

Tonlin Department Store Co., Ltd.

Stock Code: 2910

**2024 Annual General Meeting
Handbook**

Time of meeting: June 24, 2024

Venue: No. 61, Zhongzheng Road, Taoyuan District, Taoyuan City

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Tonlin Department Store Co., Ltd.
Procedures of 2024 Regular Shareholders' Meeting

One. Commencement of Meeting (announcing the total number of shares represented in the meeting)

Two. Chairperson's Speech

Three. Report Items

Four. Ratifications

Five. Election and Discussions

Six. Special Motion

Seven. Adjournment

Tonlin Department Store Co., Ltd.

Agenda of 2024 Regular Shareholders' Meeting

Convened as: Offline Shareholders' Meeting

Time of meeting: 9:00 a.m., Monday, June 24, 2024

Venue: No. 61, Zhongzheng Road, Taoyuan District, Taoyuan City

One. Commencement of Meeting

Two. Chairperson's Speech

Three. Report Items:

1. Report on of 2023 business overview.
2. 2023 Audit Committee's Review Report
3. Report on the Distribution of Cash from Additional Paid-in Capital
4. Report on the Allocation of Employee Remuneration and Director Remuneration for year 2023.
5. Report on Director Remuneration for Year 2023.
6. Report on the Simplified Merger Completion between the Company and Its Subsidiaries.

Four. Ratifications:

1. Ratify 2023 settled statements and books.
2. Profit and Loss Allocation Report for Year 2023.

Five. Election and Discussions

1. Re-election of the Company's directors.
2. Removal of restrictions on competing business involvement for new directors and representatives.
3. Discuss the proposal of amendments to the Company's "Operational Procedures of the Acquisition and Disposal of Assets".

Six.Special Motion

Seven.Adjournment

Reports

I. Presentation of report on 2023 business summary. Please review.

Explanation: For 2023 Business Report, please refer to Attachment 1 (page 7-10).

II. Presentation of 2023 Audit Committee's Review Report. Please review.

Explanation: For Audit Committee's Review Report, please refer to Attachment 2 (page 11).

III. Report on distribution of cash dividends from earnings. Please review.

Explanation: 1. The company, through a special resolution passed by the board of directors on March 7, 2024, will distribute cash from the additional paid-in capital resulting from the issuance of shares exceeding their par value, amounting to NT\$59,688,872. The distribution will be based on the shareholder registry as of the distribution record date, with each share receiving NT\$0.34029561.

2. The cash distribution is calculated to the nearest whole dollar (amounts less than one dollar are rounded down). Any fractional amount less than one dollar will be transferred to the company's other income.

3. This case authorizes the chairman to set the ex-dividend record date, distribution date, and other related matters. Should there be any changes in the number of outstanding ordinary shares of the company that require an adjustment to the dividend distribution rate, the chairman is also fully authorized to handle the matter.

IV. Report on the Allocation of Employee Remuneration and Director Remuneration for year 2023. Please review.

Explanation: Employee remuneration of NT\$240,000 and director remuneration of NT\$0 are to be distributed for 2023; the employee remuneration is 0.1032% of the pre-tax profit before employee and director remuneration, and entirely paid in cash.

V. Report on Director Remuneration for Year 2023. Please review.

Explanation: Regarding the remunerations received by directors, including the remuneration policy, individual remunerations and the amounts, please refer to Attachment 3 (pages 12-14).

VI. Report on the Simplified Merger Completion between the Company and Its Subsidiaries. Please review.

Explanation: 1. In accordance with Article 7, Paragraph 2 of the Business Mergers and Acquisitions Act, when a company makes a resolution for a merger or acquisition under Article 19, Paragraph 1 of the same act, it is exempt from a shareholders' meeting resolution and does not need to notify the shareholders. However, a report on the merger or acquisition should be presented at the most recent shareholders' meeting.

2. To integrate group resources, the company resolved on August 7, 2023, through a board resolution, to undergo a simplified merger under Article 19, Paragraph 1 of the Business Mergers and Acquisitions Act with its wholly-owned subsidiaries, Shun Tai Investment Co., Ltd., Guan Chan Investment Co., Ltd., Jia Fong Investment Co., Ltd., and Song Yuan Investment Co., Ltd. (hereinafter referred to as the "four small subsidiaries"), with the company as the surviving entity and the four small subsidiaries as the merged entities. The name of the surviving company after the merger will remain as "Tonlin Department Store Co., Ltd." (hereinafter referred to as "this merger case"). This merger is an organizational restructuring within the same group and does not involve agreements on the exchange ratio or the distribution of cash or other properties to shareholders.

3. This merger case has been executed in accordance with the board of directors' resolution, with the merger reference date being August 31, 2023. The company and the four small subsidiaries have respectively obtained approval from the competent authorities on December 12, 2023, completing the merger dissolution registration.

Ratifications

Proposal 1

Proposed by the board of directors

Cause: The 2023 year-end accounts are ready for ratification.

Explanation: 1. The Company's 2023 standalone and consolidated financial reports have been reviewed and approved by the Audit Committee and the board of directors, and audited by Chiu, Cheng-Chun, CPA and Huang Hsiu-Chun, CPA of Deloitte Touche, for which they have issued an independent auditor's report.
2. The business report and abovementioned accounts can be found in Attachment 1 (pages 7-10), Attachment 4, and Attachment 5 (pages 15-23 and 24-32).

Resolution:

Proposal 2

Proposed by the board of directors

Cause: The Profit and Loss Allocation Report for Year 2023 are ready for ratification.

Explanation: 1. For The Profit and Loss Allocation Report Chart for Year 2023 can be found in Attachment 6 (page 33).

Resolution:

Election and Discussions

Proposal 1

Proposed by the board of directors

Cause: Re-election of the Company's directors; the motion is ready to proceed.

Explanation: 1. The current term of directors expires on August 30, 2024. It is proposed to conduct a comprehensive election ahead of schedule at this annual general Shareholders' Meeting.

2. In accordance with Article XVIII of the company's articles of incorporation, it is proposed at this shareholders' meeting to elect 10 directors, including 3 independent directors, for a term of three years, from June 24, 2024, to June 23, 2027.

3. This election of Company directors shall proceed using the candidate nomination system, in which shareholders will elect from the list of nominated candidates. Candidates' academic accomplishments, career backgrounds, and related information are detailed in Attachment 7 (page 34).

Election result

Proposal 2

Proposed by the board of directors

Cause: Removal of restrictions on competing business involvement for new directors and representatives. The motion is open for discussion.

Explanation: 1. This is handled in accordance with Article 209, Paragraph 1 of the Company Act, which states, "Directors, when acting for themselves or others within the scope of the company's business, shall explain the important contents of their actions to the shareholders' meeting and obtain its permission."

2. For corporate directors, restrictions on competing business involvement shall be removed on parties that are later re-appointed as corporate director representatives.

3. Please refer to Attachment 8 (page 35) for List of Parties Subject to Removal of Competing Business Involvement Restrictions.

Resolution:

Proposal 3

Proposed by the board of directors

Cause: Discuss the proposal of amendments to the Company's "Operational Procedures of the Acquisition and Disposal of Assets". The motion is open for discussion.

Description: 1. Proposal to make partial amendments to the Company's "Operational Procedures of the Acquisition and Disposal of Assets" to adapt to the requirement of actual operation.

2. Please refer to Attachment 9 (page 36-38) for comparison of existing and revised clauses.

Resolution:

Special Motions

Adjournment

Attachment 1

Tonlin Department Store Co., Ltd. 2023 Business Report

I. Foreword

In 2023, due to widespread vaccination against COVID-19, various commercial activities returned to normal. However, due to regional wars, the impact of the United States raising interest rates, and inflation, the economic growth rate of year 2023 was 1.40%, lower than the 2.59% of year 2022. Taoyuan Branch suspended operation in February 2017 to undergo renovation as part of its transformation effort, and later re-opened in September 2018. Taipei Branch has been able to maintain revenues at a consistent level, but had its rent rate increased according to original lease terms when the lease agreement was due for re-negotiation.

The government's tightened controls over real estate (such as the Combined Housing and Land Tax, credit tightening on luxury homes, adjustment to housing tax rate based on the number of properties held and the duration of ownership), combined with falling population growth and an increased rate of home ownership, resulted in moderately decreased property prices. Buyers tended to wait and see, and the transaction volume decreased. The Company will take more pro-active efforts at selling its Yangmingshan project (two units remained as of December 31, 2023). The Jiaoxi project, on the other hand, has commenced sale since the 4th quarter, 2017 and eight units remained unsold at the end of 2023.

To integrate group resources and achieve operational synergy, the board of directors resolved that August 31, 2023, would be the merger reference date. The company conducted a simplified merger with its wholly-owned subsidiaries, Shun Tai Investment Co., Ltd., Guan Chan Investment Co., Ltd., Jia Fong Investment Co., Ltd., and Song Yuan Investment Co., Ltd., in accordance with Article 19 of the Business Mergers and Acquisitions Act. The company remained as the surviving company after the merger, and the merger was approved by the competent authorities on December 12, 2023.

II. Business Report

Below is an analysis of operating results, budget execution, financial ratios, and profitability for 2023:

(I) Business results

Unit: NTD thousand

Item	2023 consolidated	2022 consolidated	Growth rate (%)
Operating revenues	684,079	711,970	(3.92)
Operating cost	284,357	360,518	(21.13)
Gross profit	399,722	351,452	13.73
Operating expenses	190,794	187,042	2.01
Operating profit	208,928	164,410	27.08
Non-operating income (expenses), net	23,482	(49,484)	(147.45)
Profit before tax	232,410	114,926	102.23
Income tax expense	27,501	18,531	48.41
Current net income	204,909	96,395	112.57
Other comprehensive income	(2,791)	(17,726)	(84.25)
Comprehensive income for the current year	202,118	78,669	156.92

1、The details of consolidated operating revenue for the years 2023 and 2022 are as follows:

	(Unit: Thousand NTD)		
	2023	2022	Difference
Incomes from department stores	158,015	118,589	39,246
Lease incomes	270,196	269,477	719
Construction incomes	211,736	286,871	(75,135)
Other operating revenues	44,132	37,033	7,099
	684,079	711,970	(27,891)

2. Overall, the revenue for 2023 decreased by approximately NT\$27,891 thousand compared to 2022. This is mainly due to a decrease in the number of residential units sold, resulting in a reduction of construction project revenue by NT\$75,135 thousand. Post-pandemic department store revenue increased by NT\$39,426 thousand, while the corresponding costs decreased by approximately NT\$76,161 thousand. As the reduction in costs was greater than the decrease in revenue, the gross profit increased by approximately NT\$48,270 thousand.

Regarding operating expenses, the main factor was the increase in profit from operations after the pandemic, with the year-end bonus increasing by approximately NT\$3,228 thousand. The total operating expenses increased by approximately NT\$3,752 thousand.

The net non-operating income increased by approximately NT\$72,966 thousand, mainly due to an increase of approximately NT\$80,063 thousand in gains from financial assets mandatory to be carried at FVTPL and an increase of approximately NT\$3,730 thousand in net foreign exchange gains; this was offset by an increase of approximately NT\$8,898 thousand in interest expenses.

The increase in income tax expense for 2023 was due to an increase in pre-tax net income.

Other comprehensive income increased by approximately NT\$14,935 thousand, due to a decrease of NT\$2,821 thousand in actuarial gains on defined benefit plans, a decrease of NT\$10,172 thousand in unrealized valuation losses on equity instruments at FVTOCI, and a decrease of NT\$7,584 thousand in deferred income tax related to those instruments.

In summary, the total comprehensive income for 2023 was NT\$202,118 thousand, an increase of approximately NT\$123,449 thousand compared to NT\$78,669 thousand in 2022.

(II) Budget execution:

The economic growth rate for 2023 was 1.40% (according to the press release by the Directorate General of Budget, Accounting and Statistics on January 31, 2024), while it was 2.59% in 2022. The main reasons for this were the increase in consumer spending and visitor numbers post-pandemic, leading to higher revenue, and the increase in gains from financial assets mandatory to be carried at FVTPL. The net profit for this period increased by NT\$108,514 thousand compared to 2022.

De Hong Development had completed its project - Yu Yangming located in Yangmingshan, Taipei City, in 2014, and more than 85% of the units have been sold by the end of 2023. The Jiaoxi project commenced the sales since Q4, 2017, and about 80% was sold as of the end of 2023. The Company will continue selling the above projects in 2024.

(III) Analysis of financial ratios and profitability:

Item	2023	2022	Increase/decrease (%)
Debt to assets ratio	53.69%	58.11%	(7.61)
Long-term capital to property, plants and equipment	218.53%	205.44%	6.37
Current ratio	116.03%	93.50%	24.10
Quick ratio	89.89%	54.92%	63.67
Return on assets	4.28%	2.14%	100.00
Return on equity	8.23%	4.03%	104.22
Net profit margin	29.95%	13.54%	121.20
EPS (NT\$)	1.17	0.55	112.73

(IV) Research and development:

Tonlin Department Store primarily engages in retail and leasing businesses. In the retail sector, due to weaker merchandising capabilities compared to chain department stores, performance has continued to decline. The Taoyuan store has been transformed into a mall that combines a cinema, medium to large restaurants, sports and leisure facilities, designer clothing, and an Eslite Life, to provide customers with a good shopping environment. In terms of leasing, the company always pays attention to market conditions and adjusts the rent to market levels or finds suitable businesses that can pay higher rents when contracts expire. The construction department keeps an eye on changes in laws and market conditions to respond appropriately in a timely manner.

III. Operational focus and prospect for 2024

The global economic outlook is influenced by the US-China trade war, regional economic protectionist policies, the gradual reopening of borders by various countries and the domestic lifting of restrictions to coexist with the COVID-19 virus, and regional wars that may lead to rising oil prices and natural resource costs. For 2024, due to the anticipated gradual reduction of interest rates by the United States, it is expected that the growth rate will be higher than that of 2023. As Taiwan's economy is trade-oriented, it will also be affected by the aforementioned factors. The domestic economic growth rate for 2024 is estimated to be about 3.35% according to the Directorate-General of Budget, Accounting and Statistics as of November 28, 2023, which is higher than the 1.40% of 2023. However, rising prices are expected to affect consumer confidence, leading to more conservative spending by the general public.

Below is a summary of the Company's business plans and key production/sales policies:

(I) Department store and retail (Taoyuan Branch)

Taoyuan Branch underwent a major renovation in February 2017 to transform into a lifestyle mall offering cinema, medium and large dining brands, recreational space, designer clothing, and eslite bookstore. It re-opened in September 2018 and will make adjustments to product portfolio depending on future performance.

(II) Real estate leasing (Taipei Branch)

The Company will strive to increase rental income by adjusting rent rates or tenants as lease agreements expire.

(III) Investee

1. De Hong Development Co., Ltd. will continue selling its Yangminshan project and the residential project located in Jiaoxi, Yilan, throughout 2024.
2. Other subsidiaries of the Company, including the venture capital business, have not made any major investment in recent years, and will direct attention towards managing existing investments and seeking opportunities to recover capital in the form of capital reduction or dividend payment.

(IV) Conclusion

The Company and its management team will prepare for the challenges ahead and continue making improvements to service quality, marketing performance, and management efficiency in ways that maximize shareholder returns. We would like to thank our shareholders for their continuous support and encouragement to the Company.

We wish all our shareholders
a prosperous future ahead

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Lin Wan-Yi

Audit Committee's Review Report

We have reviewed the Company's 2023 business report, financial statements and profit and loss appropriation proposal prepared by the board of directors. The financial statements have been audited by Chiu, Cheng-Chun, CPA and Huang Hsiu-Chun, CPA of Deloitte Touche, to which the firm issued an independent auditor's report.

