

Stock Code 2945

# Simple Mart Retail Co., Ltd.

## 2024 Annual Meeting of Shareholders Meeting Handbook

Meeting Date: May 30, 2024

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

Rd., Zhongshan District, Taipei City.

Meeting Method: Physical Shareholders Meeting

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

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# **I. MEETING AGENDA**

Time: 9:00 a.m., Thursday, May 30, 2024

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

Method: Physical shareholders meeting

1. Call to Order
2. Chairman's Address
3. Reports:
  - a. The Business Report of 2023.
  - b. The employees' bonus and directors' compensation of the Company of 2023.
  - c. Director's Remuneration Report.
  - d. Audit Report for all annual final accounting books and statements of 2023 by Audit Committee.
  - e. Report of the communication between Audit Committee and Chief Internal Auditor of the Company.
  - f. Report of the amendment of the "Rules of Procedures for Board of Directors' Meetings"
  - g. Report of the non-operating transactions between the Company and its related parties.
4. Adoption:
  - a. Adoption of the Business Report and Financial Statements of 2023.
  - b. Adoption of the earnings distribution of 2023.
5. Discussions:
  - a. Amendment of the "Articles of Incorporation".
  - b. Amendments of the "Operational Procedures for the Acquisition or Disposal of Assets"
  - c. The release of the prohibition on directors from participation in competitive business.
6. Motions
7. Adjournment

## **II. REPORTS**

### **Proposal 1: The Business Report of 2023, please review**

(Proposed by Board of Directors)

Explanations: For the business report of the Company of 2023, please refer to the Annex 1. (p. 7-8 of this handbook)

### **Proposal 2: The employees' bonus and directors' compensation of the Company of 2023, please review**

(Proposed by Board of Directors)

Explanations:

- A. According to Article 19 of the Articles of Incorporation, if the Company has profit, it shall set aside employees' bonus no less than 1% and directors' compensation no more than 3%. Employees of the Company's subsidiaries meeting certain requirements are also entitled to receive the above employees' bonus. Following above-mentioned Articles of Incorporation, it is proposed that the Company distributes NT\$2,700,000 of employees' bonus and NT\$1,800,000 of compensation to directors. Of this amount, NT\$500,000 was not paid as the former director of the Company, Sumitomo Corporation, had transferred its shareholdings prior to the payment date and was therefore unable to receive the remuneration, while the bonus to employees and remuneration to other directors were paid in cash.
- B. The difference of NT\$500,000 between the above allotment amount totalling NT\$4,000,000 and the expense of NT\$4,500,000 recognised in 2023 will be recorded as other income of the Company in 2024.

### **Proposal 3: Directors' Remuneration Report, please review**

(Proposed by Board of Directors)

Explanations: According to the "Regulations Governing the Evaluation of the Performance and Remuneration of Directors, Functional Committees and Managers" of the Company, the remuneration to the Company's directors is evaluated and reviewed by the Company's Remuneration Committee based on the size of the Company, the salary level of the position in the peer market, the scope of authority and responsibility of the position within the Company, the extent to which the position has contributed to the Company's operating objectives, and is submitted to the Board of Directors for a resolution. For details of the remuneration, please refer to the Annex 2. (p. 9-10 of this handbook)

### **Proposal 4: Audit Report for all annual final accounting books and statements of 2023 by Audit Committee, please review**

(Proposed by Audit Committee)

Explanations: For the 2023 Audit Committee's audit report, please refer to the Annex 3. (p. 11 of this handbook)

### **Proposal 5: Report of the communication between Audit Committee and Chief Internal Auditor of the Company, please review**

(Proposed by Audit Committee)

Explanations: For the report of the communication between Audit Committee and Chief Internal Auditor of the Company, please refer to the Annex 4. (p. 12-13 of this handbook)

### **Proposal 6: Report of the amendment of the "Rules of Procedures for Board of Directors' Meetings", please review**

(Proposed by Board of Directors)

Explanations:

- A. Following the amendment of relevant regulations, the Company has amended “Rules of Procedures for Board of Directors’ Meetings”.
- B. For the article comparison tables, please refer to the Annex 5 (p. 14-15 of this handbook)

**Proposal 7: Report of the non-operating transactions between the Company and its related parties, please review**

(Proposed by Board of Directors)

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

<b>ITEM</b>	<b>EXPLANATION</b>
Lending of Funds	The board meeting held on August 4th, 2023 approved the Company to lend funds of NT\$30 million to the subsidiary- Sanyou Drugstores Ltd. As of December 31st, 2023, all lent money was collected.
Endorsements and Guarantees	There is no endorsement and guarantees for the related parties conducted by the Company in 2023.

### **III. ADOPTION**

#### **Proposal 1: Adoption of the Business Report and Financial Statements of 2023.**

(Proposed by Board of Directors)

##### Explanations:

The 2023 business report (Annex 1, p. 7-8 of this handbook), consolidated financial reports and parent-company-only financial reports (Annex 6, p. 20-23 and p. 28-31 of this handbook) of the Company have been approved by board of directors and audited by the Audit Committee (Annex 3, p. 11 of this handbook). The consolidated financial reports and parent-company-only financial reports have been certified by CPA Pei-Ju Hsiao and Chi-Lung Yu of KPMG in Taiwan and an unqualified audit report (Annex 6, p. 16-19 and p. 24-27 of this handbook) was issued.

**Proposal 2: Adoption of the earnings distribution of 2023.**

(Proposed by Board of Directors)

Explanations:

- A. The Company proposes the earnings distribution of year 2023 following the Company's Articles of Incorporation and the related regulations.
- B. It is proposed that the Company keeps NT\$9,956,657 as legal reserve following the regulation, and distributes cash dividend of NT\$ 81,000,000. Calculated according to the number of shares currently issued by the Company entitled for distribution, the cash dividends is NT\$1.20 per share.
- C. Cash dividend of individual shareholder will be round down to and distributed in integer of New Taiwan Dollar. The fractions of the Dollar of the cash dividend of each shareholder will be reduced and transferred to Employees' Welfare Committee of the Company.
- D. If the outstanding shares are impacted due to the repurchase of the Company's own shares, transfer, conversion, and cancellation of treasury stock, convertible bonds converted following the issuance and convertible conditions, exercise or issuance of employee stock warrants, issuance or recall of employee restricted stock or other matters after the approval of the distribution of earnings which results in the change of cash dividend rate, it is proposed that the Chairman be authorized by the shareholders' meeting to take any actions that may be required.
- E. After the proposal is ratified by the shareholders' meeting, it is proposed that the Chairman be authorized to decides the ex-dividend base date and payment date of cash dividend.
- F. If the related matters needed to be modified due to the regulations or the instructions from the competent authority, it is proposed that the Chairman be authorized to take any actions that may be required on behalf of the Company.
- G. The table of 2023 earnings distribution of the Company is as follows:

**Simple Mart Retail Co., Ltd.**  
**Table of 2023 earnings distribution**

	Unit: NT\$
Item	Amount
Balance of January 1, 2023	489,271
Less: Difference between the actual acquisition price and carrying value of equity interest in subsidiaries	(1,579,394)
Add: Net income of 2023	<u>101,145,957</u>
Distributable earnings of December 31, 2023	100,055,834
Less: Legal reserve	<u>(9,956,657)</u>
	90,099,177
<b>Allocated items:</b>	
Less: Dividend of common shares - Cash (\$1.20 per share)	<u>(81,000,000)</u>
<b>Unappropriated earnings of December 31, 2023</b>	<u><b>9,099,177</b></u>

Note: earnings from year 2023 shall be distributed in priority.

Chairman: Shiang-Feng Chen

CEO: Kuang-Lung Chiu

Accountant: Yen-Hsiu Liu

## IV. DISCUSSIONS

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

(Proposed by Board of Directors)

Explanations:

- A. The Company plans to amend the “Articles of Incorporation”.
- B. For the article comparison table, please refer to Annex 7, p. 32-33 of this handbook.

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

(Proposed by Board of Directors)

Explanations:

- A. Considering operation planning, the Company plans to amend articles of “Operational Procedures for the Acquisition or Disposal of Assets”.
- B. For the article comparison table, please refer to Annex 8, p. 34-36 of this handbook.

### Proposal 3: The release of the prohibition on directors from participation in competitive business.

(Proposed by Board of Directors)

Explanations:

- A. If the directors have invested in or managed other companies in same or similar business areas and serve as directors, without prejudice to the Company's interests, the Company plans to release the prohibition on the directors from participation in competitive business according to Article 209 of Taiwan Company Act as follows:

Title	Name of Directors	Concurrent Office
Director	Representative of Mercuries & Associates Holding, Ltd. : Wei-Chyun Wong	Director of Energenesis Biomedical Co., Ltd.
Independent Director	Meng-Lin Tsai	Director of Aska Investment Co., Ltd. Director of Taiwan Excelsior Co., Ltd. Director of Pharmacyplus Co., Ltd. Chairman of TECN Investment Co., Ltd.

## V. MOTIONS

## VI. ADJOURNMENT



## VII ANNEX

### Annex 1 BUSINESS REPORT

## Simple Mart Retail Co., Ltd.

### 2023 Business Report

#### 1. Business Performance in 2023

While the impact of COVID-19 is gradually subsiding, life after the epidemic is very different from that before the epidemic. Changes in consumption patterns have greatly affected the retail industry's operations, and rising prices have caused a decrease in household disposable income, making the rise of everything a common feeling among all consumers. The Company's strategy of strengthening the frequency of product adjustments and accelerating the speed of product replacement since 2022 has been effective in 2023, even though the decrease in sales of masks, quick-screening products and alcohols due to the COVID-19 resulted in the Company's consolidated revenue of NT\$14,041,914 thousand in 2023, a decrease of 1% compared with 2022. However, net income attributable to the owner of the parent company was NT\$101,146 thousand, an increase of 82.92% compared with 2022, and the number of customers in 2023 also showed a steady growth trend. In this era of rising prices, consumers who wish to save money are more inclined to favour products with high quality at more affordable prices. Operating results of 2023 are shown below:

In Thousands of NTD, Except Earnings Per Share

	2023	2022	Difference
Consolidated net operating income	14,041,914	14,183,503	(1.00%)
Consolidated operating profit	3,639,638	3,529,580	3.12%
Gross profit margin	25.92%	24.89%	4.16%
Consolidated operating interests	121,266	30,885	292.64%
Net profit before tax	106,971	56,205	90.32%
Net profit attributable to owners of the parent company	101,146	55,294	82.92%
Earnings per share	1.50	0.82	82.92%

#### 2. Business Outlook for 2024

Over the years, the Company has been insisting on providing consumers reassuring products, not forgetting the original faith of providing cheap and cheerful product, and continuing to accompany the community to provide high-quality, low-priced necessities, through continuous improvement of the operational process to reduce unnecessary waste, and the introduction of a variety of services to provide consumers with more convenience. When you walk into Simple Mart, you will not see fancy decorations and overly bright lights, instead, you will be greeted with a full range of merchandise, the friendly smiles of the sales clerks make it possible for neighborhood residents to purchase the products they need at the closest distance and in the shortest time.

