.</p> <p>(omitted)</p> <p>The Company's Board of Directors, Audit <u>and Risk Management</u> Committee, and managers should cooperate fully with the first two items of the inspector's examination, and should not evade, impede, or refuse to act.</p>	
Article 12	<p>(omitted)</p> <p>When the Company engages in a merger, acquisition, or public tender offer, in addition to complying with relevant laws and regulations, the Company shall pay attention to the fairness and reasonableness of the merger, acquisition, or public tender offer plans and transactions, as well as the disclosure of information and the soundness of the Company's financial structure in the future.</p>	<p>(omitted)</p> <p>When the Company engages in a merger, acquisition, or public tender offer, in addition to complying with relevant laws and regulations, the Company shall pay attention to the fairness and reasonableness of the merger, acquisition, or public tender offer plans and transactions, as well as the disclosure of information and the soundness of the Company's financial structure in the future.</p> <p><u>If the Company's management or major shareholders are involved in a merger or acquisition, the members of the Audit and Risk Management Committee shall examine whether the members of the Audit and Risk Management Committee of the merger or acquisition comply with Article 3 of the Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies and whether they must not be related to or have an interest in the counterparty to the merger or acquisition transaction so as to affect its independence, whether the design and execution of the relevant procedures are in compliance with the relevant laws and regulations, and whether the information is adequately disclosed in accordance with the relevant laws and regulations. In addition, a legal opinion should be issued by an independent attorney. The qualifications of the foregoing attorneys shall comply with Article 3 of the Regulations Governing the Establishment of Independent Directors</u></p>	<p>In conjunction with the revision of the Code of Corporate Governance Practices for Listed and OTC Companies, a professional and objective third party, , was allowed to fully participate in the merger and acquisition review process to ensure the fairness of the merger and acquisition through the control procedures.</p>

	Before	After	Notes
	The Company's personnel who deal with matters related to the foregoing should be aware of conflicts of interest and avoidance.	<u>of Public Companies and Matters to be Observed, and they shall not be related to the counterparty to the merger and acquisition transaction or have an interest sufficient to affect independence.</u> The Company's personnel who deal with matters related to <u>mergers and acquisitions or public offerings</u> should be aware of conflicts of interest and avoidance.	
Article 13-3	(New Article)	<u>The Company shall formulate and disclose its operating strategies and business plans and explain its specific measures to enhance corporate value, which shall be reported to the Board and actively communicated to shareholders.</u>	New article added to enhance corporate value and sustainability in line with the Code of Corporate Governance Practices.
Section III	Corporate Governance Relationship between the Company and its Affiliates	Corporate Governance Relationship between the Company and its <u>Related Parties</u>	Changes to the headline text to tie in with the Code of Practice on Corporate Governance for Listed OTC Companies.
Article 17	The Company and its affiliates has transactions with, the Company shall base on the principle of fairness and reasonableness, establish written rules and regulations on the financial transactions between them. The price and payment terms of contracts should be clearly defined, and irregular transactions should be eliminated. Transactions or contracts between the Company and its related parties and their shareholders should also be handled in accordance with the aforementioned principle, and the transfer of benefits is strictly prohibited.	The Company and its <u>related parties or shareholders</u> has <u>financial</u> transactions with, the Company shall base on the principle of fairness and reasonableness, establish written rules and regulations on the financial transactions between them. The price and payment terms of contracts should be clearly defined, and irregular transactions <u>and improper transfers of benefits</u> should be eliminated. <u>The foregoing written regulations shall include procedures for the management of transactions such as purchase and sale of goods, acquisition or disposal of assets, loan of funds, and endorsement and guarantee, etc., and the related material transactions shall be submitted to the board of directors for approval or to the shareholders' meeting for consent or report.</u>	To coordinate with the revision of the Code of Corporate Governance Practices for listed and over-the-counter companies in order to enhance corporate value and sustainable development.
Article 27	(omitted) The Functional Committee shall be accountable to the Board of Directors and shall submit the proposed resolutions to the Board of Directors for resolution. However, the Audit	(omitted) The Functional Committee shall be accountable to the Board of Directors and shall submit the proposed resolutions to the Board of Directors for resolution. However, the Audit <u>and</u>	Same reasons as the second amendment.

	Before	After	Notes
	<p>Committee shall be exempted from exercising its supervisory authority pursuant to Article 14-4, Paragraph 4 of the Securities and Exchange Act.</p> <p>(omitted)</p>	<p><u>Risk Management</u> Committee shall be exempted from exercising its supervisory authority pursuant to Article 14-4, Paragraph 4 of the Securities and Exchange Act.</p> <p>(omitted)</p>	
Article 28	<p>The Company shall establish an Audit Committee.</p> <p>The Audit Committee shall consist of all independent directors and shall consist of not less than three persons, one of whom shall be the convenor and at least one of whom shall have accounting or financial expertise.</p> <p>The exercise of authority and related matters by the Audit Committee and its independent board members shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Authority by the Audit Committee of Public Companies, and the regulations of the Stock Exchange.</p>	<p>The Company shall establish an Audit <u>and Risk Management</u> Committee.</p> <p>The Audit <u>and Risk Management</u> Committee shall be composed of all independent directors and shall consist of at least three persons, one of whom shall be the convenor and at least one of whom shall have accounting or financial expertise.</p> <p>The exercise of authority and related matters by the Audit <u>and Risk Management</u> Committee and its independent board members shall be handled in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Authority by the Audit Committee of Public Companies, and the regulations of the Stock Exchange.</p>	Same reasons as the second amendment.
Article 29	<p>(omitted)</p> <p>The Company shall select professional, responsible and independent certified public accountants to conduct regular audits of the Company's financial condition and internal controls. The Company shall review and improve the irregularities or deficiencies discovered and disclosed by the certified public accountants in the course of the audits, as well as any specific suggestions for improvement or prevention of fraud. The Company shall also establish a communication channel or mechanism between the independent directors, the Audit Committee, and the certified public accountants, and shall formulate internal procedures and incorporate them into the internal control system for control purposes.</p> <p>The Company shall periodically (at least once a year) evaluate the independence and suitability of the appointed accountants. If the Company has not changed its CPA for seven consecutive years, or if the CPA has been subject to disciplinary action, or if there are circumstances that could jeopardize the independence of the CPA, the Company shall evaluate the necessity of changing the CPA and report the results of the evaluation to</p>	<p>(omitted)</p> <p>The Company shall select professional, responsible and independent certified public accountants to conduct regular audits of the Company's financial condition and internal controls. The Company shall review and improve the irregularities or deficiencies discovered and disclosed by the certified public accountants in the course of the audits, as well as the specific suggestions for improvement or prevention of fraud. The Company shall also establish a communication channel or mechanism between the independent directors, the Audit <u>and Risk Management</u> Committee, and the certified public accountants, and shall formulate internal procedures and incorporate them into the internal control system for control purposes.</p> <p>The Company shall periodically (at least once a year) evaluate the independence and suitability of the appointed accountants <u>with reference to the Audit Quality Indicators (AQIs)</u>. If the Company has not changed its CPA for seven consecutive years, or if the CPA has been subject to disciplinary action, or if there are circumstances that could jeopardize the independence of the CPA, the Company shall evaluate the necessity</p>	In conjunction with the revision of the Code of Corporate Governance Practices for Listed OTC Companies and the revision of some of the text in accordance with the practice.

	Before	After	Notes
	the Board of Directors.	of changing the CPA and report the results of the evaluation to the Board of Directors.	
Article 30	<p>It is advisable for the Company to appoint professional and suitable lawyers to provide appropriate legal counseling services to the Company, or to assist the Board of Directors, the Audit Committee and the management to enhance their legal literacy, so as to prevent the Company and the related personnel from violating the laws and regulations, and to ensure that the corporate governance operations are operated under the relevant legal frameworks and statutory procedures.</p> <p>(omitted) The Audit Committee or its independent board members may, on behalf of the Company, appoint an attorney, accountant, or other professional to conduct necessary audits or provide advice on matters related to the exercise of its duties and responsibilities at the Company's expense.</p>	<p>It is advisable for the Company to appoint professional and suitable lawyers to provide appropriate legal counseling services to the Company or to assist the Board of Directors, the Audit <u>and Risk Management</u> Committee, and the management to enhance their legal literacy, so as to prevent the Company and the related personnel from violating the laws and regulations, and to ensure that the corporate governance operations are operated under the relevant legal frameworks and statutory procedures.</p> <p>(omitted) The Audit <u>and Risk Management</u> Committee or its independent board members may, on behalf of the Company, appoint an attorney, an accountant, or other professionals to conduct necessary audits or provide advice on matters related to the exercise of its duties and responsibilities at the Company's expense.</p>	Same reasons as the second amendment.
Article 33	<p>(omitted) Any resolution of the board of directors' meeting, if any of the following circumstances applies, shall be stated in the minutes of the meeting and shall be announced and reported on the information reporting website designated by the Financial Supervisory Commission two hours prior to the commencement of trading hours on the next business day following the date of the board of directors' meeting:</p> <ol style="list-style-type: none"> 1. The independent directors have objections or reservations that are recorded or stated in writing. 2. Matters not approved by the Audit Committee, but approved by at least two-thirds of all directors. <p>(omitted)</p>	<p>(omitted) Any resolution of the board of directors' meeting, if any of the following circumstances applies, shall be stated in the minutes of the meeting and shall be announced and reported on the information reporting website designated by the Financial Supervisory Commission two hours prior to the commencement of trading hours on the next business day following the date of the board of directors' meeting:</p> <ol style="list-style-type: none"> 1. The independent directors have objections or reservations that are recorded or stated in writing. 2. Matters not approved by the Audit <u>and Risk Management</u> Committee but approved by at least two-thirds of all directors. <p>(omitted)</p>	Same reasons as the second amendment.
Article 38	<p>(omitted) When a member of the Board of Directors discovers that the Company is in danger of sustaining material damage, he or she shall act in accordance with the preceding paragraph and immediately report the matter to the Audit Committee or the independent members of the Audit</p>	<p>(omitted) When a member of the Board of Directors discovers that the Company is in danger of sustaining material damage, he or she shall act in accordance with the preceding paragraph and immediately report the matter to the Audit <u>and Risk Management</u> Committee or the</p>	Same reasons as the second amendment.

	Before	After	Notes
	Committee.	independent members of the Audit <u>and Risk Management</u> Committee.	
Article 40	Board members are encouraged to attend continuing education courses on finance, risk management, business, commerce, accounting, law, or corporate social responsibility related to corporate governance topics organized by the institutions designated by the Essentials of Continuing Education for Directors and Supervisors of Listed OTC Companies when they are newly appointed or during their terms of office, and to instruct employees at all levels to enhance their professional and legal knowledge.	Board members are encouraged to attend continuing education courses on finance, risk management, business, commerce, accounting, law, or corporate social responsibility related to corporate governance topics organized by the institutions designated by the Essentials of Continuing Education for Directors of Listed OTC Companies when they are newly appointed or during their terms of office, and to instruct employees at all levels to enhance their professional and legal knowledge.	To tie in with the revision of the Code of Practice on Corporate Governance for Listed and OTC Companies.
Article 51	These rules shall be implemented upon approval by the Board of Directors and shall be reported to the shareholders' meeting. The same procedure shall apply to any amendments.	These rules shall be implemented upon approval by <u>a majority of all members of the Audit and Risk Management Committee and resolution of</u> the Board of Directors, and shall be reported to the shareholders' meeting. The same procedure shall apply to any amendments. <u>If the Audit and Risk Management Committee fails to reach an agreement in accordance with the preceding paragraph, a resolution may be reached by a two-thirds majority of all directors, and the resolution of the Audit and Risk Management Committee shall be set forth in the minutes of the board of directors' meeting.</u>	Adjustment of approval authority under these rules.
Article 52	These regulations were established on February 18, 2019. The 1st amendment was made on December 18, 2020. The 2nd amendment was made on February 25, 2022.	These regulations were established on February 18, 2019. The 1st amendment was made on December 18, 2020. The 2nd amendment was made on February 25, 2022. <u>The 3rd amendment was made on November 1, 2024.</u>	Add the date of this amendment.

Annex 6. FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’ REPORT

Independent Auditors’ Report

To the Board of Directors
Simple Mart Retail Co., Ltd.:

Opinion

We have audited the consolidated financial statements of Simple Mart Retail Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, 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 with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of 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 Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors’ report were as follows:

1. Recognition of retail sales revenue:

Please refer to Note 4(m) for the accounting policy of the recognition of retail sales revenue and Note 6(p) for the details of related disclosures.

Description of the key audit matter:

Retail sales revenue is generated by point of sale (POS) terminals, which record sales information (inclusive of merchandise name, quantity, sales price, and total sales amount) of each transaction using pre-established merchandise master file data. After the daily closing process, the store sales information is uploaded to the ERP (enterprise resource planning) system, which summarizes all sales and automatically generates sales revenue journal entries.

As retail sales revenue comprises numerous small amount transactions and highly relies on the system transition, the process of summarizing and recording sales revenue through these systems are important with regard to the completeness and accuracy of the recognition of retail sales revenues, and thus has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including evaluating the control of which sales information in POS terminals was periodically and completely transferred to the ERP system and automatically generated sales revenue journal entries, and inspecting manual sales journal entries and relevant documents; inspecting the amount consistency between daily cash reports and bank statement.

2. Business Combination

For details on the accounting policies for business combinations, please refer to Note 4(p) of the consolidated financial statements. For disclosures related to business combinations, please refer to Note 6(e) of the consolidated financial statements.

Description of key audit matter:

Simple Mart Retail Co., Ltd. signed a share purchase agreement with the shareholders of Pet Wonderland Co., Ltd., intending to acquire shares of Pet Wonderland Co., Ltd. in stages according to the agreement. In response to the accounting treatment for business combinations, the company's management needs to determine the fair value of the identifiable net assets acquired and subsequently determine the amount of goodwill. As these measurements involve numerous assumptions and estimates, the recognition and measurement of business combinations are key audit matters in our audit of the consolidated financial statements.

How the matter was addressed in our audit:

The main audit procedures we performed in response to the above key audit matters include obtaining the fair value assessment of intangible assets and the purchase price allocation report executed by external experts commissioned by the management, evaluating whether the estimates of the assets, liabilities, and their fair values identified on the acquisition date are reasonable and appropriate. We also engaged our firm's valuation experts to assist in evaluating the reasonableness of the valuation methods and key assumptions used in the external experts' valuation reports, and assessing whether the accounting treatment for business combinations is appropriate and adequately disclosed.

Other Matter

Simple Mart Retail Co., Ltd. has prepared its parent company only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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 with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 members of the 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 auditor's 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 Standards on Auditing of 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 Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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.
5. 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.