The Audit Committee found no misstatement in the above business report, financial statements, or profit and loss appropriation proposal, and hereby issues its report as presented above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of The Company Act.

This report is hereby presented

To

The 2024 Regular Shareholders' Meeting, Tonlin Department Store Co., Ltd.

Audit Committee

Convener: Chan Shen-Hua

March 11, 2024

Attachment 3

Remunerations to ordinary directors and independent directors

Unit: NTD thousand

Title	Name	Directors' remunerations								Sum of A, B, C and D as a percentage of after-tax profit % (Note 5)		Compensation to directors serving as employees								Sum of A, B, C, D, E, F and G as a percentage of after-tax profit % (Note 5)	Compensation from reinvested business other than subsidiaries or parent company	
		Remuneration (A) (Note 1)		Severance pay and pension (B)		Director's remuneration (C) (Note 2)		Fee for services rendered (Note 3)		The Company	All companies in the financial statements	Salary, bonuses, and special allowances, etc (E) (Note 4)		Severance pay and pension (F)		Employee's remuneration (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements			The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash amount	Share amount	Cash amount	Share amount			
Chairman	Su Chien-I	2,641	2,641	0	0	0	0	600	600	3,241 1.58	3,241 1.58	0	0	0	0	0	0	0	0	3,241 1.58	3,241 1.58	450
Corporate entity Director	UN INVESTMENT CO., LTD. Su, Yong-Chun	0 0	0 0	0 0	0 0	0 0	0 0	0 600	0 600	0 600 0.29	0 600 0.29	0	0	0	0	0	0	0	0	0 600 0.29	0 600 0.29	None None
Corporate entity Director	JIN DUO LIH ENTERPRISES PTY. LTD. WENG CHUN-CHIH	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Director	Weng, Ju-I	0	0	0	0	0	0	600	600	600 0.29	600 0.29	1,789	1,789	0	0	0	0	0	0	2,389 1.17	2,389 1.17	None
Director	Weng, Hua-Li	0	0	0	0	0	0	600	600	600 0.29	600 0.29	1,786	1,786	0	0	0	0	0	0	2,386 1.16	2,386 1.16	None
Director	Weng, Hua-Tieng	0	0	0	0	0	0	600	600	600 0.29	600 0.29	0	0	0	0	0	0	0	0	600 0.29	600 0.29	None
Corporate entity Director	Jih-I Investment Co., Ltd.; HUANG CHUNG-SHENG	0	0	0	0	0	0	0	600	0 600 0.29	0 600 0.29	0	0	0	0	0	0	0	0	0 600 0.29	0 600 0.29	None
Independent Director	Lu, Yu-Ting	0	0	0	0	0	0	600	600	600 0.29	600 0.29	0	0	0	0	0	0	0	0	600 0.29	600 0.29	None
Independent Director	Yang, Wen-Ching	0	0	0	0	0	0	600	600	600 0.29	600 0.29	0	0	0	0	0	0	0	0	600 0.29	600 0.29	None
Independent Director	Chan, Shen-Hua	0	0	0	0	0	0	600	600	600 0.29	600 0.29	0	0	0	0	0	0	0	0	600 0.29	600 0.29	None

1. The correlation between the policies, standards, and structure of the remuneration, and the responsibilities, risk and time undertook by the Independent Director:

On January 25, 2024, the Remuneration Committee convened the 9th meeting of the 5th term, and the review of the performance of directors and managerial officers, and the policies, standards, and structure of the remuneration is described as below:

Explanation: I. The Company leases out its Taipei Branch, and operates a department store in Taoyuan. The profit is still stable. Therefore, the remuneration policy is extremely stable. The fixed salary is adjusted based on economic growth, peers' conditions, and company profitability. In terms of year-end bonuses, it is determined based on the profitability of the year and the performance of each managerial officer. In line with the Company Act, employees' remuneration and directors' remuneration are deemed as the expenses of the year. The Company's Articles of Incorporation stipulate that employees' remuneration shall not be less than 0.1%-4% of the pre-tax net profit before employees' remuneration and directors' remuneration expenses, and the payment shall be made based on the Procedures of Employees' Remuneration to managerial officers and employees.

II. In addition to the monthly fixed monthly transportation fees, the directors' remuneration shall be distributed to the directors no more than 4% of the pre-tax net profit of the year before the remunerations of employees and directors, pursuant to the Company's Articles of Incorporation. Directors concurrently serving as managerial officers may receive monthly salaries, and two monthly bonuses will be paid at the end of each year, but no employee remuneration will be distributed.

2. The compensation received by directors for rendering services to all companies in the financial statements (e.g. as non-employee consultants of the parent company, all companies in financial reports/reinvestee) in the most recent year: none other than the information disclosed in the table above.

Remuneration range

Range of remuneration paid to each director	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	Parent company an all re-invested business
Less than NT\$1,000,000	UN INVESTMENT CO., LTD.; Jih-I Investment Co., Ltd.; JIN DUO LIH ENTERPRISES PTY. LTD.; Su, Yong-Chun Huang, Chung-Sheng; Weng, Chun-Chih Weng, Ju-I; Weng Hua-Li Weng Hua-Tieng; Lu Yu Ting Chan, Shen-Hua; Yang, Wen-Ching	UN INVESTMENT CO., LTD.; Jih-I Investment Co., Ltd.; JIN DUO LIH ENTERPRISES PTY. LTD.; Su, Yong-Chun Huang, Chung-Sheng; Weng, Chun-Chih Weng, Ju-I; Weng Hua-Li Weng Hua-Tieng; Lu Yu Ting Chan, Shen-Hua; Yang, Wen-Ching	UN INVESTMENT CO., LTD.; Jih-I Investment Co., Ltd.; JIN DUO LIH ENTERPRISES PTY. LTD.; Su, Yong-Chun Huang, Chung-Sheng; Weng, Chun-Chih Weng Hua-Tieng; Lu Yu Ting Chan, Shen-Hua; Yang, Wen-Ching	UN INVESTMENT CO., LTD.; Jih-I Investment Co., Ltd.; JIN DUO LIH ENTERPRISES PTY. LTD.; Su, Yong-Chun Huang, Chung-Sheng; Weng, Chun-Chih Weng Hua-Tieng; Lu Yu Ting Chan, Shen-Hua; Yang, Wen-Ching
NTD\$1,000,000 (inclusive) to NTD\$2,000,000 (exclusive)	-	-	-	-
NTD\$2,000,000 (inclusive) to NTD\$3,500,000 (exclusive)	Su Chien-I	Su Chien-I	Su, Chien-I; Weng Hua-Li Weng, Ju-I	Su, Chien-I; Weng Hua-Li Weng, Ju-I
NTD\$3,500,000 (inclusive) to NTD\$5,000,000 (exclusive)	-	-	-	-
NTD\$5,000,000 (inclusive) to NTD\$10,000,000 (exclusive)	-	-	-	-
NTD\$10,000,000 (inclusive) to NTD\$15,000,000 (exclusive)	-	-	-	-
NTD\$15,000,000 (inclusive) to NTD\$30,000,000 (exclusive)	-	-	-	-
NTD\$30,000,000 (inclusive) to NTD\$50,000,000 (exclusive)	-	-	-	-
NTD\$50,000,000 (inclusive) to NTD\$100,000,000 (exclusive)	-	-	-	-
More than NTD\$100,000,000	-	-	-	-
Total	13	13	13	13

Note 1: These are the salary and bonus received by the chairman of the Company in 2023.

Note 2: It is the directors' remuneration in 2023. The board of directors resolved on March 7, 2024 not to distribute the directors' remuneration.

Note 3: This refers to the transportation and travel expenses of the directors in 2023.

Note 4: These are and bonus received by the directors concurrently serving as employees in 2023.

Note 5: Net income after tax is the net income after tax of the 2023 parent-company only financial statements.

Attachment 4

Independent Auditor's Report

To stakeholders of Tonlin Department Store Co., Ltd.

Audit opinions

We have audited the accompanying parent-only balance sheet of Tonlin Department Store Co., Ltd. as at December 31, 2023 and 2022, and the parent-only statement of comprehensive income, parent-only statement of changes in shareholders' equity, parent-only cash flow statement, and notes to parent-only financial statements (including summary of significant accounting policies) for the periods from January 1 to December 31, 2023 and 2022.

In our opinion, all material disclosures of the parent-only financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and presented a fair view of the parent-only financial position of Tonlin Department Store Co., Ltd. as at December 31, 2023 and 2022, and parent-only business performance and cash flow for the periods January 1 to December 31, 2023 and 2022.

Basis of audit opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Entrusted Certified Public Accountants and the auditing principles. Our responsibilities as an auditor for the parent-only financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Tonlin Department Store Co., Ltd. when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2023 parent-only financial statements of Tonlin Department Store Co., Ltd. These issues have already been addressed when we audited and formed our opinions on the parent-only financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2023 standalone financial statements of Tonlin Department Store Co., Ltd. are as follows:

Impairment assessment of investment properties

As at December 31, 2023, Tonlin Department Store Co., Ltd. had investment properties located at Xinzhuang District that were valued at NT\$1,059,951 thousand, representing 19% of total assets and constituted a significant part of standalone financial statements. The management follows IAS 36 - "Impairment of Assets" and assesses investment properties for signs of impairment at the end of each reporting period. Assets that exhibit any sign of impairment will have recoverable amount estimated in order to determine the amount of impairment. However, considering that real estate prices are affected by several factors including government policy, economic cycle, and market supply/demand, and that impairment assessment requires subjective judgments, major estimates, and assumptions from the management, we have identified impairment assessment of investment properties as a key audit issue. Accounting policy on impairment assessment of investment properties, uncertainties associated with accounting estimates and assumptions, and related disclosures can be found in Notes 4, 5, and 15 of standalone financial statements.

The following audit procedures were taken in relation to the key audit issues identified above:

1. Understanding and testing the design and implementation of key internal control system that is relevant to impairment assessment of investment properties.
2. Obtaining the independent valuation report used by the management, and evaluating the professional capacity, competence, and objectivity of independent valuers.
3. Determining the rationality of the valuation method, parameters, and assumptions used in the valuation of investment property and comparing transaction prices of properties in the vicinity.

4. Consulting our own experts about the independent valuer's choice of valuation method as well as inputs and historical market data used in the calculation, and making appropriate comparisons to determine the rationality of the assessed price.
5. Taking count and verifying records of investment properties, and checking title deeds for the lands owned.

Correctness of retail commission income

Tonlin Department Store Co., Ltd. reported retail commission income of NT\$152,905 thousand in 2023, representing 32% of operating revenues and was considered significant to the presentation of standalone financial statements. The department store operates by having merchants set up individual retail departments, and the Company earns a certain percentage or amount from each transaction made by merchants. Under this arrangement, the Company first collects payment from customers then deducts merchant's share of the proceeds and recognizes the remainder as sales revenue. Due to the vast number of merchants and the different commission rates involved, calculation of retail commission income depends heavily on the use of computer system, which we consider to be a key audit issue. Disclosures relating to retail commission income can be found in Note 21 of standalone financial statements.

The following audit procedures were taken in relation to the key audit issues identified above:

1. Understanding and randomly testing the effectiveness of internal control design and execution for retail commission income.
2. Making sample checks on current year's Merchant Settlement Master Report to determine whether the commission rates configured on the computer system are consistent with contract terms; and making separate calculations using the commission rate to verify the correctness of retail commission income.

Emphasized matters

As described in Notes 1 and 12 to the financial statements, on August 7, 2023, the Board of Directors of Tonlin Department Store Co., Ltd. resolved to merge with its 100% owned subsidiaries, GUAN CHAN INVESTMENT CO., LTD., JIA FONG INVESTMENT CO., LTD., SONG YUAN INVESTMENT CO., LTD., and SHUN TAI INVESTMENT CO., LTD., in accordance with Article 19 of the Business Mergers and Acquisitions Act regarding simplified mergers. This merger was an organizational restructuring under common control. With reference to the IFRS Q&A issued by the Accounting Research and Development Foundation and relevant interpretations, when preparing the comparative individual financial statements, it should be treated as if the merger had occurred from the beginning, and the comparative individual financial statements should be restated. The impacts of restating the comparative period are detailed in Note 12. We did not modify our audit opinion for this reason.

Responsibilities of the management and governing body to the standalone financial statements

Responsibilities of the management were to prepare and ensure fair presentation of parent-only financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and to exercise proper internal control practices that are relevant to the preparation of parent-only financial statements so that the parent-only financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing parent-only financial statements also involved: assessing the ability of Tonlin Department Store Co., Ltd. to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate Tonlin Department Store Co., Ltd. or cease business operations, or is compelled to do so with no alternative solution.

The governing body of Tonlin Department Store Co., Ltd. (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing parent-only financial statements

The purposes of our audit were to obtain reasonable assurance of whether the standalone financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the standalone financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the standalone financial statement user.

When conducting audits in accordance with auditing principles, we exercised professional judgments and raised professional doubts as deemed. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the standalone financial statements, whether due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Tonlin Department Store Co., Ltd.

3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Tonlin Department Store Co., Ltd. to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of parent-only financial statements and make related disclosures if uncertainties exist in regards to the above-mentioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Tonlin Department Store Co., Ltd. no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the standalone financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the standalone financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by Tonlin Department Store Co., Ltd., and expressing opinions on parent-only financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on Tonlin Department Store Co., Ltd.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit matters after communicating with the governing body regarding the 2023 standalone financial statements of Tonlin Department Store Co., Ltd. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Deloitte Taiwan
CPA Chiu, Cheng-Chun

CPA Huang Hsiu-Chun

Approval reference of the Financial Supervisory
Commission
Jin-Guan-Zheng-Liu-Zhi No.0930160267

Approval reference of the Securities and Futures
Bureau
Tai-Tsai-Cheng-(VI)-0920123784

March 7, 2024

Notice to Readers

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

The auditors' report and the accompanying financial statements have been translated into English from the original Chinese version, and the English version is not audited by certified public accountant.

