

Stock Code : 2945

Simple Mart Retail Co., Ltd.

Annual Report 2024



美廉綠動

綠動不停，心球永續

Printed on March 31, 2025

Annual Report Website:

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw/mops/#/web/home>

Company Website: <https://www.simplemartretail.com/>

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

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I. Message to shareholders

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%
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

II. Corporate Governance Report

1. Information on Directors, General Managers and Major Shareholders of Institutional Shareholders

(1) Board Members :

A. Information Regarding Board Members

As of March 31, 2025 ; Unit: Share

Title	Nationality or place of registration	Name	Gender Age	Date elected / appointed	Terms	Date first elected	Shares held when elected		Shares currently held		Shares currently held by spouse and minors		Shares held by third parties		Education and experience	Concurrent positions at Simple Mart and other companies	Other officers, directors, or supervisors of the company who is a spouse or a relative within the second degree of kinship under the Civil Code			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	Representative of Mercuries & Associates Holding, Ltd.	-	2022.05.25	3 Years	2013.01.15	41,018,951	60.76	41,018,951	60.76	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Shiang-Feng Chen	Male 51~60	2022.05.25	3 Years	2013.01.15	-	-	-	-	-	-	-	-	Note1	Note1	Director	Shiang-Li Chen	Brothers	-
Director	ROC	Representative of Mercuries & Associates Holding, Ltd.	-	2022.05.25	3 Years	2013.01.15	41,018,951	60.76	41,018,951	60.76	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Shiang-Li Chen	Male 51~60	2022.05.25	3 Years	2013.01.15	-	-	-	-	-	-	-	-	Note1	Note1	Chairman	Shiang-Feng Chen	Brothers	-
Director	ROC	Representative of Mercuries & Associates Holding, Ltd.	-	2022.05.25	3 Years	2013.01.15	41,018,951	60.76	41,018,951	60.76	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Wei-Chyun Wong	Male 61~70	2022.05.25	3 Years	2019.01.18	-	-	-	-	-	-	-	-	Note1	Note1	-	-	-	-
Director	ROC	Representative of Mercuries & Associates Holding, Ltd.	-	2022.05.25	3 Years	2013.01.15	41,018,951	60.76	41,018,951	60.76	-	-	-	-	-	-	-	-	-	-
	ROC	Representative: Kuang-Lung Chiu	Male 51~60	2022.05.25	3 Years	2013.01.15	1,667,363	2.47	1,667,363	2.47	5,000	0.01	-	-	Note1	Note1	-	-	-	-
Independent Director	ROC	Tsay-Lin Lin	Male 61~70	2022.05.25	3 Years	2019.01.18	-	-	-	-	-	-	-	-	Note1	Note1	-	-	-	-
Independent Director	ROC	Meng-Lin Tsai	Male 51~60	2022.05.25	3 Years	2020.06.29	-	-	-	-	-	-	-	-	Note1	Note1	-	-	-	-
Independent Director	ROC	Ming-Jye Huang	Male 61~70	2022.05.25	3 Years	2021.01.15	-	-	-	-	-	-	-	-	Note1	Note1	-	-	-	-

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 responsibilities, risks, time commitment, etc.: The Company's "Regulations Governing the Evaluation of the Performance of Directors, Functional Committees, and Managers, and Salary and Compensation" stipulate that independent directors shall be paid on the basis of the total remuneration at a level competitive with the market, and that independent directors shall be paid without any participation in the distribution of the remuneration. The Company determines the remuneration 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 other companies.

2. In addition to the above table, the remuneration received by the directors of the Company for services rendered (e.g., acting as consultants to the parent company/all the companies in the financial statements/transferred investment businesses that are not employees, etc.) in the most recent year: None.

Note 1 : A table showing the Directors' major experience and current positions with the Company and other companies is set out in the attached table on the next page.

Note 2 : If the chairman of the board of directors and the president or equivalent (top manager) are the same person, or are each other's spouse or first-degree relatives, the reasons, reasonableness, necessity, and related information on countermeasures should be stated: Not applicable.

Note 3 : The corporate director Sumitomo Corporation transferred more than half of the number of company shares it held at the time of its appointment on March 26, 2024, and its directorship was automatically terminated in accordance with the law.

Schedule: Major experience (Education) of Directors and current positions held by the Company and other companies

Title	Name	Education & Selected Past Positions	Concurrent positions currently served as at the Company and other companies
Chairman	Shiang-Feng Chen	Master, Science & Engineering, Cornell University	<p><u>Chairman:</u> Mercuries & Associates, Ltd., Mercuries F&B Co., Ltd., Mercuries Furniture Co., Ltd., M.T.I. CIGARS Co., Ltd., Simple Mart Plus Co., Ltd., Mercuries Liquor & Food Co., Ltd., Mercuries F&B Consulting Co., Ltd., Mercuries Harvest Co., Ltd., Sanor Co., Ltd., Shang Rih Co., Ltd., Simple Mart Investment Co., Ltd.</p> <p><u>Directors:</u> Mercuries General Media Inc., Mercuries Leisure Co., Ltd. Shang Hong Investment Co., Ltd., Mercuries & Associates Holding, Ltd.</p> <p><u>Independent Director:</u> Silicon Motion Technology Corporation</p> <p><u>General Manager:</u> Mercuries F&B Co., Ltd.</p>
Director	Shiang-Li Chen	Master, Business Administration, Georgetown University General Manager, Mercuries & Associates Holding Ltd.	<p><u>Chairman:</u> Mercuries & Associates Holding, Ltd., Mercuries General Media Inc., Mercuries Leisure Co., Ltd., Shang Hong Investment Co., Ltd.,</p> <p><u>Director:</u> Mercuries Life Insurance Co., Ltd., Mercuries Data Systems Ltd., SCI Pharmtech, Inc., Mercuries & Associates, Ltd., Mercuries Liquor & Food Co., Ltd., Shang Lin Investment Co., Ltd., Simple Mart Plus Co., Ltd., Mercuries F&B Co., Ltd., Simple Mart Investment Co., Ltd.</p> <p><u>General Manager :</u> Mercuries & Associates Holding, Ltd.</p>
Director	Wei-Chyun Wong	Ph.D., Chemistry, University of Pennsylvania General Manager, SCI Pharmtech, Inc.	<p><u>Chairman:</u> SCI Pharmtech, Inc., Yushan Pharmaceuticals, Inc.</p> <p><u>Director:</u> Mercuries & Associates Holding, Ltd., Shu Ren Investment Co., Ltd., Shu Feng Investment Co., Ltd., Shu Zone Co., Mercuries F&B Co., Ltd., Framosa Co., Ltd., Mercuries Life Insurance Co., Ltd., Energenesis Biomedical Co., Ltd.</p> <p><u>General Manager :</u> Yushan Pharmaceuticals, Inc.</p>
Director	Kuang-Lung Chiu	National Taipei College of Business Deputy Procurement Vice General Manager, RT-MART International Ltd.	<p><u>Chairman:</u> Sanyou Drugstores Ltd., Pet Wonderland Co., Ltd.</p> <p><u>Director:</u> CMG International One Co. Ltd., CMG International Two Co., Ltd., TriHealth Enterprise Co., Ltd. (representative)</p> <p><u>General Manager:</u> Simple Mart Retail Co., Ltd., Simple Mart Plus Co., Ltd., Simple Mart Investment Co., Ltd.</p>
Independent Director	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 Co., Ltd. (WPG Holdings)	<p><u>Director:</u> WPG Holdings Limited, FantasyStory Inc., H Bank Biopharma Corp., H Bank Technology Inc., M2 Communication Inc.</p>
Independent Director	Meng-Lin Tsai	Bachelor, Business Admin. - University of California, Riverside	<p><u>Chairman:</u> OP NanoPharma Co., Ltd., TECN Investment Co., Ltd.</p> <p><u>Director:</u> Orient Europharma Co., Ltd., Orient Pharma Co., Ltd., Babecare Co., Ltd., AnnJi Pharmaceutical Co., Ltd., Aska Investment Co., Ltd., Taiwan Excelsior Co., Ltd., Pharmacyplus co., Ltd.</p> <p><u>General Manager:</u> Orient Europharma Co., Ltd.</p> <p><u>Supervisor :</u>Karihome Co., Ltd.</p>
Independent Director	Ming-Jye Huang	LL.D., Hitotsubashi University Master, Laws, Hitotsubashi University Bachelor, Laws, National Taiwan University	<p><u>Director :</u> United Biomedical, Inc. (ASIA), Taiwan Competition Law Society</p> <p><u>Supervisor:</u> Patent Search Center</p>

B. Major Shareholders of Corporate Shareholders

Name of the corporate shareholders	Major shareholders of the corporate shareholders (Shareholding percentage)
Mercuries & Associates Holding, Ltd. (As of February 28, 2025)	(1) Shanglin Investment Co., Ltd. (18.07%) (2) Shuren Investment Co., Ltd. (12.93%) (3) Mega Prosper Investment Limited (9.98%) (4) Shanghong Investment Co., Ltd. (4.77%) (5) Shufeng Investment Co., Ltd. (4.98%) (6) Mercuries Liquor & Food Co., Ltd. (4.18%) (7) Shiang-Li Chen (2.26%) (8) Pension fund management committee of Mercuries & Associates, Ltd. (1.86%) (9) Chau-Shi Wong (1.77%) (10) Shiang-Chung Chen (1.60%)

C. Major shareholders if the aforementioned major shareholders are legal persons:

Name of the corporate shareholders	Major shareholders of the corporate shareholders
Shanglin Investment Co., Ltd. (As of February 28, 2025)	Shiang-Li Chen (31.41%), Shiang-Chieh Chen (17.67%), Shiang-Feng Chen (17.67%), Chang-Hui Hsu (6.37%), Shiang-Chung Chen (13.54%), Shanghong Investment Co., Ltd. (8.21%), Te-Pin Wang (5.13%)
Shuren Investment Co., Ltd. (As of February 28, 2025)	Wei-Chyun Wong (27.89%), Tsui-Chun Wong (24.70%), Shufeng Investment Co., Ltd (15.39%), Chau-Shi Wong (14.39%), I-Hsuan Wong (17.55%), Chun-Hui Yang (0.06%), Hsueh-Hui Yang (0.02%)
Mega Prosper Investment Limited (As of February 28, 2025)	Mega Prosper International Limited (100%)
Shanghong Investment Co., Ltd. (As of February 28, 2025)	Shanglin Investment Co., Ltd. (32.61%), Shiang-Li Chen (21.74%), Shiang-Chieh Chen (13.48%), Shiang-Feng Chen (13.48%), Shiang-Chung Chen (9.56%), Chang-Hui Hsu (5.22%), Te-Pin Wang (3.91%)
Shufeng Investment Co., Ltd. (As of February 28, 2025)	Shuren Investment Co., Ltd. (67.95%), Chau-Shi Wong (14.62%), Wei-Chyun Wong (8.20%), Tsui-Chun Wong (8.20%), Chun-Hui Yang (0.46%), Hsueh-Hui Yang (0.26%), I-Hsuan Wong (0.26%), Shiang-Feng Chen (0.05%)
Mercuries Liquor & Food Co., Ltd. (As of February 28, 2025)	Mercuries & Associates Holding, Ltd. (100%)

D. Directors' Professional Qualifications and Independent Directors' Independence Status :

Criteria Name	Qualifications and Experience (Note 1)	Independence Status (Note 2)	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director
Chairman Shiang-Feng Chen	Possessing over five years of work experience in business and corporate operations, in addition to serving as the chairman of the Company, also holds the position of chairman in related other enterprises.	Non-independent director, not applicable	0
Director Shiang-Li Chen	Possessing over five years of work experience in business and corporate operations, in addition to serving as the director of the Company, also holds the position of chairman in Mercuries & Associates Holding and related other enterprises.	Non-independent director, not applicable	0
Director Wei-Chyun Wong	Possessing over five years of work experience in business and corporate operations, in addition to serving as the director of the Company, also holds the position of chairman in SCI Pharmtech, Inc.	Non-independent director, not applicable	0
Director Kuang-Lung Chiu	Possessing over five years of work experience in business and corporate operations, previously served as the Deputy General Manager of Procurement at RT-MART International Ltd., and currently holds the position of General Manager in the Company.	Non-independent director, not applicable	0
Independent Director Tsay-Lin Lin	Possessing over five years of work experience in business and corporate operations, previously served as the General Manager/Vice Chairman of World Peace Industrial Co., Ltd. and as the Chairman of Shih-Yo Investment Co., Ltd. (WPG Holdings). Currently, in addition to serving as an independent director of the Company, also serves as a director of WPG Holdings Ltd.	The three independent directors in the left column met the qualification requirements set forth by the Financial Supervisory Commission's " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies " and Article 14-2 of the Securities and Exchange Act during the two years prior to their appointment and throughout their tenure. The independent directors have also been granted the power to fully participate in decision-making and express their opinions in accordance with Article 14-3 of the Securities and Exchange Act, and have thus executed their related duties independently.	0
Independent Director Meng-Lin Tsai	Possessing over five years of work experience in business and corporate operations, obtained the U.S. CPA license in 2007 and previously worked in the Audit Department at Deloitte & Touche. Currently, in addition to serving as an independent director of the Company, also holds positions as a director and general manager at Orient Europharma Co., Ltd. and as chairman and legal representative at OP NanoPharma Co., Ltd.		0
Independent Director Ming-Jye Huang	Possessing experience in law and business, with a relevant degree from a public or private university, as a lecturer or above. Graduated with a Doctor of Law from Hitotsubashi University. Currently serving as an independent director of the Company, as well as a distinguished professor at the College of Law of National Taiwan University, a review committee for TPEx Listed Securities of Taipei Exchange, and a director and head of the academic committee for the Taiwan Competition Law Association.		0

Note 1 : None of the directors have been subject to the provisions of Article 30 of the Company Act as of the printing date.

E. Diversity and Independence of the Board of Directors

a. Diversity of the Board of Directors

- (a). According to Article 20 of the Company's corporate governance best practices, the composition of the Board of Directors should take into account diversity. Except for directors who also serve as company executives, they should not exceed one-third of the total number of directors. The board should develop appropriate diversity policies based on its own operations, business model, and development needs, which should include but not be limited to the following two aspects:

- i. Background and value: Gender, age, nationality, culture etc.
- ii. Knowledge and skills: Career background (e.g., law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.

Details of the management objectives and achievements of the Company's diversity policy are as follows:

objective	Achievement Status
3 independent directors	Achieved
Not exceed one-third of the number of directors who also serve as managers of the Company	Achieved
Gender, age, nationality and cultural diversity	The company currently has seven directors ranging in age from 50 to 70. As of the publication date, the company does not have any female directors. The term of office of the current directors will expire on May 24, 2025. According to Article 195 of the Company Act, their term of office shall be extended until the newly elected directors assume office. The company intends to re-elect directors at the most recent general meeting of shareholders, and has nominated two female directors at the board meeting on February 21, 2025, whose ages range from 30 to 40, in order to promote diversity in the gender and age composition of the board of directors.
At least one independent director with expertise in law, finance and accounting, and industry experience	Achieved. Three independent directors have expertise in law (Mr. Ming-Jye Huang, independent director), finance and accounting (Mr. Meng-Lin Tsai, independent director), and industry experience (Mr. Tsay-Lin Lin, independent director and Mr. Meng-Lin Tsai, independent director).

In addition to the fact that all of our directors have extensive experience in the retail industry, when nominating independent director candidates for each election, we consider the need for expertise in law, accounting, and the channel industry, which will have a positive and enhancing effect on the company's corporate governance and business development.

- (b). For information on the diversity of the Company's Board of Directors, please refer to the attachment on the next page, and disclosure on the Company's website.

b. Board Independence:

As of the date of publication, the company has a total of 7 directors, of which 1 director is also an employee, accounting for 14% of the board members; 3 independent directors, accounting for 43% of the board members. The independent directors are all independent in accordance with Articles 3 and 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. and none of the independent directors are related to any director by marriage or within the second degree of kinship. The board of directors of the company is independent. Please refer to page 7 of this annual report for the professional qualifications of the directors and the disclosure of information on the independence of the independent directors. For the education, gender, and work experience of each director, please refer to the director information on pages 3 to 4 of this annual report.

Attachment 1 : Diversified Core Competency of the members of the Board

Diversity Item Name	Basic composition								Industry experience			Expertise						
	Nationality	Gender	Concurrent employment position	Age		Terms and years as independent director			Retail	Logistics	Business judgment	Financial & accounting	Law	Management	Crisis management	International perspective	Leadership	Decision making
				35-50	51-70	under 3 years	3-9 years	More than 9 years										
Shiang-Feng Chen	ROC	Male			✓				✓	✓	✓			✓	✓	✓	✓	✓
Shiang-Li Chen	ROC	Male			✓				✓	✓	✓	✓		✓	✓	✓	✓	✓
Wei-Chyun Wong	ROC	Male			✓				✓		✓			✓	✓	✓	✓	✓
Kuang-Lung Chiu	ROC	Male	✓		✓				✓	✓	✓	✓		✓	✓	✓	✓	✓
Tsay-Lin Lin	ROC	Male			✓		✓		✓	✓	✓			✓	✓	✓	✓	✓
Meng-Lin Tsai	ROC	Male			✓		✓		✓	✓	✓	✓		✓	✓	✓	✓	✓
Ming-Jye Huang	ROC	Male			✓		✓				✓		✓	✓	✓	✓	✓	✓

(2) General Managers, assistant general managers, deputy assistant general managers, and the supervisors of all the Company's divisions and branch units.

As of March 31, 2025 ; Unit: Share

Title	Nationality or place of registration	Name	Gender	Date elected / appointed	Shares currently held		Shares currently held by spouse and minors		Shares held by third parties		Education and experience	Concurrent positions at Simple Mart and other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation -ship	
GM	ROC	Kuang-Lung Chiu	Male	2006.03.24	1,667,363	2.47%	5,000	0.01%	-	-	Note 1	Note 1	-	-	-	NA
VP	ROC	Chung-Ping Hsieh	Male	2013.04.01	141,699	0.21%	-	-	-	-		-	-	-	-	-
CFO	ROC	Yen-Hsiu Liu	Female	2017.12.08	58,289	0.09%	-	-	-	-		Note 1	-	-	-	-
CHO	ROC	Hui-Lan Su	Female	2019.06.19	50,000	0.07%	-	-	-	-		-	-	-	-	-
CIO	ROC	Te-Cheng Meng	Male	2019.11.21	50,000	0.07%	-	-	-	-		-	-	-	-	-
COO	ROC	Su-Hui Lien	Female	2021.05.03	35,000	0.05%	-	-	-	-		-	-	-	-	-
CAO	ROC	Nien-Meng Yu	Male	2022.01.01	20,000	0.03%	-	-	-	-		-	-	-	-	-
CMO	ROC	Nian-Qing Ye (Note 3)	Female	2024.08.02	3,000	0.01%	-	-	-	-		-	-	-	-	-
Manager	ROC	Yi-Hsiang Chiu (Note 3)	Male	2025.03.03	-	-	-	-	-	-		-	-	-	-	-

Note 1: Please refer to the attached table on the next page for details on the educational background and current positions held by the general manager, deputy general manager, assistant manager, department and branch heads, as well as other affiliated companies.

Note 2: Disclosure of the reasons, reasonableness, necessity, and measures to respond to the circumstances where the general manager or equivalent (top manager) and the chairman of the board are the same person, spouses, or relatives within the first degree of kinship: Not applicable.

Note 3: Nian-Qing Ye was newly appointed on August 2, 2024, and Yi-Hsiang Chiu was newly appointed on March 3, 2025.

Note 4: Yosuke Nagira resigned as an assistant manager on April 17, 2024, and Kuan-Yu Lu resigned as an assistant manager on January 31, 2025.

Attachment: Information on the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the Company's divisions and branch units

Title	Name	Major academic and career achievements	Positions at the Company and other companies
GM	Kuang-Lung Chiu	Graduated, National Taipei College of Business Deputy Procurement Vice General Manager, RT-MART International Ltd.	<u>Chairman:</u> Sanyou Drugstores Ltd., Pet Wonderland Co., Ltd. <u>Director:</u> Simple Mart Plus Co., Ltd., Simple Mart Investment Co., Ltd., International One Co., Ltd., International Two Co., Ltd., TriHealth Enterprise Co., Ltd.
Supply Chain Division VP	Chung-Ping Hsieh	Bachelor, Department Agricultural Marketing, Chung Hsing University Director of Merchandise Department, Presicarre Corporation	<u>Chairman:</u> Pet Wonderland Co., LTD.
Financial Management Division CFO	Yen-Hsiu Liu	Master of Accounting, National Chengchi University Project Manager, MiTAC International Corporation Assistant Manager, Audit Department, Deloitte & Touche	<u>Supervisor:</u> Sanyou Drugstores Ltd., Pet Wonderland Co., Ltd., Simple Mart Investment Co., Ltd.
Human Resource Division CHO	Hui-Lan Su	Shih Chien College of Home Economics Manager, Human Resource Department, Hong Kong Giordano	-
Information Technology Division CIO	Te-Cheng Meng	Master of Accounting, National Taiwan University SAP Consultant, EY Advisory Services Inc.	-
Operation Division COO	Su-Hui Lien	Department of Integrated Business, Neng Ren Home Economic and Commercial Vocational High School Senior Director of Business Operations, Wellcome Taiwan Co., Ltd.	-
Administration Division CAO	Nien-Meng Yu	Master of Business Administration, Carnegie Mellon University CFO, Wellcome Taiwan Co., Ltd.	-
Digital Marketing Division CMO	Nian-Qing Ye	Department of International Business, I-Shou University Merchandising Director, RT-Mart International Ltd.	<u>Director:</u> Pet Wonderland Co., Ltd.
Audit Office Manager	Yi-Hsiang Chiu	Master's Degree in Accounting, Tamkang University Audit Manager, Nobel Opto-Electronics Co., Ltd.	-

2. Remuneration paid to directors, supervisors, general managers, and assistant general managers

(1) Remuneration to directors (including independent director)

As of December 31, 2024 ; Unit: Thousand NT\$

Title	Name	Director's remuneration								(A+B+C+D) as a % of net income		Employee remuneration for other activities								(A+B+C+D+E+F+G) as a % of Net Income		Other compensations from non-subsidiary affiliates		
		Remuneration (A)		Retirement pension (B)		Director's Remuneration (C)		Business execution fees (D)				Salaries, bonuses, and special expenses (E)		Retirement allowance (F)		Employee remuneration (G)								
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	Share Amount	Cash Amount	Share Amount	Cash Amount	The Company	All companies listed in this Financial Report			
Mercuries & Associates Holding, Ltd.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chairman	Shiang-Feng Chen	-	-	-	-	800	800	-	-	800	800	-	-	-	-	-	-	-	-	800	800	4,670		
										0.6%	0.6%									0.6%	0.6%			
Director	Shiang-Li Chen	-	-	-	-	400	400	-	-	400	400	-	-	-	-	-	-	-	-	400	400	11,390		
										0.3%	0.3%									0.3%	0.3%			
Director	Wei-Chyun Wong	-	-	-	-	400	400	-	-	400	400	-	-	-	-	-	-	-	-	400	400	1,580		
										0.3%	0.3%									0.3%	0.3%			
Director	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	Jumpei Yamamoto (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
										-	-									-	-			
Director	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%			
<div><div>1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: As provided in the "Regulations Governing the Performance Evaluation and Compensation of Directors, Functional Committees and Managers" of the Company, the remuneration of independent directors is based on the competitive market level of total remuneration and is not subject to remuneration distribution. The remuneration of the Company's independent directors is determined annually with reference to the remuneration level of the independent directors in the industry, considering the scale, profit structure and business characteristics of the Company.</div><div>2. Compensation received by director for providing service to any company included in the consolidated financial statements (Such as parent company, all companies in the consolidated financial statements and invested companies, etc. serving as a consultants who are not employees) last year, except those disclosed in the above table: None</div></div> <div>Note 1: Sumitomo Corporation was dissolved its directorship on March 26, 2024 due to the transfer of its all shareholding.</div>																								

- (2) Remuneration to supervisor: Not applicable
(3) Remuneration to general manager and assistant general manager

As of December 31, 2024 ; Unit: Thousand NT\$

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C)		Employee's remuneration (D)				(A+B+C+D) as % of net income		Other compensation from non-subsidiary affiliates or parent company
		The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company	All companies listed in this Financial Report	The Company		All companies listed in this Financial Report		The Company	All companies listed in this Financial Report	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
GM	Kuang-Lung Chiu	4,577	4,577	108	108	3,600	3,600	2	-	2	-	8,287	8,287	420
												6.08%	6.08%	
VP	Chung-Ping Hsieh	2,172	2,172	108	108	1,343	1,343	2	-	2	-	3,625	3,625	-
												2.66%	2.66%	

Remuneration Scale Table

Remuneration range for each general managers and assistant general managers in the Company	Name of the general managers and assistant general managers	
	The Company	All companies listed in this Financial Report
Less than NT\$ 1,000,000	-	-
NT\$ 1,000,000 (inclusive) to NT\$ 2,000,000	-	-
NT\$ 2,000,000 (inclusive) to NT\$ 3,500,000	-	-
NT\$ 3,500,000 (inclusive) to NT\$ 5,000,000	Chung-Ping Hsieh	Chung-Ping Hsieh
NT\$ 5,000,000 (inclusive) to NT\$ 10,000,000	Kuang-Lung Chiu	Kuang-Lung Chiu
NT\$ 10,000,000 (inclusive) to NT\$ 15,000,000	-	-
NT\$ 15,000,000 (inclusive) to NT\$ 30,000,000	-	-
NT\$ 30,000,000 (inclusive) to NT\$ 50,000,000	-	-
NT\$ 50,000,000 (inclusive) to NT\$ 100,000,000	-	-
More than NT\$ 100,000,000	-	-
Total	2	2

(4) Individual disclosure of the top 5 highest paid executives

Please note that the Company has not incurred any after-tax losses in the last three years and the results of the latest annual corporate governance evaluation are in the last tier. In addition, the Company has not been subject to a change in trading practices, suspension of trading, termination of listing, or other circumstances that have been approved by the Corporate Governance Evaluation Committee as not being evaluated in the most recent year and as of the date of the annual report. As such, the compensation of the top five most highly compensated executives is not disclosed individually.

(5) Employee Remuneration Distributed to Managers and Distribution Situation

As of December 31, 2024 ; Unit: Thousand NT\$

	Title (Note1)	Name (Note1)	Share amount	Cash amount	Total	Percentage of net earnings after tax (%)
Manager	GM	Kuang-Lung Chiu	-	14	14	0.01
	Supply Chain Division VP	Chung-Ping Hsieh				
	Operation Division COO	Su-Hui Lien				
	Administration Division CAO	Nien-Meng Yu				
	Financial Management Division CFO	Yen-Hsiu Liu				
	Human Resource Division CHO	Hui-Lan Su				
	Information Technology Division CIO	Te-Cheng Meng,				
	Digital Marketing Division CMO	Nian-Qing Ye (Note 1)				
	Assistant Manager	Yosuke Nagira (Note 1)				
	Audit Office Manager	Kuan-Yu Lu (Note 1)				

Note 1: Nian-Qing Ye's new appointment as Chief Marketing Officer on August 2, 2024, Yosuke Nagira was relieved of his duties as Associate on April 17, 2024, Kuan-Yu Lu is relieved of his duties as manager on January 31, 2025.

- (6) Analyze the remuneration to directors, president and vice presidents of the Company in proportion to the earnings after tax from the Company and companies included in the consolidated statements in the most recent two years and specify the policies, standards, and packages based on which they were paid, the procedures through which remunerations were determined, and their correlation with operating performance and future risks:

- A. Analysis of the remuneration to directors, president and vice-president in proportion to the net earnings after tax of the individual or separate financial statements in the most recent two years

Unit: Thousand NT\$; %

Item	2023		2024	
	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report
Directors and Independent director (%)	2%	2%	2%	2%
General Managers, Assistant general managers and Attorney General (%)	13%	13%	9%	9%

- B. The policy, standards and packages, and the procedures for determining the remuneration, along with the correlation with operating performance and future risk exposure:

In accordance with the Company's Articles of Association, if the Company makes a profit in a year, no less than 1% of such profit shall be set aside as employees' remuneration and distributed in the form of stock or cash, the independent directors of the Company shall receive a fixed remuneration and no remuneration, and the rest of the directors shall be entitled to set aside not more than 3% of the abovementioned profit for the purpose of directors' remuneration.

In accordance with the "Regulations Governing the Evaluation of the Performance and Compensation of Directors, Functional Committees and Managers of the Company," the remuneration of directors of the Company is evaluated and reviewed by the Compensation Committee of the Company 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, and the degree of contribution to the operating objectives of the Company, and is submitted to the Board of Directors for resolution and approval.

The remuneration of directors is also determined by the attendance rate of directors, with each director having a base figure of 1 and the chairman having a base figure of 2. If the attendance rate exceeds 85%, then the base figure *100% is given; if the attendance rate ranges from 60% to 85%, then the base figure *80% is given; if the attendance rate is less than 60%, then the base figure *50% is given; and the total amount of the remuneration of directors resolved by the board of directors in accordance with the articles of association is distributed according to the above calculation method.

The manager's compensation consists of salary and bonus, of which the salary is evaluated with reference to the peer group and market level, taking into account items such as title, grade, education (experience), professional ability and responsibility; the bonus is highly linked to performance, and the manager is required to formulate performance targets based on the strategic items of the annual strategic map (including the financial aspect, customer aspect, internal process aspect, and learning and growth aspect), and both the strategic items and the evaluation of performance targets are reviewed by the Salary and Compensation Committee and submitted to the Board of Directors for approval. Strategic projects and performance objectives are reviewed by the Compensation Committee and submitted to the Board of

Directors for approval. In addition to the strategic map performance targets, the Manager's performance indicators include the realization of the Company's core values, the performance of high-level professional behavioral indicators, leadership and team management skills, and operational performance indicators, as well as the measurement of other special contributions or whether there are any significant deficiencies in compliance with laws and regulations and operational risk items in the departments under the Manager's purview.