6. Obtain sufficient and 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.

The engagement partners on the audit resulting in this independent auditors' report are Hsiao, Pei-Ju and Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)
February 21, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

		December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (notes 6(a)(r))	\$ 472,471	7	913,481	16
1110	Financial assets at fair value through profit or loss - current (notes 6(b)(r))	-	-	5,345	-
1150	Notes receivable, net (note 6(c))	46	-	-	-
1170	Accounts receivable, net (note 6(c))	67,031	1	87,309	1
1180	Accounts receivable - related parties, net (notes 6(c) and 7)	1,284	-	1,333	-
1200	Other receivables	15,267	-	12,138	-
1300	Inventories (note 6(d))	1,857,408	29	1,622,365	28
1410	Prepayments (note 7)	32,393	1	32,320	1
1476	Other current financial assets (notes 6(a) and 8)	120,200	2	135,200	2
		<u>2,566,100</u>	<u>40</u>	<u>2,809,491</u>	<u>48</u>
Non-current assets:					
1510	Financial assets at fair value through profit or loss - non current (notes 6(b)(e)(r) and 13)	59,202	1	-	-
1600	Property, plant and equipment (note 6(g))	1,315,500	21	1,143,414	20
1755	Right-of-use assets (note 6(h))	1,989,621	31	1,761,096	30
1780	Intangible assets (note 6(j))	295,345	5	21,989	-
1840	Deferred tax assets (note 6(m))	34,170	-	25,583	-
1920	Guarantee deposits paid (note 7)	108,370	2	95,271	2
1980	Other non-current financial assets (notes 6(a) and 8)	20,126	-	23,845	-
		<u>3,822,334</u>	<u>60</u>	<u>3,071,198</u>	<u>52</u>
Total assets		<u>\$ 6,388,434</u>	<u>100</u>	<u>5,880,689</u>	<u>100</u>

Liabilities and Equity	
Current liabilities:	
2130	Contract liabilities - current (note 6(p))
2150	Notes payable (note 6(r))
2170	Accounts payable (note 6(r))
2180	Accounts payable - related parties (note 6(r) and 7)
2200	Other payables (note 6(j)(r) and 7)
2280	Lease liabilities - current (note 6(k)(r)(u) and 7)
2300	Other current liabilities
Non-Current liabilities:	
2527	Contract liabilities - non-current (note 6(p))
2550	Non-current provisions
2570	Deferred tax liabilities (note 6(m))
2580	Lease liabilities - non-current (note 6(k)(r)(u) and 7)
2612	Long-term accounts payable (note 6(e)(r))
2645	Guarantee deposits received (note 6(r))
Total liabilities	
Equity (notes 6(e)(f) and (n)):	
3110	Ordinary share
3200	Capital surplus
	Retained earnings:
3310	Legal reserve
3350	Unappropriated retained earnings
	Total equity attributable to owners of parent:
36XX	Non-controlling interests
Total equity	
Total liabilities and equity	

December 31, 2024		December 31, 2023	
Amount	%	Amount	%
\$ 53,595	1	58,939	1
80	-	153	-
1,286,776	20	1,398,919	24
3,136	-	1,973	-
682,525	11	506,909	8
493,303	8	465,532	8
85,841	1	113,433	2
<u>2,605,256</u>	<u>41</u>	<u>2,545,858</u>	<u>43</u>
4,653	-	6,674	-
10,446	-	6,734	-
2,762	-	556	-
1,549,750	24	1,342,466	23
100,000	2	-	-
78,972	1	86,063	2
<u>1,746,583</u>	<u>27</u>	<u>1,442,493</u>	<u>25</u>
<u>4,351,839</u>	<u>68</u>	<u>3,988,351</u>	<u>68</u>
675,000	11	675,000	11
<u>1,001,310</u>	<u>16</u>	<u>1,001,310</u>	<u>17</u>
79,000	1	69,044	1
145,499	2	100,056	2
224,499	3	169,100	3
1,900,809	30	1,845,410	31
135,786	2	46,928	1
<u>2,036,595</u>	<u>32</u>	<u>1,892,338</u>	<u>32</u>
<u>\$ 6,388,434</u>	<u>100</u>	<u>5,880,689</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (note 6(p), 7 and 14)	\$ 14,297,180	100	14,041,914	100
5000	Operating costs (note 6(d) and 7)	10,419,844	73	10,402,276	74
	Gross margin from operations	3,877,336	27	3,639,638	26
	Operating expenses: (note 6(c)(e)(g)(h)(i)(k)(l)(q), 7 and 12)				
6100	Selling expenses	3,276,591	23	3,129,515	22
6200	Administrative expenses	424,237	3	389,591	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	(1,023)	-	(734)	-
	Total operating expenses	3,699,805	26	3,518,372	25
	Net operating income	177,531	1	121,266	1
	Non-operating income and expenses:				
7100	Interest income (note 6(k))	9,288	-	5,417	-
7190	Other income (note 6(i))	18,895	-	19,751	-
7230	Foreign exchange gains	1,410	-	1,821	-
7235	Gains (losses) on financial assets at fair value through profit or loss	1,165	-	(462)	-
7510	Interest expenses (note 6(k) and 7)	(31,912)	-	(25,061)	-
7590	Miscellaneous disbursements (note 6(i))	(11,528)	-	(9,968)	-
7610	Losses on disposal of property, plant and equipment (note 6(g))	(8,403)	-	(4,946)	-
7670	Impairment losses (note 6(g))	(3,358)	-	(847)	-
		(24,443)	-	(14,295)	-
	Profit from continuing operations before tax	153,088	1	106,971	1
7950	Less: Income tax expenses (note 6(m))	33,515	-	24,359	-
	Profit	119,573	1	82,612	1
8300	Other comprehensive income, net of tax	-	-	-	-
8500	Total comprehensive income	\$ 119,573	1	82,612	1
	Profit, attributable to:				
	Owners of parent	\$ 136,399	1	101,146	1
8620	Non-controlling interests	(16,826)	-	(18,534)	-
		\$ 119,573	1	82,612	1
	Comprehensive income attributable to:				
	Owners of parent	\$ 136,399	1	101,146	1
8720	Non-controlling interests	(16,826)	-	(18,534)	-
		\$ 119,573	1	82,612	1
9750	Basic earnings per share (note 6(o))	\$ 2.02		1.50	
9850	Diluted earnings per share (note 6(o))	\$ 2.02		1.50	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					
		Retained earnings				
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Non-controlling interests	Total equity
Balance at January 1, 2023	\$ 675,000	1,001,300	63,514	55,294	63,883	1,858,991
Distribution of retained earnings:						
Legal reserve appropriated	-	-	5,530	(5,530)	-	-
Cash dividends of ordinary share	-	-	-	(49,275)	-	(49,275)
	-	-	5,530	(54,805)	-	(49,275)
Other changes in capital surplus:						
Other changes in capital surplus	-	10	-	-	-	10
Net income	-	-	-	101,146	(18,534)	82,612
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	101,146	(18,534)	82,612
Changes in non-controlling interests	-	-	-	(1,579)	1,579	-
Balance at December 31, 2023	675,000	1,001,310	69,044	100,056	46,928	1,892,338
Distribution of retained earnings:						
Legal reserve appropriated	-	-	9,956	(9,956)	-	-
Cash dividends of ordinary share	-	-	-	(81,000)	-	(81,000)
	-	-	9,956	(90,956)	-	(81,000)
Net income	-	-	-	136,399	(16,826)	119,573
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	136,399	(16,826)	119,573
Changes in non-controlling interests due to aquisition of subsidiaries	-	-	-	-	105,684	105,684
Balance at December 31, 2024	\$ 675,000	1,001,310	79,000	145,499	135,786	2,036,595

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 153,088	106,971
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	687,692	720,098
Amortization expenses	11,688	11,771
Reversal of expected credit loss	(1,023)	(734)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,165)	462
Interest expenses	31,912	25,061
Interest income	(9,288)	(5,417)
Losses on disposal of property, plant and equipment	8,403	4,946
Profit from lease modification	(750)	(1,330)
Losses on disposal of intangible assets	191	-
Impairment losses on non-financial assets	3,358	847
Total adjustments to reconcile profit	731,018	755,704
Changes in operating assets and liabilities:		
Increase in notes receivable	(46)	-
Decrease in accounts receivable	24,965	5,892
Decrease (increase) in accounts receivable - related parties	49	(662)
(Increase) decrease in other receivables	(7,806)	863
(Increase) decrease in inventories	(145,731)	174,650
Decrease in prepayments	3,776	4,183
Decrease in other financial assets	15,000	41,300
Decrease in contract liabilities	(7,365)	(8,314)
Decrease in notes payable	(73)	(99)
Decrease in accounts payable	(112,143)	(66,402)
Decrease in accounts payable - related parties	(79,193)	(1,191)
Increase in other payables	75,973	26,248
Decrease in provisions	(2)	-
(Decrease) increase in other current liabilities	(42,497)	43,862
Total adjustments	455,925	976,034
Cash inflow generated from operations	609,013	1,083,005
Interest received	9,601	4,942
Interest paid	(31,818)	(25,030)
Income taxes paid	(23,817)	(10,858)
Net cash flows generated from operating activities	562,979	1,052,059
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(55,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	6,510	-
Acquisition of subsidiaries (Net of cash acquired)	(89,267)	-
Acquisition of property, plant and equipment	(272,784)	(128,824)
Proceeds from disposal of property, plant and equipment	1,342	1,617
Increase in guarantee deposits paid	(13,099)	-
Decrease in guarantee deposits paid	-	6,849
Acquisition of intangible assets	(2,945)	(14,589)
Decrease in finance lease receivable	-	1,432
Decrease in other financial assets	3,719	3,219
Net cash flows used in investing activities	(421,524)	(130,296)
Cash flows from (used in) financing activities:		
Decrease in guarantee deposits received	(7,091)	(15,411)
Payments of lease liabilities	(494,374)	(491,640)
Cash dividends paid	(81,000)	(49,275)
Other changes in capital surplus	-	10
Net cash flows used in financing activities	(582,465)	(556,316)
Net (decrease) increase in cash and cash equivalents	(441,010)	365,447
Cash and cash equivalents at beginning of period	913,481	548,034
Cash and cash equivalents at end of period	\$ 472,471	913,481

Independent Auditors’ Report

To the Board of Directors of
Simple Mart Retail Co., Ltd.:

Opinion

We have audited the financial statements of Simple Mart Retail Co., Ltd.(“the Company”), which comprise the balance sheet as of December 31, 2024 and 2023, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors’ report were as follows:

1. Recognition of retail sales revenue:

Please refer to Note 4(m) for the accounting policy of the recognition of retail sales revenue and Note 6(p) for the details of related disclosures.

Description of the key audit matter:

Retail sales revenue is generated by point of sale (POS) terminals, which record sales information (inclusive of merchandise name, quantity, sales price, and total sales amount) of each transaction using pre-established merchandise master file data. After the daily closing process, the store sales information is uploaded to the ERP (enterprise resource planning) system, which summarizes all sales and automatically generates sales revenue journal entries.

As retail sales revenue comprises numerous small amount transactions and highly relies on the system transition, the process of summarizing and recording sales revenue through these systems are important with regard to the completeness and accuracy of the recognition of retail sales revenues, and thus has been identified as a key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including evaluating the control of which sales information in POS terminals was periodically and completely transferred to the ERP system and automatically generated sales revenue journal entries, and inspecting manual sales journal entries and relevant documents; inspecting the amount consistency between daily cash reports and bank statement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Standards on Auditing of 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. 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 Company'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 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision, and performance of the 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 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.

The engagement partners on the audit resulting in this independent auditors' report are Hsiao, Pei-Ju and Yu, Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)

February 21, 2025

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(Expressed in Thousands of New Taiwan Dollars)

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SIMPLE MART RETAIL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7)	\$ 13,734,660	100	13,565,837	100
5000	Operating costs (notes 6(e) and 7)	10,043,020	73	10,095,129	74
	Gross margin from operations	3,691,640	27	3,470,708	26
	Operating expenses: (notes 6(c)(h)(i)(k)(l)(q), 7 and 12)				
6100	Selling expenses	3,105,512	22	2,966,119	22
6200	Administrative expenses	366,709	3	354,757	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	264	-	(3,434)	-
	Total operating expenses	3,472,485	25	3,317,442	25
	Net operating income	219,155	2	153,266	1
	Non-operating income and expenses:				
7100	Interest income (notes 6(k) and 7)	8,708	-	4,910	-
7190	Other income (note 7)	18,484	-	18,645	-
7230	Foreign exchange gains	1,498	-	1,821	-
7235	Gains (losses) on financial assets at fair value through profit or loss	1,165	-	(462)	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net (note 6(f))	(30,090)	(1)	(16,654)	-
7510	Interest expenses (notes 6(k) and 7)	(29,842)	-	(24,185)	-
7590	Miscellaneous disbursements	(10,741)	-	(8,741)	-
7610	Losses on disposals of property, plant and equipment (notes 6(h) and 7)	(4,699)	-	(2,248)	-
7670	Impairment losses (note 6(h))	(3,358)	-	(847)	-
		(48,875)	(1)	(27,761)	-
	Profit from continuing operations before tax	170,280	1	125,505	1
7950	Less: Income tax expenses (note 6(m))	33,881	-	24,359	-
	Profit	136,399	1	101,146	1
8300	Other comprehensive income, net of tax	-	-	-	-
8500	Total comprehensive income	\$ 136,399	1	101,146	1
9750	Basic earnings per share (note 6(o))	\$ 2.02		1.50	
9850	Diluted earnings per share (note 6(o))	\$ 2.02		1.50	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SIMPLE MART RETAIL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings		
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total equity
Balance at January 1, 2023	\$ 675,000	1,001,300	63,514	55,294	1,795,108
Distribution of retained earnings:					
Legal reserve appropriated	-	-	5,530	(5,530)	-
Cash dividends of ordinary share	-	-	-	(49,275)	(49,275)
	-	-	5,530	(54,805)	(49,275)
Other changes in capital surplus:					
Other changes in capital surplus	-	10	-	-	10
Net income	-	-	-	101,146	101,146
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	101,146	101,146
Changes in ownership interests in subsidiaries	-	-	-	(1,579)	(1,579)
Balance at December 31, 2023	675,000	1,001,310	69,044	100,056	1,845,410
Distribution of retained earnings:					
Legal reserve appropriated	-	-	9,956	(9,956)	-
Cash dividends of ordinary share	-	-	-	(81,000)	(81,000)
	-	-	9,956	(90,956)	(81,000)
Net income	-	-	-	136,399	136,399
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	136,399	136,399
Balance at December 31, 2024	\$ 675,000	1,001,310	79,000	145,499	1,900,809