Tonlin Department Store Co., Ltd.
Standalone Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Code	Asset	December 31, 2023		December 31, 2022 (After restatement)	
		Amount	%	Amount	%
CURRENT ASSETS					
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 101,377	2	\$ 121,672	2
1110	Financial assets at FVTPL (Notes 4 and 7)	659,949	12	417,085	8
1136	Financial assets carried at cost after amortization - current (Notes 4 and 9)	-	-	16,300	-
1172	Accounts receivable (Notes 4 and 10)	13,432	-	7,973	-
1175	Lease receivable (Notes 4 and 10)	3,674	-	3,984	-
1200	Other receivables (Notes 4 and 10)	8,717	-	4,672	-
130X	Inventory (Notes 4 and 11)	11,104	-	10,853	-
1470	Prepayments and other current assets	11,349	-	23,623	1
11XX	Total current assets	<u>809,602</u>	<u>14</u>	<u>606,162</u>	<u>11</u>
non-current assets					
1517	Financial assets at FVTOCI - non-current (Notes 4 and 8)	17,193	1	17,193	-
1550	Equity-accounted investments (Notes 4 and 12)	451,604	8	566,834	10
1600	Property, plant, and equipment (Notes 4, 5, 13 and 28)	2,132,779	38	2,196,199	40
1755	Right-of-use assets (Notes 4 and 14)	1,947	-	-	-
1760	Investment property, net (Notes 4, 5, 15 and 28)	2,139,253	38	2,148,353	39
1780	Intangible assets (Notes 4 and 5)	8,475	-	9,357	-
1840	Deferred income tax assets (Notes 4 and 23)	14,783	1	14,252	-
1935	Long-term lease receivable (Notes 4 and 10)	13,338	-	16,898	-
1920	Refundable deposits	2,924	-	2,924	-
15XX	Total non-current assets	<u>4,782,296</u>	<u>86</u>	<u>4,972,010</u>	<u>89</u>
1XXX	Total assets	<u>\$ 5,591,898</u>	<u>100</u>	<u>\$ 5,578,172</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term borrowings (Notes 4, 13, 15, 16 and 28)	\$ 649,000	12	\$ 714,000	13
2110	Short-term notes payable (Notes 4 and 16)	-	-	9,995	-
2150	Note payable	48,990	1	41,788	1
2170	Accounts payable (Notes 4 and 17)	100,939	2	94,576	2
2209	Accrued expenses (Note 18 and 27)	37,810	1	33,859	1
2219	Other payables	5,650	-	5,214	-
2230	Current income tax liabilities (Notes 4 and 23)	30,891	-	18,936	-
2280	Lease liabilities - current (Notes 4 and 14)	310	-	-	-
2320	Long-term borrowings expiring within a year (Notes 4, 13, 15, 16 and 28)	50,000	1	140,000	2
2399	Other current liabilities (Notes 4 and 21)	7,592	-	7,937	-
21XX	Total current liabilities	<u>931,182</u>	<u>17</u>	<u>1,066,305</u>	<u>19</u>
non-current liabilities					
2540	Long-term borrowings (Notes 4, 13, 15, 16 and 28)	1,794,000	32	1,844,000	33
2572	Deferred income tax liabilities (Notes 4 and 23)	216,337	4	216,910	4
2580	Lease liabilities - non-current (Notes 4 and 14)	1,615	-	-	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 19)	6,143	-	11,224	-
2645	Guarantee deposits received (Note 21)	52,563	1	51,793	1
25XX	Total non-current liabilities	<u>2,070,658</u>	<u>37</u>	<u>2,123,927</u>	<u>38</u>
2XXX	Total liabilities	<u>3,001,840</u>	<u>54</u>	<u>3,190,232</u>	<u>57</u>
Equity (Notes 4, 8, 20 and 23)					
3110	Common share capital	1,754,030	31	2,087,250	38
3200	Additional paid-in capital	59,689	1	540,286	10
Retained earnings					
3310	Statutory reserves	489,459	9	487,129	9
3320	Special reserves	589,042	11	462,114	8
3350	Unappropriated earnings	(264,112)	(5)	129,258	2
3300	Total retained earnings	<u>814,389</u>	<u>15</u>	<u>1,078,501</u>	<u>19</u>
3400	Other equities	(38,050)	(1)	(34,556)	(1)
3500	Treasury stock	-	-	(1,283,541)	(23)
3XXX	Total equity	<u>2,590,058</u>	<u>46</u>	<u>2,387,940</u>	<u>43</u>
Total liabilities and equity		<u>\$ 5,591,898</u>	<u>100</u>	<u>\$ 5,578,172</u>	<u>100</u>

The accompanying notes are an integral part of the parent-only financial statements.
(Please refer to the audit report dated March 7, 2024 issued by Deloitte & Touche)

Chairman: Su Chien-I

President: Weng Hua-Li

Vice President: Chen Wen-Lung

Head of Accounting: Lin Wan-Yi

Tonlin Department Store Co., Ltd.
Standalone Statement of Comprehensive Income
From January 1 to December 31, 2023 and 2022

Unit: NTD thousands, except EPS which is in 1 NTD

Code		2023		2022 (After restatement)	
		Amount	%	Amount	%
4000	Operating revenues (Notes 4 and 21)	\$ 472,463	100	\$ 460,158	100
5000	Operating costs (Note 22)	<u>63,035</u>	<u>13</u>	<u>95,862</u>	<u>21</u>
5900	Gross profit	409,428	87	364,296	79
6000	Operating expenses (Notes 4, 19, 22 and 27)	<u>173,394</u>	<u>37</u>	<u>167,983</u>	<u>36</u>
6900	Operating profit	<u>236,034</u>	<u>50</u>	<u>196,313</u>	<u>43</u>
	Non-operating income and expense				
7100	Interest income (Notes 4 and 22)	1,152	-	1,049	-
7010	Other income (Notes 4 and 22)	24,504	5	24,593	5
7020	Other gains and losses (Notes 4, 7, and 22)	39,083	8	(41,792)	(9)
7050	Financial costs (Note 22)	(44,667)	(9)	(33,003)	(7)
7060	Share of gain/loss from subsidiaries and associated companies accounted using the equity method (Notes 4 and 12)	(<u>23,696</u>)	(<u>5</u>)	(<u>32,234</u>)	(<u>7</u>)
7000	Total non-operating income and expenses	(<u>3,624</u>)	(<u>1</u>)	(<u>81,387</u>)	(<u>18</u>)
7900	Profit before tax	232,410	49	114,926	25
7950	Income tax expenses (Notes 4 and 23)	<u>27,501</u>	<u>6</u>	<u>18,531</u>	<u>4</u>
8200	Current net income	<u>204,909</u>	<u>43</u>	<u>96,395</u>	<u>21</u>

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Code		2023		2022 (After restatement)	
		Amount	%	Amount	%
	Other comprehensive income				
8310	Items not reclassified into profit and loss:				
8311	Remeasurement of defined benefit plan (Notes 4 and 19)	\$ 879	-	\$ 3,700	1
8316	Unrealized profit and loss on valuation of equity instruments at FVTOCI (Notes 4, 8 and 20)	(3,494)	-	(13,666)	(3)
8349	Income tax on items not reclassified into profit and loss (Notes 4 and 23)	(176)	-	(7,760)	(2)
8300	Other comprehensive income - current	(2,791)	-	(17,726)	(4)
8500	Total comprehensive income - current	<u>\$ 202,118</u>	<u>43</u>	<u>\$ 78,669</u>	<u>17</u>
	Earnings per share (Note 24)				
9710	Basic	<u>\$ 1.17</u>		<u>\$ 0.55</u>	
9810	Diluted	<u>\$ 1.17</u>		<u>\$ 0.55</u>	

The accompanying notes are an integral part of the parent-only financial statements.
(Please refer to the audit report dated March 7, 2024 issued by Deloitte & Touche)

Chairman: Su Chien-I

President: Weng Hua-Li

Vice President: Chen Wen-Lung

Head of Accounting: Lin Wan-Yi

Tonlin Department Store Co., Ltd.
Standalone Statement of Changes in Equity
From January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		Common share capital (Notes 4 and 20)	Additional paid-in capital (Note 20)	Retained earnings (Notes 4, 8, 19 and 20)			Total	Other items of equity (Notes 4, 8 and 20)	Treasury stock (Note 20)	Total Equity
				Statutory reserves	Special reserves	Unappropriated earnings		Unrealized gains/losses on financial assets at FVTOCI		
A1	Balance on January 1, 2022	\$ 2,087,250	\$ 523,625	\$ 474,382	\$ 456,282	\$ 228,904	\$ 1,159,568	(\$ 89,929)	(\$ 1,283,541)	\$ 2,396,973
	Appropriation and distribution of 2021 earnings									
B1	Provision for statutory reserves	-	-	12,747	-	(12,747)	-	-	-	-
B3	Provision for special reserves	-	-	-	5,832	(5,832)	-	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(104,363)	(104,363)	-	-	(104,363)
	Total appropriation and distribution of 2021 earnings	-	-	12,747	5,832	(122,942)	(104,363)	-	-	(104,363)
M1	Adjustment to additional paid-in capital for dividends paid to subsidiaries	-	16,661	-	-	-	-	-	-	16,661
D1	2022 net profit	-	-	-	-	96,395	96,395	-	-	96,395
D3	2022 other comprehensive income - after tax	-	-	-	-	2,960	2,960	(20,686)	-	(17,726)
D5	2022 total comprehensive income	-	-	-	-	99,355	99,355	(20,686)	-	78,669
Q1	Disposal of equity instruments at FVTOCI	-	-	-	-	(76,059)	(76,059)	76,059	-	-
Z1	Balance as of December 31, 2022	2,087,250	540,286	487,129	462,114	129,258	1,078,501	(34,556)	(1,283,541)	2,387,940
	Appropriation and distribution of 2022 earnings									
B1	Provision for statutory reserves	-	-	2,330	-	(2,330)	-	-	-	-
B3	Provision for special reserves	-	-	-	126,928	(126,928)	-	-	-	-
	Total appropriation and distribution of 2022 earnings	-	-	2,330	126,928	(129,258)	-	-	-	-
D1	2023 net profit	-	-	-	-	204,909	204,909	-	-	204,909
D3	2023 other comprehensive income - after tax	-	-	-	-	703	703	(3,494)	-	(2,791)
D5	2023 total comprehensive income	-	-	-	-	205,612	205,612	(3,494)	-	202,118
L3	Cancellation of treasury stock	(333,220)	(480,597)	-	-	(469,724)	(469,724)	-	1,283,541	-
Z1	Balance on December 31, 2023	\$ 1,754,030	\$ 59,689	\$ 489,459	\$ 589,042	(\$ 264,112)	\$ 814,389	(\$ 38,050)	\$ -	\$ 2,590,058

The accompanying notes are an integral part of the parent-only financial statements.

(Please refer to the audit report dated March 7, 2024 issued by Deloitte & Touche)

Chairman: Su Chien-I

President: Weng Hua-Li

Vice President: Chen Wen-Lung

Head of Accounting: Lin Wan-Yi

Tonlin Department Store Co., Ltd.
Standalone Cash Flow Statement
From January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022 (After restatement)
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Pre-tax profit for the current period	\$ 232,410	\$ 114,926
A20010	Adjustments for:		
A20100	depreciation expense	75,796	74,119
A20200	Amortization	1,287	1,187
A20400	Net loss (gain) on financial assets at FVTPL	(23,252)	36,705
A20900	Financial costs	44,667	33,003
A21200	Interest income	(1,152)	(1,049)
A21300	Dividend income	(6,868)	(6,603)
A22400	Share of loss from subsidiaries and associated companies accounted using the equity method	23,696	32,234
A22500	Loss from disposal of property, plant and equipment	932	9,480
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatory to be carried at FVTPL	(219,612)	(5,678)
A31150	Trade receivable	(5,459)	(1,369)
A31180	Other receivables	(4,451)	1,140
A31200	Inventories	(251)	30,204
A31230	Prepayments and other current assets	12,274	6,675
A31240	Lease receivable	3,870	3,839
A32130	Note payable	7,202	11,227
A32150	Accounts payable	6,363	14,942
A32180	Other payables	436	2,978
A32220	Accrued expenses	4,818	(3,366)
A32230	Other current liabilities	(345)	(355)
A32240	Net defined benefit liabilities	(4,202)	(6)
A33000	Cash inflow from operating activities	148,159	354,233
A33100	Interest received	1,388	951
A33300	Interest paid	(45,519)	(30,384)
A33200	Dividends received	6,868	6,603
A33500	Income tax paid	(16,656)	(469)
AAAA	Net cash inflow from operating activities	<u>94,240</u>	<u>330,934</u>

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Code		2023	2022 (After restatement)
	Cash flows from investing activities		
B00020	Sales of Financial assets at FVTOCI	\$ -	\$ 4,231
B00040	Disposal of financial assets measured at cost after amortization	16,300	6,304
B01800	Acquisition of equity-accounted investments	-	(49,400)
B02400	Refund from subsidiaries' capital reduction	83,000	-
B02700	Acquisition of property, plant, and equipment	(4,568)	(20,614)
B02800	Proceeds from disposal of property, plant and equipment	410	-
B03700	Decrease in refundable deposits	-	32
B04500	Purchase of intangible assets	(405)	(551)
B05400	Acquisition of investment property	-	(548)
B07100	Decrease in equipment purchase payable	-	(6,700)
B07600	Dividends received from subsidiaries and associated companies	<u>5,040</u>	<u>3,156</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>99,777</u>	<u>(64,090)</u>
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	(65,000)	132,000
C00600	Short-term bills payable decreased	(9,995)	(3,000)
C01600	Proceeds from long-term borrowings	3,176,000	5,648,000
C01700	Repayments of long-term borrowings	(3,316,000)	(5,934,000)
C03000	Increase in guarantee deposits received	770	184
C04020	Lease principal repayment	(87)	-
C04500	Payment of cash dividends	<u>-</u>	<u>(87,702)</u>
CCCC	Net cash outflow from financing activities	<u>(214,312)</u>	<u>(244,518)</u>
EEEE	Net increase (decrease) in cash and cash equivalents	(20,295)	22,326
E00100	Opening balance of cash and cash equivalents	<u>121,672</u>	<u>99,346</u>
E00200	Closing balance of cash and cash equivalents	<u>\$ 101,377</u>	<u>\$ 121,672</u>

The accompanying notes are an integral part of the parent-only financial statements.
(Please refer to the audit report dated March 7, 2024 issued by Deloitte & Touche)

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Lin Wan-Yi

Attachment 5

Independent Auditor's Report

To stakeholders of Tonlin Department Store Co., Ltd.

Audit opinions

We have audited the accompanying consolidated balance sheet of Tonlin Department Store Co., Ltd. and subsidiaries (collectively referred to as Tonlin Group) as at December 31, 2023 and 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement, and notes to consolidated financial statements (including summary of significant accounting policies) for the periods from January 1 to December 31, 2023 and 2022.

In our opinion, all material disclosures of the consolidated financial statements mentioned above were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved by the Financial Supervisory Commission, and presented a fair view of the consolidated financial position of Tonlin Group as at December 31, 2023 and 2022, and consolidated business performance and cash flow for the periods of January 1 to December 31, 2023 and 2022.

Basis of audit opinion

We conducted our audits in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Entrusted Certified Public Accountants and the auditing principles. Our responsibilities as an auditor for the consolidated financial statements under the abovementioned standards are explained in the Responsibilities paragraph. All relevant personnel of the accounting firm have followed CPA code of ethics and maintained independence from Tonlin Group when performing their duties. We believe that the evidence obtained provide an adequate and appropriate basis for our opinion.

Key audit issues

Key audit issues are matters that we considered to be the most important, based on professional judgment, when auditing the 2023 consolidated financial statements of Tonlin Group. These issues have already been addressed when we audited and formed our opinions on the consolidated financial statements. Therefore we do not provide opinions separately for individual issues.

Key audit issues concerning the 2023 consolidated financial statements of Tonlin Group are as follows:

Impairment assessment of investment properties

As at December 31, 2023, Tonlin Group had investment properties located at Xinzhuang District that were valued at NT\$1,059,951 thousand, representing 19% of total consolidated assets and constituted a significant part of consolidated financial statements. The management follows IAS 36 - "Impairment of Assets" and assesses investment properties for signs of impairment at the end of each reporting period. Assets that exhibit any sign of impairment will have recoverable amount estimated in order to determine the amount of impairment. However, considering that real estate prices are affected by several factors including government policy, economic cycle, and market supply/demand, and that impairment assessment requires subjective judgments, major estimates, and assumptions from the management, we have identified impairment assessment of investment properties as a key audit issue. Accounting policy on impairment assessment of investment properties, uncertainties associated with accounting estimates and assumptions, and related disclosures can be found in Notes 4, 5, and 16 of consolidated financial statements.

The following audit procedures were taken in relation to the key audit issues identified above:

1. Understanding and testing the design and implementation of key internal control system that is relevant to impairment assessment of investment properties.
2. Obtaining the independent valuation report used by the management, and evaluating the professional capacity, competence, and objectivity of independent valuers.
3. Determining the rationality of the valuation method, parameters, and assumptions used in the valuation of investment property and comparing transaction prices of properties in the vicinity.
4. Consulting our own experts about the independent valuer's choice of valuation method as well as inputs and historical market data used in the calculation, and making appropriate comparisons to determine the rationality of the assessed price.
5. Taking count and verifying records of investment properties, and checking title deeds for the lands owned.