Performance Measurement Structure	Item	description
Performance Indicators	Business Performance Indicators by Financial Segment, Customer Segment, etc.	<ul style="list-style-type: none"> ◆ Profit Growth Indicators ◆ Operation Management Quality Improvement ◆ Customer Satisfaction Improvement ◆ Net income after tax, etc.
	Comprehensive Management Indicators (Internal Process Dimension, Learning and Development Dimension)	<ul style="list-style-type: none"> ◆ Risk Management, Compliance, Continuous Innovation and ESG Sustainability Strategies ◆ Practice the business philosophy and realize the vision and mission of the company. ◆ Continuously optimize internal processes, digital transformation, and improve team performance. ◆ Establish a learning organization and cultivate talents ◆ Human resource management and establishment of diversified, fair, and inclusive organizational culture and management system.
	Other Special Contributions or Significant Deficiencies	-

In order to motivate senior managers, outstanding key professionals and all employees to emphasize long-term consolidated performance and achieve sustainable operation, action targets have been formulated for the six sustainability strategies of the Sustainability Committee in 2024, which are linked to the short-term and long-term incentive compensation of the General Manager and senior managers.

a. Short-Term Performance Goals of the General Manager:

Performance Indicators - Financial Indicators (20%), Strategic Indicators (50%), Sustainability and Internal Control Indicators (30%), Management Indicators (optimizing the effectiveness of ESG implementation, additional items to be considered)

Indicator Item	Weighting Ratio	Description
Financial Indicators	20%	Company's financial efficiency management, budget achievement rate, revenue, profit performance, etc.
Strategic Indicators	50%	Based on key strategic directions confirmed at the beginning of the year (financial structure/operational structure/process

		optimization/talent and organizational development), with a focus on major management initiatives and implementation results.
Sustainability and Internal Control Indicators	30%	Implement the six sustainability governance structures, focusing on corporate governance, ethical management, legal compliance, risk control, and ESG task force initiatives. Six governance structure subgroups: 1. Legal Compliance Group: Legal compliance, legal affairs, major investments, regulatory applications. 2. Operational Integrity Group: Internal control, internal audits, anti-corruption, business ethics, risk management. 3. Customer Relations Group: Consumer protection, privacy and information security, customer service. 4. Innovation & Welfare Group: Service and technology innovation, labor rights, occupational safety, employee benefits. 5. Social Engagement Group: Community engagement, stakeholder communication, corporate citizenship, community involvement. 6. Environmental Group: Environmental sustainability and carbon reduction initiatives.
Management Indicators	Additional Consideration Items	Human resources development, Diversity, Equity, and Inclusion (DEI), talent development, learning organization, occupational safety and health initiatives.

b. Short-Term Performance Goals of the Executives:

Performance Indicators - Major Theme Adaptation (20%), Climate Change and Adaptation (10%), Talent Appointment and Retention (10%), Risk Management (5%)

Indicator Item	Weighting Ratio	Description
Major Theme Adaptation	20%	Incorporate relevant response and adaptation actions for major issues (such as climate change and adaptation, product quality and safety) into the performance targets of managers at all levels, and formulate short-term strategic action plans.
Climate Change and Adaptation	10%	To promote climate change mitigation and adaptation, climate-related performance targets will be incorporated into the performance indicators of managers at all levels. 1. Enhance internal climate literacy. 2. Promote greenhouse gas inventory and certification.
Talent Appointment and Retention	10%	Digital transformation, implementation of electronic price cards in stores, establishment of functional roles and performance management systems, and cross-generational succession planning to cultivate core competencies.
Risk Management	5%	Conduct all risk assessments and audits.

3. Implementation of Corporate Governance

(1) Board of Directors Meeting Status

The Board of Directors convened 7(A) meetings in 2024. The attendance of directors and supervisors were as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate in Percentage (%) 【B/A】	Note
Chairman	Mercuries & Associates Holding, Ltd. Representative: Shiang-Feng Chen	7	0	100	-
Director	Mercuries & Associates Holding, Ltd. Representative: Shiang-Li Chen	6	1	86	-
Director	Mercuries & Associates Holding, Ltd. Representative: Wei-Chyun Wong	6	1	86	-
Director	Mercuries & Associates Holding, Ltd. Representative: Kuang-Lung Chiu	7	0	100	-
Director	Sumitomo Corporation Representative: Jumpei Yamamoto	1	1	33	(Note)
Director	Sumitomo Corporation Representative: Yuma Miyata	2	0	68	(Note)
Independent Director	Tsay-Lin Lin	7	0	100	-
Independent Director	Meng-Lin Tsai	6	1	86	-
Independent Director	Ming-Jye Huang	7	0	100	-

Note: Sumitomo Corporation transferred more than one-half of the shares it held at the time of its election to the Board of Directors on March 26, 2024, so its directorship was dismissed in accordance with the laws and regulations of Sumitomo Corporation.

Annotation:

1. If any of the following circumstances occur, the dates of the board meetings, sessions, contents of motions, opinions of all independent directors and the Company's response to the board meeting's opinion should be stated.

(1) The matter listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, which was renamed the Audit and Risk Management Committee on May 3, 2024. For the independent directors' opinions on the resolutions of the Board of Directors for the 2024 fiscal year and the Company's handling of such opinions, please refer to pages 22 to 26 of this annual report. For information on the operations of the Audit and Risk Management Committee or the participation of the supervisors in the operations of the Board of Directors, please refer to the relevant sections of this annual report.

(2) Apart from the aforementioned item, other board meeting resolutions where independent directors have expressed dissenting or reserved opinions and have records or written statements: None.

2. Recusals of directors due to conflicts of interests, the names of directors, contents of motion, reasons for the recusals of conflicts of interests, and the participation in the vote shall be stated:

If a director has a conflict of interest with the Company regarding a matter to be discussed, he or she may state his or her opinion and answer questions, but shall not participate in the discussion or voting.

Session	Date	Content of Motion	Reasons for recusal due to conflicts of interest and participation in the vote
5 th session The 12 th meetings	2024.01.26	The year-end bonus of 2023 to the Company's managers.	<ul style="list-style-type: none"> Reason for recusal: Director Kuang-Lung Chiu is employee. Participation in the vote: Disassociated from discussion and voting
		2024 performance goal setting of the Company's managers	<ul style="list-style-type: none"> Reason for recusal: Director Kuang-Lung Chiu recused himself due to a conflict of interest arising from his position as general manager of the Company. Participation in the vote: Disassociated from discussion and voting
5 th session The 13 th meetings	2024.02.23	The employees' bonus and directors' compensation of	<ul style="list-style-type: none"> Reason for recusal: Regarding the allocation of employee's remuneration, directors Kuang-Lung Chiu is employee. Another motion on the allocation of directors' remuneration, director Shiang-Feng

			2023.	Chen, Shiang-Li Chen, Wei-Chyun Wong, Jumpei Yamamoto, Kuang-Lung Chiu and Yuma Miyata are the recipients of directors' remuneration. • Participation in the vote: Disassociated from discussion and voting.
5 th session The 14 th meetings (Special Board Meeting)	2024.03.10	Verification and review of Mei-Ling Yu's tender offer for the Company's common shares		• Reason for Recusal: Directors Jumpei Yamamoto and Yuma Miyata did not attend this board of directors meeting due to a conflict of interest arising from the fact that Sumitomo Corporation, the legal entity they represent, has signed a sale agreement with the tender offeror. • Participation in the vote: Jumpei Yamamoto and Yuma Miyata, did not attend this board meeting.
5 th session The 15 th meetings	2024.05.03	Donation to Criminal Investigation and Prevention Association, R.O.C.		• Reason for Recusal: Directors Shiang-Feng Chen, Wei-Chyun Wong, and Kuang-Lung Chiu serve as directors of the recipient units, and Shiang-Li Chen, as a second-degree relative of director Shiang-Feng Chen. • Participation in the vote: Directors Shiang-Feng Chen, Wei-Chyun Wong and Kuang-Lung Chiu left the meeting prior to the discussion of this case, and Director Shiang-Li Chen has stated in the proxy statement that he would abstain from voting in this case.
5 th session The 16 th meetings	2024.08.02	Electronic Shelf Label Procurement Project		• Reason for recusal: Director Tsay-Lin Lin recused himself due to a conflict of interest arising from his position as director of M2 Communication Inc. • Participation in the vote: Disassociated from discussion and voting.
5 th session The 17 th meetings	2024.11.01	Donation to Taoyuan City Mercury Social Welfare & Charity Foundation.		• Reason for Recusal: Directors Shiang-Feng Chen, serve as director of the recipient units, and Shiang-Li Chen, as a second-degree relative of director Shiang-Feng Chen. • Participation in the vote: Disassociated from discussion and voting.
		Cancellation of donations to Criminal Investigation and Prevention Association, R.O.C.		• Reason for Recusal: Directors Shiang-Feng Chen and Wei-Chyun Wong serve as directors of the recipient units, and Shiang-Li Chen, as a second-degree relative of director Shiang-Feng Chen. • Participation in the vote: Disassociated from discussion and voting.

3. A TWSE/TPEX Listed Companies is required to disclosure the information and implementation status about self-evaluation of the Board of Directors, including the period, duration, range, methods and contents, etc.

Disclosure of the following information related to the self-evaluation of the Board of Directors:

Assessment cycle	Assessment duration	Scope of assessment	Assessment method	Assessment details
Conduct internal board performance evaluation annually.	2024.01.01~2024.12.31	The Board of Directors, individual board members, the audit committee and the remuneration committee	Internal self-evaluation by the Board of Directors, self-evaluation by members of the board, and performance evaluation by other appropriate methods	(1) Performance assessment for the board: 1. Participation in the Company's operations 2. Quality of board's decision 3. Composition and Structure of the board 4. Election and ongoing education 5. Internal control (2) Performance assessment for individual director (self or peer): 1. Director's awareness toward the

					Company's goals and missions 2.Awareness to duties 3.Participation in the Company's operations 4.Maintenance of internal relations and communication 5.Professionalism and ongoing education 6.Internal control (3) Performance assessment for functional committees 1.participation in the Company's operations 2.Awareness to duties 3.Quality of committee's decisions 4.Composition and member selection 5.Internal control
Perform an external board performance evaluation every three years	2022.01.01~2023.11.30	Overall Board of Directors, Audit Committee and Remuneration Committee	Appointment of an External Professional Organization - Taipei Foundation of Finance to Conduct Performance Evaluation	The evaluation items include safeguarding shareholders' rights and interests, strengthening the structure and operation of the Board of Directors, participation in the Company's operations, enhancing the quality of the Board of Directors' decision-making, improving information transparency, internal control, promoting sustainable development, and other additional evaluation considerations.	

4. Enhancements to the functionality of the Board of Directors in the current and the most recent year (e.g., establishment of an Audit Committee, improvement of information transparency etc.), and the progress of such enhancements:

- (1) The Company elected three independent directors at the regular shareholders' meeting on May 25, 2022, and established the audit committee for the second session. (Changed name to Audit and Risk Management Committee on May 3, 2024). As of March 31, 2025, the fifth session of the Board of Directors has held 20 meetings. In order to enable the Directors to better understand the Company's business overview and the process of strategy implementation, the Company regularly reports the relevant operating results to the Board of Directors for their information. On August 2, 2024, the Board of Directors approved the establishment of a Sustainable Development Committee under the Board of Directors. As of March 31, 2025, the first Sustainability Committee met five times. It reports to the Board of Directors at least once a quarter and continues to strengthen its communication with the Board of Directors.
- (2) The Company's corporate website has been completely revamped, with the addition of disclosures related to the operation of the board of directors and other relevant information conducive to corporate governance. The corporate website can be found at the following website: <https://www.simplmartretail.com/>, The Company's corporate website has a new English interface, <https://www.simplmartretail.com/en/business-philosophy/>, to enhance the transparency of information.
- (3) In order to strengthen and enhance the functions of the Board of Directors, the Company has formulated a "Corporate Governance Code" to regulate the diversity of the composition of the Board of Directors and the professional competence, which states the diversification of the board, except the directors who are also managers of the Company shall not exceed one-third of the board, and appropriate diversity guidelines shall be formulated with respect to its operation, business model and development requirements, including but not limited to the following two major criteria:
 1. Background and value: Gender, age, nationality, culture etc.
 2. Knowledge and skills: Career background (e.g., law, accounting, industry, finance, marketing, or technology), professional skill, and industry experience.
 Please refer to page 8 to 9 for Diversity of the Board of Directors.
- (4) The Company has formulated the "Rules on the Scope of Duties of Independent Directors" to enhance the independence and functionality of independent directors, and to ensure the responsibilities of professional personnel and managers. We have also established the

"Organizational Regulations of the Remuneration and Compensation Committee" and the "Organizational Regulations of the Audit Committee" to provide objective suggestions to the Board of Directors from the professional and objective position of committee members. The "Rules on the Scope of Duties of Independent Directors" and the "Organizational Regulations of the Audit Committee" are in line with the implementation of Corporate Governance 3.0, and were amended and approved by the Board of Directors on January 21, 2021, and the "Charters of Audit Committee" was amended on February 23, 2024 by the Board of Directors. The Company periodically evaluates the professional qualifications, shareholding and concurrent employment restrictions of its independent directors, and the evaluation for fiscal year 2025 was completed at the time of the review of the Board of Directors' nomination of independent director candidates on February 21, 2025.

- (5) In addition to specifying matters for recusal of directors, the Company's "Rules and Procedure of Board Meetings" also requires that board members' spouses, first- and second-degree of kinship, or companies with a controlling or subordinate relationship with a director that have an interest in the matters discussed at the meeting should also be avoided. Prior to the amendment of the rules of procedure, all members of the Company's Board of Directors had adhered to their duties as directors and avoided conflicts of interest in accordance with the aforementioned principles to avoid affecting the rights and interests of the Company's shareholders.
- (6) In order to implement corporate governance and enhance the functions of the Company's Board of Directors, and to establish performance objectives to strengthen the efficiency of the Board's operations, the Company has set up the "Board of Directors' Self-Evaluation or Peer Review Method". The Company has also amended the method of evaluation and required the performance review shall be performed by an external professional independent organization or a team of external experts and scholars at least once every three years, and the amendment was approved by the Board of Directors on November 3, 2023. Report to the Board of Directors on 26 January 2024 on the results of the self-assessment and the external expert's assessment, and include the required improvements in the future tracking plan.

The Taipei Foundation of Finance's recommendations to the Company and the Company's 2024 improvement implementation status are as follows:

ITEM	Recommendations of the assessment report	Adopt measures
1	It is recommended that the company arrange more training courses (including online courses) for directors to meet the required number of hours.	Regularly share information about director training courses with directors and actively promote director training. In 2024, all directors have met the required training hours, with an average of 9 hours of training per director (compared to an average of only 5 hours in 2023).
2	It is recommended to increase the proportion of individual directors and the appointment of female directors to enhance the diversity of the board members.	The term of office of the current directors expires on May 24, 2025, and they are scheduled to be re-elected at the next annual general meeting of shareholders. The Company nominated two female directors at the board of directors meeting held on February 21, 2025, to strengthen gender diversity among the members of the board of directors.
3	It is recommended that the ESG Sustainability Working Group be elevated to a higher level and placed under the Board of Directors to implement sustainability performance and increase director participation.	The Company's Board of Directors approved the establishment of a Sustainability Committee on August 2, 2024, which is subordinate to the Board of Directors. The committee will report to the Board of Directors at least once every quarter and continue to strengthen communication with the Board of Directors.

(2) Information on the operational status of the audit committee or the participation of supervisors in the operation of the Board

A. Operational Status of the Audit Committee

The Company has established an Audit Committee to replace the Supervisors, renamed the Audit and Risk Management Committee on May 3, 2024.

In the latest year (2024), the Audit and Risk Management Committee held a total of 5 (A) meetings, and the attendance is as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate in Percentage (%) 【B/A】 (Note 1)	Note
Independent Director	Tsay-Lin Lin	5	0	100	-
Independent Director	Meng-Lin Tsai	5	0	100	-
Independent Director	Ming-Jye Huang	5	0	100	-

Annotation:

1. The operation of the audit committee shall be disclosed if any of the following circumstances exist: the date and session of the audit committee meeting, the agenda, any opposing opinions from independent directors, any reservations or significant recommendations, the result of the audit committee's decision, and the Company's handling of the opinions of the audit committee.

(1) Items listed in Article 14-5 of the Securities and Exchange Act.

Term and Session	Date	Content of Motion	Resolution	The Company's Handling of the Opinions of the Audit Committee
The 9th meeting of the 2nd	2024.02.23	The financial Report of 2023	Approved	Not applicable
		The statement on internal control for year 2023.	Approved	Not applicable
		Engagement of attesting CPAs for 2024.	Approved	Not applicable
		Amendment of the “Operational Procedures for the Acquisition or Disposal of Assets”.	Approved	Not applicable
		Solar Roof Installation Project.	Approved	Not applicable
The 10th meeting of the 2nd	2024.05.03	Adoption of the consolidated financial reports of the first quarter of 2024.	Approved	Not applicable
		Donation to Criminal Investigation and Prevention Association, R.O.C.	Approved	Not applicable
		Setup of “Whistleblower Policy and Implementation Guidelines”	Approved	Not applicable
		Establishment of a pet investment company	It is proposed to amend this proposal to “Investment Company Establishment Plan” and change the name of the subsidiary to “Simple Mart Investment Co., Ltd.” Subsequently, a preliminary review and application for registration will be submitted under this company name. The proposal was approved after amendment.	Amend company name as recommended by members.
The 11 th	2024.08.02	Electronic Shelf Label Procurement	Except for member	Not applicable

meeting of the 2nd		Project	Tsay-Lin Lin, who recused himself from the discussion due to a conflict of interest, the chair consulted with the remaining members present, who approved the proposal without objection. It was recommended that future large-scale procurement cases be reported on a regular basis, with the expectation that the management team will increase other extended benefits to recoup the investment costs.	
		Amendment of Delegation of Authority	Approved	Not applicable
		Setup of “Organizational Regulations of the Sustainability Committee”	Approved	Not applicable
		Adoption of the consolidated financial reports of the second quarter of 2024.	Approved	Not applicable
		Loan to Sanyou Drugstores Ltd.	All attending members agreed to approve the report and recommended that the general manager should regularly report on the operational direction and future prospects of the subsidiaries.	Regular reports on follow-up arrangements
		Loan and Endorsement Guarantee to Simple Mart Plus Co., Ltd.	All members present agreed to approve and appoint independent director Meng-Lin Tsai to sign the loan agreement on behalf of the Company.	The contract has been signed.
		Investment in subsidiary Simple Mart Investment Co., Ltd.	All members present agreed to approve the resolution and recommended that certain provisions be amended.	The contract has been amended in accordance with the committee's recommendations.
The 12th meeting of the 2nd	2024.11.01	Donation by Taoyuan City Mercury Social Welfare & Charity Foundation..	Approved	Not applicable
		Cancellation of donation to Criminal Investigation and Prevention Association R.O.C.	Approved	Not applicable
		Adoption of the consolidated financial reports of the third quarter	All attending members agreed to	Follow-up arrangements

		of 2024.	approve the report and recommended that the CFO provide detailed explanations in advance for items that have a significant impact on financial statements. Additionally, for major investment benefits, it is recommended that the general manager submit a report every six months.	
		Amendment of the” Corporate Governance Best Practice Principles”	Approved	Not applicable
		Loan and Endorsement Guarantee of Pet Wonderland Co., Ltd.	Approved	Not applicable
		Sustainable Information Management Regulations	Approved	Not applicable
		Investment in subsidiary Simple Mart Investment Co., Ltd.	Approved	Not applicable
The 13th meeting of the 2nd	2024.12.27	Investment in subsidiary Sanyou Drugstores. Ltd.	Approved	Not applicable
		Warehouse Management System (WMS) Replacement	Approved	Not applicable
		Setup of “Sustainability Report Preparation and Assurance Procedures”	Approved	Not applicable
		Amendment of the “Internal Control System Handling Guidelines”	Approved	Not applicable
		Adoption of internal audit plan for year 2025.	Approved	Not applicable

Note: To strengthen corporate governance and establish sound risk management practices, the Board of Directors of the Company resolved on May 3, 2024, to rename the “Audit Committee” as the “Audit and Risk Management Committee.”

- (2) Except for the foregoing matters, other matters that have not been approved by the Audit Committee but have been approved by two-thirds or more of all directors: None.
2. The implementation status of the independent director's recusal from the interest-related proposal shall be stated in terms of the name of the independent director, the content of the proposal, the reason for the recusal from the conflict of interest, and the voting status: On August 2, 2024, the Audit and Risk Management Committee approved the “Electronic Shelf Label Procurement Project.” Independent director Tsay-Lin Lin recused himself from the discussion due to a conflict of interest as he also serves as a director of supplier M2 Communication Inc. After consulting with the other members present, the chair approved the proposal without objection.
3. Communication status between independent directors and internal audit supervisors and accountants (it shall include the significant matters, manner and results of communication regarding the financial and business status of the Company):

- (1) The communication status between independent directors and the head of internal audit:

Session	Date	Communication formality	Communication Matter	The Company's Response	Suggestion
The 9th meeting of the 2nd	2024.2.23	Meetings	Report: - Internal audit report and follow-up improvements. Proposal: - 2023 Internal Control System Statement.	1. Internal audit operations were reported to the Audit Committee, then to the Board of Directors. 2. The “2023 Internal Control System Effectiveness	Communication with independent directors on audit operations resulted in the following suggestions: 1. For occupational safety inspections at each store, it was recommended that audited units conduct self-checks and complete

				Evaluation” and the “Internal Control Statement” were approved by all attending committee members and submitted to the Board of Directors.	self-inspection forms prior to audits. Auditors would then verify the forms to ensure proper execution and sign-off. 2. Internal inspection units should notify the stores in advance to prepare relevant materials to facilitate the audit.
The 10th meeting of the 2nd	2024.5.3	Meetings	Report: - Internal audit report and follow-up improvements.	Internal audit operations were reported to the Audit Committee and then to the Board of Directors.	Communication with independent directors on audit operations resulted in the following suggestions: 1. Hiring can proceed earlier than budgeted if within the annual headcount plan, with proper written approval for exceptions. 2. Consider using external software for resignation processes, coordinated with internal IT capabilities. 3. Accelerate personnel approval workflows or delegate approval authority to avoid control gaps. 4. Establish evaluation mechanisms for all suppliers. 5. Provide quarterly budget execution reports and set up a budget adjustment mechanism.
The 11th meeting of the 2nd	2024.8.2	Meetings	Report: - Internal audit report and follow-up improvements.	Internal audit operations were reported to the Audit and Risk Management Committee and then to the Board.	Communication with independent directors on audit operations resulted in the following suggestions: Budget revision standards should be discussed with relevant departments and implemented in the following year’s budget planning.
The 12th meeting of the 2nd	2024.11.1	Meetings	Report: - Internal audit report and follow-up improvements.	Internal audit operations were reported to the Audit and Risk Management Committee and then to the Board.	Communication with independent directors on audit operations resulted in the following suggestions: If there are omissions in internal information transmission, the auditor should determine whether the action was intentional.

					If abnormal, closer attention should be paid.
The 13th meeting of the 2nd	2024.12.27	Meetings	Report: - Internal audit report and follow-up improvements. Proposal: 1. Amendment of "Internal Control System Handling Guidelines." 2. 2025 Audit Plan.	1. Internal audit operations were reported to the Audit and Risk Management Committee and then to the Board. 2. The internal control guidelines or management measures were approved by all attending committee members and submitted to the Board. 3. The 2025 audit plan was also approved and submitted.	Communication with independent directors on audit operations resulted in the following suggestions: For deficiencies in personal data management, training and awareness should be strengthened. If repeated, senior management should be informed to enhance departmental compliance awareness.

- (2) Communication between the Audit Committee and Certified Public Accountants: The Company adopted the "Procedures for Communication Between the Audit Committee and the Independent Auditors" on December 28, 2022, which clearly stipulates that the independent auditors shall report to the Audit Committee at the beginning of each year on the planning of the audit work for the year, and attend the Audit Committee meetings held each quarter to report on the Company's financial condition, internal control audit findings, any significant adjustments to accounting entries, or changes in laws and regulations that may have a material impact on the Company. To strengthen corporate governance and establish sound risk management procedures, the Company renamed the Audit Committee to the Audit and Risk Management Committee on May 3, 2024. In 2024, the Audit and Risk Management Committee invited the certified public accountants to attend four meetings of the Audit and Risk Management Committee to explain the audit or review of the financial statements for each period. Communication between the accountants and independent directors was good, and both parties maintained contact as needed. The details are listed separately as follows:

Session	Date	Communication Form	Communication Matter
The 9th meeting of the 2nd	2024.02.23	Meeting	The CPAs are present to report the audit status of the 2023 financial statements together with the updates on various regulatory and tax laws, and reminding the important issues for the Company. Conduct computer audits and reviews of revenue-related system processes and provide management recommendations.
The 10th meeting of the 2nd	2024.05.03	Meeting	The CPAs are present to report the audit status of the 2024 financial statements of the first quarter together with the updates on various regulatory and tax laws, and reminding the important issues for the Company.
The 11th meeting of the 2nd	2024.08.02	Meeting	The CPAs are present to report the audit status of the consolidated financial statements for the second quarter of 2024 together with the updates on various regulatory and tax laws, and reminding the important issues for the Company.
The 12th meeting of the 2nd	2024.11.01	Meeting	The CPAs are present to report the audit status of the consolidated financial statements for the third quarter of 2024 together with the updates on various regulatory and tax laws, and reminding the important issues for the Company.

(3) The operational status of corporate governance, the difference from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Y e s	N o	Explanation	
1. Does Company follow “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	✓		To establish sound corporate governance practices, the Company adopted its “Corporate Governance Practices” on February 18, 2019, in accordance with the “Corporate Governance Practices for Listed Companies.” These practices were revised on November 1, 2024, in line with the Corporate Governance 3.0 guidelines, and are disclosed on the Public Observation Information Platform and the Company's website.	No significant difference
2. Shareholding Structure & Shareholders’ Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters? If yes, have these procedures been implemented accordingly?	✓		On August 5, 2022, the Company's board of directors approved the “Procedures for Handling Shareholder Suggestions, Questions, Disputes, and Litigation Matters.” In addition to appointing a spokesperson, deputy spokesperson, and shareholder service email address, the Company has also entrusted Horizon Securities Co., Ltd., a professional shareholder service agency, to handle shareholder-related questions and suggestions. If legal issues arise, professional lawyers or legal personnel will be engaged to handle them.	The Company has designated a specialized unit and appointed a professional stock agent to properly handle shareholders' questions and suggestions.
(2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		The Company fully comprehends and acquires knowledge of the major shareholder structure through the shareholder agency, and regularly reports any changes in director and executive shareholdings. In regard to the ultimate controllers of major shareholders, aside from natural persons, as the Company is a subsidiary of major shareholders, we shall obtain the ultimate controller list from the relevant company if deemed necessary.	No significant difference
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	✓		The Company has established clear divisions of assets and financial management responsibilities between affiliated companies. We have developed regulations, such as the "Financial Operations Code of Conduct for Related Parties," "Supervision and Management Measures for Subsidiaries," "Regulations governing the Acquisition and Disposal of Assets," "Operation Procedure for Making of Guarantee/Endorsement," and "Operation Procedure for Lending Funds to Others," which we follow in order to effectively implement risk control and firewall mechanisms for affiliated companies.	No significant difference
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		1. The Company has formulated the "Procedure for the Prevention of Insider Trading" and "Procedure for Handling Material Inside Information," which prohibit insiders from trading securities using undisclosed information in the market. 2. The Company has established relevant regulations regarding insider trading for internal personnel upon their appointment, and has obtained signed statements from such internal personnel confirming their understanding of the relevant laws and regulations. The Company also	No significant difference

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Y e s	N o	Explanation	
			<p>conducts training at least once a year, with a total of 8 participants, to remind internal personnel of the relevant regulations regarding insider trading.</p> <p>3. The Company periodically promotes regulations such as the prohibition of insider trading to the directors during board meetings.</p> <p>4. The Company's internal operation management meeting periodically conducts internal advocacy and reminders on insider trading.</p> <p>5. In the event of significant transactional matters, the Company will require individuals who may have access to critical internal information as a result of their involvement in said transaction to sign a nondisclosure agreement to prevent any potential leakage of significant internal information.</p> <p>6. The Company has revised its "Corporate Governance Practices Code" on November 1, 2024, in accordance with the Corporate Governance 3.0 revisions, to enhance corporate value and sustainable development.</p>	
3. Composition and Responsibilities of the Board of Directors				
(1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		Pursuant to Article 20 of the Company's Corporate Governance Best Practice, the composition of the Board of Directors should consider diversity. Directors who also serve as company executives should not exceed one-third of the total number of directors. In addition, the board should establish an appropriate diversity policy based on the Company's operations, business model, and development needs. For information on the diversity of the Board of Directors, please refer to the appendix on Board Diversity and Independence.	No significant difference
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		<p>In addition to establishing a Compensation Committee and an Audit and Risk Management Committee in accordance with applicable laws and regulations, the Company has established an Ethics and Compliance Committee under the Board of Directors. This committee is responsible for formulating and promoting ethics and compliance policies, and reports to the Board of Directors at least once a year on the implementation status and results of such policies. The Committee submitted its report on the implementation of ethics and compliance policies to the Board of Directors on August 2, 2024.</p> <p>To achieve sustainable development goals and strengthen sustainable governance, the Board of Directors resolved on August 2, 2024, to establish a Sustainable Development Committee to replace the Sustainable Development Task Force. The Committee has established an Organizational Charter for the Sustainable Development Committee and established the following subcommittees under the Committee to assist in the implementation of various initiatives: the Corporate Governance Subcommittee, the Risk Management Subcommittee, the Environmental Protection Subcommittee, the Employee and Social Care Subcommittee, and the Product and Service Subcommittee.</p>	No significant difference

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Y e s	N o	Explanation	
(3) Has the Company established methodology for evaluating the performance of its Board of Directors, on an annual basis?	✓		<p>The Company has established the “Board of Directors Performance Evaluation Measures” to implement corporate governance and enhance the functions of the Board of Directors, establish performance targets to strengthen the operational efficiency of the Board of Directors.</p> <p>Internal evaluations are conducted by the Human Resources Department using internal questionnaires. They are divided into four sections: board operations, director participation, compensation committee operations, and audit and risk management committee operations. The evaluations are conducted by directors assessing board operations, directors assessing their own participation, compensation committee members assessing committee operations, and audit and risk management committee members assessing committee operations.</p> <p>After all questionnaires have been collected, our company will analyze the results in accordance with the aforementioned procedures, report the findings to the board of directors, and propose measures to strengthen and improve the system based on the directors' suggestions.</p> <p>The Company completed the 2024 annual performance evaluation in the first quarter of 2025 and reported the results to the Board of Directors on January 21, 2025, as a reference for determining the directors' remuneration for 2024. The Board of Directors' performance evaluation covers five major areas and a total of 45 indicators, with an average score exceeding 4 points (excellent), indicating that the Company's Board of Directors has made high-quality decisions, actively participated in the Company's operations, and fulfilled its responsibilities of guidance and supervision.</p> <p>In addition, in accordance with the "Rules for Performance Evaluation of the Board of Directors " of the Company, the evaluation of the performance of the Board of Directors of the Company shall be conducted at least once every three years by an external professional independent organization or a team of external experts and scholars. The external evaluation commissioned an external institution, Taipei Foundation of Finance, to conduct a board effectiveness evaluation during the period from 01 January 2022 to 30 November 2023. The evaluation was conducted by Commissioners Chun-Tu Liu and Shao-Tang Lee, together with two members of the working group. The evaluation focused on the topics of safeguarding shareholders' rights and interests, strengthening the structure and operation of the board of directors, participation in the Company's operations, enhancing the quality of the board of directors' decision-making, improving information transparency, internal control, and promoting the development of the Company's business operations. The outside experts evaluated the effectiveness of the board of directors by means of questionnaires and on-site visits in seven areas,</p>	No significant difference