In 2024, the Company will continue to open new stores and expand its economic scale to reduce purchasing costs and give it back to our customers. The Company will also continue its merchandise adjustment policy and expand its self-imported and PB products to build up a competitive barrier between Simple Mart and other competing channels. In addition, our employees and franchisees are the cornerstones of our retail operations. In addition to optimizing our compensation and benefit structure to ensure our competitive advantage in recruiting and retaining talent, we will continue to devote ourselves to employee competency building and education and training to strengthen our talent development chain and enhance employee satisfaction. The Company will also adjust the franchise system to provide more flexible franchise options and to work together with franchisees to encourage them to create higher performance, exercising the Company's policies, and reduce the pressure of recruiting employees. The Company expects the franchise stores will be increased by another 100 stores in 2024.

In 2024, the Company will continue to invest in the optimization of information systems, such as WMS, RPA, BI, etc., to improve operational efficiency, reduce costs, and prompt to make better decisions. The Company will also invest in the improvement of processes of the logistics center and the expansion of service capacity. In addition to the expansion of the logistics center to serve more stores and lay a solid foundation for the future expansion, the Company has also introduced a variety of automatic equipment in the logistics center to enhance the quality of logistics services and reduce the impact of labor shortages, while also taking care of labor safety to reduce occupational injuries. The Company has planned to set up roof solar panels in the logistic center to increase renewable energy. The Company will also implement energy-saving equipments to reduce the use of the energy to respond the impact of the carbon footprint verification and pricing. The Company always implement the concept of environmental sustainability. In order to reduce the carbon emissions generated by the return of products to the logistics center (including the loss of the products themselves, carbon emissions from transportation, etc.), the Company has implemented a non-return policy for many years. The off-the-shelf products will not be returned to the logistics center and suppliers, but can be sold in stores at a super-low price. The consumers can get a good deal on the products and at the same time contribute to the reduction of carbon and waste.

Looking back to 2023, the Company's profits gradually recover because of the benefits from the adjustment of merchandise items. However, looking forward to 2024, the tight labor market will not alleviated in the short term, and consumer prices are expected to keep rising, which will continue to bring challenges to retail operations. In addition to continuing to create value for shareholders, the Company will place greater emphasis on the rights and interests of its stakeholders. The Company's vision of "becoming the most trusted retail brand within the consumers", and will commit to provide the best possible working environment and compensation to its employees and franchisees. The Company will continue to make this its mission, and will work diligently on the three main axes of "Environment, Society and Governance" in order to gain the support of shareholders, consumers, employees and franchisees, and other stakeholders. Only if it does will the Company be able to operate in a sustainable manner.

Chairman: Shiang-Feng Chen

CEO: Kuang-Lung Chiu

Accountant: Yen-Hsiu Liu

## Annex 2 DIRECTORS' REMUNERATION REPORT

December 31, 2023; in New Taiwan dollars thousands

Title	name and surname	Directors' remuneration								A, B, C and D as a percentage of after-tax net income		Remuneration for part-time employees								Total amount of A, B, C, D, E, F, and G and percentage of net income after tax		Receipt of remuneration from investees other than subsidiaries or from the parent company					
		Remuneration (A)		Retirement Pension (B)		Directors' Remuneration (C)		Business execution expenses (D)				Salaries, bonuses and special expenses, etc. (E)		Retirement Pension (F)		Staff remuneration (G)											
		Company	All companies in the financial statements	Company	All companies in the financial statements	Company	All companies in the financial statements	Company	All companies in the financial statements	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial statements	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Company	All companies in the financial report						
Mercuries & Associates Holding, Ltd.		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chairman	Representative: Shiang-Feng Chen	-	-	-	-	550	550	-	-	0.5%	0.5%	-	-	-	-	-	-	-	-	0.5%	0.5%	-	-	-	-	-	735
Director	Represented by: Shiang-Li Chen	-	-	-	-	250	250	-	-	0.2%	0.2%	-	-	-	-	-	-	-	-	0.2%	0.2%	-	-	-	-	-	9,400
Director	Representative: Wei-Chyun Wong	-	-	-	-	250	250	-	-	0.2%	0.2%	-	-	-	-	-	-	-	-	0.2%	0.2%	-	-	-	-	-	428
Director	Representative: Kuang-Lung Chiu	-	-	-	-	250	250	-	-	0.2%	0.2%	7,575	7,575	108	108	2	-	2	-	7.8%	7.8%	-	-	-	-	-	-
Sumitomo Corporation (Note 1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative: Shinji Sumiya (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director	Representative: Jumpei	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Title	name and surname	Directors' remuneration								A, B, C and D as a percentage of after-tax net income		Remuneration for part-time employees								Total amount of A, B, C, D, E, F, and G and percentage of net income after tax		Receipt of remuneration from investees other than subsidiaries or from the parent company	
		Remuneration (A)	Retirement Pension (B)		Directors' Remuneration (C)	Business execution expenses (D)		Salaries, bonuses and special expenses, etc. (E)				Retirement Pension (F)		Staff remuneration (G)									
			Company	All companies in the financial statements		Company	All companies in the financial statements	Company	All companies in the financial statements	Company	All companies in the financial report	Company	All companies in the financial statements	Company	All companies in the financial report	Cash Amount	Stock Amount	Cash Amount	Stock Amount	Company	All companies in the financial report		
	Yamamoto (Note 1)																						
Director	Representative: Yuma Miyata (Note 1)	-	-	-	-	-	-	-	-	-	-	1,682	1,682	33	33	-	-	-	-	1.7%	1.7%	-	
Independent Director	Tsay-Lin Lin	400	400	-	-	-	-	-	-	0.4%	0.4%	-	-	-	-	-	-	-	-	0.4%	0.4%	-	
	Meng-Lin Tsai	400	400	-	-	-	-	-	-	0.4%	0.4%	-	-	-	-	-	-	-	-	0.4%	0.4%	-	
	Ming-Jye Huang	400	400	-	-	-	-	-	-	0.4%	0.4%	-	-	-	-	-	-	-	-	0.4%	0.4%	-	

1. Please describe the policy, system, criteria and structure for the payment of compensation to independent directors, and describe the relationship between the amount of compensation paid and the amount of responsibility, risk, time commitment, etc.: The Company's "Regulations Governing the Evaluation of the Performance of Directors, Functional Committees, and Managers, and Salary and Compensation" stipulates that independent directors shall be compensated on the basis of the total remuneration at a competitive market level, and that they shall be paid without any participation in the distribution of the remuneration. The Company determines the remuneration of its independent directors on an annual basis by making reference to the remuneration levels of independent directors of peer companies, taking into account the Company's size, profit structure and business characteristics.

2. In addition to the disclosures in the above table, remuneration received by the directors of the Company for services rendered (e.g., acting as consultants to the parent company/all companies in the financial statements/transferred investment undertakings for non-employees, etc.) for the most recent year: None

Note 1: Sumitomo Corporation changed its representative from Shinji Sumiya, to Jumpei Yamamoto on April 21, 2023. Sumitomo Corporation was dissolved its directorship on March 26, 2024 due to the transfer of its all shareholding.

**Annex 3 AUDIT COMMITTEE'S AUDIT REPORT**

**Simple Mart Retail Co., Ltd.**

**Audit Committee's Audit Report**

The board of directors has prepared the Company's 2023 business report, financial reports and earnings distribution. Among them, the financial report was audited by CPA Pei-Ju Hsiao and Chi-Lung Yu of KPMG in Taiwan, and an audit report was issued. The above-mentioned business report, financial reports and earnings distribution proposal have been reviewed by the Audit Committee and found to be consistent. The reports as above is in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review

Sincerely,

2024 Annual Regular Meeting of Shareholders of Simple Mart Retail Co., Ltd.

Audit Committee of Simple Mart Retail Co., Ltd.,

Convenor: Meng-Lin Tsai

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February 23, 2024

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

Session	Date of Convention	Type	Content of Report	Result of Implementation	Result of Communication
4 <sup>th</sup> Meeting , 2 <sup>nd</sup> Term	2023.03.03	Meeting	<p>Report: Internal audit reports and tracking of improvements.</p> <p>Proposal: 2022 Statement of Internal Control System</p>	<ol style="list-style-type: none"> <li>1. The report of the Audit Committee is then presented to the Board of Directors.</li> <li>2. The "Assessment of the Effectiveness of the Internal Control System" and the "Statement of Internal Control" for the year 2022 were reviewed and approved by all members present and presented to the Board of Directors.</li> </ol>	<p>This report focuses on the communication with the independent directors regarding the audit operation, and the recommendations and results of the communication are set out below:</p> <ol style="list-style-type: none"> <li>1. The original audit report only summarized the results of the audit and expressed only the presence or absence of deficiencies. Subsequently, in addition to the audit report, an audit report should be provided to the independent directors, together with an audit report, which included the audit procedures and the status of the audit of professional judgments, to enable the independent directors to further confirm the operation of the overall internal control.</li> <li>2. Operational aspects should be scrutinized in particular for higher risk issues, especially the management of operating units and stores.</li> </ol>
5 <sup>th</sup> Meeting , 2 <sup>nd</sup> Term	2023.05.05	Meeting	<p>Report: Internal audit reports and tracking of improvements.</p> <p>Proposal: Amendments to the Procedures for Self-Assessment of Internal Control System.</p>	<ol style="list-style-type: none"> <li>1. The report of the Audit Committee is then presented to the Board of Directors.</li> <li>2. The Management Rules will be reported to the Board of Directors after they have been scrutinized and approved by all attending members.</li> </ol>	<p>This report focuses on the communication with the independent directors regarding the audit operation, and the recommendations and results of the communication are set out below:</p> <ol style="list-style-type: none"> <li>1. The e-signature process is proposed to be integrated with the ESG and Risk Control Unit approach to form a digital task force to track progress and report on a regular basis.</li> <li>2. The Digitalization Task Force should plan and draw up a plan to promote the digitization of each form check, and conduct regular progress reports on its implementation.</li> <li>3. The Risk Management Team should report to the Board of Directors semi-annually, propose an annual risk control plan, and periodically report on the current progress and details</li> </ol>

Session	Date of Convention	Type	Content of Report	Result of Implementation	Result of Communication
					of future plans in order to continuously track the implementation of the plan.
6 <sup>th</sup> Meeting , 2 <sup>nd</sup> Term	2023.08.04	Meeting	Report: Internal audit reports and tracking of improvements.	The report of the Audit Committee is then presented to the Board of Directors.	This report focuses on the communication with the independent directors in respect of the audit operation, and the recommendations of the independent directors and the results of the communication are set out below: 1. Personnel changes should be coordinated by the Human Resources Department to notify all departments, with special emphasis on urging the IT Department to complete the system changes. 2. In addition to purchasing and expanding information record file storage devices, renting cloud-based devices may be considered for cost reasons.
7 <sup>th</sup> Meeting , 2 <sup>nd</sup> Term	2023.11.03	Meeting	Report: Internal audit reports and tracking of improvements. Proposal: 2024 Audit Program	1. The report of the Audit Committee is then presented to the Board of Directors. 2. The 2024 audit plan was reviewed and approved by all members present and presented to the Board of Directors.	This report focuses on the communication with the independent directors in respect of the audit operation, and the recommendations of the independent directors and the results of the communication are set out below: In the future, the implementation of the audit recommendations should be tracked on a regular basis to achieve the goal of overall organizational growth through the increasingly stringent setting of indicators from the perspective of continuous improvement.
8 <sup>th</sup> Meeting , 2 <sup>nd</sup> Term	2023.12.15	Meeting	Report: Internal audit reports and tracking of improvements.	The report of the Audit Committee is then presented to the Board of Directors.	There was no comments in this communication.