Correctness of retail commission income

Tonlin Group reported retail commission income of NT\$152,905 thousand in 2023, representing 22% of operating revenues and was considered significant to the presentation of consolidated financial statements. The department store operates by having merchants set up individual retail departments, and Tonlin Group earns a certain percentage or amount from each transaction made by merchants. Under this arrangement, the Company first collects payment from customers then deducts merchant's share of the proceeds and recognizes the remainder as sales revenue. Due to the vast number of merchants and the different commission rates involved, calculation of retail commission income depends heavily on the use of computer system, which we consider to be a key audit issue. Disclosures relating to retail commission income and accounting policy can be found in Notes 4 and 22 of consolidated financial statements.

The following audit procedures were taken in relation to the key audit issues identified above:

1. Understanding and randomly testing the effectiveness of internal control design and execution for retail commission income.
2. Making sample checks on current year's Merchant Settlement Master Report to determine whether the commission rates configured on the computer system are consistent with contract terms; and making separate calculations using the commission rate to verify the correctness of retail commission income.

Emphasized matters

As described in Note 1 and 12 of the consolidated financial statements, Tonlin Department Store's board of directors resolved on August 7, 2023 that the Company conducted a simplified merger with its wholly-owned subsidiaries, Guan Chan Investment Co., Ltd., Jia Fong Investment Co., Ltd., Song Yuan Investment Co., Ltd., and Shun Tai Investment Co., Ltd., in accordance with Article 19 of the Business Mergers and Acquisitions Act. The Company remained as the surviving company, and the merger reference date is August 31, 2023. We did not modify our audit opinion for this reason.

Other Matters

Tonlin Department Store Co., Ltd. has prepared standalone financial statements for 2023 and 2022, which we have audited and issued independent auditor's reports with unqualified opinions.

Responsibilities of the management and governing body to the consolidated financial statements

Responsibilities of the management were to prepare and ensure fair presentation of consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the version of International Financial Reporting Standards, International Accounting Standards and interpretations thereof approved and published by the Financial Supervisory Commission, and to exercise proper internal control practices that are relevant to the preparation of consolidated financial statements so that the consolidated financial statements are free of material misstatements, whether caused by fraud or error.

The management's responsibilities when preparing consolidated financial statements also involved: assessing the ability of Tonlin Group to operate, disclose information, and account for transactions as a going concern unless the management intends to liquidate Tonlin Group or cease business operations, or is compelled to do so with no alternative solution.

The governing body of Tonlin Group (including the Audit Committee) is responsible for supervising the financial reporting process.

Responsibilities of the auditor when auditing consolidated financial statements

The purposes of our audit were to obtain reasonable assurance of whether the consolidated financial statements were prone to material misstatements, whether due to fraud or error, and to issue a report of our audit opinions. We considered assurance to be reasonable only if it is highly credible. However, audit tasks conducted in accordance with auditing principles do not necessarily guarantee detection of all material misstatements within the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if the individual amount or aggregate total is reasonably expected to affect economic decisions of the consolidated financial statement user.

When conducting audits in accordance with auditing principles, we exercised professional judgments and raised professional doubts as deemed. We also performed the following tasks as an auditor:

1. Identifying and assessing risks of material misstatement within the consolidated financial statements, whether due to fraud or error; designing and executing appropriate response measures for the identified risks; and obtaining adequate and appropriate audit evidence to support audit opinions. Fraud may involve conspiracy, forgery, intentional omission, untruthful declaration, or breach of internal control, and our audit did not find any material misstatement where the risk of fraud is greater than the risk of error.
2. Developing the required level of understanding on relevant internal controls and designing audit procedures that are appropriate under the prevailing circumstances, but without providing opinion on the effectiveness of internal control system of Tonlin Group.
3. Assessing the appropriateness of accounting policies adopted by the management, and the rationality of accounting estimates and related disclosures made.
4. Forming conclusions regarding the appropriateness of management's decision to account for the business as a going concern, and whether there are doubts or uncertainties about the ability of Tonlin Group to operate as a going concern, based on the audit evidence obtained. We are bound to remind users of consolidated financial statements and make related disclosures if uncertainties exist in regards to the abovementioned events or circumstances, and amend audit opinions when the disclosures are no longer appropriate. Our conclusions are based on the audit evidence obtained up to the date of audit report. However, future events or change of circumstances may still render Tonlin Group no longer capable of operating as a going concern.
5. Assessing the overall presentation, structure, and contents of the consolidated financial statements (including related footnotes), and whether certain transactions and events are presented appropriately in the consolidated financial statements.
6. Obtaining sufficient and appropriate audit evidence on financial information of equity-accounted investments held by the group, and expressing opinions on consolidated financial statements. Our responsibilities as auditor are to instruct, supervise, and execute audits and form audit opinions on the group.

We have communicated with the governing body about the scope, timing, and significant findings (including significant defects identified in the internal control) of our audit.

We have also provided the governing body with a declaration of independence stating that all relevant personnel of the accounting firm have complied with auditors' professional ethics, and communicated with the governing body on all matters that may affect the auditor's independence (including protection measures).

We have identified the key audit issues after communicating with the governing body regarding the 2023 consolidated financial statements of Tonlin Group. These issues have been addressed in our audit report except for: 1. Certain topics that are prohibited by law from disclosing to the public; or 2. Under extreme circumstances, topics that we decided not to communicate in the audit report because of higher negative impacts they may cause than the benefits they bring to public interest.

Deloitte & Touche
CPA Chiu, Cheng-Chun

CPA Huang Hsiu-Chun

Approval reference of the Financial Supervisory
Commission
Jin-Guan-Zheng-Liu-Zhi No.0930160267

Approval reference of the Securities and Futures
Bureau
Tai-Tsai-Cheng-(VI)-0920123784

March 7, 2024

Notice to Readers

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

The auditors' report and the accompanying financial statements have been translated into English from the original Chinese version, and the English version is not audited by certified public accountant.

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated balance sheet
December 31, 2023 and 2022

Unit: NTD thousand

Code	Asset	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
CURRENT ASSETS					
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 128,933	2	\$ 160,339	3
1110	Financial assets at FVTPL (Notes 4 and 7)	659,949	12	417,085	8
1136	Financial assets carried at cost after amortization - current (Notes 4 and 9)	-	-	16,300	-
1172	Accounts receivable (Notes 4 and 10)	13,432	-	7,973	-
1175	Lease receivable (Notes 4 and 10)	3,674	-	3,984	-
1200	Other receivables (Notes 4, 10 and 24)	8,725	-	9,064	-
130X	Inventory (Notes 4, 5, 11 and 29)	240,293	4	454,798	8
1470	Prepayments and other current assets	27,272	1	42,330	1
11XX	Total current assets	<u>1,082,278</u>	<u>19</u>	<u>1,111,873</u>	<u>20</u>
non-current assets					
1517	Financial assets at FVTOCI - non-current (Notes 4 and 8)	17,193	1	17,193	-
1550	Equity-accounted investments (Notes 4 and 13)	180,483	3	183,935	3
1600	Property, plant, and equipment (Notes 4, 5, 14 and 29)	2,132,796	38	2,196,232	39
1755	Right-of-use assets (Notes 4 and 15)	1,947	-	-	-
1760	Investment property, net (Notes 4, 5, 16 and 29)	2,139,253	38	2,148,353	38
1780	Intangible assets (Notes 4 and 5)	8,475	-	9,357	-
1840	Deferred income tax assets (Notes 4, 5, and 24)	14,783	1	14,252	-
1935	Long-term lease receivable (Notes 4 and 10)	13,338	-	16,898	-
1920	Refundable deposits	2,924	-	2,931	-
15XX	Total non-current assets	<u>4,511,192</u>	<u>81</u>	<u>4,589,151</u>	<u>80</u>
1XXX	Total assets	<u>\$ 5,593,470</u>	<u>100</u>	<u>\$ 5,701,024</u>	<u>100</u>
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
2100	Short-term borrowings (Notes 4, 11, 14, 16, 17 and 29)	\$ 649,000	12	\$ 794,000	14
2110	Short-term bills payable (Notes 4, 11, 14, 16, 17 and 29)	-	-	49,520	1
2150	Note payable	49,682	1	43,321	1
2170	Accounts payable (Note 18)	100,939	2	94,691	2
2209	Accrued expenses (Note 19)	38,687	1	35,423	1
2219	Other payables	5,650	-	5,214	-
2280	Lease liabilities - current (Notes 4 and 15)	310	-	-	-
2230	Current income tax liabilities (Notes 4, 5 and 24)	30,891	-	18,936	-
2320	Long-term borrowings expiring within a year (Notes 4, 14, 16, 17 and 29)	50,000	1	140,000	2
2399	Other current liabilities (Note 22)	7,595	-	8,052	-
21XX	Total current liabilities	<u>932,754</u>	<u>17</u>	<u>1,189,157</u>	<u>21</u>
non-current liabilities					
2540	Long-term borrowings (Notes 4, 14, 16, 17, and 29)	1,794,000	32	1,844,000	32
2572	Deferred income tax liabilities (Notes 4, 5 and 24)	216,337	4	216,910	4
2580	Lease liabilities - non-current (Notes 4 and 15)	1,615	-	-	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 20)	6,143	-	11,224	-
2645	Guarantee deposits received (Note 22)	52,563	1	51,793	1
25XX	Total non-current liabilities	<u>2,070,658</u>	<u>37</u>	<u>2,123,927</u>	<u>37</u>
2XXX	Total liabilities	<u>3,003,412</u>	<u>54</u>	<u>3,313,084</u>	<u>58</u>
Equity (Notes 4, 8, 20 and 21)					
3110	Common share capital	1,754,030	31	2,087,250	37
3200	Additional paid-in capital	59,689	1	540,286	9
Retained earnings					
3310	Statutory reserves	489,459	9	487,129	9
3320	Special reserves	589,042	11	462,114	8
3350	Unappropriated earnings	(264,112)	(5)	129,258	2
3300	Total retained earnings	<u>814,389</u>	<u>15</u>	<u>1,078,501</u>	<u>19</u>
3400	Other equities	(38,050)	(1)	(34,556)	(1)
3500	Treasury stock	-	-	(1,283,541)	(22)
3XXX	Total equity	<u>2,590,058</u>	<u>46</u>	<u>2,387,940</u>	<u>42</u>
Total liabilities and equity		<u>\$ 5,593,470</u>	<u>100</u>	<u>\$ 5,701,024</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the audit report dated March 7, 2024 issued by Deloitte & Touche)

Chairman: Su Chien-I

President: Weng Hua-Li

Vice President: Chen Wen-Lung

Head of Accounting: Lin Wan-Yi

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
From January 1 to December 31, 2023 and 2022

Unit: NTD thousands, except EPS which is in 1 NTD

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Notes 4 and 22)	\$ 684,079	100	\$ 711,970	100
5000	Operating costs (Notes 4, 11 and 23)	<u>284,357</u>	<u>41</u>	<u>360,518</u>	<u>51</u>
5900	Gross profit	399,722	59	351,452	49
6000	Operating expenses (Notes 4, 20, 23 and 28)	<u>190,794</u>	<u>28</u>	<u>187,042</u>	<u>26</u>
6900	Operating profit	<u>208,928</u>	<u>31</u>	<u>164,410</u>	<u>23</u>
	Non-operating income and expense				
7100	Interest income (Notes 4 and 23)	1,375	-	1,089	-
7010	Other income (Notes 4 and 23)	24,548	3	24,689	3
7020	Other gains and losses (Notes 4, 7, 14 and 23)	38,720	6	(42,802)	(6)
7050	Financial costs (Note 23)	(46,243)	(7)	(36,573)	(5)
7060	Share of gain/loss from associated companies accounted using the equity method (Notes 4 and 13)	<u>5,082</u>	<u>1</u>	<u>4,113</u>	<u>1</u>
7000	Total non-operating income and expenses	<u>23,482</u>	<u>3</u>	<u>(49,484)</u>	<u>(7)</u>
7900	Profit before tax	232,410	34	114,926	16
7950	Income tax expense (Notes 4, 5 and 24)	<u>27,501</u>	<u>4</u>	<u>18,531</u>	<u>2</u>
8200	Current net income	<u>204,909</u>	<u>30</u>	<u>96,395</u>	<u>14</u>

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<u>Code</u>		<u>2023</u>		<u>2022</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plan (Notes 4 and 20)	\$ 879	-	\$ 3,700	-
8316	Unrealized profit and loss on valuation of equity instruments at FVTOCI (Notes 4, 8, 13 and 21)	(3,494)	-	(13,666)	(2)
8349	Income tax related to items not subject to reclassification (Notes 4 and 24)	(176)	-	(7,760)	(1)
8300	Other comprehensive income - current	(2,791)	-	(17,726)	(3)
8500	Total comprehensive income - current	<u>\$ 202,118</u>	<u>30</u>	<u>\$ 78,669</u>	<u>11</u>
	Earnings per share (Note 25)				
9710	Basic	<u>\$ 1.17</u>		<u>\$ 0.55</u>	
9810	Diluted	<u>\$ 1.17</u>		<u>\$ 0.55</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the audit report dated March 7, 2024 issued by Deloitte & Touche)

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Lin Wan-Yi

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Changes Equity
From January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		Share capital (Note 21)	Additional paid-in capital (Note 21)	Retained earnings (Notes 8 and 21)			Other items of equity (Notes 8 and 21) Unrealized gains/losses on financial assets at FVTOCI	Treasury stock (Note 21)	Total Equity	
				Statutory reserves	Special reserves	Unappropriated earnings				
										Total
A1	Balance on January 1, 2022	\$ 2,087,250	\$ 523,625	\$ 474,382	\$ 456,282	\$ 228,904	\$ 1,159,568	(\$ 89,929)	(\$ 1,283,541)	\$ 2,396,973
	Appropriation and distribution of 2021 earnings									
B1	Provision for statutory reserves	-	-	12,747	-	(12,747)	-	-	-	-
B3	Provision for special reserves	-	-	-	5,832	(5,832)	-	-	-	-
B5	Cash dividends on common shares	-	-	-	-	(104,363)	(104,363)	-	-	(104,363)
	Total appropriation and distribution of 2021 earnings	-	-	12,747	5,832	(122,942)	(104,363)	-	-	(104,363)
M1	Adjustment to additional paid-in capital for dividends paid to subsidiaries	-	16,661	-	-	-	-	-	-	16,661
D1	2022 net profit	-	-	-	-	96,395	96,395	-	-	96,395
D3	2022 other comprehensive income - after tax	-	-	-	-	2,960	2,960	(20,686)	-	(17,726)
D5	2022 total comprehensive income	-	-	-	-	99,355	99,355	(20,686)	-	78,669
Q1	- Disposal of equity instruments at FVTOCI	-	-	-	-	(76,059)	(76,059)	76,059	-	-
Z1	Balance as of December 31, 2022	2,087,250	540,286	487,129	462,114	129,258	1,078,501	(34,556)	(1,283,541)	2,387,940
	Appropriation and distribution of 2022 earnings									
B1	Provision for statutory reserves	-	-	2,330	-	(2,330)	-	-	-	-
B3	Provision for special reserves	-	-	-	126,928	(126,928)	-	-	-	-
	Total appropriation and distribution of 2022 earnings	-	-	2,330	126,928	(129,258)	-	-	-	-
D1	2023 net profit	-	-	-	-	204,909	204,909	-	-	204,909
D3	2023 other comprehensive income - after tax	-	-	-	-	703	703	(3,494)	-	(2,791)
D5	2023 total comprehensive income	-	-	-	-	205,612	205,612	(3,494)	-	202,118
L3	Cancellation of treasury stock	(333,220)	(480,597)	-	-	(469,724)	(469,724)	-	1,283,541	-
Z1	Balance on December 31, 2023	\$ 1,754,030	\$ 59,689	\$ 489,459	\$ 589,042	(\$ 264,112)	\$ 814,389	(\$ 38,050)	\$ -	\$ 2,590,058