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Y e s	N o	Explanation	
			<p>including safeguarding shareholders' rights and interests, strengthening the structure and operation of the board of directors, enhancing participation in the Company's operations, improving the quality of board decisions, enhancing the transparency of information, internal control, promoting sustainable development, and other additional evaluation criteria.</p> <p>The Taipei Foundation of Finance and its executive experts have no business dealings with the Company and are independent. Please refer to pages 21 of this annual report for the recommendations and improvement actions of external experts to the Board of Directors and functional committees.</p> <p>The Company reported the results of its self-assessment and the implementation of improvements for 2024 at the Board of Directors meeting on January 21, 2025.</p>	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		<p>In accordance with the Company's "Independent and Qualified Auditor Evaluation Guidelines," the independence and qualifications of the appointed auditors must be evaluated on a regular basis (at least once a year), and a statement of auditor independence must be obtained. In addition to requiring the auditors to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)," the Company evaluates the independence and qualifications of the auditors in accordance with the standards set forth in Appendix 1. On February 23, 2024, the Company's board of directors approved the assessment of the independence of the certified public accountants and appointed Pei-Ju Hsiao and Chi-Lung Yu of KPMG as the Company's certified public accountants for 2024. Please refer to Appendix I below for the most recent assessment form.</p>	No significant difference
4. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	✓		<p>On December 18, 2020, the Company appointed Ms. Yen-Hsiu Liu as the corporate governance officer to safeguard the rights and interests of shareholders and strengthen the functions of the Board of Directors. Ms. Yen-Hsiu Liu, the CFO, has held managerial positions in finance, equity, and corporate governance affairs of publicly listed companies for over three years and has CPA qualification in the ROC. Her primary responsibilities are as follows:</p> <ol style="list-style-type: none"> 1. Handle all matters related to the convening and conduct of board of directors' meetings and shareholders' meetings in accordance with the law. 2. Prepare the minutes of board of directors' meetings and shareholders' meetings. 3. Assist directors in assuming their duties and in continuing their professional development. 4. Provide directors with the necessary information and materials required for the performance of their duties. 	No significant difference

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)																											
	Y e s	N o	Explanation																												
			<p>5. Assist directors in complying with applicable laws and regulations.</p> <p>6. Report to the board of directors on the results of the review conducted regarding whether the qualifications of independent directors meet the relevant legal and regulatory requirements at the time of nomination, election, and during their tenure.</p> <p>7. Handle matters related to changes in directors.</p> <p>8. Other matters as stipulated in the company's articles of incorporation or contracts.</p> <p>The continuing education status of the corporate governance officer of the Company, Ms. Yen-Hsiu Liu, the Chief Financial Officer, as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">Course Duration</th><th rowspan="2">Organizing Company</th><th rowspan="2">Course Name</th><th rowspan="2">Hours</th></tr> <tr> <th>From</th><th>To</th></tr> </thead> <tbody> <tr> <td>2024.06.27</td><td>2024.06.27</td><td>Taiwan Securities Association</td><td>New Forms of Securities Crime and Market Manipulation [Corporate Governance]</td><td>3</td></tr> <tr> <td>2024.07.03</td><td>2024.07.03</td><td>TWSE</td><td>2024 Cathay Sustainable Finance and Climate Change Summit</td><td>6</td></tr> <tr> <td>2024.11.29</td><td>2024.11.29</td><td>Securities & Futures Institute</td><td>2024 Annual Legal Compliance Briefing on Insider Share Transactions</td><td>3</td></tr> <tr> <td>2024.12.17</td><td>2024.12.17</td><td>Securities & Futures Institute</td><td>2024 Corporate Governance Forum — New Challenges for Corporate Governance Officers</td><td>3</td></tr> </tbody> </table>	Course Duration		Organizing Company	Course Name	Hours	From	To	2024.06.27	2024.06.27	Taiwan Securities Association	New Forms of Securities Crime and Market Manipulation [Corporate Governance]	3	2024.07.03	2024.07.03	TWSE	2024 Cathay Sustainable Finance and Climate Change Summit	6	2024.11.29	2024.11.29	Securities & Futures Institute	2024 Annual Legal Compliance Briefing on Insider Share Transactions	3	2024.12.17	2024.12.17	Securities & Futures Institute	2024 Corporate Governance Forum — New Challenges for Corporate Governance Officers	3	
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5. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	✓		<p>1. The Company has established a spokesperson system and also set up a stakeholder section on the Company website to facilitate communication between stakeholders and the Company.</p> <p>2. The stakeholders of this company include nine major categories: (1) shareholders/directors, (2) consumers, (3) suppliers, (4) franchisees, (5) employees, (6) government, (7) media, (8) community neighbors, and</p>	No significant difference																											

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Y e s	N o	Explanation	
			(9) public welfare organizations. Each category has designated departments responsible for addressing their respective concerns regarding important corporate social responsibility issues, ensuring open lines of communication. In the event of major issues, the relevant departments will report to the management meeting or the board of directors for discussion.	
6. Does the Company engage a stock transfer agent to handle shareholder meeting affairs?	✓		The Company has appointed Horizon Securities as the shareholder services agent to assist with all matters related to the shareholders' meetings.	No significant difference
7. Information disclosure				
(1) Has the Company established a website that discloses financial, business, and corporate governance-related information?	✓		The Company has established a corporate website to disclose information related to financial business and corporate governance, which is maintained by dedicated personnel. Additionally, it is connected to the Taiwan Stock Exchange Market Observation Post System to facilitate real-time updates and disclosures of information. The corporate website : https://www.simplemartretail.com/	No significant difference
(2) Has the Company adopted other means to disclose information (e.g., English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the Company website)?	✓		<ol style="list-style-type: none"> Our company has established a corporate website (including an English section) and has designated a dedicated person to be responsible for maintaining and disclosing company information. The Company has established a spokesperson system, with General Manager Kuang-Lung Chiu, who is familiar with the Company's business, serving as the spokesperson and Chief Financial Officer Yen-Hsiu Liu serving as the acting spokesperson, and dedicated personnel are responsible for collecting various information and then communicated to the public by the spokesperson or acting spokesperson. In order to reduce information asymmetry, the Company held four Investor Conferences in 2024. After each conference, the Company posted relevant information on the Public Information Observation Station and the Company's website for public inquiry. 	No significant difference
(3) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	✓		The Company announced and filed its 2024 annual financial report on March 3, 2025, and announced and filed its quarterly financial reports and monthly operating results within the prescribed time limits.	No significant difference
8. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of	✓		<ol style="list-style-type: none"> Employee benefits: <ol style="list-style-type: none"> In addition to establishing an Employee Welfare Committee and implementing a retirement pension system in accordance with legal requirements, the Company also provides additional coverage through group insurance for employees. Moreover, we offer clear 	No significant difference

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Y e s	N o	Explanation	
directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?			<p>communication channels to enhance labor-management relations and safeguard the interests of the employees.</p> <p>B. The Company revises the working rules regularly in accordance with the relevant laws and regulations, while informing employees of their work privileges through emails and internal website announcements.</p> <p>C. The Company holds regular labor meeting to reduce and settle conflicts between employees and the Company through the presence of labor representatives and management representatives.</p> <p>2. Staff Care: The Company has established an Employee Welfare Committee and developed a well-designed employee welfare program that provides subsidies for employee marriage, funeral, joyous events, and celebrations. We also hold regular in-service training for employees and endeavor to build good relationships with them.</p> <p>3. Investors Relation: The Company fully discloses information on the Market Observation Post System and the Company's website so that investors can immediately understand the Company's operations. At the same time, the Company communicates with investors through shareholders' meetings, corporate meetings and the spokesperson system to protect the rights of investors and maintain a healthy and harmonious relationship between the Company and its shareholders.</p> <p>4. Suppliers' Relation: The Company manages its partnerships on a fair and mutually beneficial basis and carefully evaluates various business conditions for new partners. In addition, the Company manages its supplier relationships in accordance with the "Ethical Corporate Management Best Practice Principles", which is monitored by the audit unit and reported to the Board of Directors on a regular basis.</p> <p>5. Stakeholders' Right:</p> <p>(1) Customer: To provide quality products and services, listen to customers' opinions and respond immediately to meet their needs.</p> <p>(2) Shareholder: The Company's highest goal is to fulfill its corporate social responsibility and to protect the interests of the shareholders.</p> <p>6. The status of directors and supervisors for continuing education: The Company regularly arranges various types of continuing education courses and regularly reviews the number of hours of continuing education for the relevant directors, please refer to Table 2 below.</p> <p>7. Implementation of Risk Management Policies and Risk Measurement Standards: The Company will regularly review amendments to various laws and regulations or government policies, assess changes in the overall market environment, and establish various business strategies or</p>	

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Y e s	N o	Explanation	
			<p>operational procedures to flexibly address various unexpected risks and reduce the impact of such risks on the Company. On April 28, 2021, the Board of Directors approved the “Risk Management Policy and Procedures.” The Risk Management Committee will report to the Audit and Risk Management Committee and the Board of Directors at least once a year.</p> <p>8. The implementation status of customer policy: The Company values consumer rights and has established a 24-hour customer service hotline to address any customer complaints. The Company also requires that any related complaints shall be responded to within 24 hours. In addition, the Company provide customer service email address on the Company’s website, where our staff will provide answers to inquiries regarding the products, providing consumers and customers with a convenient channel of communication.</p> <p>9. The status of purchasing of director's liability insurance: The Company has purchased liability insurance for its directors to reduce operational risk and safeguard the rights and interests of shareholders.</p> <p>10. The chairman has no spouse or first degree of kinship with the general manager, and none of the chairman, general manager, or manager in charge of financial or accounting matters of the Company has served in the firm of the current CPA or its affiliated companies within the last year.</p> <p>11. With respect to the Company's investment, corporate governance is implemented gradually in accordance with the Company's regulations. In case of major decisions, each representative of the directors of the reinvestment must be appointed by the Board of Directors to implement the supervision of the subsidiary.</p> <p>12. In accordance with Article 29 of the Company's Articles of Incorporation, if the Company makes a profit in a year, the Company shall distribute not less than 1% of such profit to employees in the form of stock or cash distribution as determined by the Board of Directors, including employees of affiliated companies who meet certain criteria. If the Company makes such profit, a maximum of 3% of such profit are allowed to distributed as remuneration to directors as determined by the Board of Directors. However, if the Company has accumulated losses, the Company shall retain the amount of compensation in advance and then allocate the compensation to employees and directors in accordance with the aforementioned ratio. In consideration of the company's operational performance in 2024, the Board of Directors resolved on February 21, 2025, to distribute employee bonuses and director remuneration.</p>	

Assessment Item	Implementation Status (Note)			Non-implementation and Its Reason(s)
	Y e s	N o	Explanation	
9. Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified :				
Improvements have been made to the 10th Corporate Governance Assessment Indicators:				
Title	Indicator Items		Improvement Of The Situation	
1.1	Does the Company report to the shareholders’ meeting regarding the directors’ remuneration, including the remuneration policy, the content, and the amount of individual remuneration?		The individual remuneration of the Company’s directors was included in the report items at the 2024 shareholders’ meeting.	
1.4	Does the Chairman of the Board personally attend the shareholders’ meeting?		The Chairman of the Board personally attended the 2024 shareholders’ meeting and presided over the meeting.	
2.19	In the year under review, was the attendance rate of independent directors at Board meetings over 85%, and was there at least one independent director personally present at each Board meeting?		The attendance rate of the Company’s Board meetings in 2024 was 89%, and at least one independent director personally attended each meeting.	
2.25	Do the Company's independent directors meet the required hours and completion of continuing education as stipulated by the “Guidelines for Continuing Education for Directors and Supervisors of Listed and OTC Companies”?		All directors of the Company (including independent directors) have completed the required continuing education hours.	
3.4	Does the Company announce and file the annual financial report audited and certified by the CPA within four months after the end of the fiscal year?		The Company’s 2024 consolidated and individual financial reports have been audited and certified by the CPA and uploaded on February 23, 2024.	
3.14	Does the Company disclose in its Annual Report the link between performance evaluation and remuneration for directors and managers?		The Company continues to strengthen the disclosure of the link between performance evaluation and remuneration for directors and managers, and has enhanced the explanation of ESG relevance in the 2023 Annual Report.	
3.18	Has the Company established a dedicated corporate responsibility section on its website, including information related to finance, operations, and corporate governance?		The Company has established a dedicated corporate responsibility section on its website.	
3.21	Does the Company voluntarily disclose the individual remuneration of managers and deputy general managers?		The Company has voluntarily disclosed the individual remuneration information of managers and deputy general managers in the Annual Report.	
4.1	Has the Company established a dedicated (or concurrent) unit to promote sustainable development, conducted risk assessments on environmental, social, or corporate governance issues related to its operations based on the principle of materiality, formulated relevant risk management policies or strategies, and ensured that the Board of Directors supervises the promotion of sustainability efforts, with disclosures made on the Company's website and in the Annual Report?		The Company established the Sustainability Development Committee on August 2, 2024, and reported its implementation status to the Board of Directors on November 1, 2024, and December 27, 2024, respectively; additionally, on May 3, 2024, the Board of Directors resolved to rename the "Audit Committee" to the "Audit and Risk Management Committee."	
4.4	Does the Company prepare a sustainability report in accordance with the GRI Standards issued by the Global Reporting Initiative (GRI) and upload it to the Market Observation Post System (MOPS) and the Company’s website by the end of September?		The Company uploaded the Sustainability Report to the Market Observation Post System and the Company's website on August 28, 2024.	
4.7	Has the Company uploaded an English version of the Sustainability Report to the Market Observation Post System and the Company’s website?		The Company uploaded the English version of the Sustainability Report to the Market Observation Post System and the Company's website by the end of 2024.	

Assessment Item		Implementation Status (Note)		Non-implementation and Its Reason(s)
		Y e s	N o	
4.18	Has the Company disclosed information on the governance, strategy, risk management, metrics, and targets related to climate-related risks and opportunities, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)?			The Company has disclosed relevant information in accordance with the TCFD recommendations.
The 10th Corporate Governance Assessment has not yet improved its indicators for prioritized enhancement projects:				
	Title	Indicator Items		Improvement Of The Situation
2.6		Does the company's board of directors include at least one female director? (If each gender constitutes at least one-third of the board seats, one additional point will be awarded.)		The term of office of the current directors of the Company will expire on May 24, 2025. In accordance with Article 195 of the Company Act, their terms of office will be extended until the re-election of directors. The Company intends to re-elect directors at the next regular shareholders' meeting and nominated two female directors at the board meeting on February 21, 2025, to promote diversity in the composition of the board of directors.
4.5		Has the company's sustainability report been verified by a third party?		The Company's 2024 Sustainability Report will be prepared with the guidance and assurance of KPMG, and the Company will continue to strengthen its disclosure of sustainability information.
4.11		Has the company disclosed its annual greenhouse gas emissions, water consumption, and total waste weight for the past two years? (If the company has obtained external verification of its annual greenhouse gas emissions, water consumption, or total waste weight for the past two years, one additional point will be added to the total score.)		The Company's 2024 sustainability report will be prepared and verified by KPMG, and the Company will continue to strengthen its disclosure of sustainability information. The Company continues to establish a system for auditing greenhouse gas emissions, water consumption, and waste weight, and will subsequently evaluate whether to commission an external entity to conduct verification.
4.13		Has the company obtained ISO 14001, ISO 50001, or similar environmental or energy management system certification?		The Company continues to establish various environmental and energy management operations and assess the feasibility of commissioning external entities for verification in the future.

Attachment 1: Evaluation form of CPA's independence

Qualification & Independence	Yes	No
1.Has it been confirmed that the affiliated accounting firms have followed relevant independence regulations and obtained the annual independence declaration for CPAs and the affiliated accounting firms, as specified in Attachment 2?	✓	
2.Are the CPAs and audit team members neither salaried by the Company or its related affiliates, nor involved in financing or guarantee transactions with the Company?	✓	
3.Have the certified public accountants and audit team members neither served as directors, independent directors, or managers of the company or its related enterprises, nor had a familial relationship with personnel whose positions have a significant impact on the audit case?	✓	
4.Do the CPAs and audit team members not serve as shareholders of the Company or its affiliates?	✓	
5.Has the certification of the company's financial reports for each period been completed on schedule in the most recent year?	✓	
6.Has the auditing of financial reports for each period of re-investment been completed on schedule in the most recent year?	✓	
7.In the most recent year, have the CPAs and audit team members periodically provided the Company with financial and tax advisory services?	✓	

Attachment 2: The directors Continuing education status is as follows:

Title	Name	Course Duration		Organizing Company	Course Name	Hour
		From	To			
Chairman	Shiang-Feng Chen	2024.3.1	2024.3.1	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		2024.6.11	2024.6.11	Taiwan Corporate Governance Association	Exploring Employee Reward and Compensation Strategies and Tools	3
Director	Shiang-Li Chen	2024.5.09	2024.5.9	Corporate Operating and Sustainable Development Association Certificate of Training	Corporate Governance and Securities Laws and Regulations - Information Disclosure System of Listed OTC Companies and Related Regulations	3
		2024.5.30	2024.5.30	Taiwan Corporate Governance Association	Information Security Governance under Corporate Governance and Future Development Trends	3
		2024.12.5	2024.12.5	Taiwan Insurance Institute	International Practices on Anti-Corruption and Protection of Expositors and Prevention of Money Laundering.	3
Director	Wei-Chyun Wong	2024.3.1	2024.3.1	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		2024.5.30	2024.5.30	Taiwan Corporate Governance Association	Information Security Governance under Corporate Governance and Future Development Trends	3
		2024.6.19	2024.6.19	Taiwan Institute of Directors	Discovering the International Competitiveness of Taiwan Enterprises in a Global Competitive Landscape	3
		2024.8.21	2024.8.21	Taiwan Corporate Governance Association	Business Considerations and Legal Risk Analysis for Business Decisions	3
		2024.8.21	2024.8.21	Taiwan Corporate Governance Association	ESG-related Legal Issues to be Considered by the Board of Directors	3
Director	Kuang-Lung Chiu	2024.4.10	2024.4.10	Taiwan Academy Banking and Finance	Corporate Governance Series Forum	3
		2024.7.3	2024.7.3	TWSE	2024 Cathay Pacific Summit on Sustainable Finance and Climate Change	3
Independent Director	Tsay-Lin Lin	2024.4.26	2024.4.26	Corporate Operating and Sustainable Development Association Certificate of Training	The Competitive Edge: Challenges and Business Perspectives for Taiwanese Enterprises	3
		2024.5.9	2024.5.9	Taiwan Institute of Directors	Creating Sustainable Performance Indicators and Rewards	3
		2024.8.13	2024.8.13	Taiwan Institute of Directors	Carbon Connections: Discussing Carbon Fees, Carbon Taxes, Carbon Credits, and Carbon Trading	3
Independent Director	Meng-Lin Tsai	2024.4.11	2024.4.11	Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		2024.6.19	2024.6.19	Taiwan Institute of Directors	Exploring Taiwanese Companies' International Competitiveness in a Global Competitive Environment	3
		2024.6.27	2024.6.27	Taiwan Securities Association	New Forms of Securities Crime and Market Manipulation [Corporate Governance]	3
		2024.12.26	2024.12.26	Importers and Exporters Association of Taipei	A Comprehensive Overview of Directors' Responsibilities and Board Operations	3
Independent Director	Ming-Jye Huang	2024.5.10	2024.5.10	Digital Governance Association	2024 Corporate Governance Trends and Outlook	3
		2024.9.20	2024.9.20	Securities & Futures Institute	2024 Internal Trade Prevention Seminar	3

(4) Compositions and Implementation Status of the Remuneration Committee

A. Composition of the remuneration committee:

March 31, 2025

Criteria Identity (Note) / Name		Qualification and Experience	Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as a Remuneration Committee Member
Independent Director (Committee chair)	Ming-Jye Huang	(Note)	In accordance with the Company's Articles of Incorporation and the Code of Corporate Governance Practices, directors are elected under the nomination system. During the nomination and selection of the Board of Directors, the Company obtains from each independent director candidate a written statement, employment history, proof of current employment, and a family relationship form to verify the independence of the director, his/her spouse, and his/her relatives, including the spouse and the third degree of consanguinity, from the Company. The Company also periodically reviews the independent directors' compliance with the "Regulations Governing the Establishment and Compliance of Independent Directors of Public Companies" issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act during their tenure of office. The Company has also granted the independent directors the right to participate fully in decision-making and to express their opinions in order to independently perform the relevant duties and responsibilities in accordance with Article 14-3 of the Securities and Exchange Act. The Company reviewed the independence of its independent directors on May 3, 2024, and reported to the Board of Directors that all independent directors are independent.	0
Independent Director	Tsay-Lin Lin			0
Independent Director	Meng-Lin Tsai			0

Note: Please refer to the disclosure of professional qualifications of directors on page 7 for the years of service, professional qualifications and experience, and independence of the members of the Compensation Committee.

B. Information on the operation of the Compensation and Remuneration Committee

- a. There are 3 members of the Compensation and Remuneration Committee of the Company.
- b. The term of office of the current members: From May 25, 2022 to May 24, 2025.

As of 2024, the Compensation and Remuneration Committee held 3 meetings (A), and the qualifications and attendance status of the members are as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance Rate in Percentage (%) 【B/A】	Note
Committee chair	Ming-Jye Huang	3	0	100	-
Member	Tsay-Lin Lin	3	0	100	-
Member	Meng-Lin Tsai	3	0	100	-
Annotation: 1. The Board of Directors did not adopt or revise the recommendations of the Compensation and Remuneration Committee: None. 2. On matters resolved by the Compensation and Remuneration Committee, members had objections or reservations which were recorded or with written statements: None.					

(5) Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons thereof

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof										
	Yes	No	Description											
1. Did the Company establish a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is to be handled by the senior management authorized by the Board of Directors, and the supervisory status of the Board of Directors? (Listed companies are required to report their implementation status, not interpretation or compliance.)	✓		<p>1. The Board of Directors is the highest governing body of the Company. To implement sustainable development goals and strengthen sustainable governance, the Board of Directors resolved on August 2, 2024, to establish a Sustainable Development Committee to replace the Sustainable Development Task Force and adopted the Organizational Regulations of the Sustainable Development Committee, authorizing the General Manager to oversee the formulation of the Company's overall sustainable development direction and objectives. The Sustainable Development Committee is chaired by the General Manager and comprises the following subcommittees: Corporate Governance Group, Risk Management Group, Environmental Protection Group, Employee and Social Care Group, and Product and Service Group, which assist the Committee in implementing various initiatives.</p> <p>2. To improve sustainable development management, the Sustainable Development Committee has established a dedicated Sustainable Development Office responsible for proposing and implementing sustainable development policies, systems, or related management guidelines and specific implementation plans, and for reporting to the Board of Directors on a regular basis.</p> <p>In 2024, the Sustainability Working Group and Sustainability Committee reported to the Board of Directors four times, with the following content:</p> <table><tr><th>Report Date</th><th>Content Of The Report</th></tr><tr><td>2024/02/23 (Sustainable Development Group)</td><td>1. Greenhouse Gas Inventory Progress 2. Laptop Recycling Program Project Progress 3. Environmental Protection Points App Partner Institution Project Progress 4. ESG 2023 Performance Achievements</td></tr><tr><td>2024/05/03 (Sustainable Development Group)</td><td>1. Greenhouse Gas Inventory Progress 2. ESG Stakeholder Communication 3. ESG 2024 Q1 Cumulative Data Report</td></tr><tr><td>2024/08/02 (Sustainable Development Committee)</td><td>1. Greenhouse Gas Inventory Progress 2. ESG 2024 Q2 Cumulative Data Report 3. 2024 Sustainability Report Advisory Report 4. 2025 Greenhouse Gas Inventory Advisory and Assurance Planning</td></tr><tr><td>2024/11/01 (Sustainable Development)</td><td>1. Greenhouse Gas Inventory Progress 2. ESG 2024 Q3 Cumulative Data Report 3. Sustainability Committee Progress: Organizational</td></tr></table>	Report Date	Content Of The Report	2024/02/23 (Sustainable Development Group)	1. Greenhouse Gas Inventory Progress 2. Laptop Recycling Program Project Progress 3. Environmental Protection Points App Partner Institution Project Progress 4. ESG 2023 Performance Achievements	2024/05/03 (Sustainable Development Group)	1. Greenhouse Gas Inventory Progress 2. ESG Stakeholder Communication 3. ESG 2024 Q1 Cumulative Data Report	2024/08/02 (Sustainable Development Committee)	1. Greenhouse Gas Inventory Progress 2. ESG 2024 Q2 Cumulative Data Report 3. 2024 Sustainability Report Advisory Report 4. 2025 Greenhouse Gas Inventory Advisory and Assurance Planning	2024/11/01 (Sustainable Development)	1. Greenhouse Gas Inventory Progress 2. ESG 2024 Q3 Cumulative Data Report 3. Sustainability Committee Progress: Organizational	No significant differences
Report Date	Content Of The Report													
2024/02/23 (Sustainable Development Group)	1. Greenhouse Gas Inventory Progress 2. Laptop Recycling Program Project Progress 3. Environmental Protection Points App Partner Institution Project Progress 4. ESG 2023 Performance Achievements													
2024/05/03 (Sustainable Development Group)	1. Greenhouse Gas Inventory Progress 2. ESG Stakeholder Communication 3. ESG 2024 Q1 Cumulative Data Report													
2024/08/02 (Sustainable Development Committee)	1. Greenhouse Gas Inventory Progress 2. ESG 2024 Q2 Cumulative Data Report 3. 2024 Sustainability Report Advisory Report 4. 2025 Greenhouse Gas Inventory Advisory and Assurance Planning													
2024/11/01 (Sustainable Development)	1. Greenhouse Gas Inventory Progress 2. ESG 2024 Q3 Cumulative Data Report 3. Sustainability Committee Progress: Organizational													

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof								
	Yes	No	Description									
			<table><tr><td>Committee)</td><td>Structure, Annual Stakeholder and Material Theme Report, and 2025 Sustainability Project Direction</td></tr></table> <p>Among these, the convener of the Risk Management Task Force attended the Audit and Risk Management Committee meeting on August 2, 2024, to report on risk management, and attended the Board of Directors meeting on December 27, 2024, to report on the implementation of risk management. The Audit and Risk Management Committee made the following recommendations regarding the risks identified:</p> <table><tr><th>Committee recommendation</th><th>Company response and implementation status</th></tr><tr><td>Taiwan experiences earthquakes and flooding. When searching for a location to open a store, it is important to consider factors such as the structural integrity of similar buildings, the local terrain, and traffic issues. While damaged merchandise is not a major concern, injuries to employees or customers could pose a serious safety risk.</td><td>We will continue to assess and monitor relevant risks when opening additional stores, and will strengthen insurance coverage for identifiable items.</td></tr><tr><td>Normal security risks can be covered by increasing the insurance coverage, but caution should be exercised when handling cases involving “thousand-faced people.” For such situations, it is recommended to have relevant SOPs and a public relations crisis management team in place.</td><td>Currently, all stores are equipped with surveillance cameras. If we receive relevant information in advance, we will prioritize the preventive closure of the store in question, provide evidence afterward, conduct further investigations, and establish standard operating procedures (SOPs).</td></tr></table>	Committee)	Structure, Annual Stakeholder and Material Theme Report, and 2025 Sustainability Project Direction	Committee recommendation	Company response and implementation status	Taiwan experiences earthquakes and flooding. When searching for a location to open a store, it is important to consider factors such as the structural integrity of similar buildings, the local terrain, and traffic issues. While damaged merchandise is not a major concern, injuries to employees or customers could pose a serious safety risk.	We will continue to assess and monitor relevant risks when opening additional stores, and will strengthen insurance coverage for identifiable items.	Normal security risks can be covered by increasing the insurance coverage, but caution should be exercised when handling cases involving “thousand-faced people.” For such situations, it is recommended to have relevant SOPs and a public relations crisis management team in place.	Currently, all stores are equipped with surveillance cameras. If we receive relevant information in advance, we will prioritize the preventive closure of the store in question, provide evidence afterward, conduct further investigations, and establish standard operating procedures (SOPs).	
Committee)	Structure, Annual Stakeholder and Material Theme Report, and 2025 Sustainability Project Direction											
Committee recommendation	Company response and implementation status											
Taiwan experiences earthquakes and flooding. When searching for a location to open a store, it is important to consider factors such as the structural integrity of similar buildings, the local terrain, and traffic issues. While damaged merchandise is not a major concern, injuries to employees or customers could pose a serious safety risk.	We will continue to assess and monitor relevant risks when opening additional stores, and will strengthen insurance coverage for identifiable items.											
Normal security risks can be covered by increasing the insurance coverage, but caution should be exercised when handling cases involving “thousand-faced people.” For such situations, it is recommended to have relevant SOPs and a public relations crisis management team in place.	Currently, all stores are equipped with surveillance cameras. If we receive relevant information in advance, we will prioritize the preventive closure of the store in question, provide evidence afterward, conduct further investigations, and establish standard operating procedures (SOPs).											
2. Did the Company conduct risk assessments on environmental, social and corporate governance issues related to company operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Listed companies are required to report their implementation status, not interpretation or compliance.)	✓		1. The disclosed information covers the Company's sustainability performance for the full year of 2024 at its major locations. The risk assessment scope is primarily the Company, with a focus on Taiwan. 2. The Company conducts risk assessments on significant issues based on the materiality principle and establishes relevant risk management strategies and specific actions based on the assessed risks, as shown in the table below:	No significant differences								