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SIMPLE MART RETAIL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 170,280	125,505
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	635,044	677,812
Amortization expenses	8,084	10,212
Expected credit loss (reversal of expected credit loss)	264	(3,434)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,165)	462
Interest expenses	29,842	24,185
Interest income	(8,708)	(4,910)
Shares of loss of subsidiaries, associates and joint ventures accounted for using the equity method	30,090	16,654
Losses on disposal of property, plant and equipment	4,699	2,248
Profit from lease modification	(23)	(742)
Losses on disposal of intangible assets	191	-
Impairment losses on non-financial assets	3,358	847
Total adjustments to reconcile profit	701,676	723,334
Changes in operating assets and liabilities:		
Increase in notes receivable	(46)	-
Decrease in accounts receivable	14,018	11,277
Increase in accounts receivable - related parties	(450)	(1,474)
Increase in other receivables	(23,152)	(445)
(Increase) decrease in inventories	(128,634)	164,655
Decrease in prepayments	9,072	3,868
Decrease in other financial assets	-	31,300
Decrease in contract liabilities	(2,530)	(7,252)
Decrease in notes payable	(73)	(99)
Decrease in accounts payable	(127,147)	(83,839)
Increase in accounts payable - related parties	8,630	1,966
Increase in other payables	63,604	27,650
(Decrease) increase in other current liabilities	(42,690)	47,274
Total adjustments	472,278	918,215
Cash inflow generated from operations	642,558	1,043,720
Interest received	8,547	4,435
Interest paid	(29,754)	(24,153)
Income taxes paid	(23,776)	(10,850)
Net cash flows generated from operating activities	597,575	1,013,152
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(10,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	6,510	-
Acquisition of investments accounted for using the equity method	(246,000)	(50,000)
Acquisition of property, plant and equipment	(251,471)	(118,048)
Proceeds from disposal of property, plant and equipment	1,342	859
Increase in guarantee deposits paid	(10,559)	-
Decrease in guarantee deposits paid	-	5,266
Acquisition of intangible assets	(1,938)	(7,234)
Decrease in finance lease receivable	877	3,216
Decrease in other financial assets	3,719	3,219
Net cash flows used in investing activities	(507,520)	(162,722)
Cash flows from (used in) financing activities:		
Decrease in guarantee deposits received	(7,043)	(15,425)
Payment of lease liabilities	(452,787)	(455,530)
Cash dividends paid	(81,000)	(49,275)
Other changes in capital surplus	-	10
Net cash flows used in financing activities	(540,830)	(520,220)
Net (decrease) increase in cash and cash equivalents	(450,775)	330,210
Cash and cash equivalents at beginning of period	824,233	494,023
Cash and cash equivalents at end of period	\$ 373,458	824,233

Annex 7. COMPARISON OF AMENDMENTS TO THE ARTICLES OF INCORPORATION

Article	Before	After	Notes
Article 2	<p>The Company's businesses are as follows: (omitted)</p> <p>86. 1301040 Third-party payment services</p> <p>87. IZ99990 Other Industrial and Commercial Services</p> <p>88. JA03010 Laundry</p> <p>89. JZ99990 Unclassified Other Services</p> <p>90. ZZ99999 All businesses not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>The Company's businesses are as follows: (omitted)</p> <p>86. IZ99990 Other Industrial and Commercial Services</p> <p>87. JA03010 Laundry</p> <p>88. JZ99990 Unclassified Other Services</p> <p>89. ZZ99999 All businesses not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>Since the Company does not substantially operate a third-party payment service business, the business item was deleted and the numbering sequence was adjusted.</p>
Article 13	<p>The Company has 5 to 9 directors with a service of a 3-year term, and there shall be no less than 3 independent directors and no less than one-fourth of independent directors out of the total number of directors. (omitted)</p>	<p>The Company has 5 to 9 directors with a service of a 3-year term, and there shall be no less than 3 independent directors and no less than one-<u>third</u> of independent directors out of the total number of directors. (omitted)</p>	<p>Adjusted in accordance with Article 4 of the Key Points to be Observed in the Establishment and Exercise of Powers and Functions of the Board of Directors of Listed Companies of the Taiwan Stock Exchange Corporation.</p>
Article 15-1	<p>The following matters shall be conducted by over two-thirds of the directors at a meeting attended by at least two-thirds of the directors:</p> <p>1. Any merger/consolidation and acquisition with domestic and international enterprise pursuant to the Business Mergers and Acquisitions Act.</p> <p>2. A single capital expenditure of more than NT\$100 million.</p>	<p>(Delete)</p>	<p>Delete in accordance with the company's practice.</p>
Article 15-2	<p>In case a company has managing directors, the meetings by conferences shall be called from time to time by the chairman of the board of directors; with the resolutions, regarding the establishment, change and abolishment of the branch companies, to be adopted by a majority of managing directors present at such conferences attended by a majority of managing directors.</p>	<p>(Delete)</p>	<p>Delete in accordance with the company's practice.</p>
Article 19	<p>If the Company generates profit in a year, no less than 1% shall be set aside for employee compensation. The board of directors shall resolve the employees' compensation to be distributed in the form of shares or in cash in installment, and the qualification requirements of employees shall include the employees of subsidiaries of the company meeting certain specific requirements.</p>	<p>If the Company generates profit for the year, no less than 1% shall be set aside for employee Compensation. The board of directors shall resolve the employees' compensation <u>which no less than 60% shall be appropriated as compensation to junior employees, and the portion of the compensation shall be</u> distributed in the form of shares or in cash in installment, and the qualification requirements of employees</p>	<p>Amended in accordance with Jin-Guan-Zheng-Fa-Zi No. 1130385442.</p>

Article	Before	After	Notes
	<p>The profit amount in the preceding paragraph shall be set aside no more than 3% as directors' remuneration by the resolution of the board of directors. Proposal in the distribution of employees' and directors' remuneration shall be submitted for a report in the meeting of shareholders.</p> <p>However, the Company's accumulated losses shall have been covered first, and the employees' and directors' remuneration shall be distributed in accordance with fixed ratio in the preceding paragraph.</p>	<p>shall include the employees of subsidiaries of the company meeting certain specific requirements. The profit amount in the preceding paragraph shall be set aside no more than 3% as directors' remuneration by the resolution of the board of directors.</p> <p><u>This</u> distribution shall be submitted for a report in the meeting of shareholders.</p> <p>However, the Company's accumulated losses shall have been covered first, and shall be distributed in accordance with fixed ratio in the preceding paragraph.</p>	
Article 22	<p>These regulations were established on January 15, 2013.</p> <p>The 1st amendment was made on October 19, 2015.</p> <p>The 2nd amendment was made on January 12, 2016.</p> <p>The 3rd amendment was made on April 05, 2017.</p> <p>The 4th amendment was made on July 31, 2018.</p> <p>The 5th amendment was made on May 24, 2019.</p> <p>The 6th amendment was made on July 07, 2021.</p> <p>The 7th amendment was made on May 25, 2022.</p> <p>The 8th amendment was made on May 30, 2024.</p>	<p>These regulations were established on January 15, 2013.</p> <p>The 1st amendment was made on October 19, 2015.</p> <p>The 2nd amendment was made on January 12, 2016.</p> <p>The 3rd amendment was made on April 05, 2017.</p> <p>The 4th amendment was made on July 31, 2018.</p> <p>The 5th amendment was made on May 24, 2019.</p> <p>The 6th amendment was made on July 07, 2021.</p> <p>The 7th amendment was made on May 25, 2022.</p> <p>The 8th amendment was made on May 30, 2024.</p> <p><u>The 9th amendment was made on May 28, 2025.</u></p>	Add the date of this amendment.

Annex 8. COMPARISON OF THE REVISED PROVISIONS OF THE OPERATIONAL PROCEDURES FOR THE ACQUISITION OR DISPOSAL OF ASSETS

Article	Before	After	Notes
Article 8	<p>Unless otherwise specified, the Company's operating procedures and amounts for acquiring or disposing of assets are set forth below:</p> <p>1. (Omitted)</p> <p>In the case of investments in real estate and marketable securities accounted for under the equity method, the acquisition or disposal should still be reported to the most recent board of directors after execution.</p> <p>2. The following matters shall be considered by the Audit Committee and agreed upon by more than two-thirds of the directors present at the meeting of the Board of Directors of the Company and more than two-thirds of the directors present at the meeting:</p> <p>(a) Mergers and acquisitions with other domestic or foreign companies as defined in the Mergers and Acquisitions Act.</p> <p>(b) Capital expenditures over NT\$100 million.</p> <p>3. The acquisition or disposal of financial instruments with an amount not exceeding NT\$50 million may be authorized by the chairman of the board of directors, but must be reported to the most recent board of directors' meeting.</p> <p>4. In principle, the Company does not acquire or dispose of membership certificates, debentures of financial institutions, or derivatives. In the event that the Company wishes to engage in such transactions in the future, the Company will formulate a schedule of authorization and submit it to the Audit Committee and the Board of Directors for approval before executing the transactions.</p> <p>5. The following transactions between the Company and its parent company, subsidiaries, or subsidiaries directly or indirectly holding 100% of the outstanding shares or capital stock may be approved by the chairman of the board of directors within the limit of NT\$50 million, and then reported to the most recent board of directors' meeting for ratification:</p> <p>(a) Acquisition or disposal of equipment for business use or assets with the right to use such equipment.</p> <p>(b) Acquisition or disposal of real estate license assets for business use.</p> <p>6. Implementation unit Except for the acquisition and disposal of</p>	<p>Unless otherwise specified, the Company's operating procedures and amounts for acquiring or disposing of assets are set forth below:</p> <p>1. (Omitted)</p> <p>2. (Delete)</p> <p>3. The acquisition or disposal of financial instruments, <u>investments in property, plant and equipment and equity-method investments</u>, with an amount not exceeding NT\$50 million may be authorized by the chairman of the board of directors, but must be reported to the most recent board of directors' meeting.</p> <p>4. In principle, the Company does not acquire or dispose of membership certificates or debentures of financial institutions. In the event that the Company wishes to engage in such transactions in the future, the Company will formulate a schedule of authorization and submit it to the Audit Committee and the Board of Directors for approval before executing the transactions.</p> <p>5. (Delete)</p> <p>6. Implementation unit Except for the acquisition and disposal of marketable securities and derivatives, which</p>	<p>1. Part of the text of the first item of this article is merged into the third item.</p> <p>2. The second item of this clause is deleted to tie in with the existing practice of.</p> <p>3. Item 4 of this Article relaxes the Company's ability to execute derivative transactions.</p> <p>4. Item 5 of this Article is deleted because Article 15 of the "Guidelines for the Acquisition or Disposal of Assets by Public Companies" has already been included in Article 9 of these Procedures.</p> <p>5. To amend the wording of item 6 of this article, as appropriate.</p>

Article	Before	After	Notes
	marketable securities and derivative financial-instruments , which are carried out by the Financial Management Division, the acquisition and disposal of other assets are recognized by the Company's division of authority and responsibility. (omitted)	are carried out by the Financial Management Division, the acquisition and disposal of other assets are recognized by the Company's division of authority and responsibility. (omitted)	
Article 8-1	(new article)	<p><u>The procedures for acquiring or disposing of derivatives are as follows:</u></p> <p><u>1. Trading Principles and Approach</u></p> <p><u>(a) Types of transactions and total amount of contracts</u> <u>The Company may only engage in derivatives (e.g., options to buy or sell) that arise from the nature of the equity investment agreement.</u></p> <p><u>(b) Total amount of leases and loss ceilings</u> <u>Derivative losses arising from the execution of investment agreements are capped at 10% of the Company's paid-in capital.</u></p> <p><u>(c) Operating (Hedging) Strategies and Performance Evaluation</u> <u>The Company shall carefully evaluate the terms and conditions of the transactions and, if necessary, obtain outside expert evaluations, and report them to the Board of Directors on a regular basis.</u></p> <p><u>(d) Division of Authority and Responsibility</u> <u>The Company's Financial Management Division is responsible for the preparation of investment agreements, capital planning, periodic evaluation, announcement and reporting.</u></p> <p><u>2. Risk management measures</u></p> <p><u>(a) Legal risk management</u> <u>Investment agreements should be reviewed by the Group's in-house legal officers or legal advisers and other professionals before they are formally signed to avoid legal risks.</u></p> <p><u>(b) Cash flow risk management</u> <u>The Company should ensure sufficient liquidity to meet delivery funding requirements.</u></p> <p><u>(c) Operational risk management</u> <u>The authorized amount and nature of the company's authorization and the operational procedures should be followed and included in the internal audit to avoid operational risks.</u></p> <p><u>(d) Credit, market price and liquidity risk management</u> <u>The Company only holds derivatives generated under the trading conditions of, which must be carefully evaluated and approved by the board of directors before signing the contract.</u></p> <p><u>3. Internal audit system</u> <u>Internal auditors should periodically review</u></p>	New regulations on derivative transactions arising from the nature of investment agreements.

Article	Before	After	Notes
		<p><u>the appropriateness of internal controls over derivatives trading and conduct monthly audits of the compliance of the relevant departments with the rules and regulations of these procedures, and prepare an audit report, and report to the Board of Directors if any material irregularities are found.</u></p> <p><u>The Board of Directors shall authorize the senior management to regularly monitor and evaluate whether the derivatives transactions engaged in are in fact conducted in accordance with these Procedures and relevant regulations.</u></p> <p><u>4. Periodic Evaluation Methods and Handling of Exceptions</u></p> <p><u>The Board of Directors shall authorize senior management to regularly monitor and evaluate whether derivative transactions are conducted in accordance with these Procedures and whether the risks assumed are within the permissible limits of commitment. In the event of abnormalities in the market valuation report (e.g., if the position held exceeds the upper loss limit), the Board of Directors shall be notified immediately and appropriate measures shall be taken.</u></p> <p><u>5. Derivative products should be recorded in a register and related matters should be recorded in accordance with relevant laws and regulations.</u></p>	
Article 17	<p>The investment limits for the Company or subsidiaries in which the Company directly or indirectly owns 100% of the outstanding shares are as follows. (omitted)</p> <p>3. The amount of individual investment in marketable securities shall not exceed <u>50%</u> of the Company's paid-in capital.</p>	<p>The investment limits for the Company or subsidiaries in which the Company directly or indirectly owns 100% of the outstanding shares are as follows. (omitted)</p> <p>3. The amount of individual investment in marketable securities shall not exceed <u>100%</u> of the Company's paid-in capital.</p>	Adjustment of investment limits in line with the company's operational planning.
Article 22	In addition to the provisions of these operating procedures, the Company shall establish its own operating procedures in accordance with the handling criteria before engaging in derivative transactions.	(Delete)	One of Article 8 has been added to these operating procedures, so this provision is deleted.
Article 23	If the Company does not intend to engage in derivative trading, the Company may submit a report to the Board of Directors for approval, and then waive the establishment of the operating procedures for derivative trading. In the event that the Company wishes to engage in derivative trading in the future, the Company shall comply with the provisions of the preceding Article and the Procedures.	(Delete)	One of Article 8 has been added to these operating procedures, so this provision is deleted.
Article 27	<p>These regulations were established on June 29, 2020.</p> <p>The 1st amendment was made on May 29, 2023.</p>	<p>These regulations were established on June 29, 2020.</p> <p>The 1st amendment was made on May 29, 2023.</p>	Add the date of this amendment.