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the audit report dated March 7, 2024 issued by Deloitte & Touche)

Chairman: Su Chien-I

President: Weng Hua-Li

Vice President: Chen Wen-Lung

Head of Accounting: Lin Wan-Yi

Tonlin Department Store Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
From January 1 to December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A00010	Pre-tax profit for the current period	\$ 232,410	\$ 114,926
A20010	Adjustments for:		
A20100	depreciation expense	75,812	74,154
A20200	Amortization	1,287	1,187
A20400	Net loss (gain) on financial assets at FVTPL	(23,252)	36,705
A20900	Financial costs	46,243	36,573
A21200	Interest income	(1,375)	(1,089)
A21300	Dividend income	(6,868)	(6,603)
A22300	Share of gain from associated companies accounted using the equity method	(5,082)	(4,113)
A22500	Loss (gain) on disposal and disposition of property, plant and equipment	932	9,502
A23700	Provision of impairment on non-financial assets	6,900	8,000
A30000	Changes in operating assets and liabilities		
A31115	Financial assets mandatory to be carried at FVTPL	(219,612)	(5,678)
A31150	Trade receivable	(5,459)	(1,369)
A31240	Lease receivable	3,870	3,839
A31180	Other receivables	(67)	(3,212)
A31200	Inventories	207,605	283,930
A31230	Prepayments and other current assets	15,058	9,147
A32130	Note payable	6,361	11,592
A32150	Accounts payable	6,248	15,020
A32220	Accrued expenses	172	(3,099)
A32180	Other payables	436	2,979
A32230	Other current liabilities	(457)	(359)
A32240	Net defined benefit liabilities	(4,202)	(6)
A33000	Cash inflow from operating activities	336,960	582,026
A33100	Interest received	1,611	951
A33300	Interest paid	(43,056)	(33,979)

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Code		2023	2022
A33200	Dividends received	\$ 6,868	\$ 6,603
A33500	Income tax paid	(16,656)	(469)
AAAA	Net cash inflow from operating activities	<u>285,727</u>	<u>555,132</u>
	Cash flows from investing activities		
B00020	Sales of Financial assets at FVTOCI	-	4,231
B00050	Disposal of financial assets measured at cost after amortization	16,300	6,304
B01800	Acquisition of equity-accounted investments	-	(49,400)
B02700	Acquisition of property, plant, and equipment	(4,568)	(20,614)
B02800	Proceeds from disposal of property, plant and equipment	410	-
B03800	Decrease in refundable deposits	7	25
B04500	Purchase of intangible assets	(405)	(551)
B05400	Acquisition of investment property	-	(548)
B07100	Decrease in equipment purchase payable	-	(6,700)
B07600	Dividends received from associated companies	<u>5,040</u>	<u>3,156</u>
BBBB	Net cash inflow (outflow) from investing activities	<u>16,784</u>	(<u>64,097</u>)
	Cash flows from financing activities		
C00200	Increase (decrease) in short-term borrowings	(145,000)	31,550
C00600	Short-term bills payable decreased	(49,600)	(93,000)
C01600	Proceeds from long-term borrowings	3,176,000	5,648,000
C01700	Repayments of long-term borrowings	(3,316,000)	(5,934,000)
C03100	Increase in guarantee deposits received	770	34
C04020	Lease principal repayment	(87)	-
C04500	Payment of cash dividends	<u>-</u>	(<u>87,702</u>)
CCCC	Net cash outflow from financing activities	(<u>333,917</u>)	(<u>435,118</u>)
EEEE	Net increase (decrease) in cash and cash equivalents	(31,406)	55,917
E00100	Opening balance of cash and cash equivalents	<u>160,339</u>	<u>104,422</u>
E00200	Closing balance of cash and cash equivalents	<u>\$ 128,933</u>	<u>\$ 160,339</u>

The accompanying notes are an integral part of the consolidated financial statements.
(Please refer to the audit report dated March 7, 2024 issued by Deloitte & Touche)

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Lin Wan-Yi

Attachment 6

Tonlin Department Store Co., Ltd.
Profit and Loss Allocation Report for Year 2023

Unit: NTD \$

Beginning unappropriated earnings	\$ 0
Plus: Current net income	204,909,210
Actuarial gain/loss on defined benefit plan	703,129
Cancellation of Treasury Shares Debited to Retained Earnings	(469,724,127)
Undistributed Earnings Available for Distribution for the Current Period	(264,111,788)
Less: provision for statutory reserves (10%)	0
Plus: Reversal of Special Reserve in accordance with Article 41 of the Securities and Exchange Act	178,807,876
Losses to be Covered in the Current Period	(85,303,912)
Less: Compensation for Losses from Legal Reserve	85,303,912
Closing unappropriated earnings	\$ 0

Note: The above profit and loss appropriation plan for the year 2023 was approved by the board of directors of the company on March 7, 2024.

Chairman: Su Chien-I President: Weng Hua-Li Vice President: Chen Wen-Lung Head of Accounting: Lin Wan-Yi

Attachment 7

The 2024 Regular Shareholders' Meeting, Tonlin Department Store Co., Ltd.

List of Director (including Independent Director) Candidate Nominees

Title	Nationality or place of registration	Name	Gender	Academic background	Career highlights	No. of shares held (shares)
Director	Republic of China	Su Chien-I	Male	Department of Accounting & Statistics, Takming University of Science and Technology	Chung Hsiao Enterprise - Chairman De Hong Development - Chairman (institution representative) Te Li Construction - Finance Manager, Wen Pu Construction - Vice President	5,281,075
Director	The Republic of China	BigSun Investment Co., Ltd.				5,002,000
Director	Republic of China	Representative: Huang Chung-Sheng	Male	Masters Degree, Experimental Statistics Division, Department of Agronomy, National Taiwan University	Jih-I Investment, Wholesome Life Science, Mushroom Enterprise, Taiwan uav CO., LTD. and Chairman of Universal Innovation Co., Ltd. Supervisor of Chianda Innovation Co., Ltd. Directors of FlySun Development Co., Ltd. and DaYuandao Construction	6,369,544
Director	The Republic of China	JIN DUO LIH ENTERPRISES PTY. LTD.				22,936,442
	The Republic of China	Representative: Weng Chun-Chih	Male	Taipei Kai-Nan High School	JIN DUO LIH ENTERPRISES, Weng Huang Chin Social Welfare Foundation - Chairman SHUEN SHYANG - Chairman (corporate representative) De Hong Development - Director (corporate representative) Chung Hsiao Enterprise - Director Weng Yu Mei Enterprise - Person-in-charge	20,487,920
	Republic of China	Representative: Weng Ju-I	Female	Masters Degree, Faculty of Arts, Monash University	Tonlin Department Store – CFO U-Chen Information Co., Ltd. - Chairperson JIN DUO LIH ENTERPRISES - Director, SHUEN SHYANG - Director (institution representative)	6,000,309
	Republic of China	Representative: Weng Hua-Tieng	Male	Master of Public Policy and Management, University of Southern California	SHUEN SHYANG - Director (institution representative) JIN DUO LIH ENTERPRISES and Weng Huang Chin Foundation - Director, Jiayu Co., Ltd. - Chairman De Hong Development - Vice Chairman (institution representative) Te Chou Construction - Special Assistant China Dongguan Jinduoli Food - Chairman's Special Assistant Singapore Food Junction Holding Co., Ltd-Manager	3,715,682
	Republic of China	Representative: Weng Hua-Li	Male	School of Political Science and Economics, Meiji University	Tonlin Department Store - President, Sheng Wei Company - Chairman De Hong Development, and SHUEN SHYANG - Director (institution representative) JIN DUO LIH ENTERPRISES and Weng Huang Chin Foundation - Director, Te Chou Construction - Special Assistant	6,065,999
Director	Republic of China	Su Chien-Hsing	Male	Master of Architecture, Columbia University	De Hong Development–Director De Hong Development – Chairman Te Chou Construction – President Sheng Ya Construction –Vice President	2,094,027
Independent Director	Republic of China	Yang, Wen-Ching	Male	Ph.D. in Economic Law, Peking University Law School	Cheng Shin Law Firm - Director Ever Rich Asset Management Co., Ltd. - Chairman Zhi-Qin Financial Advisory, Xin-Dong Development and Construction Co., Ltd., and Dongfang Zhuoyue Investment Co., Ltd. - Directors International Bills Finance Corporation - Director (institution representative) TAISUN ENTERPRISE CO., LTD. - Director (institution representative) TAYIH KENMOS AUTO PARTS Co., Ltd. - Independent Director SHENMAO TECHNOLOGY INC. -Independent Director	XXX
Independent Director	Republic of China	Lu, Yu-Ting	Male	Department of Business Administration, National Taipei University of Business	Melvita Taiwan Ltd. - Chairman Albert Investment Co., Ltd. – Chairman SHUN LIH PTE. LTD, Singapore – Responsible Person Bensheng Co., Ltd. - Supervisor L'Occitane Taiwan Limited - President Wei Li Yang Company - Chairman and President	XXX
Independent Director	Republic of China	Zhan Wei-Ren	Male	Master of Telecommunications Engineering, Monash University, Australia	Peng Yuan Xiangcai Restaurant Co., Ltd. - Chairman Hong Wan Co., Ltd. - Director Kentai Construction Co., Ltd. - Director Ken Tai Construction Co., Ltd. - Supervisor Texas Instruments Incorporated (TI) - Senior Applications Engineer Motorola Solutions, Inc. - Software/Product Project Manager	XXX

Attachment 8

**The 2024 Regular Shareholders' Meeting, Tonlin Department Store Co., Ltd.
Details on removal of directors' competing business involvement**

Name	Company of concurrent involvement	Position
Su Chien-I	Chung Hsiao Enterprise Co., Ltd.	Chairman
	De Hong Development Co., Ltd.	Chairman
Weng Chun-Chih	JIN DUO LIH ENTERPRISES PTY. LTD.	Chairman
	SHUEN SHYANG CO., LTD.	Chairman
	Chung Hsiao Enterprise Co., Ltd.	Directors
Weng Ju-I	JIN DUO LIH ENTERPRISES PTY. LTD.	Directors
	SHUEN SHYANG CO., LTD.	Directors
	Yu Chen Co., Ltd.	Chairman
Weng Hua-Tieng	JIN DUO LIH ENTERPRISES PTY. LTD.	Directors
	SHUEN SHYANG CO., LTD.	Directors
	Chia Yu Co., Ltd.	Chairman
Weng Hua-Li	JIN DUO LIH ENTERPRISES PTY. LTD.	Directors
	SHUEN SHYANG CO., LTD.	Directors
	Sheng Wei Co., Ltd.	Chairman
Huang Chung-Sheng	Jih-I Investment Co., Ltd.	Chairman
	Wholesome Life Science Co., Ltd.	Chairman
	Mushroom Enterprise Co., Ltd.	Chairman
	Universal Innovation Co., Ltd.	Chairman
	Taiwan uav CO., LTD.	Chairman
	FlySun Development Co., Ltd.	Directors
	Dayuan Island Construction Co., Ltd.	Directors
	Chianda Innovation Co., Ltd.	Supervisor
Su Chien-Hsing	De Hong Development Co., Ltd.	Directors
Yang, Wen-Ching	Ever Rich Asset Management Co., Ltd.	Chairman
	Cheng Shin Law Firm	Director
	SHENMAO Technology Inc.	Independent Director
	TAYIH KENMOS AUTO PARTS CO., LTD	Independent Director
	International Bills Finance Corporation	Director (institution representative)
	TAISUN ENTERPRISE CO., LTD.	Director (institution representative)
	Chih Chin Financial Consultancy	Directors
	Xin-Dong Development and Construction Co., Ltd.	Directors
Oriental Excellency Investment Co., Ltd.	Directors	
Lu Yu Ting	Melvita Taiwan Ltd.	Chairman
	Albert Investment Co., Ltd.	Chairman
	SHUN LIH PTE. LTD, Singapore	Responsible Person
	Bensheng Co., Ltd.	Supervisor
Zhan Wei-Ren	Peng Yuan Xiangcai Restaurant Co., Ltd	Chairman
	Ken Tai Construction Co., Ltd.	Directors
	Hong Wan Co., Ltd.	Directors
	Ken Tai Construction Co., Ltd.	Supervisor

Attachment 9

Tonlin Department Store Co., Ltd.

Comparison of Existing and Amended the Operational Procedures of the Acquisition and Disposal of Assets

Amended clause	Original clause	
<p>Article 6: Operational Procedures of the Acquisition and Disposal of Assets:</p> <p>I. Appraisal and Operating Procedures In acquiring and disposing of assets, the related circulation procedures including the internal control system shall be complied with.</p> <p>II. Determination Procedures for the Transaction Terms and Authorized Limits</p> <p>(I) For acquiring or disposing of real property <u>or right-of-use assets</u>, the publicly announced current value, appraised value, and the prices of completed transactions involving neighboring shall be referred to determine the transaction terms and price, and the analysis report shall be prepared to be submitted to the Chair-man. For the amount at NT\$10 million (inclusive) or lower, such transactions shall be approved by the Chair-man and report to the soonest board meeting; for transaction price over NT\$10 million, the approval of the board of directors must be obtained before engaging.</p> <p>(II) For acquiring or disposing of other equipment (e.g. project level or renovation of certain area), the Company may select either price comparison, negotiation, or tender; transactions with amount for NT\$3 million (inclusive) or under, or NT\$10 million (inclusive) or under for project level or renovation of certain area, the approval of each level shall be obtained as required by the authority procedures; if exceeding NT\$3 million or NT\$10 million, the approval of the Chair-man, and then the approval of the board of directors shall be obtained before engaging.</p> <p>(III) For the negotiable securities traded at securities exchanges or OTC venue, the</p>	<p>Article 6: Operational Procedures of the Acquisition and Disposal of Assets:</p> <p>I. Appraisal and Operating Procedures In acquiring and disposing of assets, the related circulation procedures including the internal control system shall be complied with.</p> <p>II. Determination Procedures for the Transaction Terms and Authorized Limits</p> <p>(I) For acquiring or disposing of real property, the publicly announced current value, appraised value, and the prices of completed transactions involving neighboring shall be referred to determine the transaction terms and price, and the analysis report shall be prepared to be submitted to the Chair-man. For the amount at NT\$10 million (inclusive) or lower, such transactions shall be approved by the Chair-man and report to the soonest board meeting; for transaction price over NT\$10 million, the approval of the board of directors must be obtained before engaging.</p> <p>(II) For acquiring or disposing of other equipment (e.g. project level or renovation of certain area), the Company may select either price comparison, negotiation, or tender; transactions with amount for NT\$3 million (inclusive) or under, or NT\$10 million (inclusive) or under for project level or renovation of certain area, the approval of each level shall be obtained as required by the authority procedures; if exceeding NT\$3 million or NT\$10 million, the approval of the Chair-man, and then the approval of the board of directors shall be obtained before engaging.</p> <p>(III) For the negotiable securities traded at securities exchanges or OTC venue, the</p>	<p>Amended to adapt to the requirement of actual operation.</p>