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof														
	Yes	No	Description															
			<table><tr><th>Significant Issues</th><th>Risk Assessment Item Description</th><th>Description</th></tr><tr><td>Environment</td><td>Environmental and Climate Change Risks</td><td>1. The TCFD framework is used to establish the company's climate change risk identification process, to discuss climate change risk and opportunity results across departments, and to review risk and opportunity management strategies.</td></tr><tr><td rowspan="2">Society</td><td>Occupational Safety</td><td>1. In 2024, the headquarters and Long Jiang store passed the external certification of “ISO 45001 Occupational Health and Safety Management System”. Through annual management review meetings, we actively implement employee safety and health management care to enhance the corporate safety and health culture. 2. Regularly organize fire drills and occupational safety education and training every year to cultivate employees' emergency response and self-safety management skills.</td></tr><tr><td>Product Quality and Safety</td><td>1. The company has set up an auditor with international quality management certification “ISO 9001” and food management system “ISO 22000” to conduct audits and visit the factory at least once a year to carry out graded audit management. 2. In order to ensure the quality of our products, we have clearly stipulated in our supplier contracts that their production plants must comply with the audit terms, and we strictly require them to provide qualified basic information and establish technical specifications for their products.</td></tr><tr><td>Corporate Governance</td><td>Emphasize Corporate Governance</td><td>1. Establish corporate governance practices and internal procedures for handling significant information as</td></tr></table>	Significant Issues	Risk Assessment Item Description	Description	Environment	Environmental and Climate Change Risks	1. The TCFD framework is used to establish the company's climate change risk identification process, to discuss climate change risk and opportunity results across departments, and to review risk and opportunity management strategies.	Society	Occupational Safety	1. In 2024, the headquarters and Long Jiang store passed the external certification of “ISO 45001 Occupational Health and Safety Management System”. Through annual management review meetings, we actively implement employee safety and health management care to enhance the corporate safety and health culture. 2. Regularly organize fire drills and occupational safety education and training every year to cultivate employees' emergency response and self-safety management skills.	Product Quality and Safety	1. The company has set up an auditor with international quality management certification “ISO 9001” and food management system “ISO 22000” to conduct audits and visit the factory at least once a year to carry out graded audit management. 2. In order to ensure the quality of our products, we have clearly stipulated in our supplier contracts that their production plants must comply with the audit terms, and we strictly require them to provide qualified basic information and establish technical specifications for their products.	Corporate Governance	Emphasize Corporate Governance	1. Establish corporate governance practices and internal procedures for handling significant information as	
			Significant Issues	Risk Assessment Item Description	Description													
			Environment	Environmental and Climate Change Risks	1. The TCFD framework is used to establish the company's climate change risk identification process, to discuss climate change risk and opportunity results across departments, and to review risk and opportunity management strategies.													
			Society	Occupational Safety	1. In 2024, the headquarters and Long Jiang store passed the external certification of “ISO 45001 Occupational Health and Safety Management System”. Through annual management review meetings, we actively implement employee safety and health management care to enhance the corporate safety and health culture. 2. Regularly organize fire drills and occupational safety education and training every year to cultivate employees' emergency response and self-safety management skills.													
				Product Quality and Safety	1. The company has set up an auditor with international quality management certification “ISO 9001” and food management system “ISO 22000” to conduct audits and visit the factory at least once a year to carry out graded audit management. 2. In order to ensure the quality of our products, we have clearly stipulated in our supplier contracts that their production plants must comply with the audit terms, and we strictly require them to provide qualified basic information and establish technical specifications for their products.													
			Corporate Governance	Emphasize Corporate Governance	1. Establish corporate governance practices and internal procedures for handling significant information as													

Promotion Items	Implementation Status				Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof	
	Yes	No	Description			
					standards for assessing governance risks. 2. Directors, managers and employees are required to observe confidentiality and other relevant regulations.	
				Strengthen the Functions of Directors	1. To plan relevant education topics for directors, and to provide directors with the latest regulations, institutional developments and policies annually. 2. In the first quarter of each year, the entire board of directors, individual members, and functional committees conduct self-evaluations of their performance. Every three years, a third-party evaluation is conducted by an external agency. In 2023, the Company commissioned the Taipei Foundation of Finance, an external agency, to conduct a board of directors’ performance evaluation from January 1, 2022 to November 30, 2023. This assessment was conducted by Mr. Liu Zhen Tu and Mr. Li Shao Tang, along with two working group members, who evaluated the board's performance across seven key areas: safeguarding shareholder interests, strengthening board structure and operations, participation in company operations, improving board decision-making quality, enhancing information transparency, internal controls, and promoting sustainable development, as well as other additional assessment considerations. The evaluation was conducted through a combination of questionnaires and on-site visits. 3. Purchase directors' liability insurance for directors to protect and reduce the personal legal liability of the company's directors or key managers arising from claims for	

Promotion Items		Implementation Status				Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
		Yes	No	Description		
					compensation due to errors, negligence, misconduct, breach of duty, etc. in the performance of their duties.	
				Financial Risk Analysis	1. Regularly monitor and evaluate changes in market exchange rates and interest rates. 2. When there is a large and long-term capital requirement, weigh the current interest rate market conditions and assess whether to raise the required funds through other means such as cash capital increases. 3. Regularly review and assess various investment risks and report the implementation status to the board of directors. 4. Review monthly the status of loans to others and guarantees provided to others.	
				Stakeholder Communication	1. In accordance with the principle of materiality, the Company places great importance on stakeholder consultation and communication. In 2024, the Company will conduct a sustainability survey to collect and analyze key issues of concern to stakeholders. The Company publishes an annual sustainability report disclosing material topics and updates information through its official website and other social media platforms. 2. Based on the different types of stakeholders, the Company has established various communication channels and frequencies, such as websites, telephone, email, meetings, visits, and event participation, to engage in proactive communication.	
3. Environmental issues						
(1)	Did the Company establish an appropriate environmental management system according to its industrial characteristics?	✓		1. The Company's operational sites, logistics centers, and retail stores have established appropriate environmental management processes tailored to		No significant differences

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			<p>industry-specific requirements. The company continuously improve the suitability and adequacy of these processes. In 2024, the company conducted a greenhouse gas inventory covering Scope 1 and Scope 2 emissions. The company plans to expand the scope of the inventory and disclose related recommendations by 2025.</p> <p>2. The 2024 Sustainability Report will be verified by a third party, and specific action plans will be publicly disclosed in the Sustainability Report and on the Company's website (https://www.simplemartretail.com/).</p>	
(2) Has the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	✓		<p>The company actively promotes various energy-saving measures, selects equipment with high energy efficiency and energy-saving designs, reduces energy consumption in both operations and products, and expands the use of renewable energy to optimize energy efficiency. In 2024, we implemented an energy-saving action plan to improve the energy efficiency of lighting equipment (calculated based on lighting being on for 18 hours per day), which is expected to save approximately 20.01 kilowatt-hours of electricity per year and reduce carbon emissions by 9.91 metric tons per year.</p> <p>Detailed information is as follows:</p> <p>1. Replace light tubes: Replace old T8 light tubes with “flat panel lights.” On average, one 32W flat panel light can replace 1.83 20W T8 light tubes, with an average increase in illuminance of 150 lumens. All new stores and renovated stores in 2024 will fully adopt and replace T8 light tubes with flat panel lights; 43 stores will be upgraded with flat panel lights in 2024, with a total of 1,191 flat panel lights installed (an average of 27.7 lights per store).</p> <p>2. Government subsidies: The estimated subsidy for “energy-saving equipment for commercial services” is NT\$233 per light, for a total subsidy of NT\$277,503.</p> <p>3. Simple Mart Plus - “Safe and Delicious Supermarket, Explore Your Table”:</p> <p>(1) Promoting “Natural Living, Living Naturally,” valuing resources to sustain the earth's nourishment. Advancing the “Heartful Living” community initiative through land, environmental, and cultural themes to educate consumers about food and strengthen food literacy. With a multidimensional understanding of agricultural production, four courses will be offered in 2024, combining topics such as “good food and good products,” “hands-on experiences,” “cultivating taste,” and “cultural education.”</p> <p>(2) Simple Mart Plus ‘Pass the Bag’ campaign to collect used paper bags: 17,364 paper bags have been collected.</p>	No significant differences
(3) Did the Company assess the current and future potential risks and opportunities of climate change, and take relevant countermeasures?	✓		The assessment and response measures of our company regarding climate change-related risks and opportunities are listed in the climate-related information for listed and OTC companies in this annual report.	No significant differences

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
(4) Did the Company conduct statistics on the greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water reduction or other waste management?	✓		The results of our greenhouse gas inventory and reduction policy are listed in the climate-related information for listed companies in this annual report.	No significant differences
4. Social issues				
(1) Did the Company formulate relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	✓		<p>The Company complies with relevant government regulations and adheres to international human rights conventions, such as gender equality, the right to work, and the prohibition of discrimination, respecting the protections provided by human rights conventions, and has published this information on the company website.</p> <p>To fulfill our responsibility to protect human rights, the Company has established an Occupational Safety and Health Committee in accordance with the Occupational Safety and Health Act, which regularly discusses and implements measures to ensure the safety and health of employees in the workplace, and has established "Safety and Health Work Guidelines" to comprehensively care for the physical and mental well-being of all employees.</p>	No significant differences
(2) Did the Company formulate and implement reasonable employee welfare measures (including compensation and remuneration, vacation, and other benefits, etc.), and appropriately reflect business performance or results on employee compensation?	✓		<p>The Company actively prioritizes employee well-being and a friendly workplace environment. We have established reasonable and diverse employee welfare measures, and appropriately reflect operational performance or results in employee compensation.</p> <p>1. Employee Welfare Measures: The Company has established an Employee Welfare Committee to plan diverse and high-quality welfare programs, such as Go Simple Mart Electronic Welfare Points (online shopping credits), festival bonuses, birthday shopping credits, travel subsidies, marriage subsidies, childbirth subsidies, funeral subsidies, and more. Additionally, the Company provides free health check-ups and employee shopping discounts.</p> <p>2. Employee Compensation: Employee compensation is determined in accordance with the company's articles of association. If the company achieves profits in a given year, no less than one percent of such profits shall be allocated for employee compensation. The overall compensation package primarily consists of three components: basic fixed salary, bonuses, and welfare benefits. The standards for payment are as follows: basic fixed salary and welfare benefits are determined based on market rates for the positions held by employees, while bonuses are linked to the achievement of individual and departmental goals as well as the company's overall operational performance.</p>	No significant differences

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			Workplace Diversity and Equality: The company provides transparent promotion channels and equal pay for equal work. Over the past three years, the proportion of female employees at the headquarters and stores has remained above 50%, and by 2024, the proportion of female managers will exceed 50%, promoting a diverse and inclusive workplace environment.	
(3) Did the Company provide employees with a safe and healthy working environment, and conduct regular safety and health education for employees?	✓		<p>1. The Company provides measures for a safe and healthy working environment for employees, as well as employee education policies and their implementation. Please refer to Labor Relations.</p> <p>2. The Company's headquarters and Simple Mart Longjiang Store have obtained ISO 45001:2018 certification, which was verified by a third party in January 2025 and remains valid.</p> <p>3. To reduce occupational accidents and ensure the safety and health of employees, we have developed a Labor Safety and Health Manual tailored to the characteristics of our industry and the risks specific to our stores. This manual details and explains the safety and health operations conducted at the headquarters on a daily basis, as well as the common potential hazards found in stores. We also conduct regular occupational safety and health training to help employees establish basic safety and health awareness and prevent accidents before they occur.</p>	No significant differences
(4) Did the Company establish an effective career development training program for employees?	✓		<p>Due to the rapid evolution of the times, competition in the retail services industry has become increasingly fierce. Cultivating and retaining outstanding talent has become a critical factor in strengthening a company's competitive edge. By defining the relevant competencies for each position through a training and development model, we implement various on-the-job training programs, work guidance, job rotation, seminars, and online learning initiatives. Additionally, by integrating and leveraging company resources, we provide a comprehensive and diverse learning environment to achieve the primary objectives of talent retention and development.</p> <p>In 2024, our company conducted a total of 1,870 training sessions, with a cumulative total of 12,221 training hours.</p>	No significant differences
(5) Regarding issues such as customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company follow relevant regulations and international standards, and formulate relevant policies and appeal procedures for the protection of consumers or customers' rights and interests?	✓		<p>The Company controls the value chain of our products, from raw materials to logistics to retail stores, and has established management mechanisms to continuously monitor product safety information and maintain a robust internal reporting system to fulfill our commitment to product safety.</p> <p>The Company strictly adhere to all relevant government regulations and have established quality control processes and a customer service center to ensure product quality, handle consumer complaints, and address customer</p>	No significant differences

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
			concerns, thereby safeguarding customer rights and interests. Regarding customer privacy, the Company has implemented a “Personal Data Protection Management System and Policy” to manage and protect customer privacy. Additionally, through internal audits, crisis prevention measures, and training programs, the Company protect customer privacy and uphold customer rights and interests.	
(6) Has the Company formulated a supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation status?	✓		<p>1. Supplier On-Site Evaluation</p> <p>We carefully select high-quality manufacturers to produce our own products. In addition to providing basic information about qualified suppliers, we establish product technical specifications to effectively control product ingredients, sources, manufacturing processes, and packaging. We also have internationally certified ISO 9001 lead auditors and ISO 22000 lead auditors to conduct on-site factory audits.</p> <p>In the supplier contracts for our own-brand products sold in the market, the production facilities of suppliers must comply with audit terms. Only after confirmation of compliance can cooperation begin. Suppliers are categorized into five grades (A to E) for audit management. Grade A suppliers are audited every three years, Grade B suppliers every two years, Grade C suppliers annually, Grade D suppliers are given six months to improve, and Grade E suppliers are subject to re-evaluation or may not be retained. After products are put on the shelves, factory audits continue to be conducted once a year, with the frequency adjusted according to the different grades.</p> <p>In 2024, there were 61 OEM suppliers cooperating with Simple Mart, of which 58 were evaluated, for an evaluation rate of 95%. Among these, 32 were rated as Grade A excellent suppliers, accounting for 55%; 13 were Grade B qualified suppliers, accounting for 22%; 11 were Grade C suppliers, accounting for 19%; 2 were Grade D suppliers, accounting for 4%; and 0 were Grade E suppliers.</p> <p>2. Comprehensive Product Supply Chain Management</p> <p>Adhering to a rigorous monitoring approach for product quality, the company also strictly controls the quality of imported goods. In addition to government border inspections and professional customs clearance reviews, all imported goods must pass internal quality inspections before being allowed to enter the country. Prior to importation, the origin and ingredients of imported goods must comply with the provisions of the “Food Safety and Hygiene Management Act.” Before being placed on shelves, the external labeling of products must also comply with the “Product Labeling Act.”</p> <p>The Company also requires all collaborating vendors to sign an Integrity Declaration, which includes the following commitments: the raw materials,</p>	No significant differences

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Description	
			products, or services provided by the signatory must not only meet the reasonable standards of current technological levels but also comply with environmental protection, food safety, and relevant legal regulations. Additionally, vendors should prioritize the use of locally sourced raw materials and environmentally friendly recycled materials, enhance environmental protection facilities, prevent pollution of water, air, and land, and make every effort to minimize adverse impacts on human health and the environment. Implement the best available pollution prevention measures and control technologies to reduce greenhouse gas emissions and ensure the sustainable use of Earth's resources.	
5. Did the Company take account of the internationally accepted report preparation standards or guidelines to prepare reports such as sustainability reports and others that disclose non-financial information of the Company? Has the foregoing disclosure report obtained the assurance or assurance opinion of the third-party certification unit?	✓		The content structure of this sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2021 version. Additionally, we have engaged KPMG to conduct a limited assurance procedure in accordance with the Assurance Standards Bulletin No. 1 issued by the Chinese Institute of Certified Public Accountants titled "Assurance Engagements on Non-Historical Financial Information," specifically addressing the seven assurance objectives required by the competent authority. This ensures that the content of this report meets the requirements of the competent authority.	No significant differences
6. If the Company has formulated its own sustainable development rules in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the difference between its operation and the stipulated rules: No difference.				
7. Other important information helpful to understand the implementation status of the promotion of sustainable development: <ul style="list-style-type: none"> Intellectual Property Management Plan and Implementation Status The Company's intellectual property management plan and the implementation status for the current fiscal year are summarized below. The relevant content has been reported to the Board of Directors by the Corporate Sustainability Committee on August 2, 2024. 1. Brand trademarks: All trademarks are applied for by Saint Island Intellectual Property Group. According to the information, as of December 31, 2024, a total of 97 trademarks have been applied for and registered and approved, and one patent has been approved and certified. Registered brands include: Simple Mart, Simple Mart Convenience Store, GO Simple Mart, and private brands named after Simple Mart Supermarket: VV, Simple Mart Plus, Simple Mart Café, Simple Life, and tgh. 2. Trade secrets: All external partners are required to sign a confidentiality agreement with strict penalties to serve as a warning to manufacturers. All new employees sign employee commitment and confidentiality agreements, clearly defining their obligation to keep confidential any company-related operational information they may obtain. Access and usage permissions are set for confidential data, information, and contracts related to trade secrets; user accounts are managed on a graded basis for computer hardware and system application software; and non-business-related personnel are strictly prohibited from accessing relevant systems and trade secrets. No incidents of trade secret leakage or unlawful infringement occurred in 2024. 3. Training: In 2024, employees who come into contact with trade secrets will be required to participate in training seminars and case studies in 2025. Community Public Welfare Promotion Plans and Programs 1. Participation in the Ministry of Environmental Protection's Environmental Protection Point Collection Program: In line with the Ministry of Environmental Protection's promotion of "green consumption and recycling," our company participates in the "Environmental Protection Point Collection Program," making all Simple Mart stores in Taiwan "green point" redemption partners. Whether consumers purchase environmentally friendly products, use public transportation, or participate in environmental protection activities, they can accumulate "green points" and receive tangible rewards, giving "environmental protection actions a monetary value." By participating in the Environmental Points Program, we aim to establish the habit of "green living and eco-friendly purchasing," making 				

Promotion Items	Implementation Status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Description	
<p>“green consumption” an integral part of daily life. Together, we strive to reduce resource waste, mitigate environmental impact, and indirectly encourage businesses to invest in eco-friendly product development, thereby reducing carbon emissions at the source and alleviating the greenhouse effect. A total of 15,622 redemptions were processed through this initiative.</p> <p>II. Becoming a MOMO Reusable Bag Recycling Store: To reduce the use of packaging in online shopping, we are committed to reducing waste from the source and expanding our positive impact on sustainability. Our company has joined the MOMO Reusable Bag Community Recycling Store program. Consumers who receive a “MOMO recycling bag” package with a special green seal can return it to the Simple Mart nearest to their home after the product evaluation period. The recycling bag will be collected by the store clerk and returned to MOMO, where it will be cleaned, disinfected, and reorganized. The bags can be reused up to 25 times, implementing the plastic reduction plan. Number of bags recycled this year: 1,837.</p> <p>3. MERCURIES Cup Charity Road Race: Our company promotes visually impaired road running through charitable sports events and advocates for disadvantaged groups. By donating NT\$200,000 to the Taichung Huiming School for the Blind and NT\$100,000 to the Visually Impaired Road Running Association, we encourage and support the education of visually impaired individuals. Additionally, in collaboration with the Chinese Association for the Visually Impaired, we have launched the “Home Road Running Care Program” to promote visually impaired sports and provide visually impaired runners with a safer environment to exercise, helping them run for health and confidence.</p> <p>4. Taiwan Women's Career Development Association: Through a point collection promotion campaign at our stores (Simple Mart Point Collection and Sharing Love), our company donates a percentage of its current operating income to the Taiwan Women's Career Development Association to accompany and care for families in need or single-parent families, assist them in establishing personal support systems and social support networks, and learn problem-solving skills to build healthy and happy lives. Additionally, the foundation targets women in the northern and central regions of Taiwan who are seeking employment, providing job placement services, resource referrals, and counseling.</p> <p>5. Taiwan Food Bank Federation 319 Town Plan Partner: Through our stores in northern, central, and southern Taiwan, we collaborate with nearby food banks to ensure that “food with love” reaches 319 towns. In times of natural disasters, epidemics, or emergencies, Simple Mart is able to provide immediate relief supplies through food banks, playing a powerful role in disaster relief and supporting families in need, spreading warmth to every corner of society. This year, donations were made to three organizations: 1) Taipei City Zhenjixiang Social Service Association, 2) Kaohsiung City Charity Organizations Association, and 3) Taiwan Food Bank Association. The three locations donated a total of 2,508 kilograms of food.</p> <p>6. G+ Recycling Love_Retired Laptop Concept Store: In response to the rapid replacement of 3C products and the resulting large amount of electronic waste, our company has partnered with BYTE International to establish a community recycling station for used laptops. This initiative allows the public to donate unused laptops to designated stores for recycling, thereby reducing electronic waste. BYTE International then refurbishes the used laptops through professional refurbishment and distributes them to local residents or social welfare organizations to help underprivileged children bridge the digital learning gap or provide them to families in need. A total of 4 laptops were recycled.</p> <p>7. Cat Adoption Event: The subsidiary, Pet Wonderland Co., Ltd., organized a cat adoption event centered on the theme of “Creating a Happy Society.” The event combined animal welfare and sustainable environmental protection issues to help stray cats find new homes. This initiative not only reduced the number of stray animals and alleviated the burden on community animal shelters but also raised public awareness of animal adoption and promoted a culture of responsible pet ownership. Total participants: 340 people; total number of cats adopted: 62.</p>				

Climatological Information for Listed and OTC Companies

1. Implementation of climate-related information

Project	Enforcement Scenarios							
1. Describe the Board's and management's oversight and governance of climate-related risks and opportunities.	1.1 The Board of Directors of Simple Mart is the highest level of oversight for climate-related risks and opportunities in the Company.							
	1.2 The Audit and Risk Management Committee and the Sustainable Development Committee have been established under the Board of Directors to manage climate change risks and opportunities.							
	1.3 The Environmental Protection Group of the Sustainable Development Committee is responsible for identifying and evaluating risks and opportunities related to climate change and making management recommendations.							
	Each management level is responsible for the risk management of the entity:							
	<table> <tr> <th>Management Organization</th><th>Function</th></tr> <tr> <td>Board of Directors Governance of Climate Related Risks and Opportunities</td><td>1. Establish risk management policies and frameworks. 2. Supervise the effective operation of risk management mechanisms.</td></tr> <tr> <td>Sustainable Development Committee Management of Climate-Related Risks and Opportunities</td><td>1. Review management reports on major risk issues. 2. Report to the board of directors on the status of risk management operations in a timely manner.</td></tr> <tr> <td>Responsible units Operational level of climate-related risks and opportunities</td><td>1. Responsible for identifying, assessing, and addressing climate change-related risks and opportunities, and reporting improvement recommendations. 2. Identify, assess, manage, and report on daily climate risks, and implement necessary response measures.</td></tr> </table>	Management Organization	Function	Board of Directors Governance of Climate Related Risks and Opportunities	1. Establish risk management policies and frameworks. 2. Supervise the effective operation of risk management mechanisms.	Sustainable Development Committee Management of Climate-Related Risks and Opportunities	1. Review management reports on major risk issues. 2. Report to the board of directors on the status of risk management operations in a timely manner.	Responsible units Operational level of climate-related risks and opportunities
Management Organization	Function							
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Sustainable Development Committee Management of Climate-Related Risks and Opportunities	1. Review management reports on major risk issues. 2. Report to the board of directors on the status of risk management operations in a timely manner.							
Responsible units Operational level of climate-related risks and opportunities	1. Responsible for identifying, assessing, and addressing climate change-related risks and opportunities, and reporting improvement recommendations. 2. Identify, assess, manage, and report on daily climate risks, and implement necessary response measures.							

<p>2. Describe how the identified climate risks and opportunities affect the business, strategy and finances of the organization (short, medium and long term).</p>	<p>Through an integrated climate risk and opportunity assessment process, we identify significant climate risks and opportunities. We describe the impact of significant risks and opportunities on the Company in the short, medium, and long term, and explain the strategies we have adopted:</p> <ul style="list-style-type: none"> ● Short term: Physical risks: In response to extreme weather causing damage to store equipment and/or suspension of operations at warehouses and logistics facilities, the Company has implemented disaster prevention measures to mitigate the impact on operating costs. ● Medium term: Transition risks: Carbon pricing policies and electricity price hikes may impact the Company's finances. The Company strengthens energy management and introduces energy-saving measures to reduce greenhouse gas emissions and mitigate the potential financial impact of such policies. Additionally, to address the growing consumer awareness of climate change and the increasing demand for low-carbon products and plastic-reduction services, the Company actively seeks suppliers to develop low-carbon products and goods with carbon footprint information. ● Long-term: (1) Strategic Adjustments: Climate change may cause seasonal variations, potentially affecting product sales strategies. The Company must adjust its product and service strategies to adapt to long-term climate patterns. (2) Capital Expenditures: Long-term measures to reduce carbon footprints and improve energy efficiency will require capital investments, such as the adoption of renewable energy and low-carbon technologies. For detailed information on the impact and management strategies of these risks and opportunities, please refer to the Company's Sustainability Report.
<p>3. Describe the financial impact of extreme climate events and transformational actions.</p>	<p>The financial impact of extreme weather events and transformation initiatives faced by the Company is as follows:</p> <ul style="list-style-type: none"> ● Extreme Weather Events: (1) Extreme weather events such as typhoons and floods may result in damage to retail store equipment and disruptions in product transportation, thereby increasing operational costs. (2) The Company must invest in risk emergency response processes and logistics distribution contingency mechanisms, which will also increase related operational costs. ● Transformation Initiatives:

	<p>The government's carbon fee policy may have a financial impact on the company in the future, such as the need to pay carbon fees. To mitigate these impacts, the company has implemented energy conservation and carbon reduction measures, such as strengthening energy management and investing in energy-efficient equipment. These measures require additional capital investment but will reduce carbon fee expenditures and save energy costs in the long term.</p> <p>In summary, the financial impacts of extreme weather events and transformation initiatives on the Company are reflected in increased operational costs and capital expenditures. However, these investments will contribute to long-term reductions in energy costs and carbon fees. For detailed financial impact information, please refer to the Company's Sustainability Report.</p>
<p>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</p>	<p>The Company has integrated climate risk into its overall risk management system and has established systematic processes and mechanisms to ensure that climate-related issues are effectively managed and addressed in corporate decision-making and daily operations. The following provides a brief overview of the Company's climate risk management:</p> <ol style="list-style-type: none"> (1) During the risk identification phase, the Environmental Protection Subcommittee of the Sustainability Committee is responsible for comprehensively identifying risks related to climate change, ranging from physical risks associated with extreme weather events to transition risks stemming from carbon pricing policies. This process encompasses the various potential impacts of climate change. (2) For these climate risks and opportunities, assess their frequency and impact, identify significant items, and conduct further quantitative financial and operational impact assessments to lay the foundation for developing management strategies. (3) After the strategies are finalized, the Sustainability Committee, in accordance with the overall operational strategy, determines and oversees the annual key climate risk and opportunity management objectives and plans. This process ensures that climate risk management strategies align with the company's overall strategy. (4) The Board of Directors is responsible for the final review and supervision of climate risk management actions. The Board regularly reviews the effectiveness of these measures and adjust them based on changes in the external environment and internal company conditions to enhance the company's overall ability to respond to climate change. <p>To enhance transparency, we disclose the outcomes of climate risk and opportunity management through our annual sustainability report and other channels, ensuring that all stakeholders have a clear understanding. Through the aforementioned processes, we ensure that climate risk and opportunity management is closely integrated with the overall risk management strategy. For further details on management systems, please refer to the Company's Sustainability Report.</p>

<p>5. If scenario analysis is used to assess the resilience to climate change risk, the scenarios, parameters, assumptions, analytical factors and key financial impacts should be described.</p>	<p>The Company has not yet incorporated climate scenario analysis (such as 2°C or more stringent scenarios) into its corporate strategy and climate-related risk and opportunity assessment tools. The primary reasons are as follows:</p> <ul style="list-style-type: none"> ● Data infrastructure is still under development: The Company is continuously collecting and organizing climate risk-related data (such as carbon emissions data and supply chain impact assessments) to establish a sufficient data foundation to support future scenario analysis. ● Focus on current practical actions: At present, the Company prioritizes the implementation of basic carbon reduction measures and the establishment of a climate risk management framework, such as energy conservation and carbon reduction, green supply chains, and the strengthening of internal risk assessment mechanisms.
<p>6. If there is a transition plan for managing climate-related risks, describe the plan and the metrics and objectives used to identify and manage entity and transition risks.</p>	<p>To effectively address climate-related risks (including physical risks and transition risks), the Company has established the following transition plan, covering multiple aspects such as operations, products, supply chain, and resource management:</p> <p>(1) Low-carbon operational transition:</p> <ul style="list-style-type: none"> ● Introducing energy-efficient equipment to enhance efficiency: Installing energy-efficient equipment (such as LED lighting and smart energy management systems) with the goal of reducing carbon emissions by 1% annually compared to the previous year. <p>(2) Green products and services:</p> <ul style="list-style-type: none"> ● Sustainable Packaging Plan: Promote plastic reduction in packaging for our own products. In the 2024 plastic reduction report, the actual number of product containers used for eggs, pastries, and fruits and vegetables (3 categories) was 1,560,000, of which 390,000 were alternative containers and 1,978,164 were not packaged in containers, the reduction rate was 80.91%, and the weight of plastic reduced was 75.66 metric tons. <p>In addition, in line with the government's plastic reduction policy, our brand Simple Mart Plus has planned a “Pass on the Bag” program to encourage consumers to voluntarily donate used paper bags in exchange for coffee. Furthermore, in response to environmental protection policies, consumers who bring their own eco-friendly cups to purchase freshly ground coffee at our stores will receive a NT\$5 discount. They can also bring glass bottles to Simple Mart stores for recycling. In 2024, stores recycled 294.55 metric tons of empty bottles, hoping to do their part for the planet and achieve environmental sustainability.</p> <p>(3) Supply chain transformation:</p> <ul style="list-style-type: none"> ● Localized supply chain: The goal is to maintain 100% local sourcing of private brand products to reduce logistics carbon emissions.

	<p>(4) Climate resilience enhancement:</p> <ul style="list-style-type: none"> ● Disaster-Resilient Infrastructure: Investing in climate-resilient infrastructure, such as flood prevention facilities and heat-resistant building materials, to minimize the impact of extreme weather on facilities. ● Business Continuity Plan (BCP): Developing emergency measures to respond to extreme weather events to ensure the stability of the supply chain and store operations.
7. If internal carbon pricing is used as a planning tool, the basis for price setting should be specified.	<p>The Company has not yet adopted carbon pricing as a planning tool because it is currently focused on basic carbon emission management and implementation, such as improving energy efficiency, reducing waste, and monitoring supply chain emissions, and is accumulating data to support future decision-making.</p> <p>Reasons for the current approach:</p> <ul style="list-style-type: none"> ● Insufficient data foundation: The collection and organization of carbon emission-related data is still in progress. It is necessary to ensure the completeness and accuracy of the data before further introducing carbon pricing tools. ● Policy environment considerations: Given that carbon taxes or carbon trading markets have not yet been fully implemented in China, the company has chosen to focus on specific actions that comply with existing regulations. ● Internal resource allocation: The company is optimizing its internal governance and sustainability management resources and will gradually promote the application of more tools. ● Long-term goals: The company will gradually evaluate and introduce carbon pricing as an internal decision-making analysis tool based on domestic and international regulatory developments and business operations. <p>Implementation path:</p> <ol style="list-style-type: none"> 1. Data preparation: Establish a comprehensive carbon emissions inventory system covering Scope 1 and Scope 2 within the next two years, and gradually extend it to Scope 3 data. 2. Learning and piloting: Refer to international best practices in carbon pricing, collaborate with professional consultants to conduct scenario analysis, and further test the feasibility of carbon pricing. 3. Establish a pricing mechanism: Based on internal carbon emissions data and external references (such as EU carbon trading prices), set an internal carbon price suitable for the company. 4. Gradual implementation: Pilot internal carbon pricing tools in specific departments or business units to assess the climate impact of corporate investments, supply chain strategies, etc., and continuously improve.