Article	Before	After	Notes
	The 2nd amendment was made on May 30, 2024.	The 2nd amendment was made on May 30, 2024. <u>The 3rd amendment was made on May 28, 2025.</u>	

Annex 9. REGULATIONS FOR THE ISSUANCE OF RESTRICTED STOCK AWARDS

Article 1: Purpose of the Issue

In order to attract talented people to join the Company, reward key employees, and enhance employee centripetal force, with a view to increasing the Company's value and creating shareholders' interests, the Company, in accordance with Article 267 of the Company Law and the "Guidelines for the Treatment of Offerings and Issuance of Securities by Issuers" (the "Offering Guidelines") issued by the Financial Supervisory Commission (the "Competent Authority"), and other relevant regulations, has formulated the "Rules for the Offering of New Shares with Restrictions on Employees' Rights" (the "Rules"). (hereinafter referred to as the "Procedures").

Article 2: Period of Issue

Within two years from the date of arrival of the notification of the effective date of filing by the competent authority, the Company may issue the shares in one or several installments, depending on the actual needs, and the actual date of issuance and the related operational matters shall be determined by the Board of Directors.

Article 3: Eligibility and Number of Shares Allotted to Employees

- (a) Full-time regular employees of the Company or its subsidiaries who have been on duty for three months or more prior to the date of grant of the new shares with restricted employees' rights and who have made special contributions to the Company, subject to the approval of the Chairman of the Board of Directors of the Company.
- (b) The number of new shares of restricted stock to be allocated to employees will be determined by reference to seniority, rank, performance appraisal, overall contribution, special merit, or other management criteria. The Chairman of the Board of Directors shall approve the allocation principle and submit it to the Audit and Risk Management Committee and the Board of Directors for approval. However, managers and directors who are employees should be approved by the Compensation Committee and the Board of Directors.
- (c) The new shares of stock with restricted employee rights granted to a single employee shall comply with the relevant provisions of the Offering Standards.

Article 4: Total number of issues

The issue of new shares with restricted employees' rights will not exceed 500,000 common shares with a par value of NT\$10 per share, and the actual number of shares to be issued will be submitted to the board of directors for separate resolution after the issuance of new shares with restricted employees' rights has been approved by the shareholders in the shareholders' meeting and by the competent authorities.

Article 5: Conditions of Issue

- (a) Issue price: Free of charge.
- (b) Vesting conditions: Employees who are still employed on the respective vesting dates after being allotted new shares with restricted employee rights, and who have not violated the Company's labor contract, employee code of conduct, trust deed, code of corporate governance practices, code of business integrity, work rules, non-competition and confidentiality rules, or contracts with the Company, as determined by the Company, and who have reached the target (80 points or more in annual performance appraisal) of the Company's performance for each year of vesting, and who have served for three years after being allotted each year, and who have been approved by the Chairman of the Board of Directors, will be entitled to 100 percent of the shares allotted to them in that particular vesting. If the individual has achieved the Company's target performance (annual

performance appraisal result of 80 points or above) for each year of the vesting period, he/she will be entitled to 100% of the shares allocated to him/her in each year of the vesting period, subject to the approval of the Chairman of the Board of Directors, if he/she has been in office for three years after the vesting of shares in each year of the vesting period.

(c) Class of shares issued: Ordinary shares of the Company.

(d) If any of the following reasons occurs, the new shares with restricted employee rights that have not yet been vested shall be handled in the following manner:

1. If the vesting conditions are not met, the Company shall, in accordance with the law, withdraw the shares granted and cancel them without compensation.

2. Departure (voluntary departure/dismissal/employment or non-renewal of contract of appointment upon expiry):

New shares with restricted employee rights for which the vesting conditions have not yet been met are deemed not to have met the vesting conditions as of the effective date of termination of employment, and the Company will, in accordance with the law, repossess the shares without compensation and proceed to cancel them.

3. Occupational accidents resulting in inability to continue employment or death:

(1) For new shares of stock with restricted employees' rights that have not yet been vested due to an occupational disaster that renders the employee unable to continue employment, the vesting conditions shall be fulfilled in proportion to the time frame of the vesting conditions in paragraph (b) of this Article.

(2) In the event of the death of an employee due to an occupational disaster, the new shares of restricted employees' rights for which the conditions for vesting have not yet been fulfilled shall be vested by the successor from the date of the death of the employee to be succeeded in accordance with the proportion of the time period of the conditions for vesting in accordance with paragraph (b) of this Article. However, the successor may apply to receive the shares to be inherited or the disposed rights and interests after completing the necessary legal procedures and providing relevant supporting documents. However, the successor is required to cooperate in the procedures for share acquisition within one year from the date of notification of acquisition by the Company. If he/she fails to do so after that period of time, he/she shall be deemed to have refused to receive the shares, and the Company shall have the right to take back his/her shares without compensation and to cancel them.

4. Retention without pay: New shares with restricted employee rights for which the vesting conditions have not yet been met shall be restored to the employee's rights and interests from the date of reinstatement, provided that the vesting period shall be deferred according to the period of retention without pay. Employees who have not been reinstated upon the expiration of the period of leave of absence without pay shall be deemed to be disqualified from fulfilling the vesting conditions upon the expiration of the period of leave of absence without pay, and the Company shall, in accordance with the law, forfeit the shares and cancel the shares without compensation.

5. Transfer to an affiliated company: If the Company approves the transfer to an affiliated company, the new shares of restricted employee rights that have not yet fulfilled the vesting conditions shall remain vested in accordance with the vesting conditions of this Act, and shall not be affected by the transfer.

6. Retirement: For new shares with restricted employee rights for which vesting conditions have not yet been met, if the Company approves the application for retirement in accordance with the regulations, the vesting conditions shall be met from the effective date of the retirement, in proportion to the timing of the vesting conditions in accordance with paragraph (b) of this Article.

7. General death: New shares with restricted employees' rights that have not yet met the

vesting conditions are deemed not to have met the vesting conditions on the date of death, and the Company will take back the shares without compensation and cancel them according to the law.

8. In the event that an employee violates the Company's labor contract, code of conduct for employees, trust deed, code of practice on corporate governance, code of conduct on honest management, work rules, code of conduct on non-competition and confidentiality, or any contract between the Company and the employee, the Company shall, in accordance with the law, take back the employee's shares without any compensation and cancel the employee's shares.

Article 6: Restricted rights of employees who have not met the vesting conditions after being allotted new shares.

- (a) Employees may not sell, mortgage, assign, gift, pledge, or otherwise dispose of the new shares with restricted employee rights, except by inheritance, until the vesting conditions have been met after the new shares have been allocated to them.
- (b) Attendance, proposals, speeches, voting rights, and other matters related to shareholders' rights and interests at shareholders' meetings shall be executed in accordance with the trust custody agreement.
- (c) The right of employees to receive cash dividends from the allocation of new shares with restricted employee rights shall be the same as that of the Company's issued shares of common stock until the vesting conditions are met. The cash dividends from the allocation of new shares with restricted employee rights before the vesting conditions are met shall be credited to the trust account designated by the Company, and the cash dividends accrued from the allocation of new shares shall be transferred to the trust account upon the fulfillment of the vesting conditions by the employees or upon the occurrence of the relevant events under Article 5.
- (d) For the new shares of restricted employee rights allocated to employees under this Act, the new shares of restricted employee rights shall not be entitled to stock dividends, cash capital increase, capitalization of capital surplus, and capitalization of capital surplus before the vesting conditions have been met.
- (e) In the event that cash is refunded during the vesting period as a result of a cash capital reduction by the Company, the unvested capital reduction refund resulting from the allotment shall be delivered to a trust and, upon fulfillment of the vesting conditions and deadlines, shall be delivered to the employees together with the vested shares without interest; provided, however, that the Company shall reclaim such cash upon expiration of the period in which the vesting conditions have not been fulfilled. However, if the vesting conditions are not met by the end of the period, the Company shall recover such cash.

Article 7: Taxes

Taxes related to the new shares with restricted employee rights allocated under the Regulations shall be governed by the laws and regulations of the Republic of China at the time of allocation.

Article 8: Other Important Agreements

- (a) If the Company evaluates that it is necessary to entrust the new shares with restricted employee rights allocated to employees under the Act to a trust institution for trust custody, the Company shall have the right to act on behalf of the employees in the negotiation, signing, amendment, extension, cancellation, and termination of the trust custody contract, as well as in the transfer and disposal of trust custody property (shares and cash), and in any other acts based on the Act.
- (b) The new shares of Restricted Employee Rights allocated to an employee pursuant to this Act shall be delivered to the trustee designated by the Company for safekeeping before the vesting conditions are fulfilled, and the employee shall not request the return of the

new shares of Restricted Employee Rights to the trustee for any reason or in any manner before the vesting conditions are fulfilled.

(c) Contract and Confidentiality

1. When the Company issues new shares with restricted employee rights in accordance with these Regulations, the contracting department shall notify the allotted employees to sign the "Contract for New Shares with Restricted Employee Rights", and the allotted employees shall be deemed to have acquired the right of allotment upon completion of the signing of the "Contract for New Shares with Restricted Employee Rights"; failure to complete the signing of the contract in accordance with the regulations shall be deemed to be a waiver of the right of allotment.
 2. Employees who have been allotted shares shall abide by the Company's confidentiality rules and shall not inquire about others or divulge the contents and number of new shares of Restricted Employee Rights granted to them, and in the event of a breach of these rules, the Company may impose penalties in accordance with the severity of the case. In the event that an employee violates the regulations and the Company deems the circumstances to be significant, the employee shall immediately lose his/her eligibility to receive shares of the new shares of Restricted Employee Rights granted to him/her and the Company shall have the right to revoke his/her shares at no cost and cancel the shares.
- (d) These Regulations shall become effective upon the approval of the Board of Directors by more than two-thirds of the directors present and more than one-half of the directors present, and upon reporting to the competent authorities for approval. In the event that amendments are required to be made in the course of the submission of the documents for review due to the requirements of the competent authorities' review, the chairman of the board of directors shall be authorized to amend the Regulations, and the Regulations shall then be submitted to the board of directors for ratification prior to issuance.
- (e) If there are any matters not covered in this Law, they shall be dealt with in accordance with the relevant laws and regulations.

Annex 10. RESTRICTIONS ON EMPLOYEE RIGHTS POTENTIAL DILUTION OF SHAREHOLDERS' EQUITY DUE TO NEW SHARE ISSUES

1. 2025 Restricted Employee Stock Unit Issuance Regulations - to be issued at no cost, with a total of 500,000 shares scheduled to be issued, accounting for approximately 0.7% of the paid-in capital.
2. The necessary reasons for issuing these restricted employee stock units:
The company aims to attract outstanding talent, reward key employees, and enhance employee loyalty in order to increase the company's value and create shareholder benefits.
3. Possible amounts to be expensed, dilution of the company's earnings per share and other matters affecting shareholders' equity:
This issuance of 500,000 new restricted employee shares is not transferable until the vesting conditions have been met. The estimated amount that may be expensed is approximately NT\$20,375 thousand (the same as below) (issued for no consideration, the current price estimate is based on the closing price of 40.75 on February 18, 2025). According to the vested conditions, it is tentatively estimated that the annual amount to be expensed from 2026 to 2028 (three years) will be 6,792 thousand, and the possible decrease in net profit per share before tax after amortization expenses is 0.1 per share.

Annex 11. COMPARISON OF AMENDMENTS TO RULES FOR ELECTION OF DIRECTORS

Article	Before	After	Notes
Article 3	The election of directors of the Company shall take into account the overall configuration of the Board of Directors. The composition of the Board of Directors shall take into account diversity, and an appropriate diversity policy shall be formulated based on its own operations, business model and development needs. It is advisable to include, but not limited to, the following two major aspects: (omitted)	The <u>nomination and</u> election of the Company shall take into account the overall configuration of the Board of Directors. The composition of the Board of Directors shall take into account diversity, and an appropriate diversity policy shall be formulated based on its own operations, business model and development needs. It is advisable to include, but not limited to, the following two major aspects: (omitted)	Edit some of the text.
Article 8	The directors of the company shall calculate the voting rights of independent directors and non-independent directors separately according to the number of directors specified in the company's articles of incorporation , and the persons who have obtained more voting rights on behalf of the votes obtained shall be elected in turn. If two or more people have the same number of rights and exceed the specified quota, the person with the same number of rights will draw lots to decide, and the chairman will draw lots on behalf of those who are not present.	The directors of the company shall calculate the voting rights of independent directors and non-independent directors separately according to the number of directors <u>to be elected at that shareholders' meeting</u> , and the persons who have obtained more voting rights on behalf of the votes obtained shall be elected in turn. If two or more people have the same number of rights and exceed the specified quota, the person with the same number of rights will draw lots to decide, and the chairman will draw lots on behalf of those who are not present.	Edit some of the text.
Article 11	The votes shall be counted on the spot after the voting is completed, and the results shall be announced by the chairman on the spot, including the list of directors elected and the number of votes they received. (omitted)	The votes shall be counted on the spot after the voting is completed, and the results shall be announced by the chairman on the spot, including the list of directors elected and the number of votes they received <u>and the list of directors who lost and the number of votes they received</u> . (omitted)	Modify some of the text based on the sample “Rules of Procedure for Shareholders’ Meeting of OO Co., Ltd.”.
Article 12	These rules shall take effect upon approval by the shareholders’ meeting. The same procedure shall apply to any amendments. These regulations were established on July 31, 2018. The 1st amendment was made on May 24, 2019. The 2nd amendment was made on June 29, 2020. The 3rd amendment was made on July 7, 2021.	These rules shall take effect upon approval by the shareholders’ meeting. The same procedure shall apply to any amendments. These regulations were established on July 31, 2018. The 1st amendment was made on May 24, 2019. The 2nd amendment was made on June 29, 2020. The 3rd amendment was made on July 7, 2021. <u>The 4th amendment was made on May 28, 2025.</u>	Add the date of this amendment.

X. APPENDICES

Appendix 1. RULES AND PROCEDURES FOR SHAREHOLDERS' MEETING

Article 1: Purpose of the Issue

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

Article 2

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

Article 3

Unless otherwise provided by law or regulation, the company's shareholders meetings shall be convened by the board of directors.

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

The company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of , and upload them to the information publishment website assigned by the Financial Supervisory Commission (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. If, however, the company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the company and the professional shareholder services agent designated thereby.

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

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

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

Shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement; for a regular shareholders meeting, such public announcements shall be served with thirty days prior notice, and for a special shareholders meeting with fifteen days prior notice.

Election or dismissal of directors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities Exchange Act, Articles 56-1

and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to the company a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. Prior to the book closure date before a regular shareholders meeting is held, the company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, the company shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

Article 4

For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the company or professional stock agency appointed by the company before five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the company or professional stock agency appointed by the company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the company or professional stock agency appointed by the company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

Article 5

The venue for a shareholders meeting shall be the premises of the company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

The restrictions on the place of the meeting shall not apply when the company convenes a virtual-only shareholders meeting.