## Annex 5. COMPARISON OF AMENDMENTS TO THE RULES OF PROCEDURES FOR BOARD OF DIRECTORS' MEETINGS

	Before	After	Notes
Article 11	<p><del>When the Company's board of directors meets, the business unit shall make relevant information available for inspection by the directors attending the meeting at any time.</del></p> <p>Depending on the contents of the resolution, the Company may notify the relevant departments or subsidiaries to attend the board of directors' meeting.</p> <p>If necessary, accountants, lawyers or other professionals may be invited to attend the meeting and give explanations. However, they should leave the meeting during the discussion and voting.</p>	<p>Depending on the contents of the resolution, the Company may notify the relevant departments or subsidiaries to attend the board of directors' meeting.</p> <p>If necessary, accountants, lawyers or other professionals may be invited to attend the meeting and give explanations. However, they should leave the meeting during the discussion and voting.</p>	The first item is already provided for in Article 5 of these Rules and is therefore deleted.
Article 12	<p>(omitted)</p> <p>If half of the directors are not present at a meeting, the chairman may adjourn the meeting to a later date, and the number of such adjournments shall be limited to two. If the number of adjournments is still insufficient, the chairman may reconvene the meeting in accordance with the procedures set forth in Article 3, Paragraph 2.</p> <p>(omitted)</p>	<p>(omitted)</p> <p>If half of the Directors are not present at a meeting, the Chairman may adjourn the meeting to a later date <u>on the same day</u>, and the number of adjournments shall be limited to two. If the number of adjournments is still insufficient, the Chairman may reconvene the meeting in accordance with the procedures set forth in Article 3, Paragraph 2.</p> <p>(omitted)</p>	Amended in accordance with Jin-Guan-Zheng-Fa-Zi No. 1120383996.
Article 13	<p>The board of directors of the Company shall conduct business in accordance with the procedures set forth in the notice of meeting. However, the Board of Directors may change the procedures with the approval of a majority of the Directors present.</p> <p>The Chairman shall not adjourn the meeting without the consent of a majority of the Directors present.</p> <p>If, during the course of business of a meeting of the Board of Directors, the Directors present do not constitute a majority of the Directors present, the Chairman shall, upon the proposal of the Directors present, declare that the meeting be suspended and that the provisions of Article 12, paragraph 1 shall apply.</p>	<p>The board of directors of the Company shall conduct its business in accordance with the procedures set forth in the notice of meeting. However, the Board of Directors may change the procedures with the approval of a majority of the Directors present.</p> <p>The Chairman shall not adjourn the meeting without the consent of a majority of the Directors present.</p> <p>If, during the course of business of a meeting of the Board of Directors, the Directors present do not constitute a majority of the Directors present, the Chairman shall, upon the proposal of the Directors present, declare that the meeting be suspended and that the provisions of Article 12, paragraph 1 shall apply.</p> <p><u>If, during a meeting of the Board of Directors, the chairman is unable to preside over the meeting for any reason or does not adjourn the meeting in accordance with Paragraph 2, the appointment of his/her proxy shall be</u></p>	Amended in accordance with Jin-Guan-Zheng-Fa-Zi No. 1120383996.



	Before	After	Notes
		<u>governed by the provisions of Paragraph 3, Article 10.</u>	
Article 20	<p>These regulations were established on January 26, 2018.</p> <p>The 1st amendment was made on June 22, 2018.</p> <p>The 2nd amendment was made on February 18, 2019.</p> <p>The 3rd amendment was made on March 18, 2020.</p> <p>The 4th amendment was made on January 21, 2021.</p> <p>The 5th amendment was made on December 28, 2022.</p>	<p>These regulations were established on January 26, 2018.</p> <p>The 1st amendment was made on June 22, 2018.</p> <p>The 2nd amendment was made on February 18, 2019.</p> <p>The 3rd amendment was made on March 18, 2020.</p> <p>The 4th amendment was made on January 21, 2021.</p> <p>The 5th amendment was made on December 28, 2022.</p> <p><u>The 6th amendment was made on February 23, 2024.</u></p>	Add the date of this amendment.

## **Annex 6. FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS’ REPORT**

### **Independent Auditors’ Report**

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

#### **Opinion**

We have audited the consolidated financial statements of Simple Mart Retail Co., Ltd. and its subsidiaries ( “the Group” ), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( “IFRSs” ), International Accounting Standards ( “IASs” ), Interpretations developed by the International Financial Reporting Interpretations Committee ( “IFRIC” ) or the former Standing Interpretations Committee ( “SIC” ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors’ report were as follows:

## 1. Recognition of retail sales revenue:

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

Description of the key audit matter:

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

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

How the matter was addressed in our audit:

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

## **Other Matter**

Simple Mart Retail Co., Ltd. has prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)  
February 23, 2024

#### **Notes to Readers**

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

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

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

SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2023		December 31, 2022			Liabilities and Equity	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>				
1100 Cash and cash equivalents (note 6(a))	\$ 913,481	16	548,034	9		2130 Contract liabilities - current (note 6(n))	\$ 58,939	1	65,731	1
1110 Financial assets at fair value through profit or loss - current (notes 6(b)(q) and 13)	5,345	-	5,807	-		2150 Notes payable (note 6(q))	153	-	252	-
1170 Accounts receivable, net (note 6(c))	87,309	1	92,467	2		2170 Accounts payable (note 6(q))	1,398,919	24	1,465,321	26
1180 Accounts receivable - related parties, net (notes 6(c) and 7)	1,333	-	671	-		2180 Accounts payable - related parties (note 6(q) and 7)	1,973	-	3,164	-
1197 Finance lease receivable - current (note 6(d))	-	-	1,490	-		2200 Other payables (note 6(q) and 7)	506,909	8	474,480	8
1200 Other receivables (note 7)	12,138	-	12,842	-		2280 Lease liabilities - current (note 6(i)(q)(t) and 7)	465,532	8	457,704	8
1300 Inventories (note 6(e))	1,622,365	28	1,797,015	31		2300 Other current liabilities	113,433	2	54,565	1
1410 Prepayments (note 7)	32,320	1	36,503	1			2,545,858	43	2,521,217	44
1476 Other current financial assets (notes 6(a) and 8)	135,200	2	176,500	3		<b>Non-Current liabilities:</b>				
	2,809,491	48	2,671,329	46		2527 Contract liabilities - non-current (note 6(n))	6,674	-	8,196	-
<b>Non-current assets:</b>						2550 Non-current provisions	6,734	-	3,740	-
1600 Property, plant and equipment (notes 6(g) and 7)	1,143,414	20	1,240,694	22		2570 Deferred tax liabilities (note 6(k))	556	-	-	-
1755 Right-of-use assets (note 6(h))	1,761,096	30	1,659,417	29		2580 Lease liabilities - non-current (note 6(i)(q)(t) and 7)	1,342,466	23	1,249,387	22
1780 Intangible assets	21,989	-	19,171	-		2645 Guarantee deposits received (note 6(q) and 7)	86,063	2	101,474	2
1840 Deferred tax assets (note 6(k))	25,583	-	23,210	1			1,442,493	25	1,362,797	24
1920 Guarantee deposits paid (note 7)	95,271	2	102,120	2			3,988,351	68	3,884,014	68
1980 Other non-current financial assets (notes 6(a) and 8)	23,845	-	27,064	-		<b>Total liabilities</b>				
	3,071,198	52	3,071,676	54		<b>Equity (notes 6(f)(l) and (u)):</b>				
<b>Total assets</b>	<b>\$ 5,880,689</b>	<b>100</b>	<b>5,743,005</b>	<b>100</b>		3110 Ordinary share	675,000	11	675,000	12
						3200 Capital surplus	1,001,310	17	1,001,300	17
						Retained earnings:				
						3310 Legal reserve	69,044	1	63,514	1
						3350 Unappropriated retained earnings	100,056	2	55,294	1
							169,100	3	118,808	2
						Total equity attributable to owners of parent:	1,845,410	31	1,795,108	31
						36XX Non-controlling interests	46,928	1	63,883	1
						<b>Total equity</b>	1,892,338	32	1,858,991	32
						<b>Total liabilities and equity</b>	<b>\$ 5,880,689</b>	<b>100</b>	<b>5,743,005</b>	<b>100</b>