8. If climate-related targets are set, information on the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be described; if carbon credits or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and amount of carbon reduction credits or renewable energy certificates (RECs) should be described.	The Company is actively committed to environmental protection, setting phased energy conservation and carbon reduction targets, making proper use of resources to maximize efficiency, and fulfilling its corporate social responsibility. In recent years, we have been working on Scope 1 and Scope 2 greenhouse gas reduction and the installation of energy-saving facilities. In 2024, we will also purchase renewable energy certificates to achieve carbon reduction benefits.
9. Greenhouse gas inventory and confirmation of status and reduction targets, strategies and specific action plans.	Please refer to 1-1 below.

1-1 Greenhouse Gas Inventory and Confirmation in the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

The Ghg Emissions (Tonnes CO2E), Intensity (Tonnes CO2E/\$M) And Data Coverage For The Last Two Years Are Presented.
The Company commenced its greenhouse gas inventory process in 2024, with Scope 1 annual carbon emissions totaling 2,016 tCO2e, Scope 2 annual carbon emissions totaling 45,070 tCO2e, and a combined total of 47,087 tCO2e. The consolidated annual revenue for 2024 was 14,297,180 thousand, with an intensity of 3.29 tCO2e per million.

1-1-2 Greenhouse Gas Confirmation Information

A Description Of The Status Of Assurance For The Two Most Recent Years Ended On The Date Of The Annual Report, Including The Scope Of Assurance, The Assurance Organization, The Assurance Criteria, And The Opinion Of The Assurance.
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The base year for our greenhouse gas inventory is 2024. The Company has not yet obtained assurance for the greenhouse gas inventory report. The Company will follow the final assurance schedule of the parent company, Mercuries & Associates Holding, Ltd., and disclose the consolidated inventory information and assurance status for the 2026 in the 2027 annual report.

1-2 Greenhouse Gas Reduction Goals, Strategies and Specific Action Plans

Describe The Base Year Of Ghg Reduction And Its Data, Reduction Targets, Strategies And Specific Action Plans And Achievement Of Reduction Targets.

The Company commenced its greenhouse gas inventory in 2024 and established carbon reduction targets, strategies, and specific action plans for 2025:

- (1) The Company's core business is retail distribution. In response to the annual increase in the number of stores and scale of operations, the Company has adopted intensity targets as the basis for its carbon reduction goals. The carbon reduction target for 2025 is to reduce carbon emissions per million dollars of revenue by 1% compared to 2024.
- (2) Carbon reduction strategies and specific actions: The strategy involves replacing outdated equipment (e.g., adopting environmentally friendly refrigerants) to reduce Scope 1 carbon emissions, reducing the average electricity consumption per store, and continuing to implement energy-efficient equipment upgrades, lighting replacements, electronic price tags, energy-saving education in stores, and the implementation of energy-saving management in stores to achieve a reduction in electricity consumption per store.
- (3) The company has systematically allocated resources to the development and application of renewable energy. In addition to actively promoting the construction of solar roofs on logistics warehouses, it continues to plan the procurement of green electricity, obtain renewable energy certificates, and implement energy-saving management measures.

(6) Implementation of business integrity management, and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof		
	Yes	No	Summary			
1. Stipulating policies and plans for ethical corporate management						
(1) Does the Company establish clearly indicated policies and activities that are approved by the Board of Directors, related to ethical corporate management in its bylaws and external documents, and are the Company’s directors and management actively fulfilling their commitment to corporate policies?	✓		The Company has established an Ethical Corporate Management Best Practice Principles and has been approved by the Board of Directors. Members of the Board of Directors and the management of the Company emphasize ethical and honest business practices, uphold the concept of clean, transparent and accountable business practices, and implement an integrity policy. The Company also requires suppliers to sign an integrity statement in order to create a sustainable business environment.	No significant differences		
(2) Has the Company established an evaluation mechanism to periodically analyze and evaluate business activities that have a relatively higher risk of unethical conduct and thus taken steps to prevent the unethical occurrences listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established an Ethical Corporate Management Best Practice Principles, and regularly promotes the prevention of dishonest behavior in company meetings or educational training sessions, proactively implementing the execution of our integrity management policy.	No significant differences		
(3) Has the Company established and implemented measures against dishonest conduct, and does it periodically review and amend them? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions, and compliance systems?	✓		The Company's Ethical Corporate Management Best Practice Principles explicitly stipulates that our personnel, when engaging in commercial activities, must not directly or indirectly offer, promise, demand, or accept any improper benefits, or commit any other acts that violate integrity, legality, or breach fiduciary duties.	No significant differences		
2. Ethic Management Practice						
(1) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		The Company has established relevant assessment systems for all its commercial activities, with both parties' rights and obligations explicitly detailed in the contracts.	No significant differences		
(2) Does the Company have a unit under its Board of Directors handling business integrity related matters? Does this unit report its integrity policies and unethical conduct prevention programs, as well as their implementation, to the Board of Directors on a regular basis (at least once a year)?	✓		The Company has established an Integrity Management Committee under the Board of Directors, with Hui-Lan Su, the Human Resources Officer, serving as the convener. The Committee is responsible for promoting integrity management, handling the revision, execution, interpretation, consultation services, and reporting of corporate integrity management procedures and behavioral guidelines, as well as related operations and supervision. The committee also regularly reports to the Board of Directors. The report on the Board of Directors' situation for the year 2024 is as follows:	No significant differences		
			Date		Report Unit	Summary
			2024.08.02		Hui-Lan Su, Human	(1) Report on the

Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<div>Resource Division-CHO</div> <div>(2) implementation of measures related to ethical management practices Description of various reporting channels and a summary of accepted content</div>	
(3) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		<p>(1) The Company has formulated a policy to prevent conflicts of interest. The policy is used to identify, monitor, and manage the risks of dishonest behavior that may arise from conflicts of interest. We also provide appropriate channels for directors, independent directors, managers, and other stakeholders attending or participating in board meetings to proactively disclose any potential conflicts of interest they may have with the Company.</p> <p>(2) Directors, independent directors, managers, and other stakeholders attending or participating in board meetings must disclose any significant conflicts of interest involving themselves or the legal entities they represent (including spouses or second-degree relatives) for any motion items discussed at the board meeting. Regardless of whether the conflict is detrimental to the Company's interests, they must not participate in discussions or vote on the matter, should recuse themselves during discussions and voting, and must not act as a proxy to exercise voting rights on behalf of other directors. All directors maintain self-discipline, and there have been no instances of inappropriate mutual support.</p> <p>(3) The Company's directors, independent directors, managers, employees, appointees, and those with substantial control must not exploit their positions or influence within the Company to secure improper benefits for themselves, their spouses, parents, children, or any other individuals.</p>	No significant differences
(4) Has the Company implemented effective accounting and internal control systems for maintaining business integrity? Are relevant audit plans made by the internal auditors based on unethical conduct assessments to examine compliance with unethical conduct prevention or are these audits done by the Company's CPAs?	✓		<p>(1) For business activities with a higher risk of dishonest behavior, the Company has established effective accounting and internal control systems, strictly prohibiting the use of off-the-books or secret accounts. We also continually review these systems to ensure their design and execution remain effective and up-to-date.</p> <p>(2) The Company's internal audit unit regularly reviews the compliance with the aforementioned systems and submits audit reports to the Board of Directors. No violations of integrity management or deficiencies in internal controls have been discovered.</p>	No significant differences
(5) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		(1) The Company's chairman, general manager, or senior management regularly communicate the importance of integrity to employees.	No significant differences

Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>(2) The Company regularly organizes education and training for its employees, and holds manufacturers' meetings or franchisee meetings, inviting those who are engaged in business with the Company to participate. So that these stakeholders are fully aware of the Company's determination to operate in an honest and trustworthy manner, its policies, preventive programs, and the consequences of committing acts of dishonesty, and the Company also requires suppliers to sign a declaration of trust to jointly create an honest and trustworthy business environment.</p> <p>(3) The Company integrates its integrity management policy with employee performance evaluations and human resource policies, establishing a clear and effective reward and disciplinary system.</p>	
3. Implementation of Complaint Procedures				
(1) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		<p>In order to establish a corporate culture of integrity and transparency and to promote sound operations, and to protect the rights and interests of whistleblowers, the Company has adopted the "Regulations for the Implementation of the Whistleblowing System" at the Board of Directors' Meeting held on May 3, 2024.</p> <p>According to which the Regulations, a dedicated whistleblower reporting line and a whistleblower reporting mail have been set up, which are also published on the Company's website.</p> <p>Information on the Company's reporting channels is as follows:</p> <ol style="list-style-type: none"> 1. The unit of acceptance of the report system: The Legal Affairs Office of the Company's Administration Division. 2. Investigation unit of the prosecution system: The Legal Affairs Office of the Company's Administration Office, the Audit Office, or any other investigation department or team assigned to the case depending on the nature of the case. 3. Reporting hotline: 02-2506-1166 ext. 1030. 4. Reporting mail: whistleblowing@simplemart.com.tw, or by mail to the Legal Affairs Office of the Company's Administration Division, B1, No.4, Sec. 3, Minquan E. Rd., Zhongshan Dist., Taipei City. 5. The unit that receives the report hotline and report mail cases is the Legal Affairs Office of the Company's Administration Office. 	No significant differences
(2) Does the Company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	✓		<p>The 'Regulations Governing the Implementation of the Whistleblower System' stipulate the procedures for handling whistleblower cases, the principles for filing a case, the procedures for subsequent handling, and measures for the protection of whistleblowers.</p> <p>Principles of Case Filing:</p> <p>Under any of the following circumstances, the unit accepting the report may not</p>	No significant differences

Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>open a case for acceptance, but it should still be registered for record:</p> <ol style="list-style-type: none"> 1. The report is anonymous. 2. The report does not provide evidence of reasonable suspicion. 3. The content of the report is clearly inconsistent with the facts or appears to be a malicious misrepresentation or accusation. 4. Cases not within the scope of Article 2 of these Regulations may be referred to the competent unit in accordance with the Company's authority if the Company has other regulatory procedures for handling such cases. 5. If a case with the same facts has been decided to be inadmissible or concluded after investigation, unless the complainant presents new facts or new evidence to prove the necessity of re-investigating the case, this shall not be limited. 6. Where the same case is under investigation, inquiry, trial or has completed the relevant procedures by the competent authorities, prosecution unit or court and there is no need to handle the case again. <p>Investigation handling procedures (including confidentiality mechanism):</p> <ol style="list-style-type: none"> 1. The complainant shall, by himself/herself or by his/her agent, submit the complaint to the receiving unit through the channels and methods of complaint as stipulated in these Regulations, and provide the specific reasons for the violation of the scope as stipulated in Article 2 of these Regulations as well as the information required in the record form for verification. 2. The officer of the receiving unit shall fill out the 'Record of Complaint Reporting Incident' to make a record, and recite it to the complainant or allow him/her to read it, and after confirming that the content is correct, the officer shall sign it and the record sheet shall be filed with the approval of the supervisor in charge of the case. 3. When receiving the complaint, the receiving unit shall remind the complainant of the confidentiality of the complaint. 4. Upon receipt of a complaint, the receiving unit shall handle it as a confidential case and examine whether it is admissible or not based on the content of the complaint and relevant information. After verification, the case is confirmed to be accepted and referred to the investigation unit for investigation. 5. The investigation unit shall be objective and fair in handling the report, and give the person being reported a full opportunity to defend himself/herself and present his/her opinions. 6. In handling the complaint, the investigation unit may notify the complainant or other relevant personnel to appear before the court for explanation, and may invite relevant professionals to assist in the investigation. 7. The investigation unit shall complete the investigation and prepare an investigation report within three months, and the period may be extended if 	

Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>there is a need to do so before the expiration of the period, but it shall not be extended beyond three months.</p> <p>8. In the case of related cases based on the same facts, if the reports are filed in succession, the cases filed in succession shall be merged into the former case for investigation and handling.</p> <p>9. The officer handling the report shall abstain himself/herself if he/she has a conflict of interest with the report.</p> <p>10. After the investigation of the whistleblower case is completed, a written report shall be made on the results of the investigation and recommendations for handling the case. If the whistleblower is a general employee, the report shall be sent to the supervisor or general manager to whom the whistleblower belongs. If the whistleblower is a director, supervisor, or vice president or has responsibilities equivalent to those of a vice president or above, or if the whistleblower involves a major violation of law or has a significant detrimental impact on the Company, the report of the investigation shall be submitted to the Audit and Risk Management Committee for review and report to the Board of Directors.</p> <p>Follow-up Procedures: Cases confirmed to be substantiated by investigation shall be handled in accordance with the following procedures:</p> <p>1. Immediately requesting the cited person to stop the relevant conduct and anticipating necessary precautionary or emergency response measures. If, after investigation, it is confirmed that the person cited has violated the relevant regulations, the person cited shall be dealt with or punished in accordance with the relevant regulations immediately.</p> <p>2. The relevant departments will put forward written review and improvement measures and refer them to the investigation unit for tracking until the improvements are completed.</p> <p>3. In the event of a material breach of contract or a risk of material damage to the Company, the relevant department will separately report to the Audit and Risk Management Committee for follow-up action and review of improvement measures.</p> <p>4. If there is any violation of law or crime, the case should be referred to the prosecution unit or relevant authorities for handling, and if necessary, the case should be processed through legal procedures to request for damages and to pursue the relevant responsibilities.</p>	
(3) Does the Company adopt proper measures to prevent a complainant from retaliation for his/her filing a complaint?	✓		The Company has formulated the 'Regulations for the Implementation of the Whistleblower System', which is applicable to the Company's subsidiaries. In accordance with the Regulations, the Company has established the following	No significant differences

Assessment Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
			<p>measures for the protection of whistleblowers:</p> <ol style="list-style-type: none"> 1. The identity of an informant shall be kept confidential and shall not be disclosed in a manner that would allow his or her identity to be identified or deduced. However, this shall not apply to information that the prosecutor has agreed to disclose or has disclosed on his or her own initiative, or information that should be disclosed in accordance with the provisions of the law. 2. Those who know the identity of the informant and the content of the report due to the performance of their duties or business shall be responsible for maintaining confidentiality and shall not disclose the information. Any violation shall be punished in accordance with the relevant regulations of the Company. 3. The whistleblower may be dismissed, discharged, demoted, have his/her salary reduced, have his/her rights and interests under the law or contract impaired, or be subjected to other unfavorable penalties as a result of the whistleblower's case. <p>Reporting of Whistleblowing Cases Handled by the Company's Whistleblowing Hotline: In 2024, the Company and its subsidiaries did not receive any whistleblowing reports, meaning that the Company received a total of 0 reports and its subsidiaries received a total of 0 reports.</p>	
4. Information Disclosure				
Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓		The Company has established an Ethical Corporate Management Best Practice Principles, which is disclosed on the Company's website and the Market Observation Post System.	No significant differences
5. If a company has established its own code of integrity in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the differences between its operations and the established principles: No significant differences.				
6. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (e.g., review the Company's corporate conduct and ethics policy): In addition to complying with legal requirements, the Company requires vendors to implement and adhere to the principles of integrity management in their daily operations and management practices.				

- (7) Other important information that may enhance understanding of the company's governance operations may also be disclosed:
- The Company has established internal procedures for handling material information and preventing insider trading, which are to be followed by the Company's directors, managers, department heads, and all employees to avoid violations or incidents of insider trading.
 - For other matters not disclosed in this annual report, please refer to the following website:
 - Company website <https://www.simplemartretail.com/>
 - Market Observation Post System <https://mops.twse.com.tw/mops/#!/web/home>
Code : 2945
- (8) Implementation of the internal control system
- Statement of internal control
The Company's internal control statement has been announced on the Market Observation Post System.
Market Observation Post System > Single Company > Corporate Governance > Company Regulations/Internal Control > Internal Control Statement Announcement
(<https://mops.twse.com.tw/mops/#!/web/t06sg20>) prior to the date of publication of the annual report.
 - For the Company that appoints an accountant to review the internal control system, the accountant's review report shall be disclosed: None
- (9) Important resolutions and implementation of the Shareholder Meeting and the Board of Directors in the most recent year and as of the publication date of the annual report:
- Important resolution of the shareholder meeting

Date of Meeting	Resolution and Implementation Status
2024.05.30 Regular Shareholder Meeting	<ul style="list-style-type: none"> Adoption of the Business Report and Financial Statements of 2023. Adoption of the earnings distribution of 2023. <u>Implementation Status</u> The Company's Board of Directors set July 23, 2024 as the ex-dividend date for the cash dividend, which was paid on August 16, 2024, at \$1.20 per share. Amendment of the "Articles of Incorporation" <u>Implementation Status</u> The Company has announced the revised "Articles of Incorporation" on its website and completed the registration of changes, and has proceeded in accordance with the revised procedures. Amendment of the "Operational Procedures for the Acquisition or Disposal of Assets" <u>Implementation Status</u> The Company has announced the revised "Operational Procedures for the Acquisition or Disposal of Assets" on its website and will proceed in accordance with the revised procedures. Approval of the release of the prohibition on directors from participation in competitive business.

B. Important resolution of the Board of Directors

Date of Meeting	Resolution	Implementation Status
2024.01.26	<ul style="list-style-type: none"> Approval for the loan facility from financial institutions. 	Implemented according to the resolution
2024.02.23	<ul style="list-style-type: none"> Approved the business report of 2023. Approved the financial reports of 2023. Approved the earnings distribution of 2023. Approved the employees' bonus and directors' compensation of 2023. Approval of the appointment of managers. Approved the statement on internal control for year 2023. Approved of engagement of attesting CPAs for 2024. Approved of the amendments of the "Charters of Audit Committee" and "Rules of Procedure for Board of Directors' Meetings". 	Implemented according to the resolution

Date of Meeting	Resolution	Implementation Status
	<ul style="list-style-type: none"> • Approved of the release of the prohibition on directors from participation in competitive business. • Approved of the amendments of the “Articles of Incorporation”. • Approved of the amendments of the “Operational Procedures for the Acquisition or Disposal of Assets”. • Approved of the solar roof installation. • Approved the meeting date, location, and subjects for the regular shareholders’ meeting of 2024. 	
2024.03.10	<ul style="list-style-type: none"> • By way of verification and consideration of the open offer by Mei-Ling Yu for ordinary shares of the Company 	Implemented according to the resolution
2024.05.03	<ul style="list-style-type: none"> • Approved of the “Audit Committee” has been renamed the “Audit and Risk Management Committee.”. • Approved of the consolidated financial statements of the first quarter of 2024. • Approved of the donation to Criminal Investigation and Prevention Association, R.O.C. • Approved the Solar roof installation. • Approval for the loan facility from financial institutions. • Approved the setup of the “Implementation Rules for the Whistleblowing System”. • Approved of investment company establishment. • Approved the 2023 Annual Director Compensation Revision Proposal. 	Implemented according to the resolution
2024.08.02	<ul style="list-style-type: none"> • Approved of amendment of Delegation of Authority • Approval of the 2023 Sustainability Report • Approval of establishment of the Sustainable Development Committee. • Approved of the consolidated financial reports of the second quarter of 2024. • Approval for the loan facility from financial institutions. • Approved of loan to Sanyou Drugstores Ltd. • Approved of loan and endorsement guarantee by Simple Mart Plus Co., Ltd. • Approved of Procurement electronic shelf labels. • Approved investment in subsidiary Simple Mart Investment Co., Ltd. 	Implemented according to the resolution
2024.11.01	<ul style="list-style-type: none"> • Adoption of the consolidated financial reports of the third quarter of 2024. • Approved the donation to the Mercuries Private Social Welfare Charity Foundation in Taoyuan County. • Approved of the cancellation of a donation to the Criminal Investigation and Prevention Association R.O.C. • Approved the amendment to the " Corporate Governance Best Practice Principles ". • Approved of loan and endorsement guarantee by Pet Wonderland Co., Ltd. • Adoption of the Sustainable Information Management Regulations. • Approved investment in subsidiary Simple Mart Investment Co., Ltd. 	Implemented according to the resolution
2024.12.27	<ul style="list-style-type: none"> • Approved investment in subsidiary Sanyou Drugstores Ltd. • Adoption of Business Plan and Budget for year 2025. • Approved WMS Replacement. • Approved the “Sustainability Report Preparation and Assurance Procedures”. • Approved the “Regulations Governing Establishment of Internal Audit Systems”. • Adoption of internal audit plan for year 2025. • Approval for the loan facility from financial institutions. 	Implemented according to the resolution

Date of Meeting	Resolution	Implementation Status
2025.02.21	<ul style="list-style-type: none"> • Adoption of the financial reports of 2024. • Approval of the business report of 2024. • Approval of the earnings distribution of 2024. • Approval of amendments of the "Articles of Incorporation". • Approval of employees' bonus and directors' compensation of 2024. • Adoption of the statement on internal control for year 2024 • Adoption of the amendment to the "Operational Procedures for the Acquisition or Disposal of Assets ". • Issuance of Restricted Stock Awards (RSA) to Employees. • Amendment of the "Rules for Election of Directors". • Approved of Re-election of all directors • Approved of the nomination of director candidates. • Approved of the release of the prohibition on new directors from participation in competitive business. • Approval of the meeting date, location, and subjects for the regular shareholders' meeting of 2025. • Approved of the Audit Manager Appointment. 	Implemented according to the resolution

(10) If the directors or supervisors had different opinions on the important resolutions passed by the Board of Directors in the most recent year and as of the date of publication of the annual report, which were recorded or with written statements, the main content thereof: None.

4. Information on service fees of CPAs

(1) Information on service fees of CPAs

Unit: Thousand NT\$

Public Accounting Firm	Name of CPA	CPA's Audit Period	Audit Fees	Non-audit Fees	Total	Note
KPMG	Pei-Ju Hsiao and Chi-Lung Yu	2024/01/01~2024/12/31	1,620	570	2,190	-
KPMG	Yu-ting Huang	2024/1/1-2025/12/31	-	650	650	-
KPMG	Zi-kai Chen	2024/6/1-2024/12/31	-	90	90	-

- (2) Please provide specific details of the non-audit services: Non-audit public expenses include the verification of salary information for full-time employees who are not in managerial positions, services related to the establishment and registration of changes, procedures for the issuance of promissory notes, various tax certifications, and administrative work related to the preparation of financial statements (including typing, formatting, and translation of financial statements).
- (3) If the accounting firm is changed and the audit fee paid in the year of the change is lower than the audit fee of the year before the change, the amount of the audit fee before and after the change as well as the reason thereof shall be disclosed: Nil.
- (4) If the audit fee is reduced by 10% or more compared with that in the previous year, the amount, percentage, and the reason for the reduction of the audit fee shall be disclosed: Nil.

5. Alternation of CPA

(1) About the former CPAs

Effective date	March 3, 2023		
Reasons for the change	To follow KPMG’s internal rotation policy, the Company changed its auditors from Pao-Lian Chou and Cheng-Chien Chen to Pei-Ju Hsiao and Chi-Lung Yu, starting from 2023.		
Explain whether it is terminated by the principal or the CPA, or the appointment is declined by the CPA	<div>Cilent</div> <div>Situation</div>	CPA	Company
	Appointment was terminated upon request	Not applicable	Not applicable
	Appointment was not renewed and thus, terminated	Not applicable	Not applicable
The audit report issued with an opinion other than unqualified opinion within two years and the reasons	Unqualified opinion within two years		
Is there any disagreement with the issuer?	Yes		Accounting principle or practice
			Disclosure of financial statements
			Audit scope or procedures
			Others
	None	✓	
	Note : Not applicable		
Other disclosures (The disclosures made according to Section 1.4 ~ Section 1.7, Paragraph 6, Article 10 of the Regulations)	None		

(2) Successor CPAs

Name of CPA firm	KPMG
Name of CPAs	Pei-Ju Hsiao and Chi-Lung Yu
Date of appointment	Approved by Board of Directors on March 3, 2023
The consultation on accounting treatment methods and accounting principles for specific transactions and possible opinion issued on the financial report prior to appointment and its result	Not applicable
Written opinion of the successor CPA that is different from the opinion of the predecessor CPA	Not applicable

(3) Reply letter from the former accountant on the items 1 and 2 of Article 10, paragraph 6 of this standard: Not applicable.

6. The Company's chairman, the general manager, or the manager in charge of financial or accounting affairs used to work in the firm of the appointed CPA or its affiliates in the most recent year: None.

7. Changes in equity transfer and equity pledge of directors, managers, and shareholders with a shareholding ratio exceeding 10% in the most recent year and as of the publication date of the annual report, thereof:

- (1) Changes in shareholdings of directors, supervisor, managers and shareholders with a shareholding ratio exceeding 10%: The transfer of shares and changes in share pledges of the Company's directors, supervisors, managers, and shareholders with shareholdings exceeding 10% were announced on the Market Observation Post System
Share transfer: Market Observation Post System > Single Company > Share Change/Securities Issuance > Share Transfer Information Inquiry > Post-Reporting Form for Changes in Shareholdings by Insiders
Website: https://mops.twse.com.tw/mops/#/web/query6_1
Changes in share pledge: Market Observation Post System > Single Company > Share Changes/Securities Issuance > Pledge by Insiders > Announcement of Pledge by Insiders
Website: https://mopsov.twse.com.tw/mops/web/STAMAK03_1
- (2) Information on directors, supervisors, managers, and related parties who transfer more than 10% of their shareholdings in the Company:
Share Transfer Information

Name And Surname	Reasons For The Transfer Of Shares	Date Of Transaction	Transaction counterparty	Relationship Between The Counterparty And The Company, Directors, Supervisors, Managers And Shareholders Holding More Than 10% Of The Company's Shares	Number Of Shares	Transaction Price
Mei-Ling Yu	Public tender Offer	2024.3.26	Sumitomo Corporation	Counterparties are directors of the Company and shareholders holding more than 10% of the Company's shares.	13,200,000	\$32.50 per share

- (3) Information on directors, supervisors, managers, and related parties who pledge more than 10% of their shareholdings in the Company: None.

8. Information on the shareholders whose shareholding ratio accounts for the top ten and who are related persons or are spouses or relatives within the second degree of kinship:

March 29, 2025; Unit: Shares; %

Name	Shares held personally		Shares held by the spouse and minor children		Total shares held in the name of others		The titles or names and relationships of the top ten shareholders who are related persons or are spouses or relatives within the second degree of kinship		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Mercuries & Associates Holding, Ltd. Representative: Shiang-Li Chen	41,018,951	60.76	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Shopnet Homeshopping Co., Ltd.	10,400,000	15.40	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-

Name	Shares held personally		Shares held by the spouse and minor children		Total shares held in the name of others		The titles or names and relationships of the top ten shareholders who are related persons or are spouses or relatives within the second degree of kinship		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Representative: Sung-Wen Tai									
Mei-Ling Yu	3,266,603	4.83	-	-	-	-	-	-	-
Kuang-Lung Chiu	1,667,363	2.47	5,000	0.01	-	-	-	-	-
Acer Synergy Tech Corp.	300,000	0.44	-	-	-	-	-	-	-
Representative: Hsuan-Hui Shih	-	-	-	-	-	-	-	-	-
Flow Tide Enterprises Co., Ltd.	288,444	0.42	-	-	-	-	-	-	-
Representative: Shu-Chang Wang	-	-	-	-	-	-	-	-	-
GTM Holdings	200,000	0.29	-	-	-	-	-	-	-
Representative: Li-Kai Ku	-	-	-	-	-	-	-	-	-
Ding-Jia Liang	181,000	0.26							
Chung-Ping Hsieh	141,699	0.21	-	-	-	-	-	-	-
Tian-Xiang Jiang	110,000	0.16							

9. The number of shares held by the Company, the Company's directors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio:

Comprehensive Shareholding Ratio

December 31, 2024: Unit: Shares; %

Reinvested company	Investment by the Company		Investment of directors, managers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Simple Mart Plus Co., Ltd. (Note)	6,000,000	100%	-	-	6,000,000	100%
Sanyou Drugstores, Ltd. (Note)	15,100,000	75.5%	4,900,000	24.5%	20,000,000	100%
Simple Mart Investment Co., Ltd. (Note)	24,600,000	100%	-	-	24,600,000	100%
Flow Tide Enterprises Co., Ltd.	500,000	1.33%	-	-	500,000	1.33%
Pet Wonderland Co., Ltd. (Note)	765,000	51%	-	-	765,000	51%
M2 Communication Inc.	666,667	4.41%	1,099,921	7.23	1,766,588	11.61%

Note: equity-method investments.

III. Capital and Shares

1. Capital and Shares

(1) Source of share capital

A. Acquisition of share capital

March 31, 2025, Unit: Thousand Shares, Thousand NT\$

Year/Month	Issue price (dollar)	Authorized share capital		Paid-in capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Share Capital	Contribution to share capital in the form of property other than cash	Other
FEB, 2013	10	20,000	200,000	100	1,000	Share capital of \$1,000,000	-	Note 1
AUG, 2017	10	80,000	800,000	45,100	451,000	Acquisition of newly issued shares through merger of 450,000,000	-	Note 2
JUL, 2018	10.87	80,000	800,000	47,688	476,880	Issuance of new shares through the conversion of subscription warrants 25,880,000	-	Note 3
AUG, 2018	100	80,000	800,000	52,988	529,886	Cash Capital increase 53,006,000	-	Note 4
SEP, 2018	21	80,000	800,000	53,096	530,966	Issuance of new shares through the conversion of subscription warrants 1,080,000	-	Note 5
APR, 2019	110	80,000	800,000	53,681	536,818	Cash Capital increase 5,852,000	-	Note 6
AUG, 2019	10	80,000	800,000	60,000	600,000	Capital surplus transferred to capital increase 53,095,000 Earnings transferred to capital increase 10,087,000	-	Note 7
DEC, 2021	69	80,000	800,000	67,500	675,000	Cash Capital increase 75,000,000	-	Note 8

Note 1: Approval of registration No.: February 07, 2013, letter Fu- Chan-Ye Commercial No. 10280605940.

Note 2: Change of registration No.: August 09, 2017, letter Fu- Chan-Ye Commercial No. 10656372120.

Note 3: Change of registration No.: July 06, 2018, letter Fu- Chan-Ye Commercial No. 10749216330.

Note 4: Change of registration No.: August 23, 2018, letter Fu- Chan-Ye Commercial No. 10701096980.

Note 5: Change of registration No.: September 13, 2018, letter Fu- Chan-Ye Commercial No. 10701111750.