Amended clause	Original clause	
<p>unit in charge shall determine based on the market research. For the trading with total investment amount within NT\$350 million, the Chairman is authorized by the board of directors to approve, and report such in the soonest board meeting, with the analysis report on the unrealized profit/loss of such negotiable securities.</p> <p>(IV) For the negotiable securities not traded at securities exchanges or OTC venue, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price; the net value per share, profitability, and future development potential shall be taken into account for preparing analysis reports, <u>and submitted to the Chairman. For the amount at NT\$12 million (inclusive) or lower, such transactions shall be approved by the Chairman and report to the soonest board meeting; for transaction price over NT\$12 million, the approval of the board of directors must be obtained before engaging.</u></p> <p>(V) For acquiring or disposing of membership or intangible asset, the Company shall prepare the analysis reports by referring to the fair market value or experts' evaluation reports, and submit the reports to the Chairman. The transactions with amount for NT\$3 million (inclusive) or under, the approval of each level shall be obtained as required by the authority procedures; if exceeding NT\$3 million, the approval of the Chairman, and then the approval of the board of directors shall be obtained before engaging.</p> <p>III. Execution Units</p> <p>1. Long- and short-term equity investments or claim investments, real properties and</p>	<p>unit in charge shall determine based on the market research. For the trading with total investment amount within NT\$300 million, the Chairman is authorized by the board of directors to approve, and report such in the soonest board meeting, with the analysis report on the unrealized profit/loss of such negotiable securities.</p> <p>(IV) For the negotiable securities not traded at securities exchanges or OTC venue, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price; the net value per share, profitability, and future development potential shall be taken into account for preparing analysis reports, and submitted for the approval of the board of directors, before engaging.</p> <p>(V) For acquiring or disposing of membership or intangible asset, the Company shall prepare the analysis reports by referring to the fair market value or experts' evaluation reports, and submit the reports to the Chairman. The transactions with amount for NT\$3 million (inclusive) or under, the approval of each level shall be obtained as required by the authority procedures; if exceeding NT\$3 million, the approval of the Chairman, and then the approval of the board of directors shall be obtained before engaging.</p> <p>III. Execution Units</p> <p>1. Long- and short-term equity investments or claim investments, real properties and derivatives: the board of directors or the authorized directors, Administration Department and Finance Department.</p>	

Amended clause	Original clause	
<p>deriva-tives: the board of di-rectors or the authorized di-rectors, Administration De-partment and Finance De-partment.</p> <p>2. Other equipment: user’s units and related accountable units.</p>	<p>2. Other equipment: user’s units and related accountable units.</p>	
<p>Article 35: The Procedures were established on June 25, 1992.</p> <p>Amended on May 24, 1995.</p> <p>Amended on December 19, 1995.</p> <p>Amended on March 26, 1997.</p> <p>Amended on November 12, 1999.</p> <p>Amended on February 12, 2001.</p> <p>Amended on June 6, 2003.</p> <p>Amended on June 13, 2007.</p> <p>Amended on June 15, 2010.</p> <p>Amended on June 5, 2012.</p> <p>Amended on June 4, 2014.</p> <p>Amended on June 3, 2015.</p> <p>Amended on June 7, 2017.</p> <p>Amended on June 7, 2018.</p> <p>Amended on June 28, 2019.</p> <p>Amended on June 14, 2022.</p> <p>Amended on June 24, 2024.</p>	<p>Article 35: The Procedures were established on June 25, 1992.</p> <p>Amended on May 24, 1995.</p> <p>Amended on December 19, 1995.</p> <p>Amended on March 26, 1997.</p> <p>Amended on November 12, 1999.</p> <p>Amended on February 12, 2001.</p> <p>Amended on June 6, 2003.</p> <p>Amended on June 13, 2007.</p> <p>Amended on June 15, 2010.</p> <p>Amended on June 5, 2012.</p> <p>Amended on June 4, 2014.</p> <p>Amended on June 3, 2015.</p> <p>Amended on June 7, 2017.</p> <p>Amended on June 7, 2018.</p> <p>Amended on June 28, 2019.</p> <p>Amended on June 14, 2022.</p>	<p>Added amended dates</p>

Appendix 1**Tonlin Department Store Co., Ltd.
Directors' Shareholding**

(I) Minimum shareholding required from all directors and quantity shown in shareholders registry:

Title	Required shareholding	Quantity shown in shareholders registry
Director	10,524,180 shares	38,829,577 shares

Note: Book closure start date: April 26, 2024

(II) Details of directors' shareholding

Title	Name	Quantity shown in shareholders registry	Remarks
Chairman	Su Chien-I	5,281,075 shares	
Director	UN INVESTMENT CO., LTD.	5,610,060 shares	Representative: Su Yong-Chun
Director	JIN DUO LIH ENTERPRISES PTY. LTD.	22,936,442 shares	Representative: Weng Chun-Chih Weng, Ju-I Weng, Hua-Tieng Weng, Hua-Li
Director	Jih-I Investment Co., Ltd.	5,002,000 shares	Representative: Huang Chung-Sheng
Independent Director	Chan, Shen-Hua	0	
Independent Director	Lu, Yu-Ting	0	
Independent Director	Yang, Wen-Ching	0	

Note: Book closure start date: April 26, 2024

Appendix 2

Tonlin Department Store Co., Ltd.

Shareholder Meeting Conference Rules

- Article 1. The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 2. Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.
When change the method of convening shareholders' meeting, the Board's resolution shall be adopted, and no changes shall be made after the shareholders' meeting notice is sent.
The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form. In addition, 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.
The agenda handbook and meeting supplemental information in the preceding paragraph, shall be provided to the shareholders for reference on the date of the shareholders' meeting in the following manners:
1. For the physical shareholders' meeting, such information shall be distributed at the site of the meeting.
 2. For the video-assisted shareholders' meeting, such information shall be distributed at the site of the meeting, and transmitted to the video conference platform as the electronic files.
 3. Where a shareholders' meeting is convened in the manner of video conference, such information shall be transmitted to the video conference platform as the electronic files.
- Article 3. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders meeting, and shall deliver the proxy form to the Company at least five days before the date of the shareholders meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.
After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting via video conference, a written notice of proxy cancellation shall be submitted to the Company before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.
- Article 4. The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
When the Company convenes the video shareholders' meetings, the restrictions of convention location in the preceding paragraph does not apply.
- Article 5. The Company shall specify the shareholders, proxy solicitors, proxy agents ("shareholders" hereafter), time and location for shareholder registration in the meeting notice as well as other matters requiring attention.
The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. The time during which shareholder attendance registrations will be accepted at the video conference platform shall be at least 30 minutes prior to the time the meeting commences. The shareholders accepted are deemed attend the shareholders' meeting in person.
Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. the Company may not arbitrarily add requirements for other documents

beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

An attendance log shall be prepared to record shareholders' attendance; alternatively, shareholders may present attendance cards to signify their presence.

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

Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register with the Company two day prior to the meeting date.

Where the Company convenes the video shareholders' meetings, the Company shall upload the agenda handbook, annual reports and other related information to the video conference platform for the shareholders' meeting the video conference platform for the shareholders' meeting, at least 30 minutes prior to the meeting, and retain the disclosure of such until the meeting ends.

- Article 6. Where the Company convenes the video shareholders' meetings, the meeting notice shall specify the following matters:
1. The method for shareholders to attend the video conference and exercise of their rights.
 2. The handling method when the video conference platform or participation in the manner of video conference fails due to force majeure, such as natural disasters or incidents, and the follows shall be at least included:
 - (1) Time and date for the postponement or re-convention when the aforesaid continual failure that cannot be eliminated and thus a postponement or re-convention is required.
 - (2) The shareholders have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.
 - (3) Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued, if the total attending shares still meet the statutory quorum for shareholders' meeting commencement after deducting these shares held by the shares attending the meeting via video conference, the meeting shall continue; the shares held by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.
 - (4) The handling method where the results of all proposal are announced but the Extraordinary Motions are not proceeded.
 3. Where the Company convenes the video shareholders' meetings, the proper alternatives provided for the shareholders having difficulties attending in the manner of a video conference shall be specified.

- Article 7. Shareholder meetings that are convened by the board of directors shall be chaired by the Chairman. If the Chairman is on leave or is unable to exercise duties for any reason, the Vice Chairman will act on behalf; if there is no Vice Chairman or if the Vice Chairman is also on leave or is unable to exercise duties for any reason, the Chairman may appoint one managing director to assume acting duty; if no delegate is appointed by the Chairman, one shall be appointed among or directors. When a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair. If a shareholders meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.
- The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders meeting in a non-voting capacity.

- Article 8. The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the proceedings of the shareholders meeting. The recorded materials of the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Where the Company convenes the video shareholders' meetings, the Company shall record and retain the records of the registration, enrollment, acceptance, inquiries, voting, and the results of vote calculation, and continuously record the video conference thoroughly, both audio and video.
- The records and audio- and video recordings in the preceding paragraphs shall be properly retained during the Company's survival period, and the audio- and video recordings are provided to the organizer of the video conference for custody.
- Where the Company convenes the video shareholders' meetings, the Company is advised to record the backend operation interface of the video conference platform, both audio- and video.

- Article 9. Attendance in a shareholder meeting are calculated based on the number of shares represented. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
- The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. Where the Company convenes the video shareholders' meetings, the Company shall announce the meeting adjournment at the video conference platform.
- If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders meeting shall be convened within one month. Where the Company convenes the video shareholders' meetings, and shareholders intend to attend in the manner of video conference shall register again with the Company per Article 5.
- When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.
- Article 10. If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The above rule also applies to shareholder meetings that are convened by any entitled party other than the board of directors.
- In either of the two arrangements described above, the chairperson can not dismiss the meeting while a motion (including Extraordinary Motion) is still in progress. If the chairperson violates shareholder conference rules by calling for adjournment when it is not allowed to do so, other board members shall rapidly assist the attending shareholders to elect another chairperson with the support of more than half of voting rights represented on-site to continue the meeting.
- The chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.
- Article 11. Shareholders who wish to speak during the meeting must produce an opinion slip detailing the topic, shareholder ID (or the attendance ID serial) and shareholder's name. The order of shareholders' comments is determined by the chairperson.
- Shareholders who submit an opinion slip without actually speaking are considered to have remained silent. If the shareholder's actual comments differ from those stated in the opinion slip, the actual comments expressed shall be taken into record.
- Shareholders cannot speak for more than two times, for 5 minutes each, on the same topic without the consent of the chairperson. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.
- While a shareholder is speaking, other shareholders can not speak simultaneously or interfere in any way unless agreed by the chairperson and the person speaking. The chairperson shall restrain any person who violates this process.
- Where a corporate shareholder has appointed two or more representatives to attend the shareholder meeting, only one representative may speak per motion.
- After a shareholder has finished speaking, the chairperson may answer the shareholder's queries personally or appoint any relevant personnel to do so.
- Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of video conference may inquire with text through the video conference platform of the meeting from the time the chair announces the meeting commencement till its adjournment. No more than two inquiries shall be raised for each proposal, and the maximum length is 200 words. Paragraphs 1 to 5 are not applicable.
- Where the inquiries in the preceding paragraph not violating the requirements, or within the scope of agenda, it is advisable to disclose the inquiries at the video conference platform of the meeting for the public knowledge.

- Article 12. Voting at a shareholders meeting shall be calculated based the number of shares. With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder. The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders. With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- Article 13. When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore advisable that the Company avoid the submission of extraordinary motions and amendments to original proposals. A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before two days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. When voting, the chair may determine that votes are cast on each separate proposal in the agenda, or votes may be casted in several times or at once for all proposals (election proposal included), but counted separately. When there is an amendment or an alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. However, if any solution is passed, all other proposals shall be deemed rejected and no further voting is necessary. Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation. Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote. Where the Company convenes the video shareholders' meetings, the shareholders attending in the manner of video conference shall vote via the video conference platform to each proposal and election after the Chairman declares the meeting commencement. Such voting shall be completed before the Chairman declares the end of voting; anyone misses the deadline is deemed abstention. Where the Company convenes the video shareholders' meetings, the votes shall be calculated at once upon the end of voting declared by the chair, and announce the results of voting or elections. Where the Company convenes the video-assisted shareholders' meetings, the shareholders who already have registered to attend the meeting in the manner of video conference pursuant to Article 6, but then intend to attend the off-line shareholders' meeting in person, shall withdraw the registration in the same manner of registration two days prior to the shareholders' meeting date; these who miss the deadline may only attend the shareholders' meeting in the manner of a video conference.

These who exercise the vote in the manner of writing or electronic method, without withdrawing their expressions of intents, and attending the meeting in the manner of video conference, other than the Extraordinary Motions, must not exercise the votes to the original proposal, propose any amendment to the original proposal, or exercise the votes to the amendment to the original proposal.

- Article 14. The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.
The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.
- Article 15. The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.
Where the Company convenes the video shareholders' meetings, other than the matters to be recorded as required in the preceding paragraph, the starting and ending time of the shareholders' meeting, convention method of the meeting, names of the chair and record-keeper, and the handling method when the video conference platform or participation in the manner of video conference fails due to disasters, incidents or other force majeure, and the handling status shall be specified.
Where the Company convenes the video shareholders' meetings, other than complying with the preceding paragraph, the minutes shall also specify the alternatives for the shareholders having difficulties to attend in the manner of video conference.
- Article 16. On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting. The Company shall upload the aforesaid information to the video conference platform for the shareholders' meeting, at least 30 minutes prior to the meeting, and retain the disclosure of such until the meeting ends.
Where the Company convenes the video shareholders' meetings, the total shares held by the shareholders attending the meeting shall be disclosed at the video conference platform. If the total shares and voting rights of the attending shareholders are counted during the meeting, the same applies.
- Article 17. Staff handling the shareholders meeting shall wear identification cards or armbands.
The chair may direct the proctors or security personnel to help maintain order at the meeting place. Proctors or security personnel shall wear an identification card or armband bearing the word "Proctor."
If a shareholder violates the procedure rules, obstructs the progress of the meeting, and refuses to comply with the chair's instructions; the chair may direct the guard or security personnel to ask the shareholder to leave the venue.
- Article 18. When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
A resolution may be adopted at a shareholders meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 19. Where the shareholders' meetings are convened in the manner of video conference, the Company shall disclose the voting result of each proposal and election results at the video conference platform for the shareholders' meeting, and retain the disclosure at least 15 minutes after the chair declares adjournment.
- Article 20. When the Company convenes the video shareholders' meetings, the chair and the record-keeper shall be at the same location within Taiwan. The chair shall announce the address of this location.
- Article 21. Where the shareholders' meeting is convened in the manner of video conference, the Company may

provide the shareholders with a simple connection test, and the related services before and during the meeting in real-time, to help to handle technical problems of communications.

Where the shareholders' meeting is convened in the manner of video conference, the chair, when declaring the meeting commencement, shall also declare the events not requiring postponement or re-convention specified in Paragraph 4, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies; before the chair declares the adjournment, in the event where the video conference platform or the participation in the video conference fails for 30 minutes or more due to nature disasters, incidents, or other force majeure, the date of the shareholders' meeting postponed to, or re-convened shall be within five days, and Article 182 of the Company Act shall not apply.

Where the meeting is to be postponed or re-convened as specified in the preceding paragraph, the shareholders have not registered to attend the first shareholders' meeting must not attend the postponed or re-convened meeting.

For the meeting is to be postponed or re-convened as specified in Paragraph 2, the shareholders who registered to attend the original meeting via the video conference, and have completed the acceptance, but not attend the postponed or re-convened meeting, their attending shares at the original meeting, the exercised voting right and election right, shall be counted into the total shares, voting rights, and election rights of the attending shareholders in the postponed or re-convened meeting.

The postponement or re-convention of shareholders' meetings conducted per Paragraph 2 needs not again discuss and resolve the proposal that have completed voting and vote calculation, with the announcement of voting results, or the list of elected directors.

Where the Company convenes the video-assisted shareholders' meetings, and when the video meeting is discontinued as specified in Paragraph 2 and the total attending shares still meet the statutory quorum for shareholders' meeting commencement, the postponement or re-convention of the meeting per Paragraph 2 is not required.