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

**Consolidated Statements of Comprehensive Income**  
**SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES**

**For the years ended December 31, 2023 and 2022**

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

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue</b> (note 6(n), 7 and 14)	\$ 14,041,914	100	14,183,503	100
5000	<b>Operating costs</b> (note 6(e) and 7)	10,402,276	74	10,653,923	75
	<b>Gross margin from operations</b>	3,639,638	26	3,529,580	25
	<b>Operating expenses:</b> (note 6(c)(g)(h)(i)(j)(o), 7 and 12)				
6100	Selling expenses	3,129,515	22	3,073,236	22
6200	Administrative expenses	389,591	3	416,666	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	(734)	-	8,793	-
	<b>Total operating expenses</b>	3,518,372	25	3,498,695	25
	<b>Net operating income</b>	121,266	1	30,885	-
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note 6(i))	5,417	-	3,043	-
7190	Other income (note 6(i)(p) and 7)	19,751	-	57,262	-
7230	Foreign exchange gains	1,821	-	2,633	-
7235	(Losses) gains on financial assets at fair value through profit or loss	(462)	-	65	-
7510	Interest expenses (note 6(i) and 7)	(25,061)	-	(19,339)	-
7590	Miscellaneous disbursements	(9,968)	-	(10,015)	-
7610	Losses on disposal of property, plant and equipment (note 6(g))	(4,946)	-	(6,380)	-
7670	Impairment losses (note 6(g))	(847)	-	(1,949)	-
		(14,295)	-	25,320	-
	<b>Profit from continuing operations before tax</b>	106,971	1	56,205	-
7950	<b>Less: Income tax expenses</b> (note 6(k))	24,359	-	12,831	-
	<b>Profit</b>	82,612	1	43,374	-
8300	<b>Other comprehensive income, net of tax</b>	-	-	-	-
8500	<b>Total comprehensive income</b>	<b>\$ 82,612</b>	<b>1</b>	<b>43,374</b>	<b>-</b>
	<b>Profit, attributable to:</b>				
	Owners of parent	\$ 101,146	1	55,294	-
	Former owner of business combination under common control	-	-	(4,124)	-
8720	Non-controlling interests	(18,534)	-	(7,796)	-
		<b>\$ 82,612</b>	<b>1</b>	<b>43,374</b>	<b>-</b>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	\$ 101,146	1	55,294	-
	Former owner of business combination under common control	-	-	(4,124)	-
8620	Non-controlling interests	(18,534)	-	(7,796)	-
		<b>\$ 82,612</b>	<b>1</b>	<b>43,374</b>	<b>-</b>
9750	Basic earnings per share (note 6(m))	<b>\$ 1.50</b>		<b>0.82</b>	
9850	Diluted earnings per share (note 6(m))	<b>\$ 1.50</b>		<b>0.82</b>	

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

**SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent				Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Retained earnings			
<b>Balance at January 1, 2022</b>	\$ 675,000	992,115	44,064	194,503	94,028	-	1,999,710
Distribution of retained earnings:							
Legal reserve appropriated	-	-	19,450	(19,450)	-	-	-
Cash dividends of ordinary share	-	-	-	(175,053)	-	-	(175,053)
	-	-	19,450	(194,503)	-	-	(175,053)
Other changes in capital surplus:							
Other changes in capital surplus	-	122	-	-	-	-	122
Net income	-	-	-	55,294	(4,124)	(7,796)	43,374
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	55,294	(4,124)	(7,796)	43,374
Reorganization	-	9,326	-	-	(89,904)	71,679	(8,899)
Unrealized gain or loss in the intragroup transaction	-	(263)	-	-	-	-	(263)
<b>Balance at December 31, 2022</b>	675,000	1,001,300	63,514	55,294	-	63,883	1,858,991
Distribution of retained earnings:							
Legal reserve appropriated	-	-	5,530	(5,530)	-	-	-
Cash dividends of ordinary share	-	-	-	(49,275)	-	-	(49,275)
	-	-	5,530	(54,805)	-	-	(49,275)
Other changes in capital surplus:							
Other changes in capital surplus	-	10	-	-	-	-	10
Net income	-	-	-	101,146	-	(18,534)	82,612
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	101,146	-	(18,534)	82,612
Changes in non-controlling interests	-	-	-	(1,579)	-	1,579	-
<b>Balance at December 31, 2023</b>	\$ 675,000	1,001,310	69,044	100,056	-	46,928	1,892,338



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

**SIMPLE MART RETAIL CO., LTD. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 106,971	56,205
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses	720,098	745,247
Amortization expenses	11,771	15,655
(Reversal of expected credit loss) expected credit loss	(734)	8,793
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	462	(65)
Interest expenses	25,061	19,339
Interest income	(5,417)	(3,043)
Losses on disposal of property, plant and equipment	4,946	6,380
Profit from lease modification	(1,330)	(20,673)
Losses on disposal of intangible assets	-	1
Impairment losses on non-financial assets	847	1,949
<b>Total adjustments to reconcile profit</b>	<u>755,704</u>	<u>773,583</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in accounts receivable	5,892	(20,591)
Increase in accounts receivable - related parties	(662)	(565)
Decrease in other receivables	863	10,007
Decrease (increase) in inventories	174,650	(159,757)
Decrease (increase) in prepayments	4,183	(9,857)
Decrease (increase) in other financial assets	41,300	(26,500)
(Decrease) increase in contract liabilities	(8,314)	23,313
(Decrease) increase in notes payable	(99)	178
(Decrease) increase in accounts payable	(66,402)	90,201
Decrease in accounts payable - related parties	(1,191)	(174)
Increase (decrease) in other payables	26,248	(13,592)
Increase in other current liabilities	43,862	22,852
<b>Total adjustments</b>	<u>976,034</u>	<u>689,098</u>
Cash inflow generated from operations	1,083,005	745,303
Interest received	4,942	3,049
Interest paid	(25,030)	(19,339)
Income taxes paid	(10,858)	(46,086)
<b>Net cash flows generated from operating activities</b>	<u>1,052,059</u>	<u>682,927</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other profit or loss	-	(5,742)
Acquisition of property, plant and equipment	(128,824)	(164,649)
Proceeds from disposal of property, plant and equipment	1,617	165
Decrease in guarantee deposits paid	6,849	14,685
Acquisition of intangible assets	(14,589)	(10,148)
Decrease in finance lease receivable	1,432	8,548
Decrease in other financial assets	3,219	-
Increase in other financial assets	-	(18,314)
<b>Net cash flows used in investing activities</b>	<u>(130,296)</u>	<u>(175,455)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in guarantee deposits received	(15,411)	(17,120)
Payments of lease liabilities	(491,640)	(509,315)
Cash dividends paid	(49,275)	(175,053)
Payments of reorganization	-	(8,899)
Other changes in capital surplus	10	122
<b>Net cash flows used in financing activities</b>	<u>(556,316)</u>	<u>(710,265)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	365,447	(202,793)
<b>Cash and cash equivalents at beginning of period</b>	548,034	750,827
<b>Cash and cash equivalents at end of period</b>	<u>\$ 913,481</u>	<u>548,034</u>

## **Independent Auditors' Report**

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

### **Opinion**

We have audited the financial statements of Simple Mart Retail Co., Ltd.( “the Company” ), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditors' report were as follows:

#### **1. Recognition of retail sales revenue:**

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

Description of the key audit matter:

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

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

How the matter was addressed in our audit:

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

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)

February 23, 2024

#### **Notes to Readers**

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

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

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

**SIMPLE MART RETAIL CO., LTD.**

**Balance Sheets**

**December 31, 2023 and 2022**

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2023		December 31, 2022		Liabilities and Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (note 6(a))	\$ 824,233	15	494,023	9	2130	Contract liabilities - current (note 6(o))	\$ 49,663	1	55,393	1
1110	Financial assets at fair value through profit or loss - current (notes 6(b)(q) and 13)	5,345	-	5,807	-	2150	Notes payable (note 6(q))	153	-	252	-
1170	Accounts receivable, net (note 6(c))	61,211	1	69,054	1	2170	Accounts payable (note 6(q))	1,318,685	23	1,402,524	26
1180	Accounts receivable - related parties, net (notes 6(c) and 7)	4,321	-	2,847	-	2180	Accounts payable - related parties (notes 6(q) and 7)	6,302	-	4,336	-
1197	Finance lease receivable-current (notes 6(d) and 7)	675	-	2,906	-	2200	Other payables (notes 6(q) and 7)	483,785	9	453,418	8
1200	Other receivables (note 7)	11,736	-	11,173	-	2280	Lease liabilities - current (notes 6(j)(q)(t) and 7)	437,860	8	426,895	8
1300	Inventories (note 6(e))	1,484,724	26	1,649,379	30	2300	Other current liabilities	112,527	2	50,247	1
1410	Prepayments (note 7)	31,176	1	35,044	1			<u>2,408,975</u>	<u>43</u>	<u>2,393,065</u>	<u>44</u>
1476	Other current financial assets (notes 6(a) and 8)	120,200	2	151,500	3						
		<u>2,543,621</u>	<u>45</u>	<u>2,421,733</u>	<u>44</u>	<b>Non-Current liabilities:</b>					
<b>Non-current assets:</b>						2527	Contract liabilities - non-current (note 6(o))	6,674	-	8,196	-
1551	Investments accounted for using the equity method (notes 6(f)(g) and 13)	138,850	3	107,083	2	2550	Non-current provisions	6,734	-	3,740	-
1600	Property, plant and equipment (notes 6(h) and 7)	1,126,053	20	1,228,841	22	2570	Deferred tax liabilities (note 6(l))	556	-	-	-
1755	Right-of-use assets (notes (i) and 7)	1,699,052	30	1,572,789	29	2580	Lease liabilities - non-current (notes 6(j)(q)(t) and 7)	1,310,836	23	1,192,365	22
1780	Intangible assets	15,731	-	18,709	-	2645	Guarantee deposits received (notes 6(q) and 7)	86,114	1	101,539	2
1840	Deferred tax assets (note 6(l))	25,583	-	23,210	-			<u>1,410,914</u>	<u>24</u>	<u>1,305,840</u>	<u>24</u>
1920	Guarantee deposits paid (note 7)	89,318	2	94,584	2			<u>3,819,889</u>	<u>67</u>	<u>3,698,905</u>	<u>68</u>
194D	Finance lease receivable - non-current (notes 6(d) and 7)	3,246	-	-	-	<b>Total liabilities</b>					
1980	Other non-current financial assets (notes 6(a) and 8)	23,845	-	27,064	1	<b>Equity: (notes 6(g)(m))</b>					
		<u>3,121,678</u>	<u>55</u>	<u>3,072,280</u>	<u>56</u>	3110	Ordinary share	675,000	12	675,000	12
						3200	Capital surplus	1,001,310	18	1,001,300	18
							Retained earnings:				
						3310	Legal reserve	69,044	1	63,514	1
						3350	Unappropriated retained earnings	100,056	2	55,294	1
								<u>169,100</u>	<u>3</u>	<u>118,808</u>	<u>2</u>
								<u>1,845,410</u>	<u>33</u>	<u>1,795,108</u>	<u>32</u>
<b>Total assets</b>		<b>\$ 5,665,299</b>	<b>100</b>	<b>5,494,013</b>	<b>100</b>	<b>Total equity</b>					
						<b>Total liabilities and equity</b>		<b>\$ 5,665,299</b>	<b>100</b>	<b>5,494,013</b>	<b>100</b>

See accompanying notes to parent company only financial statements.