Note 6: Change of registration No.: April 22, 2019, letter Jing-Shou Commercial No. 10801045270.

Note 7: Change of registration No.: August 06, 2019, letter Jing-Shou Commercial No. 10801099890.

Note 8: Change of registration No.: December 10, 2021, letter Jing-Shou Commercial No. 11001228820.

B. Type of share

March 31, 2025, Unit: Thousand shares

Type of shares	Authorized capital			Note
	Outstanding shares	Unissued shares	Total	
Registered ordinary share	67,500	12,500	80,000	Listed company stocks

C. Information related to the shelf registration system: Not applicable.

(2) List of major shareholders

The names, shareholding amounts and percentages of shareholders with a stake of 5% or more should be disclosed, and if there are less than ten such shareholders, the names, shareholding amounts and percentages of the top ten shareholders in terms of shareholding proportion should be disclosed:

March 29, 2025 ; Unit : Shares ; %

Name Of Major Shareholder	Shares Held	Shareholding Percentage
Mercuries & Associates Holding, Ltd. Representative: Shiang-Li Chen	41,018,951	60.76
Shopnet Homeshopping Co., Ltd. Representative: Sung-Wen Tai	10,400,000	15.40
Mei-Ling Yu	3,266,603	4.83
Kuang-Lung Chiu	1,667,363	2.47
Acer Synergy Tech Corp. Representative: Hsuan-Hui Shih	300,000	0.44
Flow Tide Enterprises Co., Ltd. Representative: Shu-Chang Wang	288,444	0.42
GTM Holdings Representative: Chao-Chi Ku	200,000	0.29
Ding-Jia Liang	181,000	0.26
Chung-Ping Hsieh	141,699	0.21
Tian-Xiang Jiang	110,000	0.16

(3) The Company's dividend policy and implementation status:

A. Dividend policy:

In accordance with the Company's Articles of Incorporation, if there is any surplus in the Company's annual financial statements, 10% of it shall be set aside as legal reserve after the Company pays tax and makes up for the accumulated losses in accordance with the law, provided that no further appropriation shall be made if the legal reserve reaches the Company's paid-in capital; the remaining balance shall be added to the accumulated undistributed retained earnings of prior years and the undistributed earnings for the current year, and shall be appropriated by the Board of Directors in accordance with the appropriation resolution, which shall be authorized to be approved by the Board of Directors with the presence of at least two thirds of the directors and a resolution of the majority of the directors present. The Board of Directors is authorized to distribute all or a portion of the dividends and bonuses payable or the legal reserve and capital surplus in accordance with Article 241, Paragraph 1 of the Company Act in the form of a cash distribution by a resolution of the Board of Directors with two-thirds or more of the directors present and a majority of the directors present, and to report the distribution to the shareholders' meeting. However, if new shares are to be issued, a resolution must be submitted to the shareholders' meeting before distributions can be made.

The Company's dividend policy takes into account the Company's future capital requirements. The type of dividends will depend on the Company's earnings, financial structure and future operating plans, and the amount of dividends will be distributed to shareholders annually from the available-for-distribution earnings after deducting the amount of expected capital requirements and capital expenditures for the following year, and the distribution of dividends to shareholders may be made in the form of cash or stock, with cash dividends of at least 50% of the dividends paid in the form of stock dividends. The annual shareholders' meeting may decide the most appropriate and timely method of dividend distribution, taking into account industry conditions and the Company's interests and development as the overriding principle.

The Company's dividend distribution status from 2023 to 2024 is as follows:

Unit: NT\$ thousand

Year	The distributable profits after the allocation of the statutory reserve	Cash Dividend	Stock Dividend	Cash Dividend Disbursement Ratio
2024 (Note)	131,858	101,250	-	77%
2023	90,099	81,000	-	90%

Note: The appropriation of earnings for fiscal year 2024 has not yet been resolved by the shareholders at the regular meeting.

- B. The appropriation of earnings for fiscal year 2024 was approved by the board of directors on February 21, 2025, and the available-for-distribution earnings for fiscal year 2024 amounted to \$145,498 thousand, less the legal reserve of \$13,640 thousand, and the proposed cash dividends to shareholders of \$101,250 thousand, leaving an unappropriated earnings after the appropriation of \$30,608 thousand. The resolution is proposed to be approved at the shareholders' meeting on May 28, 2025.
- (4) The effect of the proposed stock dividend issuance at the shareholders' meeting on the Company's business performance and earnings per share: Not applicable.
- (5) Remuneration of Employees and Directors
 - A. The percentage or scope of remuneration for employees and directors as set forth in the Articles of Incorporation:
If the Company generates profits in any fiscal year, it shall set aside no less than one percent of such profits as employee bonuses, which shall be distributed in the form of stock or cash, as decided by the Board of Directors. The recipients of such bonuses shall include employees of subsidiary companies who meet certain conditions. The Company may, at the discretion of the Board of Directors, set aside no more than three percent of the aforementioned profits as director bonuses. However, if the Company has accumulated losses, it shall first set aside an amount sufficient to cover such losses before allocating employee bonuses and director compensation in accordance with the aforementioned proportions. The Company's Board of Directors approved the revision of Article 19 of the Articles of Association on February 21, 2025, in accordance with the provisions of the Financial Supervisory Commission's Securities and Futures Bureau Circular No. 1130385442, adding that no less than 60% of the employee remuneration shall be allocated for distribution to front-line employees. This revised provision shall take effect upon approval by the shareholders' meeting on May 28, 2025.
 - B. The basis for estimating the amount of employee bonus and remuneration to directors/supervisors, the basis for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:
The estimated amounts of employee and director remuneration in this company are calculated based on the current period's pre-tax net profit, using the allocation percentage specified in the Company's articles of association, and recognized as salary

expenses. If there is a difference between the actual amount of the subsequent year's dividend and the estimated amount, accounting estimates will be adjusted accordingly, and the difference will be recognized as a loss or gain in the subsequent year.

C. Information on any employee bonus proposal approved by the Board of Directors:

- a. Distribution of cash bonuses or stock bonuses to employees, and remuneration to directors and supervisors. If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, reasons therefor, and how it is treated shall be disclosed:

The Company's Board of Directors approved the 2024 Employee Bonus Distribution Plan at its meeting held on February 21, 2025. The bonuses will be distributed in cash, with employee bonuses totaling 3,000 thousand and director bonuses totaling 2,000 thousand. The amounts are consistent with the estimated amounts recognized as expenses for the same period.

- b. The amount of any proposed distribution of employee stock remunerations, and as a percentage of the sum of the current after-tax net income and total employee remuneration: No stock-based employee remuneration in 2024.

D. The actual distribution of employee bonus and remuneration to

directors/supervisors for the previous fiscal year (including the number, dollar amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee bonus and director/supervisor compensation, additionally the discrepancy, reasons therefor, and how it is treated:

The Board of Directors of the Company resolved on February 23, 2024 to distribute employee remuneration of NT\$2,700 thousand and director remuneration of NT\$1,800 thousand for the 2023 fiscal year. Of the director remuneration, NT\$500 thousand was transferred to other income for the 2024 fiscal year due to the resignation of the original director, Sumitomo Corporation, from its position as director prior to the distribution date.

(6) Shares of the Company bought back by the Company: None.

2. Implementation status of corporate bonds: None.

3. Implementation status of special shares: None.

4. Implementation status of overseas depositary receipts: None.

5. Implementation status of employee stock option certificates: None.

6. Implementation status of employee restricted stock awards:

The Company's Board of Directors approved the issuance of restricted employee rights shares on February 21, 2025. The issuance is expected to be finalized after approval by the shareholders' meeting on May 28, 2025.

7. Implementation status of issuance of new shares due to merger and acquisition or shares transferred by other companies: None.

8. Implementation status of the fund utilization plan: As of the previous quarter of printing date of the of annual report, the Company has not been in circumstances of uncompleted issuance or private placements of securities or completed plans with planned benefits not yet emerging.

IV. Operation Overview

1. Business Service

(1) Business content

The company's portfolio includes various retail brands such as Simple Mart, Simple Mart Plus, Simple OFFICE Mart, and Go Simple. The main revenue comes from the Simple Mart brand, which was established in February 2013 and primarily operates supermarkets and retails a variety of food, beverages, and daily necessities. The company engages in the retail business of various consumer goods through these channels, with the mission of establishing influential stores that connect community resources while committing to environmental protection and sustainable food safety practices.

The Company's leading brand, "Simple Mart," positions itself as a community-based supermarket, emphasizing "good quality at low prices" as the main business concept. We adhere to the beliefs of passion, innovation, trust, and lean management, deeply cultivating in alleys, communities, and neighborhoods, considering ourselves as customers' storerooms, and becoming the closest supply station to consumers. We carefully select core consumer products and adhere to the concept of "one-stop shopping for household and daily necessities," focusing on retail channels and caring about consumer needs. In addition to selling various domestic brand consumer goods, we are also committed to developing our own products and importing selected foreign products, creating differentiation with innovative service methods, and satisfying customers' needs with products that offer great value. In response to the continuously growing e-commerce market, the Company established the "Go Simple" brand to enter the e-commerce market, targeting existing members of Simple Mart and providing product categories that the physical stores cannot fully satisfy, aiming to increase the frequency of existing members coming to the stores and their consumption frequency. Furthermore, we actively cooperate with e-commerce platforms to provide parcel delivery and pick-up services to increase the frequency of visits from non-existing customers.

In order to reduce operating risks and effectively utilize existing retail resources, the Company will invest in pet channels in 2024. In addition to increasing the types of channels to bring profits to the Company, it will also utilize its expertise in pets to improve and enhance the sales of pet-related products at Simple Mart, with the expectation that it will bring additional revenue to Simple Mart and attract different customer segments in an era of rapid growth in the pet economy.

A. Revenue percentage

Unit: NT\$ thousand

Year	2023		2024	
Main products	Operating revenue	%	Operating revenue	%
Sale of goods	13,350,105	95%	13,591,774	95%
Others operating income	691,809	5%	705,406	5%
Total	14,041,914	100%	14,297,180	100%

B. Current Products (Services)

The Company and its subsidiaries currently mainly sell consumer products, cosmetics, and pet supplies. In addition to selling various domestic consumer products, they also develop their own products and import various alcoholic beverages, snacks, and other items from abroad to enrich the product categories sold

in stores and meet the various consumer needs of customers. The main products sold are as follows:

Category	Content
Food	All kinds of fresh food, eggs, beverages, biscuits, snack foods, canned food, etc.
Wine & Tobacco	Various cigarettes, beer, wine, liquor, edible wine, etc.
Other Product	Various household and personal cleaning products or hardware products.
Service	Revenue from various types of collection fees, display revenue and advertising revenue
Pharmaceutical cosmetics	Various over-the-counter (OTC) medications, medical devices, health supplements, cosmetics, skincare products, beauty equipment, etc.
Pet food and supplies	Pet food (dry food, canned food), snacks, nutritional supplements, toys, cleaning supplies, daily necessities, etc.

To avoid engaging in price war with our competitors, both the Company and its subsidiaries are committed to introducing various differentiated products as a means of market segmentation and differentiation from other competitors:

a. Self-imported goods

With the increase in Gross National Income, demand for various imported foods, beverages, and consumer goods has also increased year by year. Our company imports a wide range of essential consumer goods directly to enhance our gross profit margins. We continuously introduce a wide range of imported products from around the world. By directly sourcing and importing from overseas manufacturers, we secure lower-cost imported beer, wine, and snacks, offering customers who enjoy trying new products affordable yet high-quality items. We aim to reduce costs and increase profits through direct procurement while building a loyal customer base by providing a diverse selection of imported products, thereby enhancing customer loyalty.

b. Private Brand

Taiwanese consumers are increasingly accepting retail stores selling their own-brand products. The affordability and high quality of own-brand products are gaining popularity among consumers, who are now more inclined toward smart consumption rather than pursuing well-known brands. Simple Mart currently has two private label brands, Simple Mart Plus and Simple Life. Through packaging design, these brands convey the concepts of quality, freshness, and health. The company also commissions well-known domestic manufacturers to develop private label products and launch differentiated and exclusive products to satisfy consumers' diverse choices when shopping. At the same time, the company has dedicated quality assurance personnel who conduct factory evaluations and regular spot checks to ensure that all operations meet standards. This strengthens customers' recognition and trust in the distribution channel. Currently, the products developed include fresh milk, yogurt, yogurt drinks, dried fruits, snack cookies, sparkling water, frozen meat slices, and toilet paper, among other food and daily necessities, all of which have received positive feedback from consumers. In the future, the company will continue to deepen its efforts in the aforementioned developed private-label brands while also evaluating the development of other products, expanding the scope of products and services offered into other fields.

- c. Ready-To-Eat
In response to the business opportunities arising from the increase in the proportion of people who eat out, in addition to the best-selling tea-leaf eggs and baked sweet potatoes, the Company has been actively testing the development of new ready-to-eat food products. The Company also continues to test the market acceptance of other ready-to-eat food products, and establishes various types of operational standards to comply with the relevant laws and regulations.
 - d. Fruits & Vegetable
The customers are mainly families in the community, due to the demographic trend of aging and childlessness, the proportion of single and dual-income families is gradually increasing, the company has been selling fresh fruits and vegetables in all stores to provide small quantities of inexpensive fruits and vegetables for families, which makes it convenient to go home from work to do shopping and simple cooking, and the company has also adjusted the number of fruits and vegetables to be provided in accordance with the different business districts of different stores. We also flexibly adjust to provide different items of fruits and vegetables according to the different types of business districts in which each market is located, in order to satisfy the fruits and vegetables needs of customers in different business districts.
 - e. Ready-To-Cook
With the increasing awareness of healthy eating among families, the proportion of home-cooked meals is still on the rise. In addition, with the recent rise in the price index and the decrease in household disposable income, it is expected that consumers will reduce the frequency of eating out, and in response to this demand, we have continued to introduce various products that can be used for easy cooking to help consumers cook safe and nutritious meals in the easiest and fastest way.
 - f. Simple Café
According to the data from the Ministry of Finance, the value of coffee beans imported into Taiwan has been increasing rapidly over the past decade, indicating the growing demand in the domestic market. In order to capture the coffee market and provide consumers with convenient choices, the Company began to install coffee machines in some of its outlets in 2018 to provide freshly brewed coffee sales services. In addition to replacing coffee machines and refrigerators from 2020 onwards in order to provide consumers with better choices, the Company also purchases coffee beans from overseas to reduce procurement costs and provide feedback to consumers. In the future, the Company will continue to test the market acceptance of various types of coffee beans and introduce other flavors of coffee or freshly brewed tea. The Company will also continue to increase the number of outlets selling coffee in order to expand its overall purchasing volume and reduce purchasing costs so as to pass on the benefits to consumers. By the end of December 2024, the Company will have introduced freshly brewed coffee service in all of its stores, and will also introduce “buy-as-you-go” service through the optimization of its APP and various marketing programs, so that consumers can enjoy a cup of good coffee at any time.
- C. New products (services) under development
The Company has been operating in the community through its Simple Mart brand for many years. In response to the impact of the epidemic on physical retailing, even if the epidemic subsides and the public needs a more diversified and reassuring new mode of consumption, the business side must transform in the direction of digitalization of services and localization of demand, and therefore, Simple Mart intends to develop a new retail service model that meets the needs of the post-

epidemic era on the basis of the application of mobile payment. The Company plans to develop a new retail service model in line with the post epidemic era based on the application of mobile payment, which will bring in-store products directly to people's offices, doorsteps, cell phones, or stores within a 2km radius of their homes. The Company further proposes the three major intelligent application services of "Simple Office", "E-commerce Go Simple mart", and "Pre-Order Grab good stuff" and will implement the cashless mobile payment application service in the channel construction and service provision to provide the public with the convenience of purchasing, the benefit of purchasing and the peace of mind of purchasing, and will also increase the number of group-buying and pre-purchasing services to break through the physical store displays and to provide a new service mode. In addition, group purchase and pre-purchase services have been added to break through the limitations of insufficient display space in physical stores, and at the same time, small- and medium-sized suppliers, franchisees, and channel partners within the MLM circle have been encouraged to work together to weather the operational impact of the epidemic.

The Company plans to propose three major intelligent application services in terms of innovative services, including:

- a. Simple Office: The mini store for offices, has optimized the user interface of the Simple Mart app to support multiple payment methods, saving customers the time they would otherwise spend waiting in physical stores. Office workers can now purchase popular snacks from physical stores right in their offices, satisfying their afternoon cravings. Simple Office has successfully entered Far EasTone Telecommunications, iRent, First Bank, MUFG Bank Ltd., Horizon Securities Co., Ltd., The Garden of Hope Foundation, Kaohsiung Startup Incubation Center, Nangang Startup Incubation Center, the Information Service Industry Association of R.O.C. (CISA), Ruten Marketplace, Global Mall, and Chi Mei Medical Center, and other companies and enterprises, with over 100 locations throughout Taiwan. In the future, it will provide convenient services to more office workers and employee welfare associations.
- b. Go Simple: The Company integrates multiple payment methods on the Go Simple platform and offer cross-channel consumption point accumulation services. This allows users to purchase daily necessities during the pandemic while also buying products that are not available in physical stores, such as larger items or those with higher unit prices. These items can then be delivered to their homes via logistics services. In the future, through continuous optimization of the platform and the introduction of marketing automation tools, we will be able to deliver marketing activities more precisely to the appropriate members, thereby increasing click-through rates and order placement rates.
- c. Pre-order for goodie: The Company plans to seek cooperation with local SMEs, traditional market shops, and other manufacturers based on different time slots. Through participation in Simple Mart's pre-order activities, the Company will create benefits for members and revitalize products.

(2) Industry Overview

A. Status and development

According to the Ministry of Economic Affairs' Statistics Division's February 2025 report on the current economic situation, uncertainties such as global trade measures and geopolitical tensions are on the rise, which may add uncertainties to the global economic outlook. Meanwhile, according to the Ministry of Economic Affairs' Statistics Division's "2024 Retail Sales Revenue Overview" (please refer to the table below), the retail sales revenue for the year 2024 was 485.3 billion, an increase of 2.61% compared to 2023. In 2024, the retail sales of general merchandise accounted for 31.78% of the total retail sales, totaling 15,421 billion, with a year-on-year growth rate of 4.42%. Compared to other industries, the retail sector continues to show steady

growth, with specialized retail and other comprehensive retail sectors performing the best, achieving year-on-year growth rates of 8.33% and 8.29%, respectively.

Overview of Retail Industry Revenue in 2024

Industry	2024 annual revenue (NT\$ billion)	2023 annual revenue (NT\$ billion)	Annual growth rate (%)	composition ratio (%)	Historical annual ranking	The highest in history	
						Revenue (NT\$ billion)	Period
Retail	48,530	45,760	2.61	100	1	48,530	2024
General retail	15,421	15,343	4.42	31.78	1	15,421	2024
Department store	4,478	4,492	1.16	9.23	1	4,478	2024
Supermarket	2,598	2,582	6.27	5.35	1	2,598	2024
Convenience store	4,235	4,126	5.4	8.73	1	4,235	2024
Retail vending	2,484	2,437	4.5	5.12	1	2,484	2024
Other general retail	1,626	1,706	8.29	3.35	6	1,692	2019
Food, beverage and tobacco product retail	2,929	3,083	0.98	6.04	14	3,493	2006
Fabric and clothing accessory retail	3,529	3,846	2.16	7.27	1	3,529	2024
Household appliance and goods retail	2,343	2,066	2.99	4.83	12	2,694	2007
Pharmaceutical, medical supplies and cosmetic retail	2,132	2,245	3.08	4.39	1	2,132	2024
Stationery, education and recreational goods retail	864	859	-0.01	1.78	15	1,082	2006
Building material retail	263	436	2.3	0.54	21	434	2008
Fuel and related products retail	2,674	2,749	-3.84	5.51	12	3,138	2013
Information and communication equipment and home appliance retail	2,823	2,601	2.12	5.82	12	3,507	2007
Automobile, motorcycle and their accessories, supplies retail	9,113	7,872	2.58	18.78	1	9,113	2024
Other specialty retail	761	574	8.33	1.57	1	761	2024
Other non-store retail	5,680	4,086	1.79	11.7	1	5,680	2024
Online shopping and mail order	4,668	3,162	3.01	9.62	1	4,668	2024

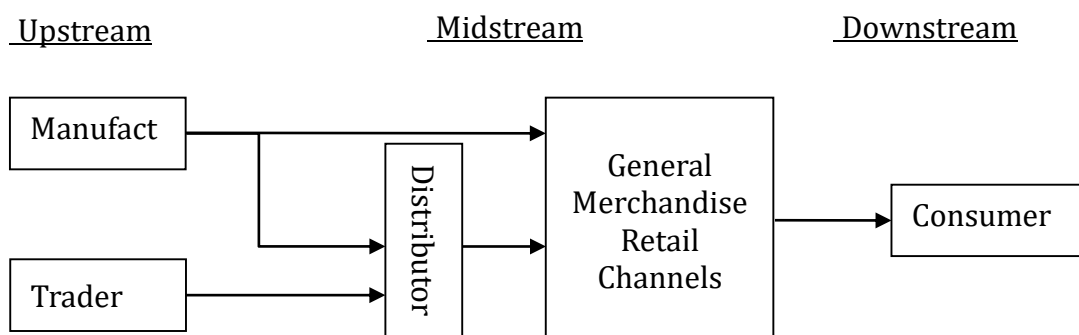
Source: Department of Statistics, Ministry of Economic Affairs

The Company is engaged in the retail industry of consumer goods, with the sale of fast-moving consumer goods (FMCG) as its primary business. Sales are driven by consumers' essential needs. However, domestic chain supermarkets and convenience store operators, after years of operation, have seen an increase in the number of stores each year, and the revenue share of supermarkets and convenience stores in the retail industry has also risen annually. The rise of online shopping, the continuous optimization of e-commerce platforms and their logistics infrastructure have all had a significant impact on the revenue of physical retail stores. Traditional hypermarkets, chain supermarkets, and convenience stores have been affected to varying degrees. In recent years, the convenience store sector has faced market saturation, and newly opened stores have shifted from street-side locations to deeper within communities, further intensifying the competitive landscape for our company in the retail market. The Company's management team continues to adhere to a prudent business approach and carefully select store locations. In 2024, Simple Mart opened 19 new stores and closed 21 stores. As of the end of 2024, the Simple Mart brand had a total of 810 stores. The distribution of the number of stores operated by the major players in the supermarket chain industry in which the Company operates as of the end of 2024 is as follows:

Retail Brand	Simple Mart	PXMart	Carrefour	Funcom Supermarket
Numbers of Store	810	1,210	247	50

Resource: Nielsen IQ Taiwan Ltd.

B. The Company and its subsidiaries procure goods directly from brand manufacturers or indirectly through agents or distributors, or by purchasing from external suppliers or commissioning manufacturers. They then deliver the goods to retail stores for selection and purchase by end consumers through effective in-house or outsourced logistics systems. The upstream, midstream, and downstream relationships are as follows:



Industry	Upstream	Midstream	Downstream
Retail of consumer goods	Manufacturers, agents, distributors, and logistics service providers	Retail stores	End consumer

C. Various product development trends

In addition to continuing to offer freshly brewed coffee for sale, the Company is gradually introducing various collection services to provide greater convenience to community residents. Based on the Company's core competencies, we will continue to improve and adjust the content of products sold, such as launching a neighborhood wine cellar starting in 2023 and expanding the sales of spirits, red wine, and other items. The Company also continues to strengthen the various functions of its app, such as launching transaction details inquiries to help members understand the contents of their transactions at Simple Mart physical stores and online, launching a buy-and-pick-up service to allow consumers to pick up coffee or related products across stores, and continuing to optimize online group buying and pre-order functions to ensure a smooth consumer journey.

D. Competition status

Due to increases in the minimum wage, labor costs have continued to rise, but prices cannot be raised proportionally. As a result, retailers are increasingly adopting strategies such as scaling up operations, expanding into chains, and differentiating their offerings. Scaling up allows companies to effectively spread fixed costs, achieve economies of scale, enhance bargaining power, and reduce procurement costs. Chain expansion standardizes store opening processes, enabling rapid expansion and quick profitability. Differentiation helps companies identify niche markets in highly competitive environments, maintain operational profits. In addition to continuously developing our own products and using high-quality goods and affordable prices to reduce costs and increase customer traffic, we also actively seek out high-quality products from around the world and import them directly to secure low procurement costs, which we pass on to consumers.

(3) Technology and R&D Overview

A. Technology level, research and development of the business

The Company adopts a multi-brand strategy, which extends beyond the traditional

retail business of the Simple Mart brand. We have developed other brands such as “Simple Mart Plus” to enter the organic retail industry, and have also established the e-commerce brand Go Simple, actively venturing into the field of electronic commerce. In addition, we provide new retail services for corporate offices through Simple OFFICE Mart brands, which offer unmanned shelves with online payments via app, as well as online pre-orders for in-store pickup and OMO virtual-real integration for corporate group purchases. Through the integration of electronic commerce and OMO, we aim to increase overall revenue and enhance the frequency of visits and customer spending for our existing Simple Mart members. Furthermore, The Company has also invested in Sanyou Drugstores. Ltd. to introduce nutritional and health products to Simple Mart, thereby increasing product diversity and strengthening personal and household cleaning products. In the second half of 2024, the Company will invest in Pet Wonderland Co., Ltd. to enter the pet industry. In 2025, the Company plans to introduce exclusive shelves in all stores and introduce products sold exclusively by Pet Wonderland Co., Ltd. to strengthen integration benefits. In addition to the above diversified brand operations, the Company currently plans to continue research and development in the following areas, with the primary goal of optimizing customer relationships.

a. Electronic price card application

As the overall labor shortage issue becomes increasingly severe, reducing and simplifying in-store labor operations to retain and attract talent has become a critical challenge for physical retail operations. In 2024, the company's board of directors approved the purchase of electronic price cards, which are expected to be installed in all Simple Mart and Simple Mart Plus stores in 2025. This will reduce the labor required by store employees to replace price cards for promotional events and reduce consumer disputes caused by paper price cards not being replaced in time. In addition to reducing operational costs, the introduction of electronic price tags will enable the company to continue investing in software and hardware adjustments to enhance their functionality. This includes enabling real-time price adjustments for supplier promotions, weather conditions, or festive events, as well as flexible price adjustments based on inventory levels at individual stores to minimize clearance sales and waste.

b. Order Recommendation System

The Company's core brand, Simple Mart, is a community-based mini supermarket. Due to the large number of product items, a significant amount of time is required to accurately complete daily ordering and replenishment operations. Through a self-developed order recommendation system, the most appropriate order quantity is calculated based on historical sales data, store inventory, product delivery cycles, promotional periods, and other parameters, effectively assisting store personnel and improving order efficiency, thereby achieving effective inventory management and reducing the risk of stockouts and inventory buildup. simultaneously reducing the risk of stockouts and inventory buildup. However, due to the rapidly evolving retail environment, such as the widespread adoption of delivery services blurring the boundaries of traditional retail districts, making product sales increasingly unpredictable, or unstable seasonal temperatures and unpredictable weather conditions, these factors may all lead to store stockouts and impact the Company's performance. The Company continues to adjust relevant parameters to adapt to environmental changes.

c. Consumer Data Analytics

Since its establishment, the company has accumulated years of consumer shopping information. By establishing a data warehouse and utilizing information

reporting tools, we analyze the distribution of members across stores, product category sales, regional consumption characteristics, and member consumption behavior tags to understand the consumption profiles of core customer segments. This enables us to provide the necessary products and services and flexibly design marketing activities that meet consumer experience requirements. We have utilized our existing database to gradually build data analytics capabilities to support operational decision-making. Moving forward, we will continue to adopt new technologies and tools to reduce the subjective influence of manual analysis.

B. R&D staff and their academic experience

The Company primarily engages in the retail of daily consumer staples and does not have a dedicated research and development department. However, the domestic market for chain convenience stores and large supermarkets has been established and developed for many years, with leading companies already enjoying economies of scale. As a result, the competition within the industry is fierce, and companies are continuously developing new products and value-added services to enhance their competitiveness. Therefore, the Company conducts market research, analyzes consumer feedback through the customer service department, performs data analysis, and develops our own brand products to continue meeting the needs and preferences of consumers. The Company is committed to providing comprehensive retail services that offer differentiated value through both online and offline channels.

C. R&D expenses and successful technologies or products developed in each of the last five years.

Year	Success in developing technologies and products
2020	Optimizing the automated restocking system, the system will automatically calculate the recommended daily restocking quantity based on parameters such as historical sales volume, inventory level, and safety stock level, and assist store personnel in placing orders. This will significantly reduce the time spent on manual restocking operations and lower the rate of out-of-stock products, thereby enhancing the stability of the product supply. In December 2020, an updated version of the Simple Mart LINE electronic membership was released, which simplified the process of linking physical membership cards with electronic membership. New members who join the program can have their membership activated immediately after payment is made at the store, and are able to enjoy membership benefits. Furthermore, the LINE official account has expanded its digital tagging functionality to record customer digital activity, providing a basis for precise marketing and enhancing customer loyalty.
2021	Incorporating resources from the group's cosmetics business unit, the experimental stores of Simple Mart are now selling health, skincare, and personal hygiene products. Staff shopping system: Integrating the human resources system with the staff shopping system, which allows employees to enjoy shopping discounts according to welfare policies; in the future, it will also be recommended to major enterprises as one of the employee welfare programs.
2022	Merge the APP function of the existing convenience store to develop "Simple Mart" APP, which not only strengthens the online shopping experience, but also digitizes pre-purchase and group-buying services, and introduces the intelligent logistics system for goods, breaking through the distance of the physical store's local services, diversifying services, and bringing a new shopping experience that is more Simple and convenient for the consumers.
2023	Integrate the Shopee e-commerce platform's delivery system so that customers can pick up and drop off e-commerce platform packages at Simple Mart and Shopee partner stores, expanding store services.

Year	Success in developing technologies and products
	<p>Integrate the food delivery platform system to regularly update the list of products available for sale in stores on the delivery platform, allowing customers to purchase needed items in real-time and have them delivered to their homes, enhancing shopping convenience.</p> <p>Implement a cross-store batch pickup system for in-store purchases, enabling customers to enjoy price discounts for bulk purchases while improving shopping convenience, saving time, and reducing storage space through batch pickup across stores.</p>
2024	<p>Launch the Simple Mart APP's "Buy Now, Pick Up Later" service, allowing customers to purchase products in bulk within the app, collect them in multiple batches, and transfer or share them with other customers, thereby enhancing shopping convenience and improving the overall shopping experience.</p> <p>Implement automated workflow tools (RPA) to streamline internal financial, human resources, and product management operations through standardized automated processes, reducing manual labor time and minimizing the risk of errors.</p> <p>Implement electronic price tags to integrate product management and promotional information into electronic price tags for real-time display, significantly reducing the use of paper price tags and minimizing store staff operational time.</p> <p>In response to the declining labor force trend, our logistics center has introduced robotic arms and upgraded automatic sorting machines to replace and assist in picking and packing operations, improving shipping efficiency while reducing labor costs and workplace safety risks.</p>

The Company operates in the retail industry and does not invest in product development, thus there are no relevant research and development expenses.