Under the circumstances to continue the meeting as specified in the preceding paragraph, the shares held by the shares attending the meeting via video conference shall be included in the total shares of the attending shareholders, but deemed abstaining for all proposals in the concerned shareholders' meeting.

Where the Company postpones or re-convenes any shareholders' meeting as specified in Paragraph 2, the pre-requisite operations shall be conducted based on the original shareholders' meeting date, and pursuant to Paragraph 7, Article 44-20 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For the periods specified in the latter part of Article 12 and Paragraph 3 of Article 13 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, Paragraph 2 of Article 44-5, Article 44-15, Paragraph 1 of Article 44-17 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall proceed on the date of the postponed or re-convened shareholders' meeting per Paragraph.

Article 22. Where the Company convenes the video shareholders' meetings, the proper alternatives shall be provided for the shareholders having difficulties to attend in the manner of video conference.

Article 23. The Principles are enforced upon the approval of the shareholders' meeting; the same applies to the amendments.

Approved on June 14, 2022.

Appendix 3

Tonlin Department Store Co., Ltd.

Articles of Incorporation

Chapter 1 General Provisions

- Article 1 The Company is incorporated in accordance with The Company Act, and has been named Tonlin Department Store Co., Ltd.
- Article 2 The businesses of the Company:
1. F301010 Department Stores.
 2. F301020 Supermarkets.
 3. F401010 International Trade.
 4. F501060 Restaurants.
 5. G202010 Parking area Operators.
 6. H701010 Housing and Building Development and Rental.
 7. H703100 Real Estate Leasing.
 8. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3 The Company may offer guarantee to external parties as needed for business activities, subject to the Company's endorsement and guarantee procedures.
- Article 4 The Company is headquartered in Taipei, and may establish domestic or foreign branches subject to the board meeting's approval.
- Article 5 The announcement method of the Company shall be in compliance with Article 28 of the Company Act.

Chapter 2 Share Capital

- Article 6 The Company may become a limited liability shareholder of other companies; its total investments are not subject to the "40% paid-up capital" restriction imposed under Article 13 of The Company Act, but the amount of which is to be determined by board of directors of the Company.
- Article 7 The Company has an authorized capital of Three Billion New Taiwan Dollars in three hundred million shares. Each share has a face value of Ten New Taiwan Dollars. The board of directors is authorized to issue this capital in multiple offerings.
- Article 7-1 Pursuant to laws, of the employee share subscription warrants and new shares issued, or treasury shares transferred to employees by the Company, certain proportion shall be reserved to be subscribed by the employees; employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive restricted stock for employees. The board of directors is authorized to prescribe such qualifications and subscription methods.
- Article 7-2 After the approval of at least two-thirds of the voting rights represented at a Shareholders' Meeting attended by shareholders representing a majority of the total issued shares, the Company may transfer the treasury shares to, or issue employee share subscription warrants to employees, at the price lower than the price for buying back such shares, or the price lower than the closing price of this Company stocks as of the issue date.
- Article 8 Share certificates of the Company shall be issued with the signature or seal of director(s) capable of representing the Company and with the certification of a bank that is legally permitted to act as a share certificate certifier. Shares of the Company may be issued in non-tangible form, subject to registration with Taiwan Depository & Clearing Corporation.
- Article 9 Unless otherwise specified by law and securities regulation, issues concerning transfer of share ownership, pledge of shares, loss of share certificate, ownership inheritance, gifting, loss/change of seal, change of address, and share-related affairs shall be handled according to "Regulations Governing the Administration of Shareholder Services of Public Companies."
- Article 10 Transfer of share ownership shall be suspended during the 60 days prior to an annual general meeting, or during the 30 days prior to an extraordinary shareholder meeting, or during the 5 days prior to the baseline date of dividend, profit sharing, or rights distribution.

Chapter 3 Shareholder Meetings

- Article 11 The Company holds two types of shareholder meeting: the annual general meeting and extraordinary shareholder meeting. The annual general meeting is held once a year within six months by the board of directors after the end of an accounting period, whereas extraordinary shareholder meetings may be held whenever deemed necessary, subject to compliance with the relevant laws.
- Article 12 Convention of an annual general meeting shall be communicated to shareholders with details including date, venue and agenda at least 30 days in advance, or 15 days in advance for extraordinary shareholders meetings.
- Article 12-1 The shareholders' meeting of the Company may be held by video conference or other means announced by the central governing agency.
For adopting video conference, the requirements to be met, operational procedures and other matters to be followed, shall comply with the regulations of the securities competent authorities, if any.
- Article 13 Any shareholder who is unable to attend a shareholders' meeting for any reason may appoint a proxy to attend the meeting by presenting a proxy form printed by the Company, indicating the scope of the authorization. However, a proxy may not represent more than 3% of total voting rights in aggregate when representing two or more shareholders during the meeting. Voting rights that exceed this threshold shall be excluded from calculation. Matters concerning the use of proxy form shall also comply with "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies."
- Article 14 Unless otherwise regulated by laws, shareholders shall be entitled to one voting right for every share held.
- Article 15 Unless otherwise provided by the Company Act, the proposal of a shareholders' meeting shall be adopted by a majority vote of the shareholders or proxies present, who represent more than half of the total number of voting shares.
The Company's shareholders may also vote using electronic means. Shareholders who vote using the electronic method are considered to have attended the shareholder meeting in person. Electronic voting shall proceed as regulated by law.
- Article 16 Shareholder meetings that are convened by the board of directors shall be chaired by the Chairman; if the Chairman is absent, a person of acting duty shall be appointed according to Article 208 of The Company Act. For shareholder meetings that are convened by any authorized party other than the board of directors, the convener shall chair the meeting. If two or more parties are equally eligible to serve as convener, one shall be elected among themselves to serve as convener.
- Article 17 Matters relating to the resolutions by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. Preparation and distribution of meeting minutes can be made in electronic form.
Distribution of meeting minutes, as mentioned in Paragraph 1, may proceed by way of public announcement.

Chapter 4 Directors

- Article 18 The Company shall have 9 to 11 directors who are elected using the nomination system from the list of director candidates presented during the shareholder meeting. Directors shall serve a term of 3 years, which is renewable if re-elected. The minimum number of shares to be held in aggregate of all board members shall comply with the rules of the authority.
The number of directors mentioned above shall include no fewer than three independent directors. Independent directors shall be elected during shareholder meeting from the list of nominated candidates using the nomination system. Restrictions concerning independent directors' eligibility, shareholding, concurrent employment, nomination, method of election and all other compliance issues are governed by relevant laws of the authority.
The Company shall comply with Article 14-4 of the Securities and Exchange Act by assembling an Audit Committee that consists entirely of independent directors. All matters relating to the Audit Committee, its members, and exercise of duties shall comply with rules of the securities authority.
- Article 19 When the number of vacancies in the board of directors equals one-third of the total number of directors, or all independent directors are dismissed, the board of directors shall call, within 60 days, a special shareholders meeting to elect succeeding directors to fill the vacancies for the remaining service time of the dismissed directors.
- Article 20 The Board of Directors shall be organized by the directors. The Chairman shall be elected by more than half of the directors present at a board meeting attended by at least two-thirds of all directors from among themselves. The Chairman shall represent the Company externally.

- Article 21 Convention of a board of directors meeting must be advised to all directors with detailed agenda at least 7 days in advance. However, meetings can be held in shorter notice in case of emergency. The abovementioned meeting advice can be delivered via written correspondence, fax, or electronic form.
- Article 22 If the Chairman is unable to perform duties due to leave of absence or any reason, a delegate shall be appointed in accordance with Article 208 of the Company Act.
- Article 23 Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors. A director who has a personal interest in the matter under discussion at a board meeting shall explain to the board meeting the essential contents of such personal interest. Directors who are unable to attend personally may appoint other directors to attend on their behalf, by issuing a proxy form detailing the scope of authority delegated to the proxy attendee. Each director can only represent the presence of one other director.
- Article 24 Details of board meeting shall be recorded in minutes and signed or sealed by the chairperson. Minutes are to be distributed to directors and supervisors within 20 days after each meeting. The minutes shall contain details including the date and venue of meeting, the name of chairperson, the method of resolution, and the progress and outcome of each motion. The minutes, the attendance log, and proxy forms shall be retained within the Company.
- Article 25 The Company may compensate directors regardless of the state of its profitability. The board of directors is authorized to determine the level of compensation based on individual directors' participation and contribution to the Company's operations, and in reference to industry peers. Directors or shareholders who concurrently serve as employees shall be paid salaries at the same rate as ordinary employees. The board of directors may purchase liability insurance covering the entire board over the duration of service if necessary, provided that the proposal is raised in a board meeting with more than half of all directors present and supported by more than half of attending directors.

Chapter 5 Managers

- Article 26 The Company shall have one President and numerous vice president and manager positions. Appointment, dismissal, and compensation of whom shall comply with Article 29 of The Company Act.

Chapter 6 Accounting

- Article 27 The board of directors shall prepare: (1) A Business Report, (2) Financial statements, and (3) Earnings appropriation or loss reimbursement proposal at the end of each financial year. The above documents shall be presented for acknowledgment during regular shareholders' meetings.
- Article 28 Profits concluded from a financial year are subject to employee remuneration of 0.1%-4% and director remuneration of no more than 4%. However, profits must first be reserved to offset against cumulative losses (including adjustments to unappropriated earnings) if any. Employee remuneration, as mentioned in the preceding Paragraph, can be paid in cash or in shares. Payments may also be made to employees of subordinate companies that satisfy the eligibility criteria. The above director remuneration can only be paid in cash. The two decisions above are resolved by the board of directors and reported during the next shareholder meeting.
- Article 29 Annual surpluses concluded by the Company are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for statutory reserves and provision or reversal of special reserves as the laws may require. Any surpluses remaining will be added to unappropriated earnings accumulated from previous years, for which the board of directors will propose an earnings appropriation plan and seek resolution in a shareholder meeting before distribution. The Company is bound by laws to make provision for special earnings reserve from unappropriated earnings carried from previous years for any net contra-equity balances accumulated under other contra-equity items in previous years before distributing earnings. If the Company is unable to make adequate provision from unappropriated earnings carried from previous years, the Company shall treat current net income and non-net income items as unappropriated earnings and make provisions accordingly. Any cash distribution of dividend, profit, statutory reserve, or capital reserve, whether in whole or in part, must be resolved in a board meeting with more than two-thirds of the board present, voted in favor by more than half of attending directors, and reported in the upcoming shareholder meeting. As a conventional department store, the Company experiences no major change in sales volume but foresees moderate growth. After taken into consideration its long-term development plans and goals of

maximizing shareholders' interest, the Company has adopted a dividend policy that makes consistent payouts primarily in cash. The shareholders' dividends are not lower than 10% of the distributable earnings of the year; of which, cash dividends shall not account for less than 50% of the sum of cash dividends plus stock dividends. However, the Company may forgo dividend payment if distributable earnings amount to NT\$0.2 or less in a given year.

Chapter 7 Supplemental Provisions

Article 30 Any matters that are not addressed in the Articles of Incorporation shall be governed by The Company Act and relevant regulations.

Article 31 The Articles of Incorporation was first established on July 5, 1982.

The 1st amendment was made on July 17, 1982.

The 2nd amendment was made on August 3, 1982.

The 3rd amendment was made on December 28, 1982.

The 4th amendment was made on January 31, 1983.

The 5th amendment was made on August 12, 1983.

The 6th amendment was made on August 1, 1984.

The 7th amendment was made on March 25, 1991.

The 8th amendment was made on November 20, 1991.

The 9th amendment was made on June 25, 1992.

The 10th amendment was made on September 21, 1993.

The 11th amendment was made on June 23, 1994.

The 12th amendment was made on May 24, 1995.

The 13th amendment was made on May 15, 1996.

The 14th amendment was made on May 28, 1997.

The 15th amendment was made on June 12, 1998.

The 16th amendment was made on June 13, 2000.

The 17th amendment was made on May 21, 2001.

The 18th amendment was made on June 5, 2002.

The 19th amendment was made on June 4, 2004.

The 20th amendment was made on May 12, 2005.

The 21st amendment was made on May 12, 2006.

The 22nd amendment was made on June 16, 2009.

The 23rd amendment was made on June 15, 2010.

The 24th amendment was made on June 22, 2011.

The 25th amendment was made on June 5, 2012.

The 26th amendment was made on June 4, 2014.

The 27th amendment was made on June 8, 2016.

The 28th amendment was made on June 7, 2018.

The 29th amendment was made on June 28, 2019.

The 30th amendment was made on August 31, 2021.

The 31st amendment was made on June 14, 2022.

Appendix 4

Tonlin Department Store Co., Ltd. Directors Election Policy

- Article 1 Election of directors shall proceed according to the terms of this Policy.
- Article 2 Director elections shall be held during shareholder meetings. Elections shall proceed using to the nomination system mentioned in Article 192 of The Company Act.
- Article 3 Directors of the Company shall be elected using the cumulative voting system.
- Article 4 When electing directors, each share shall be vested with voting rights equal to the number of directors to be elected. These voting rights may be concentrated on one candidate or spread across multiple candidates.
Independent directors shall be elected during the same voting session as non-independent directors, and have positions allocated separately.
- Article 5 Candidates who receive the highest number of votes are assigned the role of director, until the number of director seats mentioned in the Articles of Incorporation are fully filled. If two or more candidates receive the same number of votes, they shall draw for the remaining seats available. The chairperson will draw on behalf of those who are absent during the meeting.
- Article 6 The convener of shareholder meeting shall produce ballots in quantities that match the number of directors to be elected, and specify the number of voting rights before distributing them to shareholder meeting participants. A shareholder's conference pass serial number can be printed on the ballot for identification purpose instead of the voter's name.
- Article 7 Before the election begins, the chairperson shall appoint ballot examiners and ballot counters to perform various duties relating to the election.
- Article 8 A ballot box shall be made available by the shareholder meeting convener, and shall be opened for inspection by the ballot examiner prior to voting.
- Article 9 Ballots are considered void in any of the following circumstances:
1. Use of ballot that is not prepared by authorized convener.
2. Casting of blank ballot into the ballot box.
3. Ballots with illegible writing or are altered.
4. The identity of the candidate specified in ballot does not match the candidates list.
5. Ballots that contain writings other than allocated votes.
- Article 10 Ballots are to be counted openly immediately after voting. The chairperson shall announce on-site the outcome of the vote.
- Article 11 Any details that are not addressed in this Policy shall be governed by The Company Act and relevant regulations.
- Article 12 This Policy shall take effect once approved during shareholder meeting; the same applies to all subsequent revisions.
The Policy was first established on June 5, 2002.
The 1st amendment was made on June 7, 2018.
The 2nd amendment was made on August 31, 2021.

Appendix 5

Tonlin Department Store Co., Ltd. Operational Procedures of the Acquisition and Disposal of Assets

- Article 1 These procedures are established pursuant to the Securities and Exchange Act. The Company shall observe the Procedures when acquiring or disposing assets, unless laws and regulations required otherwise. However, where related financial laws and regulations specify otherwise, such shall prevail.
- Article 2 The term "assets" as used in these Procedures includes the following:
- I. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
 - II. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment.
 - III. Memberships.
 - IV. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
 - V. Right-of-use assets.
 - VI. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 - VII. Derivatives.
 - VIII. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
 - IX. Other major assets.
- Article 3 Terms used in the Procedures are defined as follows:
- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
 - II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156-3 of the Company Act.
 - III. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 - IV. IV.. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property or equipment.
 - V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of board of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
 - VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.
 - VII. Investment professional: Refers to financial holding companies, banks, insurance companies, bill finance companies, trust enterprises, securities firms operating proprietary trading or underwriting business, futures commission merchants operating proprietary trading business, securities investment trust enterprises, securities investment consulting enterprises, and fund management companies, that are lawfully incorporated and are regulated by the competent financial authorities of the jurisdiction where they are located.
 - VIII. Securities exchange: "Domestic securities exchange" refers to the Taiwan Stock Exchange Corporation; "foreign securities exchange" refers to any organized securities exchange market that is regulated by the competent securities authorities of the jurisdiction where it is located.