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

**SIMPLE MART RETAIL CO., LTD.**

**Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue</b> (notes 6(o) and 7)	\$ 13,565,837	100	13,643,311	100
5000	<b>Operating costs</b> (notes 6(e) and 7)	10,095,129	74	10,289,332	75
	<b>Gross margin from operations</b>	3,470,708	26	3,353,979	25
	<b>Operating expenses:</b> 6(c)(h)(i)(j)(k)(p), 7 and 12)				
6100	Selling expenses	2,966,119	22	2,900,450	21
6200	Administrative expenses	354,757	3	375,801	3
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS9	(3,434)	-	8,793	-
	<b>Total operating expenses</b>	3,317,442	25	3,285,044	24
	<b>Net operating income</b>	153,266	1	68,935	1
	<b>Non-operating income and expenses:</b>				
7100	Interest income (note 6(j))	4,910	-	2,867	-
7190	Other income (note 7)	18,645	-	33,689	-
7230	Foreign exchange gains	1,821	-	2,647	-
7235	(Losses) gains on financial assets at fair value through profit or loss	(462)	-	65	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for using equity method, net (note 6(f))	(16,654)	-	(16,000)	-
7510	Interest expenses (notes 6(j) and 7)	(24,185)	-	(18,441)	-
7590	Miscellaneous disbursements	(8,741)	-	(3,998)	-
7610	Losses on disposals of property, plant and equipment (notes 6(h) and 7)	(2,248)	-	(3,814)	-
7670	Impairment losses (note 6(h))	(847)	-	(1,949)	-
		(27,761)	-	(4,934)	-
	<b>Profit from continuing operations before tax</b>	125,505	1	64,001	1
7950	<b>Less: Income tax expenses</b> (note 6(l))	24,359	-	12,831	-
	<b>Profit</b>	101,146	1	51,170	1
8300	<b>Other comprehensive income, net of tax</b>	-	-	-	-
8500	<b>Total comprehensive income</b>	<b>\$ 101,146</b>	<b>1</b>	<b>51,170</b>	<b>1</b>
	<b>Profit , attributable to:</b>				
	Owners of parent	\$ 101,146	1	55,294	1
	Former owner of business combination under common control	-	-	(4,124)	-
		<b>\$ 101,146</b>	<b>1</b>	<b>51,170</b>	<b>1</b>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	\$ 101,146	1	55,294	1
	Former owner of business combination under common control	-	-	(4,124)	-
		<b>\$ 101,146</b>	<b>1</b>	<b>51,170</b>	<b>1</b>
9750	Basic earnings per share (note 6(n))	<b>\$ 1.50</b>		<b>0.82</b>	
9850	Diluted earnings per share (note 6(n))	<b>\$ 1.50</b>		<b>0.82</b>	

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

**SIMPLE MART RETAIL CO., LTD.**

**Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings				Equity attributable to former owner of business combination under common control	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings		
<b>Balance at January 1, 2022</b>	\$ 675,000	992,115	44,064	194,503	94,028	1,999,710
Distribution of retained earnings:						
Legal reserve appropriated	-	-	19,450	(19,450)	-	-
Cash dividends of ordinary share	-	-	-	(175,053)	-	(175,053)
	-	-	19,450	(194,503)	-	(175,053)
Other changes in capital surplus:						
Other changes in capital surplus	-	122	-	-	-	122
Net income	-	-	-	55,294	(4,124)	51,170
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	55,294	(4,124)	51,170
Reorganization	-	9,326	-	-	(89,904)	(80,578)
Unrealized gain or loss in the intragroup transaction	-	(263)	-	-	-	(263)
<b>Balance at December 31, 2022</b>	675,000	1,001,300	63,514	55,294	-	1,795,108
Distribution of retained earnings:						
Legal reserve appropriated	-	-	5,530	(5,530)	-	-
Cash dividends of ordinary share	-	-	-	(49,275)	-	(49,275)
	-	-	5,530	(54,805)	-	(49,275)
Other changes in capital surplus:						
Other changes in capital surplus	-	10	-	-	-	10
Net income	-	-	-	101,146	-	101,146
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	101,146	-	101,146
Changes in ownership interests in subsidiaries	-	-	-	(1,579)	-	(1,579)
<b>Balance at December 31, 2023</b>	\$ 675,000	1,001,310	69,044	100,056	-	1,845,410



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

**SIMPLE MART RETAIL CO., LTD.**

**Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 125,505	64,001
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses	677,812	693,694
Amortization expenses	10,212	15,526
(Reversal of expected credit loss) expected credit loss	(3,434)	8,793
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	462	(65)
Interest expenses	24,185	18,441
Interest income	(4,910)	(2,867)
Shares of loss of subsidiaries, associates and joint ventures accounted for using the equity method	16,654	16,000
Losses on disposal of property, plant and equipment	2,248	3,814
Profit from lease modification	(742)	(878)
Losses on disposal of intangible assets	-	1
Impairment losses on non-financial assets	847	1,949
<b>Total adjustments to reconcile profit</b>	<u>723,334</u>	<u>754,408</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in accounts receivable	11,277	(25,272)
(Increase) decrease in accounts receivable - related parties	(1,474)	560
(Increase) decrease in other receivables	(445)	1,947
Decrease (increase) in inventories	164,655	(175,318)
Decrease (increase) in prepayments	3,868	(12,439)
Decrease (increase) in other financial assets	31,300	(1,500)
(Decrease) increase in contract liabilities	(7,252)	23,218
(Decrease) increase in notes payable	(99)	178
(Decrease) increase in accounts payable	(83,839)	100,032
Increase (decrease) in accounts payable - related parties	1,966	(2,997)
Increase (decrease) in other payables	27,650	(7,021)
Increase in other current liabilities	47,274	24,327
<b>Total adjustments</b>	<u>918,215</u>	<u>680,123</u>
Cash inflow generated from operations	1,043,720	744,124
Interest received	4,435	2,878
Interest paid	(24,153)	(18,441)
Income taxes paid	(10,850)	(46,071)
<b>Net cash flows generated from operating activities</b>	<u>1,013,152</u>	<u>682,490</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	-	(5,742)
Acquisition of investments accounted for using the equity method	(50,000)	-
Acquisition of property, plant and equipment	(118,048)	(153,868)
Proceeds from disposal of property, plant and equipment	859	146
Decrease in guarantee deposits paid	5,266	5,411
Acquisition of intangible assets	(7,234)	(10,148)
Decrease in finance lease receivable	3,216	10,918
Decrease in other financial assets	3,219	-
Increase in other financial assets	-	(18,314)
<b>Net cash flows used in investing activities</b>	<u>(162,722)</u>	<u>(171,597)</u>
<b>Cash flows from (used in) financing activities:</b>		
Decrease in guarantee deposits received	(15,425)	(17,269)
Payment of lease liabilities	(455,530)	(456,869)
Cash dividends paid	(49,275)	(175,053)
Payments of reorganization	-	(8,899)
Other changes in capital surplus	10	122
<b>Net cash flows used in financing activities</b>	<u>(520,220)</u>	<u>(657,968)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	330,210	(147,075)
<b>Cash and cash equivalents at beginning of period</b>	494,023	641,098
<b>Cash and cash equivalents at end of period</b>	<u>\$ 824,233</u>	<u>494,023</u>

## Annex 7. COMPARISON OF AMENDMENTS TO THE ARTICLES OF INCORPORATION

Article	Before	After	Notes
Article 2	<p>The Company's businesses are as follows: (omitted)</p> <p><del>86.</del> IZ99990 Other Business Services  <del>87.</del> JA03010 Laundry  <del>88.</del> JZ99990 Unclassified Other Services  <del>89.</del> ZZ99999 In addition to the licensed business, the Company may engage in businesses not prohibited or restricted by laws and regulations.</p>	<p>The Company's businesses are as follows: (omitted)</p> <p><u>86. I301040 Third party payment services</u>  <u>87.</u> IZ99990 Other Business Services  <u>88.</u> JA03010 Laundry  <u>89.</u> JZ99990 Uncategorized Other Services  <u>90.</u> ZZ99999 In addition to the licensed business, the Company may engage in businesses not prohibited or restricted by laws and regulations.</p>	To increase the flexibility of the service, the item of third party payment service industry is added and the numbering sequence is adjusted.
Article 6	<p>The Company's shares shall be issued in registered form, numbered and signed or sealed by at <del>least three</del> directors, and certified in accordance with the law. (omitted)</p>	<p>The Company's shares shall be issued in registered form, numbered and signed or sealed by the director <u>representing the Company</u>, and certified in accordance with the law. (omitted)</p>	Adjusted in accordance with Section 162 of the Companies Act.
Article 12	<p>(omitted) Resolutions at a shareholders' meeting shall be recorded in a minute book, signed or sealed by the chairman of the shareholders' meeting, and distributed to shareholders within 20 days after the shareholders' meeting, the <del>production and</del> distribution of the minutes may be effected by electronic means <del>and</del> notice respectively.</p>	<p>(omitted) Resolutions at a shareholders' meeting shall be recorded in a minute book, signed or sealed by the chairman of the shareholders' meeting, and distributed to shareholders within 20 days after the shareholders' meeting, <u>the production of minutes may be performed by electronic means</u>; the distribution of minutes may be effected by electronic means <u>or</u> by notice.</p>	Adjustment of text in accordance with section 183 of the Companies Act.
Article 19-1	<p>If the Company has a surplus in its annual accounts, after paying taxes and making up for accumulated losses, 10% of the surplus will be set aside as legal reserve. However, if the legal reserve has reached the Company's paid-in capital, no further appropriation will be made; the remaining balance will be combined with the cumulative undistributed earnings of prior years and the adjustment to the current year's undistributed earnings, the Board of Directors proposes a motion for the appropriation of surplus <del>to be submitted to the shareholders' meeting for resolution.</del></p>	<p>If the Company has a surplus in its annual accounts, after paying taxes and making up for accumulated losses, 10% of the surplus will be set aside as legal reserve. However, if the legal reserve has reached the Company's paid-in capital, no further appropriation will be made. The remaining balance will be combined with the cumulative undistributed earnings of prior years and the adjustment to the current year's undistributed earnings, the Board of Directors is authorized to proposes a motion for the appropriation <u>with the presence of at least two-thirds of the Directors and the resolution of a majority of the Directors present, to distribute all or part of the dividends and bonuses or the legal reserve and capital surplus in accordance with Article 241, Paragraph 1 of the Company Act in the form of a cash payment and report to the shareholders' meeting. However, if the earnings will be distributed by issuing new shares, a resolution must be submitted to the shareholders' meeting before the distribution.</u></p>	Pursuant to Article 240, Paragraph 5 of the Company Act, the Board of Directors is newly authorized to distribute all or a portion of the dividends and bonuses payable in the form of cash to the shareholders in accordance with the resolution of the Board of Directors with the presence of at least two-thirds of the directors and a majority of the directors present.
Article 22	<p>These regulations were established on January 15, 2013. The 1st amendment was made on October 19, 2015. The 2nd amendment was made on January 12, 2016. The 3rd amendment was made on April 05,</p>	<p>These regulations were established on January 15, 2013. The 1st amendment was made on October 19, 2015. The 2nd amendment was made on January 12, 2016. The 3rd amendment was made on April 05,</p>	Add the date of this amendment.