(4) Long-term and short-term business development plans

A. Short-term plan

- a. Implementing flexible and diverse marketing activities to stimulate customers to visit the store and make purchases.
- b. Actively managing various social media and media outlets to communicate with customers about featured products and the latest promotional activities of Simple Mart.
- c. Increasing the proportion of frozen and fresh products for sale and creating a neighborhood food bank to become the most trusted retail brand for consumers.
- d. Continuously cooperating with delivery platforms to expand the service area, attract new customers, and increase revenue.
- e. Adjusting the frequency of product shelving to cater to consumer needs.
- f. Conducting regular consumer surveys based on consumer demands and tracking the improvement status.
- g. Continuously renovating stores to provide clean, bright shopping spaces and necessary products.
- h. Integrating procurement and logistics operations of subsidiary Sanyou Drugstores. Ltd. to improve the overall supply chain efficiency and effectiveness.
- i. Continuously optimizing the Simple Mart application to provide customers with an OMO virtual-real integration shopping experience.
- j. Testing a new store format to increase the number of self-imported and private-label products available for sale.
- k. Introduced the "Wine Cellar", a dedicated wine rack offering a wide variety of wine choices.
- l. Expansion of pet-related products to meet the business opportunities for furry pet children.

- m. Develop a real-time inventory system to assist in flexible adjustments to operational decisions.
- B. Long-term plans
 - a. Scale Expansion:

The Company will continue to expand its business locations and expand its economy of scale to increase its turnover. Furthermore, the Company will enhance the bargaining power with suppliers by scaling up the procurement, strengthening its price competitiveness, and returning the profits to consumers. In addition to opening its own shops, the Company also does not rule out the possibility of merging with existing retail channels to rapidly expand its scale.
 - b. Increase the proportion of franchise:

The Company not only attracts aspiring partners in the retail business, but also encourages outstanding employees to participate in franchise opportunities. By increasing the proportion of franchises, we can accelerate store expansion and improve the performance and efficiency of each location, creating a win-win situation.
 - c. Increase the Proportion of Differentiated Products:

The Company not only sells well-known domestic brand products to consumers, but also continuously introduces unique products, including our own brand and imported goods, to attract customers, increase customer loyalty, and avoid being dragged into a price competition, ensuring our pricing image and stable profits.
 - d. Optimization of Logistics Management

The Company continues to improve overall supply chain efficiency and reduce unnecessary losses and scrap through automated equipment and the introduction of logistics optimization systems. It also invests in cold chain logistics to effectively control the quality of cold chain logistics.
 - e. Management of Membership

The Company is committed to the integration of online and offline business through the introduction of an APP, with physical stores as the core and supplemented by pre-ordering, group buying, Go Simple, and Simple OFFICE Mart and other e-commerce services. By integrating various digital tools, we aim to break the limitations of store area and business district size and create a shopping space that can meet consumer needs anytime, anywhere, with value for money, and satisfy consumers' various life needs, becoming a virtual shopping center in the community. In addition, we are adjusting our membership system to ensure that every dollar spent by members creates loyal value.
 - f. Talent Development and Retention

The Company will continue to improve the service quality of its store personnel and store management capabilities, including product knowledge and promotional skills. In addition, the Company will continue to cultivate management personnel through various job training programs to increase the proportion of permanent employees, reduce turnover, and build a talent pool for the sustainable development of the enterprise in the future.

2. Market and Production Overview

(1) Market Analysis

A. Sales territory of the Company's main products

The Company and its subsidiaries primarily operate in Taiwan, with 100% of the revenue generated from domestic sales in this region.

B. Market Share

As of the end of 2024, the Company operates over 30% of the total number of stores compared to similarly sized chain supermarkets, making it one of the leading chain

store operators in the country. The Company plans to continue expanding its store network and scale, while enhancing market share through a variety of differentiated products and improved consumer experiences.

C. Future market supply and demand and growth

The Company's core brand, Simple Mart, is mainly engaged in the retail sale of tobacco, alcohol, and food products, with household and personal demand each accounting for approximately half of its turnover. In response to rising prices, consumers are expected to increase their willingness to cook at home, and retail business from this type of household demand will continue to grow. In addition, convenience stores have continued to open in recent years. In the future, convenience store and supermarket operators will not only establish locations in line with the development of new metropolitan areas, but traditional individually-operated grocery stores will also gradually transform into chain stores. This will help smaller chain supermarkets such as Simple Mart and convenience stores to expand their store networks.

The Company has also integrated the resources of its brands Simple Mart, Simple Mart Plus, and Pet Wonderland Co., Ltd. to capture the rapidly growing “cat economy” market. By the end of 2024, Simple Mart will have a total of 65 stores with dedicated pet shelves, including daily necessities, snacks, and canned food for cute pets. In 2025, it plans to introduce dedicated shelves in all stores and introduce products exclusively sold by Pet Wonderland Co., Ltd. to strengthen integration and achieve the goal of “Simple Mart can meet all the basic needs of cat owners,” further expanding the pet retail ecosystem.

D. Niche Marketing

Unlike other supermarkets or convenience stores, our company has chosen to operate at the proximity of a convenience store while offering supermarket-quality products at comparable prices to meet the daily needs of our local community. The selection of product categories and the development of store locations are key operational factors for our company. All our stores are operated through lease agreements, resulting in lower operating costs. With years of experience in store management and product selection, we provide a convenient and well-equipped shopping environment. We conduct thorough assessments and planning for commercial districts, market research, staff training, and target markets, enabling us to identify the primary consumer base. This not only generates stable revenue for the company but also establishes our market position. Our business model falls between large supermarkets and small chain convenience stores. By positioning ourselves close to residential areas, we offer consumers a convenient shopping experience while allowing them to purchase essential daily goods at supermarket prices.

In recent years, the labor market has faced a shortage of workers, and retail and food service operators have all encountered staffing challenges. Compared to other supermarket competitors, our company, positioned as a micro-supermarket, has a smaller product range, lower capital expenditures, and operates in alignment with community schedules, eliminating the need for 24-hour operations. This makes it easier for potential franchisees to enter the business, thereby increasing our franchise ratio, alleviating labor shortages, and facilitating the expansion of our operational footprint.

E. Advantageous and disadvantageous factors for development prospects and response measures

a. Advantageous factors

(a) The change of people's consumption habits

Due to the rising awareness of health, the demand for various types of home cooking continues to grow. Additionally, inflation has caused a decrease in people's real income, leading them to be more cautious about their spending. This trend is expected to benefit our company's promotion and sales of imported products and our own brand products. In addition, with the continuous improvement of communication and smart mobile devices and their widespread use among all age groups, Simple Mart's proximity to residential areas and its focus on selling basic household goods will attract new business opportunities arising from changes in consumer habits and the widespread use of communication tools. Facing new market niches, the Company will continue to provide products and services that are close to consumer needs. In addition to expanding the categories of imported and private label products, continuing to add stores selling freshly brewed coffee, increasing parcel delivery services at stores, and flexibly introducing frozen fresh products according to the characteristics of the business district, the Company will gradually increase consumer loyalty to Simple Mart through continuous optimization of products and services, making Simple Mart the most trusted retail brand for consumers.

- (b) Make Simple Mart the final destination for online shoppers by offering convenient locations near homes.

Simple Mart is deeply rooted in neighborhoods and is closer to home than other supermarkets or convenience stores. At the end of 2021, the company began cooperating with Shopee Mall to officially launch store-to-store parcel delivery services. In addition to the direct contribution to revenue from parcel delivery service fees, this service also attracts young people who previously rarely shopped at Simple Mart. In the future, we will continue to combine product promotions with the expansion of different e-commerce platforms to seize new opportunities in online shopping, becoming a new choice for sellers to send packages and consumers to pick up online purchases, thereby completing the last mile for e-commerce businesses.

b. Disadvantageous factors

- (a) Due to the constant rise in labor costs and the difficulty in recruiting and training talent, as well as changes in labor regulations, it has affected the progress of opening new stores.

Company's Response:

In recent years, Taiwan has been facing a growing labor shortage, particularly in industries such as retail and catering, where high employee turnover rates have increased hidden costs such as training expenses. In addition to continuing to address this issue through talent recruitment advertisements, internships or cooperative education programs with local universities, and participation in various public and private recruitment activities to select suitable candidates, the Company will also continue to adjust its employee welfare programs. In addition to adjusting employee salaries, the Company will continue to use digital tools to enhance employee learning motivation and efficiency in order to increase employee retention rates. At the same time, the Company will raise brand awareness to build the image of Simple Mart in the minds of consumers and employees, thereby facilitating subsequent talent recruitment.

In addition, the Company will cooperate with E Ink Holdings Inc. and M2 Communication Inc. in 2024 to jointly develop electronic paper from electronic paper to system integration and introduce electronic paper shelf labels to Simple Mart stores throughout Taiwan. In the future, it will become the retail channel with the most electronic paper shelf labels, improving labor shortages and store staff efficiency, and moving towards the goal of low-carbon and paperless stores.

Furthermore, the company will continue to expand its franchise ratio to mitigate the impact of labor shortages on newly opened stores.

- (b) High homogeneity and substitutability of goods have led to intense competition and price-cutting competition among industry peers.

Response measure:

In recent years, the market for chain convenience stores and supermarkets has become increasingly saturated due to continuous store openings. Additionally, convenience stores have expanded into fresh food products and other businesses. In response to this competitive landscape, our company is taking several strategic initiatives. These include optimizing product portfolios, enhancing the variety of products tailored to the post-pandemic demand for home dining among small households, and introducing internationally renowned brands. Furthermore, we will expand service offerings to increase customer visit frequency, such as expanding frozen food and fresh produce categories and product ranges, introducing freshly brewed coffee sales, package pickup and delivery services, to continuously improve the efficiency of each store.

The Company is deepening its membership management by actively attracting new consumers to join through various marketing activities and enhancing member loyalty through daily member discounts. These include a 3,000-point welcome gift for new members, a 10,000-point gift for a single purchase of \$250 or more during their birthday month, and a 1-point accumulation for every dollar spent, with no upper limit on redemption (300 points can be redeemed for \$1). These initiatives are expected to increase member visit frequency and average transaction value.

- (2) Major uses and production process of the primary products
- A. Major uses of the primary products: Providing retail sales of general household goods and foodstuffs and various innovative services.
 - B. Production process: Not applicable.
- (3) Main raw material supply status: None.

- (4) List of vendors (customers) that account for more than 10% of total purchases(sales) within either of the last two years, their purchase amount and ratio, and reasons for changes in this amount and ratio

A. List of vendors that account for more than 10% of total purchases within either of the last two years

Unit: NT\$ thousand

Item	2023				2024			
	Supplier	Amount	Net purchases ratio for the year (%)	Relationship with the Issuer	Supplier	Amount	Net purchases ratio for the year (%)	Relationship with the Issuer
1	TTL	1,642,185	16.12	Unrelated party	TTL	1,410,322	13.31	Unrelated party
2	A Company	1,120,160	11.00	Unrelated party	A Company	1,208,082	11.40	Unrelated party
	Others	7,425,028	72.88		Others	7,975,485	75.29	
	Net Purchases	10,187,373	100.00		Net Purchases	10,593,889	100.00	
Explanation of major changes in purchases: No significant changes								

B. List of customers that account for more than 10% of total sales within either of the last two years

The Company operates in the retail industry of daily necessities, with the products mainly targeting the general public. The Company have no major customers who account for more than 10% of our total sales.

3. Number of employees in the last two years and as of the printing date of the publication of the annual report

Year		2023	2024	As of March 31, 2025
Number of employees(p)	Full-time	2,177	2,205	2,087
	Part-time	1,725	1,577	1,565
	Total	3,902	3,782	3,652
Average age (years)		32.92	34.64	35.08
Average length of service (years)		2.99	3.52	3.48
Academic Distribution Rate (%)	Doctor	0.05	0.10	0.09
	Master	0.71	0.88	1.17
	Bachelor	61.13	60.15	61.23
	High school	36.26	36.92	35.73
	below high school	1.84	2.00	1.78

4. Environmental protection expenditures

In the most recent year and as of the printing date of this annual report, if the Company has suffered losses due to environmental pollution (including compensation, environmental protection inspection results, and relevant penalties), it shall disclose the estimated amount of current and future losses and the corresponding measures. If it is impossible to make a reasonable estimate, the Company shall explain the factual reasons for such inability: None.

5. Employer & employee relationship

The various employee welfare measures, training programs, retirement systems, and the implementation status of agreements between labor and management, as well as measures for safeguarding employee rights, are listed as follows:

(1) Employee Benefit Programs

- A. The Company established an Employee Welfare Committee on July 14, 2017, pursuant to Taipei City Labor Affairs Letter No. 10635848300. The committee members are nominated by both labor and management representatives. The committee operates in a collaborative environment to promote employee welfare, conducts regular activities, and monitors the physical and mental health of employees.
- B. Regularly organize labor-management meetings for all employees to participate in the Company's policies and have a channel to express their opinions and raise their needs.
- C. With the concepts of employee safety and gender work harmony and equality, the Company has set up a labor safety and health management office, which regularly conducts labor safety education and training courses, sets up occupational safety and health codes of practice, and implements self-monitoring.
- D. To ensure the health and well-being of our employees, the Company has dedicated nurses who provide health advice, manage employee health, and prevent occupational diseases. Maternal protection is also a key concern of the Company. In addition to providing lactation rooms for female employees, the Company also collaborate with nearby daycare centers to offer employees with childcare needs more options.
- E. Safeguard gender equality at work, set up sexual harassment prevention policy with a complaint hotline 3385 (Mercuries Help Me) to receive employee complaints, and strive to enhance a favorable working environment and atmosphere.

(2) Diverse employee welfare programs

- A. Employee benefits: Free membership for joining the Simple Mart, employee shopping discounts, special offers from partner stores for food, clothing, housing, transportation, and entertainment, insurance discounts for employees and their dependents.
- B. Activities benefits: Year-end party/spring banquet, club activity subsidies, employee health check subsidies, employee travel subsidies, travel subsidies for senior employees.
- C. Allowances and awards: Mobile phone subsidies for some job positions, subsidies for weddings/funerals/celebrations, employee maternity subsidies, performance bonuses, year-end bonuses, Dragon Boat Festival/Mid-Autumn Festival and other holiday gifts, birthday gifts.
- D. Various subsidies: Mobile phone subsidies for some job positions, subsidies for weddings/funerals/celebrations, employee maternity subsidies, disaster subsidies, medical subsidies.
- E. Emergency relief funds.
- F. Facility benefits: Nursing room, free coffee at the employee coffee bar at the headquarters.
- G. To build a high-quality culture and foster a shared sense of teamwork, a quarterly publication called "Queyue" is published to share organizational information and help employees understand the Company's vision, goals, cross-departmental activities, and talent development.
- H. Talent development: Plan and implement a complete education and training system, promote online learning platforms to enhance employees' learning efficiency and effectiveness, and promote team development in terms of project and organizational management skills to ensure sustainable talent development. At the same time, promote labor safety and food safety-related training to take care of employees' health and customers' rights.

(3) Occupational Safety and Health Measures

- A. Establish an occupational safety and health organization: Hold a quarterly occupational safety and health committee to review and coordinate occupational safety and health matters.
- B. Appoint occupational safety and health personnel: One manager in charge of Level A occupational safety and health matters, one Level A occupational safety management engineer, and one Level B occupational safety and health management officer are responsible for planning, implementing, and supervising occupational safety and health matters. The Company has reported to the Taipei City Government.
- C. Develop safety and health policies:
 - a. Compliance with occupational safety and health regulations: Comply with relevant safety and health regulations, implement occupational safety and health management to prevent occupational accidents and diseases.
 - b. All employees participate: Implement occupational safety and health education and promotion, establish and maintain effective communication channels between senior management and employees, and communicate this policy and occupational safety and health issues to employees, customers, contractors, and stakeholders to establish a safety culture.
 - c. Implement gender equality: Care for the physical and mental health of all employees, maintain a safe and healthy workplace with gender equality, and fulfill corporate social responsibility.
 - d. Continuously improve performance: Cooperate with the current situation of the organization and revisions of laws and regulations, and continuously improve

occupational safety and health management performance through Plan-Do-Check-Act (PDCA).

- e. Building a sustainable home: Implementing sustainable development concepts and practicing corporate social responsibility. Establishing goals for sustainable company operations, global sustainable development, and mutual prosperity with society.

D. Plan and implement occupational safety and health measures:

- a. Conduct regular automatic checks at headquarters and stores (quarterly for company vehicles and annually for low-voltage electrical equipment).
- b. Environmental monitoring: Air carbon dioxide concentration and illuminance in the workplace (1 time per half-year, totaling 50 times in 2024, all below standard values); drinking water quality (1 time per quarter, 4 tests conducted in 2024, all meeting standard values).
- c. New employee safety and health education and training: 25 sessions were held in 2024.
- d. Emergency response and evacuation drills: An office evacuation drill was conducted on November 8, 2024. Upon hearing the fire alarm, all office staff immediately stood up and gathered at the designated outdoor location, ensuring that all employees are familiar with evacuation routes and procedures.
- e. First aid personnel certification for stores: As of December 31, 2024, four licenses were obtained (including direct and franchise stores).
- f. Level-3 manager of Occupational safety and health affairs certification for stores: As of December 31, 2024, total of 6 certifications were obtained (including direct and franchise stores).
- g. Establish an emergency response plan: To ensure colleagues remain calm and protect themselves and others in case of emergency.
- h. Establish an operational environment monitoring project: Plan the monitoring items and frequency of the work environment according to the Laboratory Methods in Workplace Monitoring to understand the trend of changes in the working environment.
- i. Conducted in-person occupational safety and health training for new employees, totaling 85 sessions in 2024, with 562 participants.
Online occupational safety and health training for all current employees, with a total of 9,290 minutes spent reading online e-books and 1,331 participants in 2024.
Both in-person and online courses covered topics including general occupational safety and health management, prevention of sexual harassment, and workplace bullying.
- j. Retail Store and Logistics Safety and Hygiene Audit Implementation: Conducted once every quarter, divided into administrative management, mechanical equipment, and workplace safety and hygiene.
- k. Safety measures for personnel and workplace environment protection in retail stores and logistics facilities are implemented through hazard identification and risk assessment forms. Hardware measures: Emergency evacuation route maps were posted in prominent locations within the work area, and alarm systems, fire extinguishing equipment, and emergency escape facilities are installed.
Software measures: All personnel undergo safety training to educate them on proper fire prevention and disaster preparedness concepts. Training content includes the use of fire safety equipment, fire safety knowledge, emergency response procedures, and practical fire extinguishing techniques. The aim is to ensure that personnel possess basic disaster prevention and response knowledge and skills. Additionally, for high-risk special hot work operations, supervisors must be assigned to monitor the work to prevent warehouse fires.
Disaster prevention measures:
(a) No smoking is strictly prohibited in indoor office areas, electrical rooms, warehouses, or areas surrounding facilities containing hazardous materials. No open flames are permitted in any location without prior authorization.

- (b) Before using any fire or electrical equipment or appliances, check and confirm that there are no flammable items in the surrounding area. After use, place the equipment or appliances in a suitable safe location.
 - (c) To prevent the spread of fire, safety doors must remain closed at all times and must not be locked. Items must not be placed in a manner that obstructs their closure.
 - (d) Emergency exits, corridors, stairwells, and safety doors must not be obstructed by items to ensure unobstructed evacuation routes.
- 1. Future plans:
 - (a) Every year ISO 45001 system undergoes verification by an external audit agency. The company obtained certification in the first quarter of 2025.
- (4) Health Care
 - A. Healthcare: Employees are covered by group accident insurance and medical insurance from their first day of work. In addition, the Company provides subsidies for on-the-job health checkups and promotes self-health management through the "Health Passport" program, employee-exclusive e-newsletters, and health education lectures.
 - B. On-the-job health checkup: In accordance with the Occupational Health and Safety Regulations, annual general health examinations are provided for all employees. Eligible retail staff may visit designated health examination institutions for meals and on-the-job health examinations. Headquarters staff will be arranged to undergo statutory health examinations at designated health examination institutions at the Taipei headquarters office. Total of 877 employees will undergo examinations in 2024.
 - C. Implementation of Health Care and Consultation:
 - a. Provide one-on-one health consultation services, with a total of 18 sessions in 2024, serving 47 individuals. (Physician: 1 session every 2 months; Nurse: 1 session every month)
 - b. Nurse: The Company has set up one nurse to manage and care for employee health, and established a mechanism to promote health management. We conduct health classification management, abnormal correction tracking, and individual case follow-up management for employees with abnormal health examination results.
 - c. Promoting occupational disease prevention and special object health protection mechanisms: The Company has established a system for protecting maternal health, preventing human factor hazards, workplace violence, overwork, and other mechanisms.
 - d. Providing a quality breastfeeding room.
 - e. Health service promotion and implementation:
 - (a) Health Passport: Based on the needs and characteristics of employees, we have established a health service plan that emphasizes self-management of health and work-life balance. Under the framework of Health Passport, we have designed a variety of health activities, including health check plans, health knowledge, and mental growth programs.
 - (b) Health seminars: 2024: Conducting lectures on the prevention of hidden diseases.
 - (c) Health Promotion Activities: In line with the Group's sustainable management plan, the Company organized the Mercury Cup Road Run Charity Road Race on November 30, 2024, with a total of 2,538 participants, including our company's employees.
 - A. Future Plan:
 - a. Health talks are organized from time to time.
 - b. Friendly Enterprise DEI "Diversity, Equity and Inclusion" Diversity and Inclusion Workplace Promotion.
- (5) Offering internal entrepreneurial opportunities

The company and its subsidiaries prioritize continuous talent acquisition and employee development to enhance professional competencies, create higher corporate value, achieve operational performance, and promote future growth. To achieve this goal, the company and its subsidiaries have established a comprehensive education and training framework in accordance with the functional system, and arranged job rotations for career planning to

encourage employees to engage in diverse learning and self-improvement. In addition, internal entrepreneurship opportunities are provided, and employees who excel are encouraged to join the commissioned franchise program, with benefits such as lower franchise fees or installment payments, with the aim of growing together with the company.

(6) Continuing education and training and its implementation status

The Company and its subsidiaries are committed to developing a learning organization. Based on organizational functions and the competency requirements of various job levels, we have designed a comprehensive training program that includes general competency training, new employee orientation, professional skill development, foundational management training, mid-level management training, and senior management training. These programs consist of both in-person courses and online e-book training. The course content covers corporate governance, risk management, store operations, store management, product knowledge, product category planning, maintenance operations, marketing management, data analysis, human resources operations and management, subordinate development, and other comprehensive courses.

In total, 573 employees participated in pre-employment training through in-person courses in 2024, with a total of 3,956 hours of classroom instruction. Additionally, 69,747 employees participated in on-the-job training through online courses in 2024, with a total of 45,855 hours of instruction. The combined total expenditure for both in-person and online training in 2024 was NT\$861,201.

(7) Retirement system and its implementation

In accordance with Article 67 of the Company's Employment Regulations, the Company shall apply the provisions of the Labor Pension Act to the employees' pension benefits, and the Company shall contribute 6% of the employees' monthly wages to the employees' individual pension accounts; employees may also voluntarily contribute up to 6% of their monthly wages to the employees' pension accounts, and the portion of the employees' voluntary contributions may be deducted from the total amount of the comprehensive income of the employees in the current year.

In accordance with the law, the Company establishes a special account for the labor retirement reserve for foreign employees (workers of nationalities other than those listed in Article 46, Paragraph 1, Sections 8 to 10 of the Employment Service Law) and contributes 2% of their salaries and wages on a monthly basis to the labor retirement reserve.

(8) Agreements between labor and management and various measures for protecting employees' rights and interests

The Company and its subsidiaries adhere to the Labor Standards Act and have established an employee's welfare committee where employees can communicate with the Company through the committee regarding issues related to the Company's system and working environment. As of the printing date of the annual report for the most recent year, labor relations are harmonious and there are no labor disputes that need to be coordinated.

(9) List any losses suffered by the Company in the most recent fiscal year and as of the publication date of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company and its subsidiaries have not suffered any significant losses due to violations of labor standards or labor disputes in the most recent year and as of the date of publication of the annual report, except as listed in the table below. The Company continues to promote improvements, and the estimated amount of future losses is less than NT\$100,000.

Date of Penalty	Penalty Document No.	Violated Law/Article	Description of Violation	Penalty	Corrective Measures
2024/02/23	Fu-Lao-Zi No. 1133913002	Labor Standards Act Article 32, Paragraph 2	Employees working overtime	Fine of NT\$20,000	Conduct internal training to ensure managers arrange work shifts according to regulations.
2024/04/03	Taipei Labor-Administration No. 11261024941	Act of Gender Equality in Employment Article 21, Paragraph 2 Act of Gender Equality in Employment Article 38, Paragraph 1, Subparagraph 2	Failure to comply with the required procedures for parental leave without pay	Fine of NT\$100,000	Conduct training for supervisors and HR staff on handling sexual harassment complaints to ensure proper procedures.
2024/07/11	Taichung Labor-Administration No. 1131550539	Labor Standards Act Article 24, Paragraph 1 Labor Standards Act Article 79, Paragraph 1, Subparagraph 1	Failure to pay wages according to law	Fine of NT\$50,000	Conduct briefings for supervisors and employees, emphasizing that any overtime work must strictly follow the related procedures in order to protect their labor rights.
2024/06/27	Tainan Labor-Administration No. 1130885519	Labor Standards Act Article 22, Paragraph 1 Labor Standards Act Article 79, Paragraph 1, Subparagraph 1	Salary deductions for uniform fees without employee consent	Fine of NT\$50,000	Starting from August 2024, the company no longer deducts uniform fees from the salaries of newly hired employees.
2025/02/17	Prosecutor Inspection No. 1140038406	Labor Standards Act Article 24, Paragraph 2 Labor Standards Act Article 79, Paragraph 1, Subparagraph 1	Unauthorized extension of working hours	Fine of NT\$50,000	Conduct training for managers to ensure that overtime work arrangements comply with labor regulations to protect employee rights.
2025/02/17	Prosecutor Inspection No. 11400384061	Labor Standards Act Article 32, Paragraph 2 Labor Standards Act Article 79, Paragraph 1, Subparagraph 1	Employees working overtime	Fine of NT\$50,000	Inform all managers within the company to ensure that work schedules are arranged in accordance with regulations.

6. Cyber security management

(1) Cyber security risk management framework and policies:

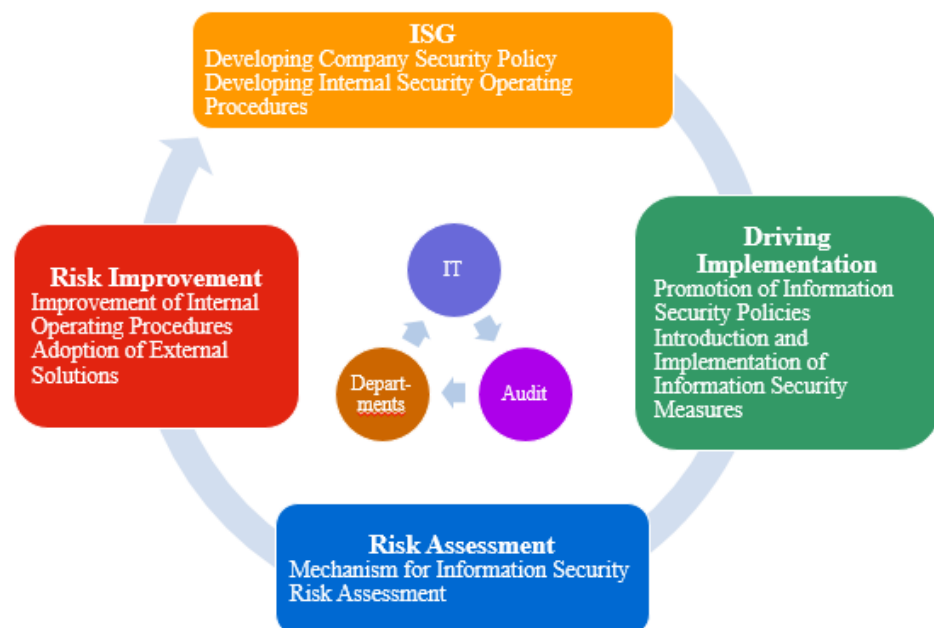
A. Corporate information security governance organization

In order to maintain the Company's competitive advantage and valuable intellectual property, the Company established an "Information Security Management group" in 2023, assigning one information security manager, one information security officer, and two information security personnel, for a total of four people. Their main responsibilities are to ensure the operation of the information security management

system and establish information security management policies to strengthen the Company's information security management, ensure the security of data, systems, equipment, and networks, protect the interests of the company and all employees, and comprehensively enhance information security awareness. To ensure that operational risks associated with relevant information systems are effectively controlled, the “Information Security Management group” holds at least one annual review meeting on information security operations, and may convene an extraordinary meeting as necessary. The results of these reviews are summarized annually and reported separately to the Audit and Risk Management Committee and the Board of Directors.

B. Cyber security risk management framework

- a. The information security authority of the Company is the information unit, which is responsible for planning and implementing the security of data center, computer information file, network security, email security management, information system control access, and promoting information security awareness.
- b. The Audit Department of the Company serves as the supervisory and auditing unit for information security. In the event of any deficiencies discovered during an audit, the audited unit is required to submit a related improvement plan to the Board of Directors and the progress of the improvement is regularly tracked to reduce information security risks.
- c. The organizational operation mode follows a PDCA (Plan-Do-Check-Act) cycle management approach to ensure the achievement of reliability objectives and continuous improvement.



(2) Cyber Security Policy

A. Goals of Cyber Security:

To ensure the effective implementation of various information management systems in the Company, and to establish a secure and reliable computerized operating environment, we strive to maintain the security and operation of information systems, equipment, and networks. This is to safeguard the interests of the Company and to achieve sustainable operation of various information systems, in line with our goal of sustainable business operations.

B. Scope of Cyber Security:

- Personnel management and information security education training
- Computer system security management
- Network security management
- System access control
- System and maintenance security management
- Information asset security management
- Physical and environmental security management
- Information security audit

C. Principles and standards of information security:

- Periodic information security awareness campaigns, including information security policies, information security laws and regulations, information security operating procedures, information security case studies, and how to use information technology-related facilities correctly, to promote employee understanding of the importance of information security and various potential security risks, thereby raising employee awareness of information security and ensuring compliance with information security regulations.
- To prevent information systems and files from being infected by computer viruses, measures should be taken to detect and prevent computer viruses. For intrusions and malicious attacks, an active intrusion detection system should be established to ensure the requirements of computer data security.
- To prevent significant incidents such as natural disasters or human-caused events from interrupting critical information assets and key business or communication systems, a policy for information system sustainability should be established.