Article 6

The company shall specify in its shareholders meeting notices the time during which attendance

registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

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

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

The company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

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

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

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

Article 6-1

To convene a virtual shareholders meeting, the company shall include the follow particulars in the shareholders meeting notice:

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

Article 7

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

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

If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

Article 8

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

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

Where a shareholders meeting is held online, the company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, the company shall audio and video record the back-end operation interface of the virtual meeting platform.

Article 9

Attendance at shareholders meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose relevant information such as concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders meeting, the company shall also declare the meeting adjourned at the virtual meeting

platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the company in accordance with Article 6.

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

Article 10

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

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

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

Article 11

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

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

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

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

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

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

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the

regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

Article 12

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

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

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

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

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

Article 13

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

When the company holds a shareholder meeting, exercise of voting rights by electronic means shall be set as one of the voting means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the company avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the company or profession stock agency appointed by the company before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the information publishement website assigned by the financial supervisory commission (MOPS).

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

further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

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

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

When the company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

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

Article 14

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, and the names of directors not elected and number of votes they received.

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

Article 15

Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form.

The company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the information publishment website appointed by FSC (MOPS).

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors or supervisors. The minutes shall be retained for the duration of the existence of the company.

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

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the

preceding paragraph, the company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online.

Article 16

On the day of a shareholders meeting, the company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

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

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

Article 17

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

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the company, the chair may prevent the shareholder from so doing. When a shareholder violates the rules of procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18

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

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

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

Article 19

In the event of a virtual shareholders meeting, the company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20

When the company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21

In the event of a virtual shareholders meeting, the company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

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

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors. When the company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

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

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

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

Article 22

When convening a virtual-only shareholders meeting, the company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 23

These Rules and Procedures shall take effect from the date of approval during the Shareholders' Meeting. The same applies to revisions.

These regulations were established on July 31, 2018.

The 1st amendment was made on May 24, 2019.

The 2nd amendment was made on June 29, 2020.

The 3rd amendment was made on July 7, 2021.

The 4th amendment was made on May 25, 2022.

Appendix 2. ARTICLES OF INCORPORATION (BEFORE AMENDMENT)

Chapter 1: General Provisions

Article 1

The Corporation is a company limited by shares under the Company Act with the Chinese name 三商家購股份有限公司 and English name - Simple Mart Retail Co., Ltd.

Article 2

The Company's nature of business is as follows:

1. A102060 Grain Commerce
2. C103050 Manufacturing of Canning, Freezing, Dehydration, Pickled of Food
3. C104020 Manufacture of Bakery and Steam Products
4. C110010 Beverage Manufacturing
5. C111010 Tea Manufacturing
6. C199990 Manufacture of Other Food Products Not Elsewhere Classified
7. CZ99990 Manufacture of Other Industrial Products Not Elsewhere Classified
8. E605010 Computer Equipment Installation
9. F101990 Wholesale of Other Agricultural, Husbandry and Aquatic Products
10. F102030 Wholesale of Tobacco and Alcohol
11. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
12. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
13. F106020 Wholesale of Articles for Daily Use
14. F106050 Wholesale of Pottery, Porcelain and Glassware
15. F107180 Wholesale of Firecrackers and Fireworks
16. F108031 Wholesale of Medical Devices
17. F108040 Wholesale of Cosmetics
18. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
19. F110010 Wholesale of Clocks and Watches
20. F110020 Wholesale of Spectacles
21. F113060 Wholesale of Metrological Instruments
22. F113070 Wholesale of Telecom Instruments
23. F113110 Wholesale of Batteries
24. F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
25. F114040 Wholesale of Bicycle Parts and Supplies
26. F115010 Wholesale of Jewelry and Precious Metals
27. F116010 Wholesale of Photographic Equipment
28. F199990 Other Wholesale Trade
29. F201010 Retail sale of Agricultural Products
30. F201020 Retail Sale of Livestock Products
31. F201030 Retail Sale of Fishery Products
32. F201990 Retail Sale of Other Agricultural, Husbandry and Aquatic Products
33. F202010 Retail sale of Animal Feeds
34. F203010 Retail sale of Food Products and Groceries
35. F203020 Retail Sale of Tobacco and Alcohol
36. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
37. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
38. F206010 Retail Sale of Ironware
39. F206020 Retail Sale of daily commodities

40. F206040 Retail Sale of Plumbing Materials
41. F206050 Retail Sale of Pet Food and Supplies
42. F206060 Retail Sale of Sacrificial Supplies
43. F207010 Retail Sale of Sacrificial Supplies
44. F207030 Retail Sale of Cleaning Preparations
45. F207050 Retail Sale of Manure
46. F207080 Retail Sale of Environmental Agents
47. F207180 Retail Sale of Firecrackers and Fireworks
48. F207190 Retail Sale of Plastic Films and Bags
49. F208031 Retail Sale of Medical Apparatus
50. F208040 Retail Sale of Cosmetics
51. F208050 Retail Over-the-counter drugs class B
52. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
53. F210010 Retail Sale of Watches and Clocks
54. F210020 Retail Sale of Spectacles
55. F212040 Retail Sale of Charcoal
56. F212050 Retail Sale of Petrochemical Fuel Products
57. F213010 Retail Sale of Electrical Appliances
58. F213030 Retail Sale of Computers and Clerical Machinery Equipment
59. F213050 Retail Sale of Measuring Instruments
60. F213060 Retail Sale of Measuring Instruments
61. F213110 Retail Sale of Batteries
62. F214030 Retail Sale of Motor Vehicle Parts and Supplies
63. F214040 Retail Sale of Bicycle and Component Parts Thereof
64. F215010 Retail Sale of Jewelry and Precious Metals
65. F216010 Retail Sale of Camera Equipment
66. F218010 Retail Sale of Computer Software
67. F219010 Retail Sale of Electronic Materials
68. F299990 Retail Sale of Other Products
69. F301010 Department Stores
70. F301020 Supermarkets
71. F399010 Convenience Stores
72. F399040 Retail Sale No Storefront
73. F399990 Retail sale of Other Integrated
74. F401010 International Trade
75. F401161 Tobacco Products Import
76. F401171 Alcohol Products Importation
77. F501030 Beverage Shops
78. F501050 Bars
79. F501060 Restaurants
80. G202010 Parking area Operators
81. G801010 Warehousing
82. H701040 Specialized Field Construction and Development
83. H701060 New Towns, New Community Development
84. H703100 Real Estate Leasing
85. I103060 Management Consulting
86. I301040 Third party payment services
87. IZ99990 Other Industrial and Commercial Services
88. JA03010 Laundry

89. JZ99990 Unclassified Other Services

90. ZZ99999 All businesses not prohibited or restricted by law, except those that are subject to special approval.

Article 3

The Company shall establish its head office in Taipei City, Taiwan, Republic of China, and shall set up domestic and overseas branches, subject to approval of the Board of Directors and executive Board of Directors as deemed necessary by the Company.

Article 4

The Company's public announcements shall be handled in accordance with the Company Act and relevant laws and regulations.

Article 4-1

The Company shall not be a shareholder of unlimited liability in another company or a partner of a partnership enterprise. When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments in such other companies shall be refrain from the limitation of exceeding forty percent of the amount of its own paid-up capital under article 13 of the Company Act.

Article 4-2

The Company shall act as a guarantor of external nature when there is need for operation and business, and the board of directors is authorized to issue shares in installment.

Chapter 2: Shares

Article 5

The total capital stock of the Company is NT\$800 million, divided into 80,000,000 shares at NT\$10 each, and may be paid in installments by the approval of the board of directors.

NT\$30 million shall be retained from the total capital amount in the preceding paragraph, divided into 3,000,000 shares for the issuance of employee stock option certificates, at par value of NT\$10 per share, and the board of directors is authorized to issue shares in installment.

Article 5-1

The Company's acquisition of treasury stocks in compliance with the Company Act shall be entitled for transfer to the employees, including the employees of subsidiaries of the company meeting certain specific requirements.

The Company's stock warrant certificate shall be entitled to the employees, including the employees of subsidiaries of the company meeting certain specific requirements.

The Company's issuance of new shares shall be entitled to the employees, including the employees of subsidiaries of the company meeting certain specific requirements for subscribing new shares.

The Company shall be entitled to receive restricted stock for employees, including the employees of subsidiaries of the company meeting certain specific requirements

The qualification requirements in the preceding 1 to 4 paragraphs shall be established by the board of directors.

Article 5-2

The Company may, with the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares, transfer shares to employees at less than the average actual share repurchase price.

Article 6

The Company's shares shall be issued in registered form, numbered and signed or sealed by the director representing the Company, and certified in accordance with the law.

There is no obligation to print share certificates for the Company. However, registration shall be made with a securities custodian, and same applies to the issuance of other security certificates.

Article 7

The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special

shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

Chapter 3: Shareholders' Meeting

Article 8

Shareholders' meeting shall be two kinds, including regular meeting of shareholders and special meeting of shareholders. The regular meeting of shareholders shall be held at least once every year and convened within six months after close of each fiscal year by the board of directors in compliance with laws; the special meeting of shareholders shall be held when necessary. The notice and convene of the regular meeting of shareholders shall be conducted in accordance with article 172 of the Company Act. The notice of the meeting shall be given by means of electronic transmission, after obtaining a prior consent from the recipient(s) thereof.

Article 8-1

The Company's shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 9

For each shareholders meeting, a shareholder, if for any reason not able to attend the meeting, may appoint a proxy by signature or stamp to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

The shareholders of the Company shall appoint a proxy, unless otherwise provided by law or regulation, in compliance with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by competent authorities.

Article 10

Except for no voting power under the circumstances provided for in article 179 of the Company Act, each shareholder of the company shall have one voting power in respect of each share in his/her/its possession.

Article 11

Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 12

The Company shall include the electronic transmission as one of the methods of exercising their voting power in a shareholders' meeting and shall describe in the shareholders' meeting notice for convention. Resolutions at a shareholders' meeting shall be recorded in a minute book, signed or sealed by the chairman of the shareholders' meeting, and distributed to shareholders within 20 days after the shareholders' meeting, the production of minutes may be performed by electronic means; the distribution of minutes may be effected by electronic means or by notice.

Chapter 4: Directors

Article 13

The Company has 5 to 9 directors with a service of a 3-year term, and there shall be no less than 3 independent directors and no less than one-fifth of independent directors out of the total number of directors.

The election of the Company's directors shall be elected from a list of candidates by the shareholders based on a candidate nomination system. The professional qualifications, shareholding, restrictions on holding other positions, nomination and election processes, and other compliance issues related to directors shall be addressed in accordance with applicable regulations implemented by a competent securities authority. The independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

The percentage of shareholdings of all the directors of the Company shall be conducted in accordance with the provisions prescribed by the competent authority in charge of securities affairs.

The Company may set up functional committees under the board of directors, and the establishment and power of the committees shall be implemented in accordance with rules and procedures of the competent authority.

Article 13-1

The Company shall set up an audit committee in accordance with relevant regulations in the Securities Exchange Act. The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be committee convenor, and at least one of whom shall have accounting or financial expertise. The power and other applicable procedures shall be conducted in compliance with laws and regulations in the Company Act, Securities Exchange Act and regulations in the company charters.

Article 14

The company may set up three managing directors whom to be elected from among the directors by a majority vote at a meeting attended by over two-thirds of the directors, and the chairman shall be elected from one of themselves and the same manner may be exercised to a vice chairman. In case a company has no managing directors, the board of directors shall elect a chairman of the board directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairman of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors, and the meeting of the managing directors; and shall externally represent the company.

Article 14-1

In calling a meeting of the board of directors, a notice shall set forth therein the subject(s) to be discussed at the meeting, and a notice shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of emergency, a meeting of the board of directors may be convened at any time.

The abovementioned notice may be sent in writing, by fax or by email.

Article 15

In case the chairman of the board of directors is on leave or absent or can not exercise his power and authority for any cause, the proxy shall be conducted in compliance with article 208 in the Company Act.

Each director shall attend the meeting of the board of directors in person. Any director who cannot attend a board meeting for any reason may assign a proxy, specifying the scope of authorization and designating another director to attend the meeting on his/her behalf.

A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only.

In case a meeting of the board of directors is proceeded via visual communication network, then the directors taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 15-1

The following matters shall be conducted by over two-thirds of the directors at a meeting attended by at least two-thirds of the directors:

1. Any merger/consolidation and acquisition with domestic and international enterprise pursuant to the Business Mergers and Acquisitions Act.
2. A single capital expenditure of more than NT\$100 million.

Article 15-2

In case a company has managing directors, the meetings by conferences shall be called from time to time by the chairman of the board of directors; with the resolutions, regarding the establishment, change and abolishment of the branch companies, to be adopted by a majority of managing directors present at such conferences attended by a majority of managing directors.

Article 16

When directors conduct their service of the Company, regardless of profit or loss of operation, the remuneration of directors shall be paid, and the board of directors shall be authorized for remuneration paid based on its involvement degree and contribution value to company operation as well as general level among peer industry.

Chapter 5: Managerial Personnel**Article 17**

The Company may have one or more managerial personnel, and its appointment, discharge and the remuneration shall be decided in accordance with the article 29 in the Company Act.

Chapter 6: Accounting**Article 18**

The company's fiscal year is set from January 1 every year to December 31 of the same year. The Board of Directors shall compile the business report, the financial statements and the earnings distribution or loss off-setting proposals upon completion of each accounting year and submit these to the Audit Committee for verification in accordance with legal procedure, and the Audit Committee shall entrust the verification and submit a report to the board of directors for approval and shareholders for acknowledgement.

Article 19

If the Company generates profit in a year, no less than 1% shall be set aside for employee compensation. The board of directors shall resolve the employees' compensation to be distributed in the form of shares or in cash in installment, and the qualification requirements of employees shall include the employees of subsidiaries of the company meeting certain specific requirements. The profit amount in the preceding paragraph shall be set aside no more than 3% as directors' remuneration by the resolution of the board of directors. Proposal in the distribution of employees' and directors' remuneration shall be submitted for a report in the meeting of shareholders.

However, the Company's accumulated losses shall have been covered first, and the employees' and directors' remuneration shall be distributed in accordance with fixed ratio in the preceding paragraph.

Article 19-1

If the Company has a surplus in its annual accounts, after paying taxes and making up for accumulated losses, 10% of the surplus will be set aside as legal reserve. However, if the legal reserve has reached the Company's paid-in capital, no further appropriation will be made. The remaining balance will be combined with the cumulative undistributed earnings of prior years and the adjustment to the current year's undistributed earnings, the Board of Directors is authorized to propose a motion for the appropriation with the presence of at least two-thirds of the Directors and the resolution of a majority of the Directors present, to distribute all or part of the dividends and bonuses or the legal reserve and capital surplus in accordance with Article 241, Paragraph 1 of the Company Act in the form of a cash payment and report to the shareholders' meeting. However, if the earnings will be distributed by issuing new shares, a resolution must be submitted to the shareholders' meeting before the distribution.