Article	Before	After	Notes
	2017. The 4th amendment was made on July 31, 2018. The 5th amendment was made on May 24, 2019. The 6th amendment was made on July 07, 2021. The 7th amendment was made on May 25, 2022.	2017. The 4th amendment was made on July 31, 2018. The 5th amendment was made on May 24, 2019. The 6th amendment was made on July 07, 2021. The 7th amendment was made on May 25, 2022. <u>The 8th amendment was made on May 30, 2024.</u>	

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

Article	Before	After	Notes
Article 2	<p>The scope of application of the assets referred to in these operating procedures is as follows:</p> <p>1. Investments in <del>financial assets</del> such as stocks, bonds, corporate bonds, financial debentures, mutual funds, depository receipts, warrants, beneficiary securities, and asset-based securities.</p> <p>(omitted)</p>	<p>The scope of application of the assets referred to in these operating procedures is as follows:</p> <p>1. Investments in <u>marketable securities</u> such as stocks, bonds, corporate bonds, financial bonds, mutual funds, depository receipts, warrants, beneficiary securities, and asset-based securities.</p> <p>(omitted)</p>	Text Definition Adjustment
Article 8	<p>Unless otherwise specified, the Company's operating procedures and amounts for acquiring or disposing of assets are set forth below:</p> <p>1. The acquisition or disposal of the following assets shall be approved by the Audit Committee and sent to the Board of Directors for resolution before being allowed:</p> <p>(a) Acquisition or disposition of real property.</p> <p>(b) The amount of real estate license assets exceeds NT\$30 million.</p> <p>(c) Equity-method investments with acquisition or disposal.</p> <p>(d) Acquisition or disposal of leasehold improvements, equipment, or assets with right of use thereof for an amount exceeding <del>NT\$30</del> million.</p> <p>(e) Acquisition or disposal of financial instruments with an amount exceeding <del>NT\$30</del> million.</p> <p>(f) Acquisition or disposal of intangible assets with an amount exceeding NT\$10 million.</p> <p>2. (Omitted)</p> <p>3. The acquisition or disposal of financial instruments with an amount not exceeding <del>NT\$30</del> million may be authorized by the chairman of the board of directors, but must be reported to the most recent board of directors' meeting.</p> <p>(omitted)</p> <p><del>9. The Company shall comply with the "Regulations Governing Intercountry Financial Transactions between Related Parties" when making purchases from or sales to related parties, or when engaging in transactions of labor or technical services.</del></p>	<p>Unless otherwise specified, the Company's operating procedures and amounts for acquiring or disposing of assets are set forth below:</p> <p>1. The acquisition or disposal of the following assets shall be approved by the Audit Committee and sent to the Board of Directors for resolution before being allowed:</p> <p>(a) Acquisition or disposal of real property <u>with an amount exceeding NT\$50 million.</u></p> <p>(b) The amount of real estate license assets exceeds NT\$30 million.</p> <p>(c) Equity-method investments with acquisition or disposal <u>amounts exceeding NT\$50 million.</u></p> <p>(d) Acquisition or disposal of leasehold improvements, equipment, or assets with right of use thereof for an amount exceeding <u>NT\$50</u> million.</p> <p>(e) Acquisition or disposal of financial instruments with an amount exceeding <u>NT\$50</u> million.</p> <p>(f) Acquisition or disposal of intangible assets with an amount exceeding NT\$10 million.</p> <p><u>In the case of investments in real estate and securities accounted for under the equity method, the acquisition or disposal should be reported to the next board of directors after execution.</u></p> <p>2. (Omitted)</p> <p>3. The acquisition or disposal of financial instruments with an amount not exceeding <u>NT\$50</u> million may be authorized by the chairman of the board of directors, but must be reported to the most recent board of directors' meeting.</p> <p>(omitted)</p>	Adjustments to the Board's Voting Rights and Adjustment Limits to Maintain Operational Flexibility. Paragraph 1.9 of this Article, which deals with the purchase and sale of goods by related parties, is deleted as it is not an asset subject to these operating procedures.
Article 14	Whenever the Company acquires or disposes of assets that should be reported or announced to	Whenever the Company acquires or disposes of assets that should be declared or announced to	The announcement

Article	Before	After	Notes
	the competent authorities in accordance with regulations, in addition to following the relevant provisions of these operating procedures, the Company shall also comply with the handling criteria set by the competent authorities or relevant laws and regulations. <del>If the Company's subsidiaries are not domestic public companies and there are matters that should be announced and reported in accordance with the regulations, the Company shall announce and report the matters on behalf of the subsidiaries.</del> (omitted)	the competent authorities in accordance with regulations, in addition to following the relevant provisions of these operating procedures, the Company shall also comply with the handling criteria set by the competent authorities or the relevant laws and regulations.  (omitted)	and reporting requirements of subsidiaries have been regulated in Article 16 of these operating procedures, therefore, the relevant text of this article is deleted.
Article 17	The investment limits for the Company are as follows:  1. The total amount of real estate and assets acquired for non-operating use and the right to use such assets shall not exceed 10% of the Company's paid-in capital. 2. The total amount of investment in securities shall not exceed <del>50%</del> of the Company's paid-in capital. 3. The amount of individual investment in marketable securities shall not exceed <del>25%</del> of the Company's paid-in capital.	The investment limits for the Company <u>or subsidiaries in which the Company directly or indirectly owns 100% of the outstanding shares</u> are as follows:  1. The total amount of real estate and assets acquired for non-operating use and the right to use such assets shall not exceed 10% of the Company's paid-in capital. 2. The total amount of investment in securities shall not exceed <u>200%</u> of the Company's paid-in capital. 3. The amount of individual investment in marketable securities shall not exceed <u>50%</u> of the Company's paid-in capital.	In order to maintain operational flexibility, the investment limits were adjusted and the investment limits of subsidiaries in which the Company directly or indirectly owns 100% of the outstanding shares were adjusted simultaneously.
Article 18	The investment limits of the Company's subsidiaries are as follows:  1. The total amount of real estate and assets acquired for non-operating use and the right to use such assets shall not exceed 5% of the Company's paid-in capital. 2. Total investment in securities shall not exceed <del>20%</del> of the Company's paid-in capital. 3. The amount of individual investment in marketable securities shall not exceed <del>5%</del> of the Company's paid-in capital.	The investment limits of the subsidiaries <u>which are not 100% owned directly or indirectly by the Company</u> are as follows:  1. The total amount of real estate and assets acquired for non-operating use and the right to use such assets shall not exceed 5% of the Company's paid-in capital. 2. Total investment in securities shall not exceed <u>100%</u> of the Company's paid-in capital. 3. The amount of individual investment in marketable securities shall not exceed <u>50%</u> of the Company's paid-in capital.	In order to maintain flexibility in the operation of subsidiaries, the investment limits of subsidiaries that are not 100% owned directly or indirectly by the Company are adjusted.
Article 22	In addition to the provisions of these procedures, the Company shall establish its own <del>processing</del> procedures in accordance with the handling standards before engaging in derivative transactions.	In addition to the provisions of these procedures, the Company shall establish its own <u>operating</u> procedures in accordance with the handling standards before engaging in derivative transactions.	Discretionary text.
Article 23	If the Company does not intend to engage in derivative transactions, the Company may submit a report to the Board of Directors for approval, and then waive the <del>processing</del> procedures in derivative transactions. If the Company wishes to engage in derivative transactions in the future, it shall first comply with the provisions of the preceding Article and these operating procedures.	If the Company does not intend to engage in derivative transactions, the Company may submit a report to the Board of Directors for approval, and then waive the <u>operating</u> procedures in derivative transactions. If the Company wishes to engage in derivative transactions in the future, it shall first comply with the provisions of the preceding Article and these operating procedures.	Discretionary text.

Article	Before	After	Notes
Article 25	<del>The 10% of total assets requirement in this procedure is calculated based on the amount of total assets in the most recent individual or separate financial report required by the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.</del>	<del>(Delete)</del>	The requirement of 10% of total assets in this procedure has been reversed, so this article is deleted.
Article 27	These regulations were established on June 29, 2020. The 1st amendment was made on May 29, 2023.	These regulations were established on June 29, 2020. The 1st amendment was made on May 29, 2023. <u>The 2nd amendment was made on May 30, 2024.</u>	Add the date of this amendment.

## VIII APPENDICES

### Appendix 1. RULES AND PROCEDURES FOR SHAREHOLDERS' MEETING

#### Article 1

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

#### Article 2

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

#### Article 3

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Article 4**

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

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

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

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

#### **Article 5**

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

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

#### **Article 6**

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



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

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

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

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

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

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

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

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

#### **Article 6-1**

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

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

#### **Article 7**

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

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

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

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

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

#### **Article 8**

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

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

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

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

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

#### **Article 9**

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

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

platform.

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

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

#### **Article 10**

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

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

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

#### **Article 11**

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

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

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

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

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

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

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

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

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

#### **Article 12**

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

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

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

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

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

#### **Article 13**

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

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

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

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

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

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

further voting shall be required.

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

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

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

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

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

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

#### **Article 14**

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

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

#### **Article 15**

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

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

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

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

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

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

#### **Article 16**

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

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

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

#### **Article 17**

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

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

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

#### **Article 18**

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

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

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

#### **Article 19**

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

#### **Article 20**

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

#### **Article 21**

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

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

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

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

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

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

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

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

#### **Article 22**

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

#### **Article 23**

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

These regulations were established on July 31, 2018.