D. Information security management measures

Item	Management Measure
Authority Management	Measures for managing personnel accounts, access rights, and system operations: <ul style="list-style-type: none"> ● Management and review of personnel account access rights. ● Regular inventory of personnel account permissions.
Access Control	Control measures for personnel access to internal and external systems, and data transmission channels: <ul style="list-style-type: none"> ● Connection access between internal networks, DMZ segments, test segments, and external networks is secured through firewall control. ● User web behavior is regulated using an automated web protection system. ● Automatic filtering of websites potentially linked to Trojans, ransomware, or malicious programs during user web access.
External Threats	Potential vulnerabilities, infection channels, and protective measures: <ul style="list-style-type: none"> ● Use antivirus software with automatic virus definition updates to reduce the risk of infection. ● Regular updates for software and operating systems. ● Automatic email threat scanning for protection against unsafe attachments, phishing emails, spam, and malicious links.

Item	Management Measure
System Accessibility	Measures for system availability and handling service interruptions: <ul style="list-style-type: none"> ● Regular inspection, adjustment, and optimization of critical information systems by professional consultants. ● Important departmental files stored on servers with centralized backup and preservation by the IT unit. ● Daily backups set up for critical information system databases. ● Periodic disaster recovery exercises conducted.
Network, System Security	<ul style="list-style-type: none"> ● Professional security experts are commissioned to perform internal security clinics from time to time; review the internal network architecture and malicious activities, user computers and server hosts to improve malicious activities, and improve the security of the enterprise's internal network and system.
Application Security	<ul style="list-style-type: none"> ● External service platforms commission professional security vendors to conduct website vulnerability scanning and penetration testing. ● Web Application Firewall (WAF) is introduced to continuously strengthen the application security control mechanism.
Education, Training and Advocacy	<ul style="list-style-type: none"> ● Enhance staff's alertness to email attacks and conduct regular social engineering drills to raise their awareness of information security.
Information Collection	<ul style="list-style-type: none"> ● Join the "Taiwan CERT/CSIRT Information Security Alliance" for information exchange on information security.

(3) Major Cyber Security Events:

List any losses (ex. effect on the) suffered by the Company in the most recent year and as of the printing date of the annual report due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

7. Important Contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent year.

Contract Type	Counterparty	Contract Start and Ending Dates	Content	Restrictive Clause
Purchase Contract	TTL	2025.1.1~2025.12.31	Purchase tobacco and alcohol products	None
Purchase Contract	M2 Communication Inc.	2024.10.1~2025.9.30	Procurement Electronic Price Card	Confidentiality Agreement
Purchase Contract	E Ink Holdings Incorporated	Project Order	Purchase electronic paper	Confidentiality Agreement
Engineering contract	Fu Tai Construction Co., Ltd	2023.12.25	Taoyuan Guanyin Warehouse Construction	None
Engineering contract	Kenmec Mechanical Engineering Co., Ltd.	2024.5.2~2025.1.1	Mechanical Arm Assisted Operation Equipment	None
Engineering contract	Chunghwa System Integration Co., Ltd.	2024.9.12~ To 180 days after obtaining the approval letter for establishment.	Solar panels installed on the roof of Guanyin Warehouse	None
Franchise contract	Franchisee	Join period	Franchise contract	None
Loan Contract	Taishin International Bank Co., Ltd.	2024.6.1~2025.5.31	Short-Term Loan	None
Loan Contract	E.SUN Commercial Bank, Ltd.	2024.9.13~2025.7.23	Short-Term Loan	None
Loan Contract	DBS Bank Ltd	2025.1.18~2026.1.17	Short-Term Loan	None
Issuance of commercial paper	Mega Bills Finance Co., Ltd	2024.6.21~2025.6.20	Issuance of commercial paper	None
Issuance of commercial paper	Ta Ching Bills Finance Corporation	2024.8.20~2025.8.20	Issuance of commercial paper	None
Issuance of commercial paper	Grand Bills Finance Corp.	2024.9.9~2025.9.8	Issuance of commercial paper	None

V. Review of Financial Conditions, Operating Results and Risk

1. Analysis of Financial Status:

Any material change in the company's assets, liabilities, or equity during the 2 most recent fiscal years, the main reasons for the material change, and the effect thereof.

Unit: Thousand NT\$

Item \ Year	2023	2024	Difference	
			Amount	%
Current Assets	2,809,491	2,566,100	(243,391)	(8.66)
Fixed Assets	1,143,414	1,315,500	172,086	15.05
Other Assets	1,927,784	2,506,834	579,050	30.04
Total Assets	5,880,689	6,388,434	507,745	8.63
Current Liabilities	2,545,858	2,605,256	59,398	2.33
Long-term Liabilities	1,442,493	1,746,583	304,090	21.08
Total Liabilities	3,988,351	4,351,839	363,488	9.11
Capital stock	675,000	675,000	-	-
Capital surplus	1,001,310	1,001,310	-	-
Retained Earnings	169,100	224,499	55,399	32.76
Non-controlling interest	46,928	135,786	88,858	189.35
Total Stockholders' Equity	1,892,338	2,036,595	144,257	7.62
Analysis of changes in financial ratios: (A change percentage of 20% or more with an amount exceeding NT\$10 million)				
1. Increase in other assets: Mainly due to the Company's acquisition of shares in its subsidiary Pet Wonderland Co., Ltd. on September 9, 2024, resulting in intangible assets; in addition, due to the Company's continued renewal of store leases and the consolidation of Pet Wonderland, the right-of-use assets and lease liabilities increased simultaneously.				
2. Increase in non-current liabilities: Mainly due to the Company's second phase investment payment of NT\$100,000 thousand under the investment agreement, which was recorded as long-term payables; in addition, due to the Company's continued renewal of retail store leases and consolidation of Pet Wonderland Co., Ltd., the right-of-use assets and lease liabilities increased simultaneously.				
3. Increase in retained earnings: Due to the increase in net profit for 2024.				
4. Increase in non-controlling interests: Mainly due to the increase in non-controlling interests in the subsidiary Pet Wonderland Co., Ltd. in September 2024.				

2. Financial performance:

Main reasons for any material changes in operating revenue, operating profit, and profit before tax in the most recent 2 years and sales volume forecast and its basis, and possible impact on the future finance of the Company and response measures:

(1) Analysis of financial performance:

Unit: Thousand NT\$

Item \ Year	2023	2024	Increase (decrease) Amount	Percentage of change (%)
Operating revenue	14,041,914	14,297,180	255,266	1.82
Operating costs	10,402,276	10,419,844	17,568	0.17
Gross margin from operations	3,639,638	3,877,336	237,698	6.53
Operating expenses	3,518,372	3,699,805	181,433	5.16
Net operating income	121,266	177,531	56,265	46.40
Non-operating income and expenses	(14,295)	(24,443)	(10,148)	(70.99)
Income before tax	106,971	153,088	46,117	43.11
Income tax expenses	24,359	33,515	9,156	37.59
Net income	82,612	119,573	36,961	44.74
Total comprehensive income	82,612	119,573	36,961	44.74
Analysis of changes in financial ratios: (A change percentage of 20% or more with an amount exceeding NT\$10 million)				
Increase in operating profit and income tax expense: This was primarily due to an increase in gross margin in 2024, resulting in higher operating profit and income tax expense.				
Decrease in non-operating income and expenses: This was primarily due to an increase in interest expense recognized on lease liabilities in 2024.				

(2) Estimated sales volume and its basis, and possible impact on the future finance of the Company and response measures:

As a retailing company, our future sales volume will be subject to fluctuations in consumer spending and overall economic conditions. In addition to actively expanding the store network to achieve economies of scale, the management team will also develop e-commerce channels to increase sales outlets. Furthermore, by increasing the proportion of imported and private brand products, the Company will create differentiation and enhance profitability.

3. Cash flow:

Analysis and explanations of changes in cash flow in recent fiscal years, plans to improve negative liquidity and cash liquidity analysis for the following year:

(1) Analysis and explanations of changes in cash flow in recent fiscal years

Unit: Thousand NT\$

Item \ Year	2023	2024	change(%)
Cash inflow (outflow) from operating activities	1,052,059	562,979	(46.49)
Cash inflow (outflow) from investment activities	(130,296)	(421,524)	223.51
Cash inflow (outflow) from financing activities	(556,316)	(582,465)	4.70
Analysis of the Change in Cash Flow:			
1. Net cash inflow from operating activities in 2024 will decrease compared to 2023, mainly due to the postponement of payment for goods from the end of 2023 to early 2024 due to holidays.			
2. Net cash outflow from investing activities in 2024 will increase compared to 2023, mainly due to investments in logistics expansion, robotic arms, the purchase of electronic price cards, and investments in the subsidiary Pet Wonderland Co., Ltd.			

(2) Plans to improve negative liquidity: Not applicable

(3) Cash liquidity analysis for the following year:

Unit: Thousand NT\$

Cash balance, Beginning of the year	Forecast net cash inflow from operating activities	Forecast cash outflow from investment activities	Forecast cash outflow from financing activities	Cash balance, end of the year	Remedial measures for expected cash inadequacy	
					Investment plan	Financing plan
472,471	648,964	(1,033,468)	182,581	270,547	NA	NA
1. Analysis of cash flow changes for the upcoming year:						
a. Operating Activities: The primary focus is on ongoing product adjustments to enhance overall profitability and increase cash inflows from operating activities.						
b. Investing Activities: In addition to capital expenditures related to the expansion of retail stores and the replacement of existing store equipment, the company will invest in the replacement of electronic price tags in stores and logistics optimization. Additionally, the company plans to increase investments in subsidiaries, resulting in cash outflows from investing activities.						
c. Financing activities: In addition to the repayment of lease liabilities for leased stores, the Company will distribute and pay cash dividends in accordance with its past dividend policy. Cash inflows from financing activities will arise from borrowings from financial institutions to fund operating activities.						
2. Source of Funding for Negative Cash Flow: Not applicable.						

4. Analysis of Major Capex and its Impact on Finance and Operations:
In order to improve operational efficiency and reduce manpower costs at stores, on August 2, 2024, the Company's board of directors approved the purchase of electronic shelf labels for a total amount of NT\$450 million. Installation at all stores is expected to be completed in 2025. In addition, in 2023, the Company's board of directors approved the expansion of the logistics center to meet the needs of stores in central and northern Taiwan. The expansion of the logistics center is expected to be completed in 2025 and obtain a use permit.
5. Policy on investment in other companies, main reasons for profit / losses resulting therefrom, improvement plan, and investment policy for the upcoming fiscal year:
 - (1) Investment policy: The Company's investment policy is based on the considerations of sustainable operation and business growth, and is guided by the "Procedures for Acquiring or Disposing of Assets" established according to the regulations set forth by the competent authority, "Regulations Governing the Acquisition and Disposal of Assets by Public Companies." This allows the Company to monitor the relevant business and financial conditions of the invested enterprises. In addition, to enhance the supervision and management of invested companies, the Company has established the "Supervision and Management Measures for Subsidiaries" within its internal control system, setting out relevant regulations for information disclosure, financial, and business management, allowing the Company's investment ventures to maximize their operational performance within the Group.
 - (2) Reasons for profit/losses and plans for improvement:

Unit: Thousand NT\$

Investment company	Investee company	Major Business	Investment profits (Losses) recognized in 2024	Main Reason	Improvement
Simple Mart Retail Co., Ltd.	Sanyou Drugstores . Ltd.	Pharmacy retail industry	(33,713)	This was mainly due to the closure of loss-making stores and the fact that the current number of stores has not yet reached economic scale.	In the future, we will review our overall channel strategy to increase revenue and gross profit per store and add more brands to achieve break-even as soon as possible.
Simple Mart Retail Co., Ltd.	Simple Mart Plus Co., Ltd.	Retail industry	4,638	Mainly due to the suspension of distribution operations, purchased goods were resold to the Company.	In the future, the Company plans to transform into a professional logistics company in line with the Group's professional division of labor plan. In addition to serving

					the Group's retail channels, the Company will actively seek external logistics business to continue to enhance the Company's value.
Simple Mart Retail Co., Ltd.	Simple Mart Investment Co., Ltd.	Investment Industry	(1,015)	The main business is investment.	In the future, we will carry out various strategic investments in line with the overall planning of the group, and will seek other investment targets that are in line with the group's strategic direction to enhance the corporate value of the group.
Simple Mart Investment Co., Ltd.	Pet Wonderland Co., Ltd.	pet retail industry	(964)	The company mainly sells pet food and supplies. The loss was mainly due to adjustments in the recognition of the difference between the carrying value and fair value of the price allocation report.	Individual companies showed profits, but due to the initial stage of investment, the synergies of the merger and acquisition have not yet been realized. In the future, in addition to continuing to expand stores, the company will effectively integrate group resources to enhance synergies in procurement and management.

(3) Investment policy for the upcoming fiscal year:

The Company plans to install solar panels on the roof of its logistics center to increase renewable energy sources and respond to the impact of future carbon emissions and electricity price increases on the Company.

6. Risk Management

(1) Impact of inflation, interest and exchange rate fluctuations, and preventive measures:

- A. The effect upon the company's profits (losses) of interest rate fluctuations, and response measures to be taken in the future:

Unit: Thousand NT\$; %

Item \ Year	2023	2024
Net interest income (expenses)	(19,644)	(22,624)
Operating revenue	14,041,914	14,297,180
Ratio to net operating income (%)	(0.14)%	(0.16)%

The Company and its subsidiaries recorded total net interest income (expense) of NT\$(22,624) thousand for 2024. After excluding the financial expense of NT\$29,994 thousand resulting from the adoption of IFRS 16, the remainder is net interest income and expense, which mainly arose from bank deposits and borrowings and accounted for a negligible percentage of net operating revenue. In addition, the Company and its subsidiaries have always maintained good relationships with financial institutions, are financially sound, and have good credit standing, enabling them to obtain favorable interest rates. good credit standing, and can obtain favorable interest rates. It is expected that future interest rate changes will not have a significant impact on overall operations. The Company and its subsidiaries will also monitor changes in financial market interest rates and take measures as necessary to reduce the impact of interest rate changes on profit and loss.

- B. The effect upon the company's profits (losses) of exchange rate fluctuations, and response measures to be taken in the future:

Unit: Thousand NT\$; %

Item \ Year	2023	2024
Foreign exchange gains and losses	1,821	1,410
Operating revenue	14,041,914	14,297,180
Ratio to net operating income (%)	-	-

The Company and its subsidiaries mainly operate in the domestic retail market. with New Taiwan Dollars as the transaction currency. The main currencies used for trading imported goods are US dollars, Euros, or Japanese yen. However, imported goods traded in foreign currencies only account for approximately 4% of the purchase costs of the Company and its subsidiaries. The exchange gains and losses of the Company and its subsidiaries in 2024 accounted for a very small percentage of net operating revenue. Therefore, exchange rate fluctuations do not have a significant impact on the Company and its subsidiaries. However, the Company will continue to monitor exchange rate market fluctuations and propose response strategies as necessary.

- C. The effect upon the Company's profits (losses) of inflation rate fluctuations and response measures to be taken in the future:

According to the Directorate General of Budget, Accounting and Statistics, the projected economic growth rate for 2025 is 3.14%, with the Consumer Price Index year-on-year growth rate for February 2025 at 1.58%, indicating a steady rise in overall prices. As the Company is engaged in the retail business of consumer goods, its main operating income comes from the rigid demand of the general public and is relatively less affected by inflation. However, the Company will continue to monitor market price fluctuations and maintain good relationships with suppliers. Through adjustments to the product mix and the development of more differentiated products, the Company will provide smart consumers with more cost-effective shopping choices.

- (2) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main

reasons for the profits/losses generated thereby; and response measures to be taken in the future:

- A. Policies for engaging in high-risk, highly leveraged investments, the main reasons for profits or losses, and future measures.

The Company and its subsidiaries focus on their core businesses and adhere to sound management principles and financial integrity. Therefore, the Company and its subsidiaries have not engaged in high-risk, high-leverage investments in the most recent fiscal year or as of the date of publication of this annual report.

- B. The Company's policy regarding loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

In the most recent fiscal year and as of the date of publication of this annual report, the Company's board of directors approved on August 2, 2024, loans of NT\$50 million to subsidiary Sanyou Drugstores. Ltd. and NT\$30 million to Simple Mart Plus Co., Ltd. for working capital. On November 1, 2024, the board of directors approved a loan of NT\$30 million to subsidiary Pet Wonderland Co., Ltd. for working capital. As of the date of publication, all amounts used have been repaid. and the announcement was made in accordance with the Company's "Procedures for Lending Funds to Others."

On August 2, 2024, the Company's board of directors approved guarantees of NT\$20 million for its subsidiary Simple Mart Plus Co., Ltd. and NT\$50 million for Pet Wonderland Co., Ltd. As of December 31, 2024, the subsidiaries had not actually used the loans

The subsidiary Simple Mart Investment Co., Ltd. purchased the equity of Pet Wonderland Co., Ltd. in 2024. According to the share purchase agreement signed by both parties, the purchase will be made in stages according to the conditions. The purchase right arising from the third stage is in line with the definition of financial instruments in International Financial Reporting Standard No. 9, so it is listed in the consolidated financial statements as a non-hedging derivative instrument: option - purchase right. As of December 31, 2024, the financial assets measured at fair value through profit or loss totaled NT\$4,202 thousand, which did not have a significant impact on the Company.

Based on operational risk considerations, if the Company and its subsidiaries wish to engage in lending funds to others, endorsement guarantees, derivative transactions, etc. in the future, they shall comply with the Company's "Procedures for Lending Funds to Others," "Endorsement Guarantee Procedures," and "Procedures for Acquiring or Disposing of Assets."

- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company and its subsidiaries are engaged in the retailing of consumer goods, with a major investment on the development of products, services and improvement in consumer experience.

- A. CRM Data Analysis:

Due to the high degree of overlap in customer bases between the Company and other retail channel competitors, in order to enhance the value of its product mix and services, it is necessary to understand consumer shopping habits and product demand. The Company continues to strengthen its customer relationship management (CRM) data analysis to understand the consumption characteristics of each sales region, so as to meet the diverse daily necessities and service product needs of neighborhood residents and cultivate deep roots in the community.

- B. Product expiration date management:

Retail distributors need to refer to product expiration dates when purchasing goods from the supply chain and receiving goods at stores in order to effectively reduce inventory and comply with expiration date regulations. The Company plans to develop an expiration date management system to integrate expiration date information from the supply chain to store operations, reduce the time required for expiration date inventory checks at stores, further improve the speed of store inventory reduction, and reduce inventory management costs.

C. Upgrade warehouse management system:

With the increase in the variety of products supplied and the continued expansion of the number of stores in operation, warehouse operations have also increased. The Company continues to optimize its warehouse management system, electronic label-assisted picking system, and automatic sorting system, and has introduced automated equipment such as paper presses to reduce warehouse management costs and improve warehouse and logistics operations efficiency.

D. Continuing to develop mobile device app software:

In recent years, retail channel operators have been developing app software and encouraging customers to install the app on their mobile devices through promotional activities to provide faster and more convenient consumer services, promotional information, and product purchasing channels. In addition to launching a brand-new Simple Mart app, the Company will continue to optimize it and invest relevant R&D resources in the development and optimization of the app.

E. Demand Forecasting Analysis System:

With increasingly fierce competition and rapidly changing consumer demands, supply chain management can significantly improve a company's productivity, reduce costs, improve service quality, and increase customer satisfaction. Replenishment is an essential part of daily operations in the retail industry. It can effectively replenish the right products in the right quantities at the right time to the right sales points, which will help improve a company's competitiveness.

(4) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

The Company is constantly monitoring policy and legal changes related to financial operations and seeking professional opinions from external experts such as lawyers and accountants if necessary. We also discuss response measures to comply with regulations and minimize the impact on financial operations. In the most recent year and as of the printing date of this annual report, the Company and its subsidiaries have not been significantly affected by important policy and legal changes both domestically and internationally.

(5) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response:

A. Sales:

Due to the transformation of the overall industry ecosystem brought about by new retail, the retail sector has shifted from traditional offline operations to a hybrid online-offline model. Additionally, domestic and international e-commerce platforms have actively integrated offline physical channels in recent years, leading to significant changes in the industry landscape. In Taiwan, e-commerce platforms have gradually eroded the traditional retail market due to their well-developed logistics integration. Furthermore, changes in consumer behavior have further accelerated the penetration of e-commerce platforms and delivery services into the retail market. The Company has responded to this trend by turning threats into opportunities for business growth. The Company and its subsidiaries are committed to an omni-channel sales model, with the aim of providing customers with 360-degree services that meet their

needs, whether they are shopping in physical stores or online. In addition to increasing cooperation with delivery platform operators, the Company will continue to optimize its e-commerce website, increase investment in customer relationship management (CRM), and strengthen customer loyalty to the Company's brands.

B. Operation:

The Company continues to introduce new technologies and equipment to replace high-energy-consuming and low-efficiency hardware facilities. In addition, the Company will continue to optimize its ERP system, improve operational efficiency through the integration of internal resources, and launch a series of “smart new retail” initiatives. The logistics center will move toward automation to save manpower, and the primary goal is to continuously reduce inventory and increase logistics efficiency through accurate data analysis. In the second half of 2024, the Company will begin important investments in logistics expansion and the construction of automated logistics warehouse equipment. In addition, because changes in personnel costs have a significant impact on the Company's profits and losses, in order to make effective use of human resources, electronic price cards will be introduced in the second half of 2024. This will not only save time for store staff in replacing price cards and provide more flexible services to customers, but also reduce carbon emissions, moving towards the goal of a low-carbon, paperless store.

C. Information Technology:

Due to the widespread use of the Internet, hacker attacks, ransomware, and theft of consumer personal information or consumption data are common occurrences. The Company has established relevant information security management measures and regularly reviews their effectiveness to reduce potential damage to the Company's operations and image. The Company allocates a certain amount of its annual budget to information security protection to reduce information security risks. In addition, the Company has appointed a professional information security company to review the overall information and communication environment and provide recommendations for improvement. The Company will also establish a dedicated unit and hire personnel to strengthen the Company's information security and reduce risks.

(6) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response:

The Company upholds an active, steadfast, and innovative corporate culture, providing consumers with quality products at reasonable prices to meet market demands. We prioritize customer service, and have maintained a friendly and trustworthy corporate image. In 2016, we expanded into the organic retail industry with the introduction of the "Simple Mart Plus" brand, which emphasizes the provision of safe and secure goods. In recent years, we have continued to introduce new product lines (such as coffee and sweet potatoes) to offer more diverse goods and services, expanding the business scale and strengthening customer satisfaction. Additionally, The Company has established a customer service center to collect feedback and opinions from customers on all of our brands, and to respond promptly to their needs. The Company also has a spokesperson system and a public relations department, which has unified speaking procedures to promptly and effectively address any unexpected events and to prevent any negative impact on the Company's operations from any undue public opinion.

Moreover, every year, the Company hosts the Mercury Cup Run to express our concern for disadvantaged groups, fulfilling the corporate social responsibility. The 2024 Mercury Cup will kick off on November 30 at Dajia Riverside Park with a charity fun run for thousands of participants. The theme of the event is family fun. There will be a 10K challenge group, a 3.6K fun group, and a visually impaired group. Visually impaired runners and volunteer guides are invited to participate in the event. The Mercury Cup Run continues to care about disadvantaged issues and donates funds to the Taichung Private

Huiming School for the Blind and the Visually Impaired Road Running Association to encourage and support the education of visually impaired people. It also collaborates with the Chinese Association for the Visually Impaired on the “Home Road Running Care Project” in hopes of promoting sports for the visually impaired and doing its part to call on the community to participate in charity.

In addition, the Company entered the pet market in the second half of 2024, through its subsidiary Pet Wonderland Co., Ltd., held a cat adoption event with the core concept of “creating a happy society together.” The event combined animal welfare and sustainable environmental protection issues to help stray cats find new homes. This initiative not only reduces the number of stray animals and alleviates the burden on community animal shelters but also raises public awareness about animal adoption and promotes a culture of responsible pet ownership. The Cat Adoption Event attracted a total of 340 participants and resulted in the adoption of 62 cats.

- (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken:

To diversify operations and reduce risk, subsidiary Home Shopping Investment Co., Ltd. acquired a stake in Pet Wonderland Co., Ltd. in 2024 to expand its overall retail scale through investment in pet channels. In addition to directly sharing the operating results of the subsidiary, it is hoped that professional pet channels will help improve Simple Mart's pet products and, through Simple Mart's community-oriented characteristics, provide food and supplies that better meet the needs of cats and dogs at any time, bringing a more diverse customer base to Simple Mart.

However, the market currently features strong established brands, intense competition, price wars, and significant pressure to differentiate. Additionally, high labor costs and strong demands for specialized technical expertise pose challenges. Therefore, the company is actively seeking partnerships with animal hospitals and will provide high-quality, stable brand products tailored to market needs. By integrating values such as public welfare and environmental protection, the company aims to build a positive brand image and strengthen brand trust.

- (8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:

The Company and its subsidiaries are engaged in trading and services, therefore, the description of this item is not applicable.

- (9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

The Company mainly operates community-based supermarkets, selling a wide variety of products and purchasing from a diverse range of suppliers, so there is no risk of excessive concentration. The Company's main supplier is Taiwan Tobacco and Liquor Corporation (TTL), which accounted for 13% of the Company's total purchases in 2024. However, TTL is wholly owned by the Ministry of Finance and is responsible for the production of tobacco and alcohol in Taiwan and balancing the supply and demand of the domestic tobacco and alcohol market. so there should be no significant concerns about stock shortages. In addition, the Company also purchases various types of tobacco and alcohol from domestic and foreign suppliers. Even if TTL experiences a stock shortage, it will not have a significant impact on the Company's operations. Therefore, the Company does not have any risks arising from excessive concentration of purchases.

- (10) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.

On February 27, 2024, the Company received a notice of acquisition from shareholder Mei-Ling Yu in the form of a tender offer statement, tender offer prospectus, and related documents. The Company's corporate director, Sumitomo Corporation, and

the tender offeror, Mei-Ling Yu, signed a sale agreement on February 25, 2024. The Company has convened a review committee and board of directors in accordance with the law after receiving the acquisition notice from the public acquirer, and has published a significant announcement on the Market Observation Post System. The corporate director, Sumitomo Corporation, was dismissed from its two director positions on March 26, 2024 due to the transfer of all of its shares. After the dismissal, the Company will still be 60.76% owned by its parent company, Mercuries & Associates Holding, Ltd., and the remaining seven director positions (including independent directors) will be held by four people, so the large transfer of shares in March 2024 will not have a significant impact on the Company's operations.

In addition, Ms. Mei-Ling Yu, a major shareholder of the Company, sold 10,400,000 shares on the centralized trading market on February 17, 2025, through a large block trade. After the sale, Ms. Mei-Ling Yu's shareholding fell below 5%, and she resigned from her position as an insider on the same day. On the same day, Shopnet Homeshopping Co., Ltd. acquired 10,400,000 shares, holding 15.4% of the Company's shares. The term of office of the current directors of the Company will expire on May 24, 2025. In accordance with Article 195 of the Company Act, their term of office will be extended until the re-elected directors take office. On February 21, 2025, the Board of Directors approved the re-election of directors at the most recent shareholders' meeting and nominated Mr. Chen-Chih Tai and Ms. Sung-Wen Tai, representatives of Shopnet Homeshopping Co., Ltd., as candidates for non-independent directors. The Company determined that the transfer of shares in February 2025 did not involve a change in control.

For information on the transfer of shares, please refer to page 69 of this annual report.

- (11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

For the most recent year and as of the printing date of the annual report, there has been no significant change in governance personnel or top management.

- (12) Any litigious or non-litigious matters or administrative disputes up to the printing date of this annual report where the Company and its Directors, Supervisors, General Managers, actual person in charge, and major shareholders holding more than 10% of the Company's shares, and affiliated companies that have been concluded by means of a final judgment or are still under litigation, to be a party thereof, and where the results thereof could materially affect shareholders' equity or prices of the Company's securities, as well as the facts of the dispute, amount of money at stake, start date of litigation, and main parties to the litigation.

As of publication date of the annual report, the Company and its directors, general manager, actual person in charge, major shareholders holding more than 10% of shares, and subsidiaries have no significant litigations, non-litigations, or administrative disputes that are either already finalized or still pending, which may have a significant impact on shareholder equity or security prices.

- (13) Other important risks, and mitigation measures being or to be taken: No other significant risks

7. Other important matters: None.

VI. Other Special Notes

1. Information Regarding Affiliated companies

In accordance with the letter No. 1130382569 dated June 26, 2024, issued by the Securities and Futures Bureau of the Financial Supervisory Commission, the Company's Consolidated Business Report and Affiliated Companies Report have been publicly announced and filed on the Market Observation Post System

Market Observation Post System>Single Company>Download Electronic Documents>Affiliate Form

(Website https://mopsov.twse.com.tw/mops/web/t57sb01_q10) prior to the printing date of this Annual Report.

- 2. Private placement of securities of the most recent year up to the publication date of this report printed: None.**
- 3. Other items that must be included : None**

VII. Any event which has a material impact on the shareholders' equity or securities prices as prescribed in subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that has occurred in the most recent year up to the printing date of this annual report:

1. The dishonoring of negotiable instruments due to insufficient deposit, the refusal to transact by banking services, or other events that result in the loss of good credit standing: None.
2. Litigation, non-litigious proceeding, administrative disposition, administrative dispute, security procedure, or compulsory execution, which has had a significant impact on the financial status or business of the company: None.
3. Serious drop in the output, complete or partial suspension of work, lease of the company factory or its main facilities, or complete or partial pledge of the material assets which has had a significant impact on the company business: None.
4. Any event specified under Article 185, paragraph 1 of the Company Act: None.
5. Judgment by the competent court to prohibit the transfer of the company's shares under Article 287, paragraph 1, item 5 of the Company Act: None.
6. Change in the chairman of the board, general manager, or one-third or more of the directors of the company: None.
7. Change in the auditing and certifying accountant. However, where the change is due to internal adjustments in the accounting office, this matter shall not be included in the above definition: None.
8. Execution, amendment, termination, and rescindment of the important memoranda, strategic alliances or other cooperative business plans, or important contracts, change in the material contents of the business plan, completion of new product development, successful development of trial products, and formal entrance into mass production, or acquisition of other enterprises, acquisition or assignment of patent rights, exclusive trademark use rights, copyrights, or other intellectual property rights transactions, which have a major effect on the finances or business of the company: None.
9. Other important events that have had significant impact on the continuation of company operation: None.

Simple Mart Retail Co., Ltd.

Chairman: Shiang-Feng Chen