Article 19-2

The dividend policy of the Company may consider the future capital need of the Company, and the dividend category may regard company earnings, financial structure and the capital needs for future operation planning. Every year, after deducting the expected capital need and the amount of capital expenditure for the next year from the earnings distributable, the balance shall be distributed as dividends to shareholders. The distribution to shareholders with dividends and bonuses shall be in the form of cash or shares, with not less than 50% for the cash dividends. The annual general meeting of shareholders shall choose the most timely and appropriate dividend distribution method based on the industry situation and the company's interests and development as the highest principle.

Chapter 7: Supplementary Provisions**Article 20**

(Deleted)

Article 21

With regard to matters not provided in the Articles of Incorporation, the Company Act and relevant laws and regulations shall apply.

Article 22

The Articles of Incorporation were set up on January 15, 2013.

The 1st amendment was made on October 19, 2015.

The 2nd amendment was made on January 12, 2016.

The 3rd amendment was made on April 5, 2017.

The 4th amendment was made on July 31, 2018.

The 5th amendment was made on May 24, 2019.

The 6th amendment was made on July 7, 2021.

The 7th amendment was made on May 25, 2022.

The 8th amendment was made on May 30, 2024

Appendix 3. CORPORATE GOVERNANCE BEST PRACTICE PRINCIPLES (BEFORE AMENDMENT)

Chapter I: General Principles

Article 1

To establish a sound corporate governance system, the Company hereby adopts these Corporate Governance Best Practice Principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies,” jointly promulgated by the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX), for the Company’s compliance and disclosure on the information reporting website designated by the Financial Supervisory Commission (FSC).

Article 2

In establishing its corporate governance system, the Company shall not only comply with applicable laws and regulations, its Articles of Incorporation, and the contracts and relevant regulatory provisions entered into with the stock exchange, but shall also follow the principles below:

1. Protect shareholders’ rights and interests.
2. Enhance the function of the Board of Directors.
3. Fulfill the role of the Audit Committee.
4. Respect the rights and interests of stakeholders.
5. Increase information transparency.

Article 3 (Establishment of Internal Control System)

The Company shall establish an internal control system in accordance with the “Regulations Governing Establishment of Internal Control Systems by Public Companies.” In doing so, it shall take into account the overall operational activities of the Company and its subsidiaries, ensure the system is well designed and effectively implemented, and review the system from time to time in response to changes in internal and external environments, thereby ensuring its ongoing effectiveness.

In addition to conducting internal assessments, the Board of Directors and management shall review the self-assessment results of each department at least once a year, and quarterly audit reports prepared by the internal audit unit. The Audit Committee shall also oversee and monitor such matters. Directors and the Audit Committee shall regularly communicate with internal auditors to review deficiencies in the internal control system, keep written records, follow up on improvements, and report to the Board. Channels of communication between independent directors, the Audit Committee, and the chief internal auditor shall be established. The convener of the Audit Committee shall report the communication status to the shareholders’ meeting.

The Company’s management shall attach importance to the internal audit function and personnel, grant them sufficient authority to examine and evaluate deficiencies in the internal control system and assess operational efficiency, thereby ensuring effective implementation and assisting the Board of Directors and management in fulfilling their responsibilities and implementing sound corporate governance.

The appointment, evaluation, and compensation of internal auditors shall be reported by the audit supervisor and approved by the chairman.

Article 3-1 (Personnel Responsible for Corporate Governance Affairs)

The Investment Management Department under the Company’s Financial Management Division shall be designated as the unit responsible for corporate governance, and a corporate governance officer shall be appointed to supervise relevant matters. The officer shall have a legal or accounting license or at least three years of experience in legal compliance, internal audit, finance, shareholder services, or corporate governance in a public company or financial institution.

The corporate governance officer shall be responsible for:

1. Handling matters related to Board and shareholders' meetings in accordance with laws.
2. Preparing minutes of Board and shareholders' meetings.
3. Assisting directors with onboarding and continuing education.
4. Providing necessary information for directors to perform their duties.
5. Assisting directors in complying with laws and regulations.
6. Other corporate governance matters specified by the Articles of Incorporation or contracts.

Chapter II: Protection of Shareholders' Rights and Interests

Section 1 – Encouraging Shareholders' Participation in Corporate Governance

Article 4 (Protection of Shareholders' Rights)

The Company's corporate governance system shall protect shareholders' rights and ensure fair treatment of all shareholders.

The Company shall establish a governance framework that ensures shareholders are fully informed, can participate in, and make decisions on material company matters.

Article 5

The Company shall convene shareholders' meetings in accordance with the Company Act and relevant laws and regulations. It shall establish comprehensive rules of procedure, follow appropriate procedures for proposals, discussion, and voting, and ensure that shareholders' meeting resolutions comply with relevant laws and regulations.

Article 6

The Board of Directors shall properly arrange the agenda and procedures for shareholders' meetings, and establish principles and procedures for shareholders to nominate directors or propose motions. The Board shall appropriately handle proposals made by shareholders in accordance with the law. Shareholders' meetings should be held at convenient locations, with sufficient time allocated and appropriate personnel assigned to handle registration. Shareholders shall not be required to provide any additional documentation beyond that which is legally required. Each agenda item shall be given reasonable time for discussion, and shareholders shall be afforded appropriate opportunities to speak.

When a shareholders' meeting is convened by the Board of Directors, the chairman shall preferably preside over the meeting in person. A majority of the directors (including at least one independent director) and the convener of the Audit Committee should attend in person. At least one member of each functional committee should also attend as a representative, and such attendance shall be recorded in the meeting.

Article 7 (Encouraging Shareholders' Participation in Corporate Governance)

The Company shall encourage shareholders to participate in corporate governance and shall engage professional stock administration agents to handle shareholders' meeting affairs to ensure meetings are held legally, effectively, and securely. The Company shall fully utilize technological tools to disclose information through various channels, simultaneously uploading the annual report, annual financial statements, meeting notices, agenda handbooks, and supplementary materials. The Company shall adopt electronic voting to increase shareholders' participation and ensure that their rights are exercised in accordance with the law.

The Company shall avoid proposing ad hoc motions or amending original proposals at the shareholders' meeting.

Voting on proposals at shareholders' meetings shall be conducted on a per-proposal basis, and the results

of each vote (in favor, against, abstained) shall be reported on the Market Observation Post System (MOPS) on the same day as the meeting.

Article 8

The minutes of the shareholders' meeting shall specify the date, location, chairperson's name, method of resolution, and a summary of proceedings and outcomes. In the case of director elections, the method of voting and the results—including the names and vote counts of elected and unelected candidates—shall be disclosed.

Meeting minutes shall be permanently preserved during the Company's existence and made fully available on the Company's website.

Article 9

The chairman of the shareholders' meeting shall be thoroughly familiar with and adhere to the rules of procedure established by the Company and ensure that the meeting proceeds smoothly. The chairman shall not arbitrarily declare the meeting adjourned.

To protect the rights of the majority of shareholders, if the chairman violates the rules of procedure and arbitrarily declares an adjournment, other members of the Board shall promptly assist shareholders present at the meeting to continue the meeting according to legal procedures. A new chairman may be elected with the consent of shareholders representing a majority of the voting rights present to proceed with the meeting.

Article 10 (Ensuring Shareholders' Right to Know and Preventing Insider Trading)

The Company shall respect shareholders' right to be informed and shall comply with relevant information disclosure regulations. It shall regularly and promptly provide shareholders with information related to the Company's finances, operations, insider shareholding, and corporate governance through the information reporting website designated by the Financial Supervisory Commission or the Company's own website.

To protect shareholder rights and ensure equal treatment, the Company shall establish internal regulations prohibiting insiders from using undisclosed information to trade securities.

The aforementioned regulations should include, among other things, trading control measures for insiders who become aware of the Company's financial reports or performance data. For example, directors shall not trade the Company's shares during the 30 days prior to the announcement of the annual financial report or 15 days prior to the announcement of quarterly financial reports.

Article 11

Shareholders shall have the right to share in the Company's profits. To protect shareholders' investment rights, the shareholders' meeting may, in accordance with Article 184 of the Company Act, examine the books and records prepared by the Board of Directors or the reports from the Audit Committee and resolve on the distribution of earnings or the offsetting of losses. During such examinations, the shareholders' meeting may appoint inspectors to conduct the review.

In accordance with Article 245 of the Company Act, shareholders may petition the court to appoint an inspector to examine the Company's business, accounts, assets, specific matters, transactions, and records.

The Company's Board of Directors, Audit Committee, and managerial officers shall fully cooperate with the inspector and shall not evade, obstruct, or refuse the inspection process.

Article 12

The Company shall conduct major financial and business transactions such as acquisition or disposal of assets, lending of funds, and provision of endorsements or guarantees in accordance with applicable

laws and regulations. The Company shall establish related operational procedures and submit them to the shareholders' meeting for approval to protect shareholder rights.

In the event of mergers or public tender offers, in addition to complying with relevant regulations, the Company shall ensure the fairness and reasonableness of the plan and transactions. It shall also ensure information disclosure and maintain the soundness of the Company's post-transaction financial structure.

Personnel involved in the aforementioned matters shall be mindful of conflicts of interest and recusal obligations.

Article 13

To safeguard shareholder rights, the Company shall assign dedicated personnel to properly handle shareholder suggestions, inquiries, and disputes.

In the event that resolutions of the shareholders' meeting or the Board of Directors violate laws or the Articles of Incorporation, or if directors or managers violate laws or the Articles while performing their duties and thereby harm shareholder interests, the Company shall appropriately respond to lawsuits initiated by shareholders in accordance with the law.

The Company is advised to establish internal procedures to properly handle the aforementioned matters, maintain written records for reference, and incorporate such procedures into its internal control system.

Section 2 – Establishing Mechanisms for Shareholder Engagement

Article 13-1 (The Board's Responsibility to Engage with Shareholders)

The Board of Directors has the responsibility to establish mechanisms for shareholder engagement to enhance mutual understanding of the Company's objectives and development.

Article 13-2 (Communicate Effectively and Garner Shareholder Support)

In addition to communicating with shareholders through the shareholders' meeting, the Board shall maintain efficient communication with shareholders, jointly with managers and independent directors, to understand shareholders' views and concerns, clarify the Company's policies, and obtain shareholder support.

Section 3 – Corporate Governance Relationship Between the Company and Its Affiliates

Article 14

The Company shall clearly define and implement management objectives and responsibilities regarding personnel, assets, and financial matters between the Company and its affiliated enterprises, and shall perform risk assessments and establish appropriate firewalls.

Article 15

Unless otherwise provided by law, the Company's managerial officers shall not concurrently hold managerial positions in affiliated enterprises. Exceptions may be made upon resolution passed by a majority of attending directors at a Board meeting with a quorum of more than half the directors.

If a director engages in any activity within the business scope of the Company for themselves or on behalf of another party, they shall explain the material aspects of such activity to the shareholders' meeting and obtain its approval.

Article 16

The Company shall establish sound financial, operational, and accounting systems in accordance with

applicable regulations. In dealings with affiliated enterprises, the Company shall carry out comprehensive risk assessments with respect to key banks, customers, and suppliers, and implement necessary control mechanisms to reduce credit risk.

Article 17

Business transactions between the Company and its affiliated enterprises shall be governed by written policies based on principles of fairness and reasonableness. Agreements shall clearly define pricing terms and payment methods, and all non-arm's length transactions must be avoided.

Transactions or contracts between the Company and related parties or their shareholders shall follow the same principles and strictly prohibit the transfer of interests.

Article 18

The Company shall require controlling corporate shareholders to adhere to the following principles:

1. They shall owe a duty of good faith to other shareholders and must not directly or indirectly cause the Company to engage in any business conduct that is beyond normal commercial practice or detrimental to the Company's interests.
2. Their representatives shall follow Company rules when exercising rights and voting, and act in good faith and in the best interest of all shareholders when attending shareholders' meetings. They must faithfully perform their duties of loyalty and care as directors.
3. When nominating directors, they shall comply with applicable laws and the Articles of Incorporation and must not exceed the authority of the shareholders' meeting or the Board.
4. They must not inappropriately interfere with corporate decision-making or obstruct business operations.
5. They must not engage in unfair competition such as monopolistic procurement or exclusive sales that restrict or harm the Company's operations.
6. Their designated representatives appointed as directors shall possess the required professional qualifications, and any replacements must be reasonable and in line with the Company's needs.

Article 19

The Company shall monitor, at all times, the list of major shareholders who hold significant percentages of shares or can exercise actual control over the Company, as well as the ultimate controllers of such shareholders.

The Company shall regularly disclose important changes involving shareholders holding more than ten percent of shares, including pledges, increases or decreases in shareholding, or other material events that may result in changes to shareholding structure, to enable other shareholders to exercise oversight.

For the purposes of this Article, a "major shareholder" refers to a shareholder holding five percent or more of the Company's shares, or ranking among the top ten shareholders by shareholding. The Company may set a lower shareholding threshold based on actual control.

Chapter 3 – Strengthening the Functions of the Board of Directors

Section 1 – Board Structure

Article 20 (Overall Capabilities of the Board)

The Board of Directors shall guide the Company's strategy, supervise management, and be accountable to the Company and shareholders. All governance operations and arrangements shall ensure the Board exercises its functions in accordance with laws, the Articles of Incorporation, or shareholders' resolutions.

The composition of the Board shall consider the Company's scale and development needs, the shareholding of major shareholders, and practical operations, with no fewer than five directors.

Board diversity shall be taken into account. Except for directors concurrently serving as managerial officers (who shall not exceed one-third of total seats), the Company shall formulate appropriate diversity policies based on its business operations and developmental needs, considering, but not limited to:

1. Basic criteria and values: gender, age, nationality, culture.
2. Professional knowledge and skills: legal, accounting, industry, finance, marketing, technology background; and experience.

Board members shall generally possess the knowledge, skills, and character required to perform their duties. The Board as a whole shall have the following capabilities:

1. Operational judgment.
2. Accounting and financial analysis.
3. Business management.
4. Crisis management.
5. Industry knowledge.
6. Global market perspective.
7. Leadership.
8. Decision-making ability.

Article 21

To ensure fairness and protect shareholders' rights, the Company shall establish a fair, just, and open procedure for director nomination, encourage shareholder participation, and adopt cumulative voting as required by the Company Act to reflect shareholder opinion.

Unless otherwise approved by the competent authority, more than half of all directors must not be related by spousal or second-degree kinship.

If a director is dismissed resulting in fewer than five directors, a by-election shall be held at the next shareholders' meeting. If the number of vacancies reaches one-third of the total seats, an extraordinary shareholders' meeting shall be convened within 60 days to hold a by-election.