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

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

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

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

## Appendix 2. ARTICLES OF INCORPORATION (BEFORE AMENDMENT)

### Chapter 1: General Provisions

#### Article 1

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

#### Article 2

The Company's nature of business is as follows:

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



40. F206040 Retail Sale of Plumbing Materials
41. F206050 Retail Sale of Pet Food and Supplies
42. F206060 Retail Sale of Sacrificial Supplies
43. F207010 Retail Sale of Sacrificial Supplies
44. F207030 Retail Sale of Cleaning Preparations
45. F207050 Retail Sale of Manure
46. F207080 Retail Sale of Environmental Agents
47. F207180 Retail Sale of Firecrackers and Fireworks
48. F207190 Retail Sale of Plastic Films and Bags
49. F208031 Retail Sale of Medical Apparatus
50. F208040 Retail Sale of Cosmetics
51. F208050 Retail Over-the-counter drugs class B
52. F209060 Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
53. F210010 Retail Sale of Watches and Clocks
54. F210020 Retail Sale of Spectacles
55. F212040 Retail Sale of Charcoal
56. F212050 Retail Sale of Petrochemical Fuel Products
57. F213010 Retail Sale of Electrical Appliances
58. F213030 Retail Sale of Computers and Clerical Machinery Equipment
59. F213050 Retail Sale of Measuring Instruments
60. F213060 Retail Sale of Measuring Instruments
61. F213110 Retail Sale of Batteries
62. F214030 Retail Sale of Motor Vehicle Parts and Supplies
63. F214040 Retail Sale of Bicycle and Component Parts Thereof
64. F215010 Retail Sale of Jewelry and Precious Metals
65. F216010 Retail Sale of Camera Equipment
66. F218010 Retail Sale of Computer Software
67. F219010 Retail Sale of Electronic Materials
68. F299990 Retail Sale of Other Products
69. F301010 Department Stores
70. F301020 Supermarkets
71. F399010 Convenience Stores
72. F399040 Retail Sale No Storefront
73. F399990 Retail sale of Other Integrated
74. F401010 International Trade
75. F401161 Tobacco Products Import
76. F401171 Alcohol Products Importation
77. F501030 Beverage Shops
78. F501050 Bars
79. F501060 Restaurants
80. G202010 Parking area Operators
81. G801010 Warehousing
82. H701040 Specialized Field Construction and Development
83. H701060 New Towns, New Community Development
84. H703100 Real Estate Leasing
85. I103060 Management Consulting
86. IZ99990 Other Industrial and Commercial Services
87. JA03010 Laundry
88. JZ99990 Unclassified Other Services

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

**Article 3**

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

**Article 4**

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

**Article 4-1**

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

**Article 4-2**

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

**Chapter 2: Shares**

**Article 5**

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

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

**Article 5-1**

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

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

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

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

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

**Article 5-2**

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

**Article 6**

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

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

**Article 7**

The entries in the shareholders' roster shall not be altered within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the target date fixed by the issuing company for

distribution of dividends, bonus or other benefits.

### **Chapter 3: Shareholders' Meeting**

#### **Article 8**

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

#### **Article 8-1**

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

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

#### **Article 9**

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

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

#### **Article 10**

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

#### **Article 11**

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

#### **Article 12**

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

### **Chapter 4: Directors**

#### **Article 13**

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

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

The percentage of shareholdings of all the directors of the Company shall be conducted in accordance

with the provisions prescribed by the competent authority in charge of securities affairs.

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

#### **Article 13-1**

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

#### **Article 14**

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

#### **Article 14-1**

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

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

#### **Article 15**

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

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

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

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

#### **Article 15-1**

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

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

#### **Article 15-2**

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

#### **Article 16**

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

#### **Chapter 5: Managerial Personnel**

##### **Article 17**

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

#### **Chapter 6: Accounting**

##### **Article 18**

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

##### **Article 19**

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

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

##### **Article 19-1**

If the Company after annual closing needs to use its net profit to compensate for losses in previous years besides paying the income tax in accordance with the law, then 10% of the amount shall be allocated as legal reserve. However, where such legal reserve amounts equals to the total paid-in capital, this provision shall not apply. While such balance aggregated with the accumulate profit undistributed of the previous fiscal year and adjusted profit undistributed of the current fiscal year, the board of directors shall compile the proposal for the earnings distribution and submit for resolution of distribution in the shareholder's meeting.

##### **Article 19-2**

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

#### **Chapter 7: Supplementary Provisions**

##### **Article 20**

**(Deleted)**

##### **Article 21**

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

##### **Article 22**

The Articles of Incorporation were set up on January 15, 2013.  
The 1st amendment was made on October 19, 2015.  
The 2nd amendment was made on January 12, 2016.  
The 3rd amendment was made on April 5, 2017.  
The 4th amendment was made on July 31, 2018.  
The 5th amendment was made on May 24, 2019.  
The 6th amendment was made on July 7, 2021.  
The 7th amendment was made on May 25, 2022.

## **Appendix 3. RULES OF PROCEDURES FOR BOARD OF DIRECTORS' MEETINGS (BEFORE AMENDMENT)**

### **Article 1**

To establish a strong governance system and sound supervisory capabilities for the company's shareholders meetings, and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

### **Article 2**

The company shall adopt rules of procedure for meetings of its board of directors; the main agenda items, operational procedures, required content of meeting minutes, public announcements, and other compliance requirements for board meetings shall be handled in accordance with these Regulations.

### **Article 3**

A board of directors shall meet at least quarterly.

The board of directors shall be convened by stating the reasons and notifying each director seven days in advance; however, in case of emergency, it may be convened at any time, and a director may not object to the convening on the grounds that the notice of convening has not exceeded seven days.

The notification of the convening in the preceding paragraph may be made by electronic means with the consent of the counterparty.

The matters set out in paragraph 1 of Article 7 of these Rules shall be enumerated in the cause of call and shall not be raised by way of a provisional motion.

### **Article 4**

The Board of Directors of the Company shall meet at the place and hour at which the Company is situated and during office hours or at such place and hour as may be convenient for the Directors to attend and suitable for the convening of the Board of Directors.

### **Article 5**

The business unit of the Board of Directors of the Company is the Investment Management Department. The business unit should prepare the contents of the board of directors' meeting and provide sufficient information about the meeting, which should be sent together with the notice of convocation.

If the directors believe that the information of the meeting is insufficient, they may request the business unit to make up for the insufficiency. If the directors consider that the information of the meeting is insufficient, the board of directors may adjourn the deliberation of the meeting by a resolution of the board of directors.

### **Article 6**

Agenda items for regular board of directors meetings shall include at least the following:

1. Reports:
  - A. Minutes of the last meeting and actions arising.
  - B. Reporting on important financial and business matters.
  - C. Reporting on internal audit activities.
  - D. Other important matters to be reported.
2. Discussions:
  - A. Items discussed and continued from the last meeting.
  - B. Items for discussion at this meeting.
3. Extraordinary motions.

### **Article 7**

The company shall submit the following items for discussion by the board of directors:

1. Corporate business plan.
2. Annual financial report.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act (the Act), and an assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial

or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.

5. The offering, issuance, or private placement of any equity-type securities.
6. If the Board of Directors does not have a Managing Director, the Chairman of the Board shall be elected or dismissed.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
9. Any matter required by Article 14-3 of the Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders' meeting or board of directors meeting, or any such significant matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means any individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NTD100 million or more, or at an amount equal to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report for the most recent year. The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the board are exempted from inclusion in the calculation.

The one-year period referred to in the preceding paragraph is one year from the date of this board meeting, and the portion that has been resolved by the board of directors is exempted from recalculation.

After the company has established independent directors, at least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

#### **Article 8**

With the exception of matters required to be discussed at a board meeting under Article 7, paragraph 1, when the board of directors appoints a party to exercise the powers of the board in accordance with applicable laws and regulations or the company's articles of incorporation, the content it covers shall be in accordance with the Company's respective internal control systems or methods.

#### **Article 9**

When a meeting of the board of directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may, pursuant to the company's articles of incorporation, appoint another director to attend as their proxy. Attendance via tele- or video-conference is deemed as attendance in person.

A director appointing another director to attend a board meeting in his or her place shall in each case give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting. A proxy under paragraph 2 may accept a proxy from one person only.

#### **Article 10**

Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, where the first meeting of each newly elected board of directors is called by the director who received votes representing the largest portion of voting rights at the



shareholders' meeting in which the directors were elected, the meeting shall be chaired by that director; if there are two or more directors so entitled to call the meeting, they shall choose one person by and from among themselves to chair the meeting.

Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.

When the chairperson of the board is on leave or for any reason is unable to exercise the powers of the chairperson, the vice chairperson shall do so in place of the chairperson, or, if there is no vice chairperson or the vice chairperson also is on leave or for any reason is unable to act, by a managing director designated by the chairperson, or, if there is no managing director, by a director designated thereby, or, if the chairperson does not make such a designation, by a managing director or director elected by and from among themselves.

#### **Article 11**

When the Company's board of directors meets, the business unit shall make relevant information available for inspection by the directors attending the meeting at any time.

Depending on the contents of the resolution, the Company may notify the relevant departments or subsidiaries to attend the board of directors' meeting.

If necessary, accountants, lawyers or other professionals may be invited to attend the meeting and give explanations. However, they should leave the meeting during the discussion and voting.

#### **Article 12**

The chairman of the board of directors shall declare the meeting open immediately when a majority of the directors are present at the time of the meeting.

If half of the directors are not present at a meeting, the chairman may adjourn the meeting to a later date, and the number of such adjournments shall be limited to two. If the number of adjournments is still insufficient, the chairman may reconvene the meeting in accordance with the procedures set forth in Article 3, Paragraph 2.

All directors referred to in the preceding paragraph and Article 17, paragraph 2, subparagraph 2, shall be counted as if they were actually in office.

#### **Article 13**

The board of directors of the Company shall conduct business in accordance with the procedures set forth in the notice of meeting. However, the Board of Directors may change the procedures with the approval of a majority of the Directors present.

The Chairman shall not adjourn the meeting without the consent of a majority of a majority of the Directors present.

If, during the course of business of a meeting of the Board of Directors, the Directors present do not constitute a majority of the Directors present, the Chairman shall, upon the proposal of the Directors present, declare that the meeting be suspended and that the provisions of Article 12, paragraph 1 shall apply.

#### **Article 14**

The Chairman may announce to stop the discussion of the Board of Directors' meeting and put it to vote when he believes that the discussion of the Board of Directors' meeting has reached the stage where it can be put to vote.

When a resolution is voted on at a meeting of the Company's Board of Directors, it shall be deemed to have been approved if the Chairman of the Board of Directors solicits the opinion of all the Directors present without objection. If there is any dissenting opinion after the Chairman's consultation, the Chairman shall choose one of the following methods of voting and shall state the opinion of each director as to whether he/she is in favor of or against the proposal or has reservations about the proposal:

1. Voting by a show of hands.
2. Roll-call vote.

The Directors present as referred to in the preceding two items do not include those Directors who are

prohibited from exercising their voting rights in accordance with the provisions of Article 16, Paragraph 1.

#### **Article 15**

Unless otherwise provided in the Securities and Exchange Act, the Company Law and the Company's Articles of Incorporation, resolutions of the Board of Directors' meetings of the Company shall be made with the presence of a majority of the Directors and the consent of a majority of the Directors present.

If there are amendments or substitutions to the same motion, the Chairman shall decide the order of voting on them together with the original motions. However, if one of the motions has been carried, the other motions shall be regarded as negated and need not be voted on again.

The results of the voting should be reported on the spot and recorded.

#### **Article 16**

The director who has an interest in a matter of the meeting with himself/herself or the legal entity he/she represents shall explain the important contents of his/her interest at the board meeting, and shall not join in the discussion and vote if it is harmful to the interests of the Company, and shall avoid the discussion and vote and shall not act as a proxy for the other directors to exercise his/her right to vote.