- IX. Over-the-counter venue ("OTC venue", "OTC"): "Domestic OTC venue" refers to a venue for OTC trading provided by a securities firm in accordance with the Regulations Governing Securities Trading on the Taipei Exchange; "foreign OTC venue" refers to a venue at a financial institution that is regulated by the foreign competent authority and that is permitted to conduct securities business.

Article 4

Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:

- i. May not have previously received a final and unappealable sentence to imprisonment for 1 year or longer for a violation of the Act, the Company Act, the Banking Act of The Republic of China, the Insurance Act, the Financial Holding Company Act, or the Business Entity Accounting Act, or for fraud, breach of trust, embezzlement, forgery of documents, or occupational crime. However, this provision does not apply if 3 years have already passed since completion of service of the sentence, since expiration of the period of a suspended sentence, or since a pardon was received.
- ii. May not be a related party or de facto related party of any party to the transaction.
- iii. If the company is required to obtain appraisal reports from two or more professional appraisers, the different professional appraisers or appraisal officers may not be related parties or de facto related parties of each other.

When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-disciplinary regulations of the industry association he/she belongs to and the following:

- I. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence.
- II. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.
- III. They shall undertake an item-by-item evaluation of the suitability, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.
- IV. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable and suitable, and that they have complied with applicable laws and regulations.

Article 5

Where assets acquired by the company and each subsidiary for business use, they may invest and purchase the real property and right-of-use assets thereof or negotiable securities not for business use, and the limits are specified as following:

- I. For the real property and the right-of-use thereof for non-business use, the total amount must not exceed 150% of the Company's net worth; in case of subsidiary, 100%.
- II. The total amount invested in negotiable securities must not exceed 200% of the Company's net worth; in case of subsidiary, 150%.
- III. The amount invested in an single negotiable security must not exceed 100% of the Company's net worth; in case of subsidiary, 100%.

Article 6

Operational Procedures of the Acquisition and Disposal of Assets:

IV. Appraisal and Operating Procedures

In acquiring and disposing of assets, the related circulation procedures including the internal control system shall be complied with.

V. Determination Procedures for the Transaction Terms and Authorized Limits

(VI) For acquiring or disposing of real property, the publicly announced current value, appraised value, and the prices of completed transactions involving neighboring shall be referred to determine the transaction terms and price, and the analysis report shall be prepared to be submitted to the Chairman. For the amount at NT\$10 million (inclusive) or lower, such transactions shall be approved by the Chairman and report to the soonest board meeting; for transaction price over NT\$10 million, the approval of the board of directors must be obtained before engaging.

(VII) For acquiring or disposing of other equipment (e.g. project level or renovation of certain area), the Company may select either price comparison, negotiation, or tender; transactions with amount for NT\$3 million (inclusive) or under, or NT\$10 million (inclusive) or under for project level or renovation of certain area, the approval of

each level shall be obtained as required by the authority procedures; if exceeding NT\$3 million or NT\$10 million, the approval of the Chairman, and then the approval of the board of directors shall be obtained before engaging.

(VIII) For the negotiable securities traded at securities exchanges or OTC venue, the unit in charge shall determine based on the market research. For the trading with total investment amount within NT\$300 million, the Chairman is authorized by the board of directors to approve, and report such in the soonest board meeting, with the analysis report on the unrealized profit/loss of such negotiable securities.

(IX) For the negotiable securities not traded at securities exchanges or OTC venue, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price; the net value per share, profitability, and future development potential shall be taken into account for preparing analysis reports, and submitted for the approval of the board of directors, before engaging.

(X) For acquiring or disposing of membership or intangible asset, the Company shall prepare the analysis reports by referring to the fair market value or experts' evaluation reports, and submit the reports to the Chairman. The transactions with amount for NT\$3 million (inclusive) or under, the approval of each level shall be obtained as required by the authority procedures; if exceeding NT\$3 million, the approval of the Chairman, and then the approval of the board of directors shall be obtained before engaging.

VI. Execution Units

1. Long- and short-term equity investments or claim investments, real properties and derivatives: the board of directors or the authorized directors, Administration Department and Finance Department.
2. Other equipment: user's units and related accountable units.

Article 7

With respect to the Company's acquisition or disposal of assets that is subject to the approval of the board of directors under the Company's procedures or other laws or regulations, if a director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee. When a transaction involving the acquisition or disposal of assets is submitted for discussion by the board of directors, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

The material asset or derivative transactions shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Paragraph 3 and 4 of Article 34.

Article 8

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

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

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

Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.

- Article 9 In acquiring or disposing of negotiable securities, where any of the following circumstance occurs, prior to the date of occurrence of the event, the Company shall obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference. If the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. However, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).
- Article 10 Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reach 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.
- Article 10-1 The calculation of the transaction amounts referred to in the preceding three paragraphs shall be done in accordance with Paragraph 2 of Article 29, herein; and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.
- Article 11 Where the Company acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.
- Article 12 When the Company engages in any acquisition or disposal of assets from or to a related party, not only Article 6, the Operational Procedures of the Acquisition and Disposal of Assets shall apply, Articles 13 and 14 are also applied for the resolution procedures and the appraisal for reasonableness of the transaction terms; if the transaction amount reaches 10 percent or more of the company's total assets, the Company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with Article 8.
The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 10-1 herein.
When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.
- Article 13 When the Company intends to acquire or dispose of real property or right-of-use assets thereof from or to a related party, or when it intends to acquire or dispose of assets other than real property or right-of-use assets thereof from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of domestic government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors:
- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
 - II. The reason for choosing the related party as a transaction counterparty.
 - III. With respect to the acquisition of real property or right-of-use assets thereof from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 14 and Article 15.
 - IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the company and the related party.

- V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the fund utilization.
- VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

VII. Restrictive covenants and other important stipulations associated with the transaction. With any acquisition and disposal of real property, equipment, or right-of-use assets thereof for business purpose, to be conducted among the Company and subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the Company's board of directors may, pursuant to Article 6 to authorize the Chairman to decide such matters and have the decisions subsequently submitted to and ratified by the next board of directors meeting:

- I. Acquisition or disposal of equipment or right-of-use assets thereof held for business use.
- II. Acquisition or disposal of real property right-of-use assets held for business use.

When a matter is submitted for discussion by the board of directors pursuant to paragraph 1, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

The matters for which paragraph 1 requires recognition by the supervisors shall first be approved by one-half or more of all audit committee members and then submitted to the board of directors for a resolution, and shall be subject to mutatis mutandis application of Paragraph 3 and 4 of Article 34. Where the Company and the subsidiary not a public company in Taiwan engages a transaction in Subparagraph 1, and the transaction amount reaches 10 percent or more of the public company's total asset, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board for approval. However, it does not apply to the transactions among the Company, its parent or subsidiaries, or between its subsidiaries.

The calculation of the transaction amounts referred to in the preceding paragraph shall be done in accordance with Paragraph 2 of Article 29, herein; and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been submitted to the shareholders' meeting, and approved by the board of directors, and ratified by the Audit Committee, need not be counted toward the transaction amount.

Article 14

The Company, when acquires real property or right-of-use assets thereof from a related party, shall evaluate the reasonableness of the transaction costs by the following means:

- I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
- II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased or leased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

The Company, when acquires real property or right-of-use assets thereof from a related party, appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.

Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the preceding article, and the preceding three paragraphs do not apply:

- I. The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.
- II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.

- III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.
- IV. The real property right-of-use assets for business use are acquired by the public company with its parent or subsidiaries, or by its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital.

Article 15

When the results of the Company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 16. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

- I. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - (I) Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - (II) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market sale or leasing practices.
- II. Where a public company acquiring real property, or obtaining real property right-of-use assets through leasing, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.

Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property or obtainment of the right-of-use assets thereof.

Article 16

Where the Company acquires real property or right-of-use assets thereof from a related party and the results of appraisals conducted in accordance with the preceding two articles are uniformly lower than the transaction price, the following steps shall be taken:

- I. A special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Act against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve called for under Article 41, paragraph of the Securities and Exchange Act shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
- II. Independent directors shall comply with Article 218 of the Company Act.
- III. Actions taken pursuant to the preceding two subparagraphs shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Company, if has set aside a special reserve under the preceding paragraph, may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 17

The principles and guidelines for the Company engaging in derivatives trading are describe below:

- (I) Type of transactions:
 1. The derivatives which the Company engages in trading, refer to any trading contracts with worth derived from assets, interest rates, foreign exchange rates, indexes or other interests (such as forward contracts, options, futures, swaps, and the hybrid products consisted by them).
 2. Trading bonds under repurchase agreement may be waived from the Procedures.
- (II) Operation strategies: The derivatives trading the Company engages in are mainly the derivatives trading for transaction purpose but not hedging.
- (III) Authorized limits and levels:
 1. Engagement and approval of transaction: board of directors or the authorized directors
 2. Limits: the aggregated contract price, at any time, must not exceed 10% of the net worth specified in the financial statement of the latest period of the latest fiscal year.
 3. Determination of maximum loss: the maximum loss for the aggregated contracts or single contract, is 10% of the amount of the aggregated contracts or single contract.

Article 18

When engaging in derivatives trading, the following risk management measures shall be adopted:

- I. Credit risk management: the counterparties are limited to these internationally or domestically renowned financial institutions and their offerings.
- II. Market risk management: mainly the public foreign exchange market provided by banks; future market is not considered for now.
- III. Liquidity risk management: to ensure the market liquidity, the financial products with higher liquidity (may be squared off in the market any-time) are the main options. The commissioned financial institutions shall have sufficient information and the ability to trade in any market.
- IV. Cash flow risk management: to ensure the stable turnover of the operating funds, the Company may only use the funds in hand to trade derivatives.
- V. Operation risk management: When engaging in derivative trading, personnel engaged in derivatives trading may not serve concurrently in other operations such as confirmation and settlement; risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making; and derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.
- VI. Derivative risk management: the internal trading personnel shall have complete and accurate professional knowledge of derivatives, and the banks are required to disclose risks fully, to avoid the risk of mis-using derivatives.
- VII. Legal risk management: the documents signed with financial institution must be reviewed by the professionals in Legal Department or the counselor in advance, to avoid legal risks.

Article 19

When engaging in derivatives trading, the board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

- I. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
- II. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

- I. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
- II. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

The Company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

- Article 20 The Company, when engaging in derivatives trading, shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters required to be carefully evaluated under subparagraph 5 of Article 18 and subparagraph 2 of paragraph 1, and subparagraph 1 of paragraph 2, of the preceding article shall be recorded in detail in the log book.
The Company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, all Audit Committee shall be notified in writing.
- Article 21 The Company, when that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.
- Article 22 When participating in a merger, demerger, acquisition, or transfer of shares, the Company shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.
Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.
- Article 23 A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.
When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:
- I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.
 - II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.
 - III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.
- When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.
Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the

company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding two paragraphs.

- Article 24 Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.
- Article 25 The Company and other companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:
- I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity-based securities.
 - II. An action, such as a disposal of major assets, that affects the company's financial o
 - III. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.
 - IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
 - V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
 - VI. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.
- Article 26 The contract for participation by the Company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:
- I. Handling of breach of contract.
 - II. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
 - III. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
 - IV. The manner of handling changes in the number of participating entities or companies.
 - V. Preliminary progress schedule for plan execution, and anticipated completion date.
 - VI. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.
- Article 27 After public disclosure of the information, if the Company and any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.
- Article 28 Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 23, Article 24, and Article 27.
- Article 29 Under any of the following circumstances, the Company, when acquiring or disposing of assets, shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:
- I. Acquisition or disposal of real property or right-of-use assets thereof from or to a related party, or acquisition or disposal of assets other than real property or right-of-use assets thereof from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
 - II. Merger, demerger, acquisition, or transfer of shares.

- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- IV. Where equipment or right-of-use assets thereof for business use are acquired or disposed of, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (I) The paid-in capital is less than NT\$10 billion, the transaction amount reaches NT\$500 million or more.
 - (II) The paid-in capital is NT\$10 billion or more, the transaction amount reaches NT\$1 billion or more.
- V. Acquisition or disposal by a public company in the construction business of real property or right-of-use assets thereof for construction use, and furthermore the transaction counterparty is not a related party, and the transaction amount reaches NT\$500 million; among such cases, if the public company has paid-in capital of NT\$10 billion or more, and it is disposing of real property from a completed construction project that it constructed itself, and furthermore the transaction counterparty is not a related party, then the threshold shall be a transaction amount reaching NT\$1 billion or more.
- VI. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and furthermore the transaction counterparty is not a related party, and the amount the company expects to invest in the transaction reaches NT\$500 million.
- VII. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:
 - (I) Trading of domestic government bonds or the foreign government bonds with rating no lower than Taiwan's sovereign rating..
 - (II) Where done by professional investors-securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of ETN or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
 - (III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

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

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

When acquiring or disposing of assets, the Company shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

- Article 30 Where any of the following circumstances occurs with respect to a transaction that the Company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively from the date of occurrence of the event:
- I. Change, termination, or rescission of a contract signed in regard to the original transaction.
 - II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
 - III. Change to the originally publicly announced and reported information.
- Article 31 The subsidiaries of the Company shall comply with the follows:
- I. The subsidiaries shall also establish and implement the “Operational Procedures for Acquisition and Disposal of Assets” pursuant to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies.”
 - II. Information required to be publicly announced and reported in accordance with Article 29 of acquisitions and disposals of assets by the Company's subsidiary that is not itself a public company in Taiwan shall be reported by the Company.
 - III. The paid-in capital or total assets of the Company shall be the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, relative to paid-in capital or total assets, it reaches a threshold requiring public announcement and regulatory filing under Article 29, paragraph 1.
- Article 32 For the calculation of 10 percent of total assets under these Regulations, the total assets stated in the most recent parent company only financial report or individual financial report prepared under the Regulations Governing the Preparation of Financial Reports by Securities Issuers shall be used. In the case of a company whose shares have no par value or a par value other than NT\$10—for the calculation of transaction amounts of 20 percent of paid-in capital under these Regulations, 10 percent of equity attributable to owners of the parent shall be substituted; for calculations under the provisions of these Regulations regarding transaction amounts relative to paid-in capital of NT\$10 billion, NT\$20 billion of equity attributable to owners of the parent shall be substituted.
- Article 33 Where any of the Company’s managerial officer or staff in charge violate the Procedures, penalties will be imposed pursuant to the Company’s regulations, depending on the materiality of such violations.
- Article 34 The Operating Procedures shall be approved by one-half or more of all Audit Committee members and submitted to the Board for a resolution, and submitted to the shareholders meeting for approval. The same applies to amendments. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to the Audit Committee.
- When the Operational Procedures for Acquisition and Disposal of Assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.
- The Procedures in the preceding paragraph may be imposed upon the approval of two third or more of all directors, if the approval of the majority of all the Audit Committee members is not obtained; the resolution of the Audit Committee shall be recorded in the minutes of the board of directors meeting.
- The terms "all audit committee members" in paragraph 1 and 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.
- Article 35 The Procedures were established on June 25, 1992.
Amended on May 24, 1995.
Amended on December 19, 1995.
Amended on March 26, 1997.
Amended on November 12, 1999.
Amended on February 12, 2001.
Amended on June 6, 2003.
Amended on June 13, 2007.
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