The total shareholding of all directors shall comply with legal requirements. Any restrictions on the transfer, pledging, or changes of shares held by directors shall be processed in accordance with applicable regulations and fully disclosed.

Article 22 (Candidate Nomination System)

The Company shall, pursuant to regulations, adopt a candidate nomination system in its Articles of Incorporation for director elections. Nominees' qualifications and the presence of any conditions listed under Article 30 of the Company Act shall be carefully evaluated and handled in accordance with Article 192-1 of the Company Act.

Article 23 (Clear Division of Responsibilities)

The responsibilities of the Chairperson and the General Manager shall be clearly defined and not held by the same individual.

Functional committees shall be established with clearly assigned duties.

Section 2 – Independent Director System

Article 24 (Establishment of Independent Directors)

The Company shall appoint no fewer than three independent directors, and they shall comprise at least one-third of the Board. Independent directors shall not serve more than three consecutive terms.

Independent directors must have professional knowledge, be subject to shareholding restrictions, and, in principle, not concurrently serve as a director or supervisor in more than five listed companies. They shall remain independent and free from conflicts of interest.

If the Company, its group, or other companies with cross-director nominations are involved in proposing the same independent director candidate, this shall be disclosed during nomination and the candidate's qualifications explained. If elected, the number of votes shall be disclosed.

The term "group enterprises or organizations" includes the Company's subsidiaries, foundations funded over 50% by the Company, and other entities under effective control.

Independent and non-independent directors shall not switch identities during their term.

The qualifications, shareholding limits, part-time restrictions, nomination procedures, and independence criteria for independent directors shall be handled in accordance with the Securities and Exchange Act, regulations on public companies, and TWSE rules.

Article 25

The following matters shall be submitted to the Board for resolution in accordance with the Securities and Exchange Act. If independent directors express objections or reservations, they shall be recorded in the meeting minutes:

1. Establishment or amendment of internal control systems under Article 14-1 of the Securities and Exchange Act.
2. Procedures for major financial operations such as asset transactions, derivatives trading, loans, and guarantees under Article 36-1.
3. Matters involving directors' own interests.
4. Major asset or derivatives transactions.
5. Major loans or guarantees.
6. Public offerings, private placements, or issuance of equity-type securities.
7. Appointment or dismissal of certified public accountants and their remuneration.
8. Appointment or dismissal of financial, accounting, or internal audit officers.
9. Other material matters as specified by the competent authority.

Article 26

The responsibilities of independent directors shall be clearly defined, and appropriate resources shall be provided to ensure proper exercise of their duties. The Company and other directors shall not obstruct or evade their performance of duties.

Director compensation shall be determined in accordance with the law and reflect individual performance and long-term company results. Independent directors may be paid differently from regular directors, provided it is reasonable.

Section 3 – Functional Committees

Article 27

To strengthen oversight and management, the Board may establish functional committees such as Audit, Remuneration, Nomination, or Risk Management Committees, taking into account the Company's size, operations, and Board composition. Committees related to corporate social responsibility or sustainability may also be established and included in the Articles.

Functional committees shall report to the Board, except for the Audit Committee, which exercises supervisory powers independently under Article 14-4 of the Securities and Exchange Act.

Each committee shall have an organizational charter approved by the Board, detailing the number of members, term, duties, meeting rules, and required resources.

Article 28

The Company shall establish an Audit Committee composed entirely of independent directors, with at least three members. One shall serve as the convener, and at least one member shall have accounting or financial expertise.

The duties and operations of the Audit Committee shall comply with the Securities and Exchange Act, related regulations, and TWSE rules.

Article 28-1

The Company shall establish a Remuneration Committee, with a majority of members preferably being independent directors. The members' qualifications, responsibilities, and charter shall be in accordance with applicable regulations.

Article 28-2 (Nomination Committee)

The Company is encouraged to establish a Nomination Committee with an organizational charter. A majority of its members and the Chairperson should be independent directors.

Article 28-3 (Whistleblower System)

The Company is encouraged to set up internal and external whistleblower channels and establish a protection mechanism. The responsible unit shall be independent, encrypt files submitted by whistleblowers, restrict access, establish internal procedures, and incorporate them into the internal control system.

Article 29

To enhance financial reporting quality, the Company shall appoint a deputy accounting officer who shall receive the same annual training as the accounting officer to maintain professional competence.

Personnel responsible for preparing financial statements shall complete at least six hours of professional training annually, either through in-house programs or external courses.

The Company shall retain professional, responsible, and independent CPAs to regularly audit financial and internal control matters. Any deficiencies identified by CPAs shall be reviewed and improved. A communication mechanism shall be established among independent directors, the Audit Committee, and the CPAs, and procedures shall be incorporated into internal controls.

The Company shall assess the CPAs' independence and suitability at least once a year. If a CPA has served for seven consecutive years or has received disciplinary action, the Company shall assess whether replacement is necessary and report the findings to the Board.

Article 30

The Company is advised to retain professional and competent legal counsel to provide legal services, assist the Board and management, and ensure compliance. In the event of legal disputes involving directors or managers, the Company may appoint legal counsel as needed.

The Audit Committee or its members may, on behalf of the Company, retain lawyers, CPAs, or other professionals for necessary audits or consultations, and the Company shall bear the costs.

Section 4 – Board Meeting Rules and Decision-Making Procedures

Article 31

The Board of Directors shall convene at least once per quarter and may hold ad hoc meetings in case of emergencies. The meeting notice shall specify the agenda and be delivered to all directors at least seven days in advance along with sufficient meeting materials. If the materials are inadequate, directors may request supplemental information or a postponement of deliberation by Board resolution. The Company shall establish Board meeting rules of procedure in accordance with the "Regulations

Governing Procedure for Board of Directors Meetings of Public Companies", which shall cover main discussion items, operating procedures, meeting minutes, public disclosures, and compliance requirements.

Article 32

Directors shall maintain a high degree of self-discipline. If any proposal at a Board meeting involves a director's own interests or that of their represented legal person, the director shall disclose the material aspects of such interest. If such interest may harm the Company's interests, the director shall not participate in discussion or voting, and shall recuse themselves. They may not act as proxy for other directors in such cases. Items requiring director recusal shall be clearly stated in the Board meeting rules.

Article 33

Independent directors shall personally attend Board meetings involving matters specified under Article 14-3 of the Securities and Exchange Act and shall not appoint non-independent directors as proxies. If an independent director objects or expresses reservations, such opinions shall be included in the meeting minutes. If unable to attend in person, a written opinion must be provided in advance and recorded in the minutes unless there is a valid reason.

If any of the following apply to resolutions passed at the Board meeting, such resolutions must be disclosed on the Market Observation Post System within two hours after the trading session begins on the next business day:

1. Objections or reservations by independent directors are recorded or submitted in writing.
2. Resolutions passed without Audit Committee approval but with two-thirds or more of all directors in favor.

Depending on the agenda, relevant managers who are not Board members may be invited to report on company operations and respond to directors' inquiries. If necessary, CPAs, legal counsel, or other professionals may also be invited to assist in decision-making, but must leave the meeting during deliberation and voting.

Article 34

Board secretaries shall accurately record discussions, reports, decisions, voting methods, and outcomes for each agenda item.

Meeting minutes shall be signed or stamped by the chairperson and recorder, distributed to all directors within 20 days, and filed as important company records for permanent retention.

The production, distribution, and storage of minutes may be handled electronically.

The full proceedings of Board meetings shall be recorded or videotaped and retained for at least five years, including electronic storage.

If litigation involving Board resolutions arises before the end of the retention period, the relevant recordings shall be preserved and not destroyed.

For meetings conducted via video conferencing, audio and video records shall form part of the meeting minutes and be permanently preserved.

If Board resolutions violate the law, the Articles of Incorporation, or shareholders' resolutions and cause the Company harm, dissenting directors with recorded or written objections shall not be held liable.

Article 35

The following matters must be submitted to the Board for discussion:

1. Operational plans.
2. Annual and interim financial reports.
3. Establishment, amendment, and assessment of internal control systems under Article 14-1 of the Securities and Exchange Act.

4. Procedures for major financial matters (asset acquisitions or disposals, derivatives transactions, loans, guarantees) under Article 36-1.
5. Issuance of equity securities via public offering or private placement.
6. Performance evaluations and remuneration standards for managerial officers.
7. Directors' compensation structure and system.
8. Appointment or dismissal of financial, accounting, or internal audit officers.
9. Donations to related parties or significant donations to unrelated parties. However, donations of public welfare nature for emergency relief due to major natural disasters may be submitted to the board of directors for further approval.
10. Other matters required by law, the Articles of Incorporation, or competent authority.

Delegation of Board authority during recess periods shall specify the scope, level, and content of the delegation and may not be a blanket authorization.

Article 36 The Company shall clearly assign the Board of Directors' resolutions to the appropriate executive units or personnel, and require them to be implemented in accordance with the planned schedule and objectives, and at the same time, include them in the tracking and management process for the purpose of evaluating their implementation status.

The Board of Directors should fully grasp the progress of implementation and report at the next meeting so that the Board of Directors' business decisions can be implemented.

Section 5 – Fiduciary Duties and Responsibilities of Directors

Article 37 (Fiduciary Duty of Directors)

Board members shall faithfully perform their duties and exercise the care of a prudent manager. Except for matters required by law or the Articles of Incorporation to be resolved by the shareholders' meeting, directors shall implement the Board's resolutions with diligence and self-discipline.

The Company is encouraged to establish a performance evaluation system for the Board and individual directors. Annual self-evaluations or peer reviews shall be conducted, or external professional evaluations may be employed. The evaluation shall include the following dimensions, with appropriate indicators tailored to the Company's needs:

1. Participation in Company operations
2. Enhancing Board decision-making quality
3. Board composition and structure
4. Director selection and continued education
5. Internal controls

The content of the assessment of the performance of the members of the board (self or peers) should include the following aspects, and be appropriately adjusted taking into account the needs of the company:

1. Understanding of Company goals and missions
2. Awareness of director responsibilities
3. Participation in operations
4. Internal communication and relationships
5. Professional competence and training
6. Internal controls

The company should evaluate the performance of the functional committee. The evaluation should include the following aspects and be adjusted appropriately to consider the company's needs:

1. Participation in operations
2. Understanding of responsibilities
3. Enhancing decision-making quality
4. Committee composition and member selection
5. Internal controls

Evaluation results should be reported to the Board and serve as a reference for director compensation and re-nomination.

Article 37-1 (Succession Planning)

The Company is advised to establish a succession plan for management and have the Board periodically evaluate its development and implementation to ensure sustainability.

Article 37-2 (Intellectual Property Management)

The Board shall evaluate and oversee the Company's intellectual property strategy and performance through a "Plan-Do-Check-Act" cycle, covering:

1. Establishing IP policies aligned with operational strategies.
2. Implementing IP acquisition, protection, maintenance, and utilization systems based on company size and business model.
3. Allocating sufficient resources for effective IP management.
4. Identifying and responding to internal and external IP-related risks and opportunities.
5. Establishing mechanisms for continuous improvement and effectiveness.

Article 38

If a board resolution violates the law or the company's articles of association, and a shareholder who has continuously held shares for more than one year or an independent director requests the board to cease implementation of the resolution, the board members shall promptly and appropriately handle or cease implementation of the relevant resolution.

If a board member discovers that the company is in danger of suffering significant harm, they shall handle the matter in accordance with the preceding paragraph and immediately report to the audit committee or an independent director member of the audit committee.

Article 39

During their term, the Company shall purchase liability insurance for directors covering their statutory liability for duties performed, to reduce and spread the risk of losses caused by errors or negligence.

The Company shall report the insurance coverage, scope, and premiums to the most recent Board meeting upon initial purchase or renewal.

Article 40

Directors shall, upon assuming office or during their term, participate in training courses related to corporate governance, covering finance, risk management, operations, accounting, law, or corporate social responsibility, as provided by competent institutions. Employees at all levels shall also be encouraged to strengthen their professional and legal knowledge.

Chapter 4 – Respecting Stakeholders' Rights and Interests

Article 41 (Maintaining Communication and Protecting Rights of Stakeholders)

The Company shall maintain open communication channels with banks, creditors, employees, consumers, suppliers, local communities, and other stakeholders, and shall respect and safeguard their lawful rights.

A stakeholder section shall be established on the Company's website.

When the legitimate rights of stakeholders are infringed upon, the Company shall respond appropriately and handle the matter with integrity.

Article 42

For banks and other creditors, the Company shall provide sufficient information to facilitate their understanding of the Company's operations and financial status to support their judgment and decision-making.

When their legal rights are harmed, the Company shall respond positively and take responsibility, ensuring creditors have access to appropriate compensation channels.

Article 43

The Company shall establish communication channels for employees and encourage direct dialogue between employees and management or the Board. Employees shall be able to express their opinions on Company operations, financial status, and major decisions affecting their interests.

Article 44

While pursuing ongoing development and maximizing shareholder value, the Company shall remain attentive to consumer rights, environmental protection, public welfare, and corporate social responsibility.

Chapter 5 – Enhancing Information Transparency

Section 1 – Strengthening Information Disclosure

Article 45

Information disclosure is a critical responsibility of the Company. The Company shall faithfully comply with relevant laws and the regulations of the Taiwan Stock Exchange regarding disclosure obligations. The Company is encouraged to announce and file its annual financial reports within two months after the end of the fiscal year, and to disclose and file quarterly reports and monthly operating results in advance of legal deadlines.

The Company shall establish an online information reporting system, assign personnel to manage information collection and disclosure, and adopt a spokesperson system to ensure timely and accurate disclosure of information relevant to shareholders and stakeholders.

Article 46

To enhance the accuracy and timeliness of material disclosures, the Company shall appoint a spokesperson and at least one deputy spokesperson who are fully familiar with the Company's financial and operational affairs and are authorized to represent the Company externally.

The deputy spokesperson(s) shall be capable of assuming spokesperson duties independently and the order of succession shall be clearly defined to avoid confusion.

To implement the spokesperson system, the Company shall standardize external communication procedures and require management and employees to maintain the confidentiality of financial and operational information. No unauthorized disclosures shall be made.

If the spokesperson or deputy spokesperson changes, the Company shall promptly update the public information accordingly.

Article 47

The Company shall leverage the internet by establishing a website containing detailed and updated financial, operational, and corporate governance information for shareholders and stakeholders.

The website should also provide English versions of financial statements, corporate governance reports,

or other relevant information.

The website shall be maintained by designated personnel to ensure the accuracy and timeliness of information and avoid any misleading content.

Article 48

Investor conferences held by the Company shall comply with TWSE regulations and shall be recorded or videotaped.