A director's spouse, consanguineous within two degrees of consanguinity, or a company in which the director has a controlling relationship of subordination, who has an interest in the matters of the preceding meeting, shall be deemed to be the director's own interest in such matters.

Resolutions of the Board of Directors of the Company shall be in accordance with Article 206, Paragraph 4 of the Company Act, which applies Article 180, Paragraph 2 to directors who are prohibited from exercising their voting rights in accordance with the provisions of the preceding two paragraphs.

#### **Article 17**

The minutes of the Board of Directors' meetings of the Company shall be made, and the minutes shall contain a detailed record of the following matters:

1. Session (or year) and venue of the meeting.
2. Name of the President.
3. Attendance status of directors, including the names and number of attendees, absentees and excused persons.
4. The names and titles of the attendees.
5. Recorded names.
6. Reporting Matters.
7. Items for discussion: Resolution methods and results of each motion, summaries of speeches made by directors, experts and other personnel, names of directors with interests pursuant to Paragraph 1 of the preceding Article, descriptions of significant contents of the interests, reasons for their recusal or non-recusal, circumstances of their recusal, objections to or reservations of opinions, and recorded or written statements, and written opinions of the independent directors pursuant to Paragraph 4 of Article 7 of the Articles of Incorporation.
8. Provisional motions: the name of the proposer, the method and results of resolution of the motion, summaries of speeches of directors, experts and other officers, the names of the directors who are interested in accordance with paragraph 1 of the preceding Article, a description of the important contents of the interest, the reasons for his/her recusal or non-recusal, the circumstances of his/her recusal, and his/her objections or reservations, and a record or a written statement of such objections or reservations.
9. Other matters to be recorded.

If any of the following circumstances apply to a resolution of a board of directors' meeting, in addition to being stated in the minutes of the meeting, a public announcement shall be made on the information reporting website designated by the competent authority within two days of the date of the board of directors' meeting:

1. The independent directors have objections or reservations that are documented or stated in writing.
2. Matters not approved by the Audit Committee of the Company and approved by more than two-thirds of all the Directors.

The sign-in book of the Board of Directors is part of the minutes. When the Company holds a Board meeting, a sign-in book shall be set up for the attending directors to sign in and accumulate the attendance rate, and it shall be kept properly for the duration of the Company's existence.

The minutes shall be signed or sealed by the chairman of the meeting and the recording officer, and shall be distributed to each director within twenty days after the meeting, and shall be included in the important files of the Company and kept in a proper manner during the continuance of the Company.

The production and distribution of the first Hansard may be done electronically.

**Article 18**

The Company shall record or videotape the entire proceedings of the Board of Directors' meetings and retain them for a minimum of five years, which may be retained by electronic means.

Before the expiration of the preceding retention period, in the event of a lawsuit concerning a resolution of the Board of Directors, the relevant audio or video recording data shall continue to be retained until the end of the lawsuit.

If the board of directors' meeting is held by video conference, the video and audio information shall be part of the minutes of the meeting and shall be kept in a proper manner during the company's existence.

**Article 19**

These Rules of Procedure shall come into effect after they have been approved by the Audit Committee and sent to the Board of Directors for approval, and shall be submitted to the shareholders' meeting, and the same shall apply to any amendments thereto.

If the preceding item has not been approved by the Audit Committee, it shall be approved by two-thirds or more of all the directors, and the resolution of the Audit Committee shall be recorded in the minutes of the board of directors' meeting.

**Article 20**

These regulations were established on January 26, 2018.

The 1st amendment was made on June 22, 2018.

The 2nd amendment was made on February 18, 2019.

The 3rd amendment was made on March 18, 2020.

The 4th amendment was made on January 21, 2021.

The 5th amendment was made on December 28, 2022.

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

### **Section I Objective**

#### Article 1

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

### **Section II The Scope of Assets**

#### Article 2

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

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

### **Section III Appraisal Procedures**

#### Article 3

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

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

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

#### Article 4

The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, 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, and 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. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission. (abbreviated as FSC in the following)

#### Article 5

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

#### Article 6

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

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

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

#### Article 7

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

### **Section IV Operating Procedures**

#### Article 8

Unless otherwise specified, the Company's operating procedures and amounts for acquiring or disposing of assets are set forth below:

1. The acquisition or disposal of the following assets shall be approved by the Audit Committee and sent to the Board of Directors for resolution before being allowed:
  - A. Acquisition or disposition of real estate.
  - B. The amount of real estate license assets exceeds NT\$30 million.
  - C. Equity-method investments with acquisition or disposal.
  - D. Acquisition or disposal of leasehold improvements, equipment, or assets with right of use thereof for an amount exceeding NT\$30 million.
  - E. Acquisition or disposal of financial instruments with an amount exceeding NT\$30 million.
  - F. Acquisition or disposal of intangible assets with an amount exceeding NT\$10 million.

2. The following matters shall be considered by the Audit Committee and agreed upon by more than two-thirds of the directors present at the meeting of the Board of Directors of the Company and more than two-thirds of the directors present at the meeting of the Board of Directors:
  - A. Mergers and acquisitions with other domestic or foreign companies as defined in the Mergers and Acquisitions Act.
  - B. Capital expenditures of NT\$100 million or more.
3. The acquisition or disposal of financial instruments with an amount not exceeding NT\$30 million may be authorized by the chairman of the board of directors, but must be reported to the most recent board of directors' meeting.
4. In principle, the Company does not acquire or dispose of membership certificates, debentures of financial institutions, or derivatives. In the event that the Company wishes to engage in such transactions in the future, the Company will formulate a schedule of authorization and submit it to the Audit Committee and the Board of Directors for approval before executing such transactions.
5. The following transactions between the Company and its parent company, subsidiaries, or subsidiaries directly or indirectly owning 100% of the outstanding shares or capital stock may be approved by the chairman of the board of directors within the limit of NT\$50 million, and then reported to the most recent board of directors' meeting for ratification:
  - A. Acquisition or disposal of equipment or assets for use in business.
  - B. Acquisition or disposal of real estate license assets for use in business.
6. Implementation unit  
Except for the acquisition and disposal of marketable securities and derivative financial instruments, which are carried out by the Financial Management Service, the acquisition and disposal of other assets are recognized by the Company's division of authority and responsibility.
7. The calculation of the relevant amount under this Article shall be in accordance with the provisions of Article 6.
8. Where the provisions of paragraphs 1 and 2 of this Article shall be submitted to the Audit Committee for deliberation and resolution by the Board of Directors, if not approved by at least one-half of all members of the Audit Committee, such action shall be taken with the approval of at least two-thirds of all directors, and the resolution of the Audit Committee shall be recorded in the minutes of the Board of Directors' meetings.
9. The Company shall comply with the "Regulations Governing Intercompany Financial Transactions between Related Parties" when making purchases from or sales to related parties, or when engaging in transactions of labor or technical services.

## **Section V Related Party Transactions**

### **Article 9**

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

### **Article 9-1**

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

Article 10 (deleted)

Article 11 (deleted)

Article 12 (deleted)

Article 13 (deleted)

## **Section VI Procedures of Public Announcement and Regulatory Filing**

### Article 14

Whenever the Company acquires or disposes of assets that should be reported or announced to the competent authorities in accordance with the regulations, in addition to following the relevant provisions of these Operating Procedures, the Company shall also comply with the handling criteria set by the competent authorities or relevant laws and regulations. If the Company's subsidiaries are not domestic public companies and there are matters that should be announced and reported in accordance with the regulations, the Company shall announce and report the matters on behalf of the subsidiaries.

Matters that should be announced by the Company in accordance with the regulations shall be handled in accordance with the standards set by the securities authorities or relevant laws.

### Article 15 (deleted)

### Article 16

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

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

## **Section VII Limits on Investment**

### Article 17

The investment limits for the Company are as follows:

1. The total amount of real estate and assets acquired for non-operating use and the right to use such assets shall not exceed 10% of the Company's paid-in capital.
2. Total The total amount of investment in securities shall not exceed 50% of the Company's paidin capital.
3. The amount of individual investment in marketable securities shall not exceed 25% of the Company's paid-in capital.

### Article 18

The investment limits of the Company's subsidiaries are as follows:

1. The total amount of real estate and assets acquired for non-operating use and the right to use such assets shall not exceed 5% of the Company's paid-in capital.
2. Total investment in securities shall not exceed 20% of the Company's paid-in capital.
3. The amount of individual investment in marketable securities shall not exceed 5% of the Company's paid-in capital.

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

### Article 19

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

### Article 20

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

## **Section IX Penalties for Violating these Regulations**

### Article 21

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

## **Section X Other Important Matters**

### **Article 22**

In addition to the provisions of these procedures, the Company shall establish its own processing procedures in accordance with the handling standards before engaging in derivative transactions.

### **Article 23**

If the Company does not intend to engage in derivative transactions, the Company may submit a report to the Board of Directors for approval, and then waive the processing procedures in derivative transactions. If the Company wishes to engage in derivative transactions in the future, it shall first comply with the provisions of the preceding Article and these operating procedures.

### **Article 24**

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

### **Article 25**

The 10% of total assets requirement in this procedure is calculated based on the amount of total assets in the most recent individual or separate financial report required by the Guidelines Governing the Preparation of Financial Reports by Securities Issuers.

## **Section XI Appendix**

### **Article 26**

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

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

### **Article 27**

These regulations were established on June 29, 2020.

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



## Appendix 5. STATUS OF OWNERSHIP BY ALL DIRECTORS

1. The paid-in capital of the Company is NT\$675,000,000, and number of stocks been issued is 67,500,000 shares.
2. In compliance with regulations in article 26 of the Securities Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the least holding legal shares by the entire directors is 5,400,000 shares.
3. Up to as of March 31, 2024 at the time when the share transfer registration is suspended, the total number of shares held by entire directors are as below list:

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

Note: The Company has set up an audit committee, so the provisions on the minimum percentage requirements for the shareholding of supervisors shall be excluded.

## **Appendix 6. COMMENT ON PROPOSAL HANDLING OF REGULAR SHAREHOLDERS MEETING**

1. According to Article 172-1 of the Company Act, shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion in writing at a regular shareholders' meeting, provided that only one matter shall be allowed in each single proposal and limited to not more than three hundred (300) words, including proposal objective, explanation and punctuation marks.
2. The period of receiving proposals by the shareholders for this shareholders' meeting is from March 22 until April 2, 2024, and such information has been published in MOPS in compliance with laws.
3. During the period of receiving proposals in the preceding paragraph, no shareholder holding one percent (1%) or more of the total number of outstanding shares of a company proposes to the Company a proposal.