Information disclosed during such conferences shall be reported via the Market Observation Post System and made available on the Company's website or other appropriate channels for public access

Section 2 – Disclosure of Corporate Governance Information

Article 49 (Disclosure of Corporate Governance Information)

In accordance with relevant laws and TWSE regulations, the Company shall disclose the following corporate governance information annually and keep it updated:

1. Board of Directors: Including members' resumes, powers and responsibilities, and implementation of board diversity policies.
2. Functional Committees: Including member backgrounds and responsibilities.
3. Corporate Governance Policies: Including the Articles of Incorporation, rules of procedure for board meetings, and organizational regulations for functional committees.
4. Other Key Governance Information: Including appointment of the Corporate Governance Officer and related disclosures.

Chapter 6 – Supplementary Provisions

Article 50

The Company shall remain attentive to the development of domestic and international corporate governance practices and use them as reference for reviewing and improving its own corporate governance system to enhance governance effectiveness.

Article 51

These Principles shall take effect upon approval by the Board of Directors and shall be submitted to the shareholders' meeting. Amendments shall follow the same procedure.

Article 52

These Principles were established on February 18, 2019.

The 1st amendment was made on December 18, 2020.

The 2nd amendment was made on February 25, 2022.

Appendix 4. OPERATIONAL PROCEDURES FOR THE ACQUISITION OR DISPOSAL OF ASSETS (BEFORE AMENDMENT)

Section I Objective

Article 1

The Company shall handle the acquisition or disposal of assets in compliance with these Procedures; provided. With regard to matters not provided in these procedures, the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” (so called The Regulations hereafter) and relevant laws and regulations shall apply.

Section II The Scope of Assets

Article 2

The scope of application of the assets referred to in these operating procedures is as follows:

1. Investments in securities such as stocks, bonds, corporate bonds, financial debentures, mutual funds, depository receipts, warrants, beneficiary securities, and asset-based securities.
2. Real property (including land, houses and buildings and investment property) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Right-of-use assets.
6. Debts of financial institutions (including accounts receivable, discounts on foreign exchange purchases, loans, and collections).
7. Derivatives.
8. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
9. Other major assets.

Section III Appraisal Procedures

Article 3

In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 4

When the Company acquires or disposes of securities, it shall obtain the most recent financial statements of the target company, which have been audited or reviewed by a certified public accountant, before the transaction date as a reference for evaluating the transaction price.

In addition, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall consult a certified public accountant for an opinion on the reasonableness of the transaction price before the transaction date.

However, this does not apply to securities with active market quotes or where otherwise stipulated by the Financial Supervisory Commission (FSC).

Article 5

Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.

Article 6

The calculation of the transaction amounts referred to in the preceding three articles shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property or right-of-use assets thereof within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 7

Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Section IV Operating Procedures

Article 8

Except as otherwise provided, the Company's operating procedures and approval authority for the acquisition or disposal of assets are as follows:

1. The acquisition or disposal of the following assets shall be approved by the Audit Committee and sent to the Board of Directors for resolution before being allowed:
 - A. Acquisition or disposal of real estate where the amount exceeds NT\$50 million.
 - B. Acquisition or disposal of right-of-use assets related to real estate where the amount exceeds NT\$30 million.
 - C. Acquisition or disposal of equity-method investment securities where the amount exceeds NT\$50 million.
 - D. Acquisition or disposal of leasehold improvements, equipment, or their right-of-use assets where the amount exceeds NT\$50 million.

- E. Acquisition or disposal of financial instruments where the amount exceeds NT\$50 million.
 - F. Acquisition or disposal of intangible assets where the amount exceeds NT\$10 million.
- For acquisitions or disposals of real estate and equity-method investment securities, the transaction shall still be reported to the next board meeting after execution.
- 2. The following matters shall be considered by the Audit Committee and agreed upon by more than two-thirds of the directors present at the meeting of the Board of Directors of the Company and more than two-thirds of the directors present at the meeting of the Board of Directors:
 - A. Mergers and acquisitions with other domestic or foreign companies as defined in the Mergers and Acquisitions Act.
 - B. Capital expenditures of NT\$100 million or more.
 - 3. The acquisition or disposal of financial instruments with an amount not exceeding NT\$50 million may be authorized by the chairman of the board of directors, but must be reported to the most recent board of directors' meeting.
 - 4. In principle, the Company does not acquire or dispose of membership certificates, debentures of financial institutions, or derivatives. In the event that the Company wishes to engage in such transactions in the future, the Company will formulate a schedule of authorization and submit it to the Audit Committee and the Board of Directors for approval before executing such transactions.
 - 5. The following transactions between the Company and its parent company, subsidiaries, or subsidiaries directly or indirectly owning 100% of the outstanding shares or capital stock may be approved by the chairman of the board of directors within the limit of NT\$50 million, and then reported to the most recent board of directors' meeting for ratification:
 - A. Acquisition or disposal of equipment or assets for use in business.
 - B. Acquisition or disposal of real estate license assets for use in business.
 - 6. Implementation unit
Except for the acquisition and disposal of marketable securities and derivative financial instruments, which are carried out by the Financial Management Service, the acquisition and disposal of other assets are recognized by the Company's division of authority and responsibility.
 - 7. The calculation of the relevant amount under this Article shall be in accordance with the provisions of Article 6.
 - 8. Where the provisions of paragraphs 1 and 2 of this Article shall be submitted to the Audit Committee for deliberation and resolution by the Board of Directors, if not approved by at least one-half of all members of the Audit Committee, such action shall be taken with the approval of at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meetings.

Section V Related Party Transactions

Article 9

The acquisition or disposal of assets by the Company and its related parties shall be handled in accordance with the relevant provisions of these Operating Procedures and shall comply with the handling criteria established by the competent authorities or relevant laws and regulations.

Article 9-1

The Company shall acquire or dispose of assets as a result of a corporate merger, demerger, acquisition, or transfer of shares in accordance with the relevant provisions of these Operating Procedures, and in addition, shall comply with the handling criteria established by the competent authorities or relevant laws and regulations.

Article 10 (deleted)

Article 11 (deleted)

Article 12 (deleted)

Article 13 (deleted)

Section VI Procedures of Public Announcement and Regulatory Filing

Article 14

When the Company acquires or disposes of assets that, according to regulations, must be reported to or publicly announced with the competent authority, it shall comply with the relevant provisions of these Procedures as well as the Regulations and other applicable laws and regulations.

All matters that are required to be publicly announced by the Company shall be handled in accordance with the Regulations or other applicable laws and regulations prescribed by the securities competent authority.

Article 15 (deleted)

Article 16

A subsidiary of the Company that is not a domestic public company and that acquires or disposes of assets in a manner that is required to be announced and reported by the Company shall do so.

The announcement reporting standard of the former subsidiaries applicable to the treatment standard is based on the Company's paid-in capital or total assets.

Section VII Limits on Investment

Article 17

For the Company and its subsidiaries in which the Company directly or indirectly holds 100% of issued shares, the investment limits are as follows:

1. The total amount for the acquisition of real estate not for business use and its right-of-use assets shall not exceed 10% of the Company's paid-in capital.
2. The total investment in securities shall not exceed 200% of the Company's paid-in capital.
3. The amount of any individual investment in securities shall not exceed 50% of the Company's paid-in capital.

Article 18

For subsidiaries that are **not** 100% directly or indirectly owned by the Company, the investment limits are as follows:

1. The total amount for the acquisition of real estate not for business use and its right-of-use assets shall not exceed 5% of the Company's paid-in capital.
2. The total investment in securities shall not exceed 100% of the Company's paid-in capital.
3. The amount of any individual investment in securities shall not exceed 50% of the Company's paid-in capital.

Section VIII Control Procedures for the Acquisition and Disposal of Assets by Subsidiaries

Article 19

Where the subsidiaries of the Company not stimulating procedures for acquisition and disposal of assets, the conduct shall be regulated in compliance with these Procedures for the acquisition and disposal of assets.

Article 20

The subsidiaries of the Company shall periodically provide with relevant reference in relation to the acquisition and disposal of assets to the Company for its records.

Section IX Penalties for Violating these Regulations

Article 21

Relevant personnel of the Company shall follow the provisions of these Procedures when handling matters related to the acquisition or disposal of assets, so as to protect the Company from losses caused by misconduct. If there is any violation of relevant laws and regulations or the provisions of this

Procedure, the penalties shall be handled in accordance with the relevant personnel regulations of the company.

Section X Other Important Matters

Article 22

In addition to complying with these Procedures, the Company shall separately establish operational procedures in accordance with the Regulations before engaging in derivative transactions.

Article 23

If the Company does not intend to engage in derivative transactions, it may be exempt from establishing operational procedures for such transactions upon approval by the Board of Directors.

However, if the Company later intends to engage in derivative transactions, it shall first follow the provisions of the preceding Article and these Procedures before doing so.

Article 24

The date of occurrence of the event referred to in these Procedure means date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the board of directors, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier; however, for any investment requiring the approval of the competent authority, the earliest of the above dates or the date of receipt of approval by the competent authority shall apply.

Article 25

(Deleted).

Section XI Appendix

Article 26

The stipulation and amendment of these Procedure shall be conducted subject to the consent of one-half or more of the entire membership of the audit committee and be submitted to the board of directors for approval.

If a matter set out in the preceding subparagraphs has not been consented to by one-half or more of the entire membership of the audit committee, it may be adopted with the consent of two-thirds or more of the entire board of directors, and the resolution by the audit committee shall be recorded in the meeting minutes in the board of directors.

Article 27

These regulations were established on June 29, 2020.

The 1st amendment was made on May 29, 2023.

The 2nd amendment was made on May 30, 2024.

Appendix 5. RULES FOR ELECTION OF DIRECTORS (BEFORE AMENDMENT)

Article 1

To ensure fairness, justice, and transparency in the election of directors, these Regulations are formulated in accordance with Article 21 of the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.”

Article 2

Unless otherwise provided by laws or the Articles of Incorporation, the election of directors of the Company shall be conducted in accordance with these Regulations.

Article 3

The election of the Company's directors shall consider the overall configuration of the Board. The composition of the Board should embrace diversity, and a suitable diversity policy should be formulated in consideration of the Company's operations, business model, and development needs. The diversity policy should include, but not be limited to, the following two main criteria:

1. Basic Conditions and Values: Gender, age, nationality, and culture.
2. Professional Knowledge and Skills: Professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

All members of the Board should generally possess the knowledge, skills, and competencies necessary for performing their duties. The overall Board should have the following abilities:

1. Operational judgment
2. Accounting and financial analysis
3. Management capabilities
4. Crisis management
5. Industry knowledge
6. International market perspective
7. Leadership
8. Decision-making

More than half of the Board members must not be related to each other as spouses or within the second degree of kinship.

The Board shall consider the results of performance evaluations when adjusting its composition.

Article 4

The qualifications and election of independent directors shall comply with the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and be in accordance with Article 24 of the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.”

Article 5

The election of the Company's directors shall follow the candidate nomination system stipulated in Article 192-1 of the Company Act.

If a director is dismissed and the total number falls below five, a by-election shall be held at the next shareholders' meeting. If the number of vacancies reaches one-third of the total seats stipulated in the Articles of Incorporation, a special shareholders' meeting shall be convened within 60 days from the date the fact occurred for a by-election.

If the number of independent directors falls below that required under the proviso of Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held at the next shareholders' meeting; if

all independent directors are dismissed, a special shareholders' meeting must be convened within 60 days from the date the fact occurred.

Article 6

The election of the Company's directors shall adopt a cumulative voting system. Each share shall have voting rights equal to the number of directors to be elected. A shareholder may cast all votes for a single candidate or distribute them among several candidates.

Article 7

The Board shall prepare ballots equal in number to the director seats to be elected, indicating the voting power on each, and distribute them to shareholders present at the shareholders' meeting. Voters may use their attendance certificate number as an identifier on the ballots.

Article 8

The number of directors (independent and non-independent) shall be elected separately as stipulated in the Articles of Incorporation. Those receiving the most voting rights shall be elected in descending order. If two or more candidates receive the same number of votes and exceed the set quota, the winners shall be determined by drawing lots. If a tied candidate is absent, the chairperson shall draw on their behalf.

Article 9

Before the election begins, the chairperson shall designate a certain number of scrutineers and ballot counters, who must be shareholders, to perform relevant duties. Ballot boxes prepared by the Board must be examined publicly by the scrutineers before voting begins.

Article 10

Ballots shall be deemed invalid under any of the following circumstances:

1. The ballot was not prepared by the convener of the shareholders' meeting.
2. A blank ballot was cast.
3. The writing is illegible or altered.
4. The candidate's name does not match the candidate list.
5. Any additional text other than vote distribution is written on the ballot.

Article 11

Votes shall be counted immediately after voting, and the results, including the list of elected directors and their respective vote counts, shall be announced on-site by the chairperson.

The ballots for the election shall be sealed and signed by the scrutineers and properly stored for at least one year. If shareholders initiate a lawsuit under Article 189 of the Company Act, they must be kept until the lawsuit is concluded.

Article 12

These Regulations shall be implemented after approval by the shareholders' meeting. The same applies to any amendments.

These regulations were established on July 31, 2018.

The 1st amendment was made on May 24, 2019.

The 2nd amendment was made on June 29, 2020.

The 3rd amendment was made on July 7, 2021.

Appendix 6. STATUS OF OWNERSHIP BY ALL DIRECTORS

1. The paid-in capital of the Company is NT\$675,000,000, and number of stocks been issued is 67,500,000 shares.
2. In compliance with regulations in article 26 of the Securities Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the least holding legal shares by the entire directors is 5,400,000 shares.
3. Up to as of March 29, 2023 at the time when the share transfer registration is suspended, the total number of shares held by entire directors are as below list:

Title	Name	Holding Shares
Chairman	Mercuries & Associates Holding, Ltd. Representative: Shiang-Feng Chen	41,018,951
Director	Mercuries & Associates Holding, Ltd. Representative: Shiang-Li Chen	41,018,951
Director	Mercuries & Associates Holding, Ltd. Representative: Wei-Chyun Wong	41,018,951
Director	Mercuries & Associates Holding, Ltd. Representative: Kuang-Lung Chiu	41,018,951
Independent Director	Tsay-Lin Lin	0
Independent Director	Meng-Lin Tsai	0
Independent Director	Ming-Jye Huang	0
Total number of shares held by entire directors, excluding independent directors		41,018,951

Note: The Company has set up an Audit and Risk Management Committee, so the provisions on the minimum percentage requirements for the shareholding of supervisors shall be excluded.

Appendix 7. COMMENT ON PROPOSAL HANDLING OF REGULAR SHAREHOLDERS MEETING

1. According to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion in writing at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal and limited to not more than three hundred (300) words, including proposal objective, explanation and punctuation marks.
2. The period of receiving proposals by the shareholders for this shareholders' meeting is from March 21 until March 31, 2025, and such information has been published in MOPS in compliance with laws.
3. During the period of receiving proposals in the preceding paragraph, no shareholder holding one percent (1%) or more of the total number of outstanding shares of a company proposes to the Company a proposal.